



Carl Sandburg
College



2007 Comprehensive Annual Financial Report

Fiscal year ended June 30, 2007 • Community College District 518
2400 Tom L. Wilson Blvd., Galesburg, IL 61401

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT 518
Galesburg, Illinois**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

June 30, 2007 and 2006

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INTRODUCTORY SECTION
(Unaudited)

President's Letter

September 27, 2007

Ladies and Gentlemen of the Board:

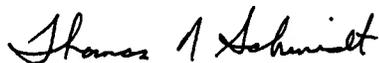
I am pleased to submit to you and the residents of District 518 the Comprehensive Annual Financial Report for Fiscal Year 2007. This document presents the record of the College's financial operations for the year just ended.

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. In fiscal year 2007, we continued our efforts to reshape Carl Sandburg College, with an emphasis of accommodating students deciding to attend on a full-time basis.

Our students are young and old, traditional and non-traditional, credit and non-credit seeking, pursuing degrees, retraining, upgrading their skills, maintaining certification, advancing in their profession or just taking a class or two. Forty-two percent of the college-bound students in District #518 attend Carl Sandburg College. The average class size is ten students. Carl Sandburg College's typical student is 30 years of age, nine percent are an ethnic minority, 59 percent are women and 55 percent attend part-time. What they all have in common is that they come to Carl Sandburg College to learn. As the community's college, Carl Sandburg College is far more than a place where students can and do spend a year or two before moving on to four-year institutions both in Illinois and across the country. Students most commonly describe Carl Sandburg College as comfortable, reasonably priced, academic, and career oriented. Approximately 500 degrees and certificates are awarded every year. Nearly 14,000 degrees and certificates have been awarded since the College's inception.

I am grateful to the community which supports us, the students who enroll with us, and the trustees who govern us. And I am proud of and thankful for all the employees who work with unflagging dedication to make Carl Sandburg College, a learning place where, in so many ways, people who come to learn are empowered to reach for their future.

Respectfully,



Thomas A. Schmidt
President

Illinois Community College District 518

MAIN CAMPUS

2400 Tom L. Wilson Boulevard
Galesburg, Illinois 61401
Phone: 309-344-2518
Fax: 309-344-1395

THE BRANCH CAMPUS

305 Sandburg Drive
Carthage, Illinois 62321
Phone: 217-357-3129
Fax: 217-357-3512

THE EXTENSION CENTER

380 East Main Street
Bushnell, Illinois 61422
Phone: 309-772-2177
Fax: 309-772-2958

September 27, 2007

Transmittal Letter

To President Schmidt,
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, 2007, 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.

The College maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth by Governmental and Financial Accounting Standards Boards (GASB and FASB), National Association of College and University Business Officers (NACUBO) 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. State statutes require an annual audit by independent certified public accountants. The accounting firm of Lindgren, Callihan, Van Osdol & Co., Ltd. was selected by the College's Board of Trustees. Their report is included as part of the financial presentation.

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.

Illinois Community College District 518

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This letter of transmittal should be read in conjunction with the Management’s Discussion and Analysis (pages 3-12), which focuses on current activities, accounting changes and currently known facts.

VISION, MISSION AND VALUES

Carl Sandburg College was established by authority of the Illinois Community College Act of 1965 and was approved by voters in a September 1966 referendum. The College’s district now covers all or part of ten counties in Illinois. The main campus is located in Galesburg with a branch campus in Carthage and an extension center in Bushnell. We serve a diverse group of students. In the fall of 2006, the College enrolled 2,930 students, with an average age of 30 years. Women represented 59 percent of the student body. Nearly 90 percent of the students were employed, and 55 percent were part-time students. Many students balance the demands of college with work and family responsibilities.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Fall College enrollment	3441	3554	3575	3260	2930	2851
Annual Full-time equivalents	1999	2251	2392	2443	2283	1893
Continuing Education Credit Hours	1440	1167	1282	1378	1400	1422
<u>Total Annual Credit Hours</u>	59970	67534	71756	73314	68500	56793

* projected

The College has the resources required to serve student enrollment. In 2001, the 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 College recently revisited our mission, focal points and goals with a Strategic Planning Process involving College board members, staff, and community members. This is an ongoing process to reevaluate the students and communities educational needs. The following beliefs and strategies were added to our focal points and goals to guide our institutional decisions.

The College’s mission is as follows:

“Opportunity to Succeed”

Provide accessible, quality education in a caring environment by keeping the learner’s needs at the center of decision making and by working in partnership with communities of the College district.

I. Beliefs

- A. We believe that everyone should have equal access to education.
- B. We believe in financial stability and responsibility.
- C. We believe in providing a quality educational experience through faculty, staff, curricula, and physical resources.
- D. We believe the educational experience is enriched through diversity in its people, curricula, and environment.
- E. We believe in the value of partnerships.
- F. We believe that learning to learn never ends.
- G. We believe that community colleges are vital to economic and workforce development.
- H. We believe in assessment and accountability.
- I. We believe Carl Sandburg College must have a commitment to every stakeholder in the district.
- J. We believe where you live should not determine the quality of the education you can access.
- K. We believe in taking ownership of our future.
- L. We believe in a safe and secure environment.
- M. We believe in student centered decision making.
- N. We believe in the use of up-to-date technology.
- O. We believe that co-curricular and extra-curricular activities are an integral part of the education experience.
- P. We believe in the value of shared governance.

II. Strategies

- A. We will ensure long-term financial stability and accountability.
- B. We will implement an effective enrollment management program (housing).
- C. We will enhance communications internally.
- D. We will enhance communications externally.
- E. We will develop and maintain partnerships with all elected officials and hold them accountable.
- F. We will ensure vibrant curricula.
- G. We will ensure an effective delivery of services throughout the entire district.

III. Focal Points and Goals

A. Learning

1. Promote and support student learning at the classroom, program, and school levels.
2. Provide and maintain resources, which enable and enhance student retention and learning.
3. Promote and support local research on the learning process.

B. Caring Environment

1. Shape an environment that recognizes the need for diversity.
2. Create opportunities for all within the College community to interact with understanding, tolerance, and respect for others.
3. Promote sensitivity to individual needs and aspirations of those throughout the College community.
4. Promote organizational development as a long-range effort to improve the College's problem-solving and renewal process.

C. Technology

1. Establish and maintain effective technology in academic programs and support functions.
2. Upgrade employee skills in use of technology.

D. Cooperative Alliances

1. Develop programs in cooperation with neighboring institutions.
2. Maintain and expand alliances within and beyond the College district.
3. Support economic development activities.

E. Stability

1. Establish/maintain an operating fund balance equal to 5-6 percent of the previous year's adopted budget.
2. Develop institutional shape/make-up that best addresses long-range fiscal concerns.
3. Maintain the College comprehensive Risk Management Program.
4. Maintain a competitive compensation program to enable the College to attract and retain a quality workforce.
5. Promote operating efficiencies to accommodate growth.
6. Promote the development of human resources.
7. Promote and develop information management systems that facilitate decision-making.

F. Assessment

1. Promote and support local research on the assessment process.
2. Promote student assessment at the course, program, and school levels.
3. Promote assessment as an institutional way of life.

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 component unit, the Carl Sandburg College Foundation.

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. Activities of the following fund groups and individual funds are included in the annual budget.

<u>Fund Group</u>	<u>Fund</u>
Current Unrestricted	Education Operations and Maintenance Enterprise Capital Endowment
Current Restricted	Bond and Interest Restricted Purpose Nonexpendable Trust Audit Liability, Protection, and Settlement
Plant	Operations and Maintenance (Restricted)

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. This includes the reporting of one enterprise fund, Auxiliary Enterprise, and one discretely presented component unit, Carl Sandburg College Foundation.

ECONOMIC CONDITION AND OUTLOOK

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

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

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

<u>Fund Type</u>	<u>Maximum Authority</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>State Avg. 2003</u>
Current:							
Education	0.2063	0.2063	0.2015	0.1989	0.2054	0.2057	.1936
Operations and Maintenance	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	.0579
Liability, Protection and Settlement	None	0.1157	0.1191	0.1095	0.1010	0.0872	.0515
Audit	0.0050	0.0050	0.0050	0.0050	0.0041	0.0041	.0020
Working Cash	None	0.0000	0.0000	0.0000	0.0000	0.0000	.0138
Social Security/Medicare	None	0.0167	0.0170	0.0083	0.0076	0.0076	
Bond and Interest	None	0.1953	0.1833	0.1813	0.1458	0.1425	.0328
Plant:							
Operations and Maintenance (Restricted) - Life Safety	0.0500	0.0149	0.0000	0.0000	0.0000	0.0071	.0151
Total		0.6039	0.5759	0.5530	0.5139	0.5042	.3667

Estimated assessed value of taxable property for 2006, representing taxes collectible in 2007, is \$1,233,665,227.

The College's average collection rate over the past five years, including collection of back taxes, has been 99.9 percent.

The College's capital improvement plan for fiscal year 2008 continues 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 equipment, security equipment, and increased district wide wireless high speed internet access. Funding will come from accumulated interest in the Strategic Technology Endowment Fund, SMART V funds, tech fees, life safety property tax and barter dollars.

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 the next year, it is anticipated that the college will issue new debt to accomplish facility improvement measures through a fourth phase of a Guaranteed Energy Savings Contract.

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

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

In the fiscal year ending June 30, 2007, the College's investments generated \$804,699 in investment income.

The College invests funds in an Operating Checking account at First Bank. The College's average rate on these funds was 4.98 percent. As of June 30, 2007, other investments were as follows:

Investments	Amount	Percent
Illinois Funds	\$ 240,466	1.62
Illinois School District Liquid Asset Fund	\$ 483,686	3.27
Municipal bonds & US Government securities	\$11,445,483	77.27
Certificates of Deposit	<u>\$ 2,643,000</u>	<u>17.84</u>
	\$14,812,635	100.00

The College established a Risk Management Committee on July 25, 1991. Risk Management is the control function whereby exposures to manageable risks are subjected to a continual process of monitoring.

The objectives of the Carl Sandburg College Risk Management Program are:

1. To shield the college from fortuitous losses caused by injury, death, damage, destruction, depletion, or undermining of its human, physical, mechanical, and intangible assets.
2. To minimize the long range cost of controlling fortuitous losses through the reduction or elimination of claims, suits, awards, accidents, slow-downs, shut-downs, defense fees, fines, and premiums.
3. To reduce or eliminate exposures within and outside the college which increase the chance of fortuitous loss to the college personnel, financial assets, and the public.

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, 2006. This was the fourth 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.

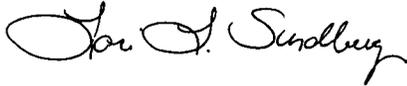
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, DBA
Vice President of Administrative Services**

**Illinois Community College District No. 518
FY 2008
Principal Officials as of July 1, 2007**

Board of Trustees

Name	Position	Term Expires
Mr. William C. Robinson	Chairperson	2011
Mr. Jack P. Ball	Vice Chairperson	2011
Mr. John T. Huston	Secretary	2011
Mr. Michael T. Bavery	Trustee	2013
Mr. Thomas H. Colclasure	Trustee	2009
Dr. D. Wayne Green	Trustee	2009
Reverend John A. Sibley, Sr.	Trustee	2013
Ms. Shalane Worden	Interim Student Trustee	
Ms. Barb Kirchgessner	Faculty Representative	
Ms. Angela Strom	Staff Representative	

Officers of the College

Mr. Thomas A. Schmidt	President
Mr. Larry Benne	Vice President of Academic Services
Mr. Steven Norton	Vice President of Student Services
Mr. Samuel Sudhakar	Vice President of Technology Services
Dr. Lori Sundberg	Vice President of Administrative Services

Administrative Staff

Ms. Gena Alcorn	Director of Foundation
Ms. Sherry Berg	Dean of Corporate and Community Services
Mr. Tony Bentley	Director of TRIO Upward Bound Project
Ms. Lisa Blake	Chief Financial Officer/Treasurer
Mr. Larry Byrne	Director of Business Services
Ms. Sally Day	Director of Nursing
Ms. Robin DeMott	Director of Marketing & Public Relations
Ms. Marnie Dugan	Director of Recruiting
Ms. Lisa Hanson	Director of Financial Aid
Ms. Carol Kreider	Dean of Student Support Services
Ms. Misty Lewis	Director of TRIO Student Support Services
Ms. Elaine Long	Dean of Allied Health
Ms. Debra Miller	Dean of Extension Services
Mr. Mark Pflieger	Dean of Occupational Programs
Mr. Jim Rich	Dean of Adult & Developmental Education
Dr. Connie Thurman	Director of Human Resources
Mr. Michael Walters	Dean of Learning Resource Services/Evening Administrator

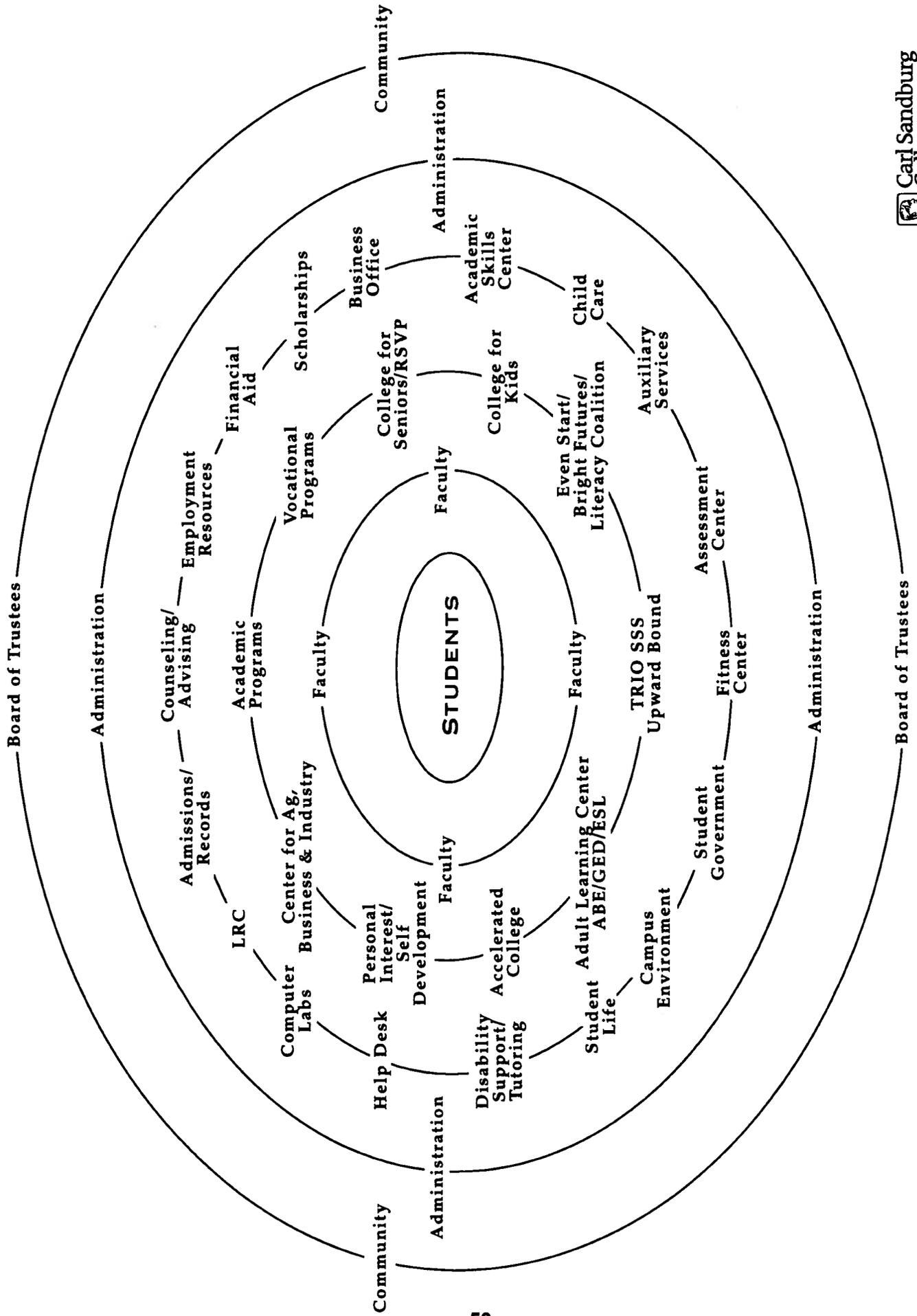
Official Issuing Report

Ms. Lisa Blake Chief Financial Officer/Treasurer

Department Issuing Report

Finance Office

COMMUNITY COLLEGE DISTRICT 518 CARL SANDBURG COLLEGE



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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Thomas J. Blain".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Carl Sandburg College
Community College District No. 518
Galesburg, Illinois

We have audited the accompanying basic financial statements of Carl Sandburg College – Community College District No. 518 (the College) as of and for the years ended June 30, 2007, and of its discretely presented component unit, Carl Sandburg College Foundation, as of and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the College and its discretely presented component unit for the year ended June 30, 2006, were audited by other auditors whose report dated September 29, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Carl Sandburg College – Community College District No. 518 and of its discretely presented component unit, Carl Sandburg College Foundation, as of June 30, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note J to the financial statements, the College made a prior period adjustment to the June 30, 2006 financial statements for capital assets and other long-term debt.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2007, 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basis financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carl Sandburg College – Community College District No. 518's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplemental financial information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the information contained in these sections.

Jerdgen, Callahan, Van Osdol & Co., Ltd.

Sterling, Illinois
September 18, 2007

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS**
For the years ended June 30, 2007 and 2006

Management's Discussion and Analysis

This section of Carl Sandburg College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2007 and 2006. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the transmittal letter (pages v-xii), the College's basic financial statements (pages 13-19), and the footnotes (pages 20-39). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

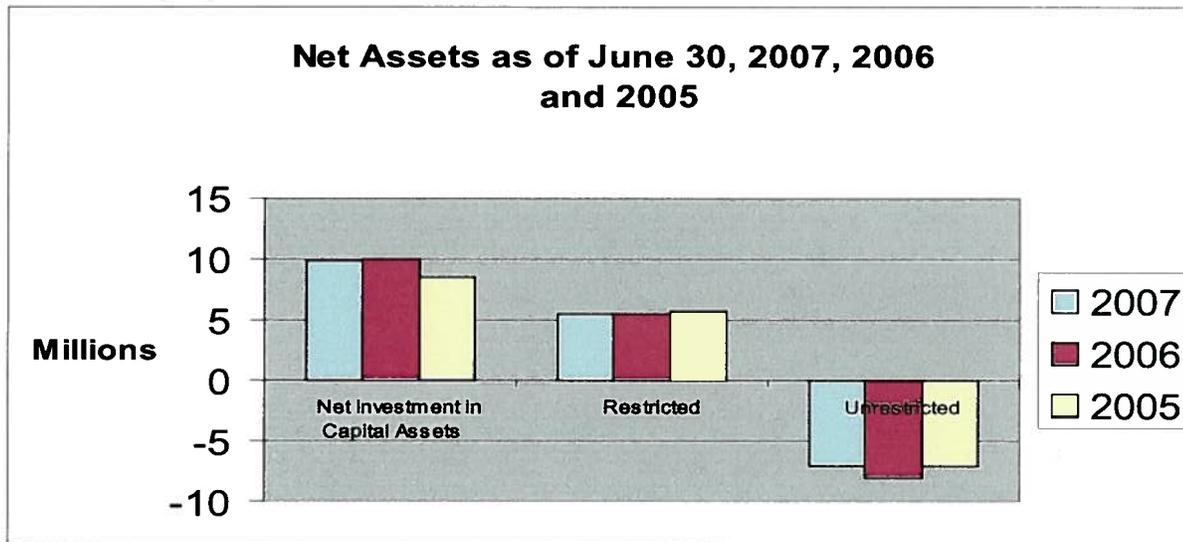
The new financial statement format (implemented in the fiscal year ended June 30, 2003) focuses on the College as a whole. A comparative analysis is presented in this fifth year of reporting under this model. The College financial statements (see pages 13-19) are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Assets 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 Assets 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 (H) to the financial statements. This MD&A focuses on the College exclusive of the Foundation.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

Financial Highlights



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

	2007	2006	Increase (Decrease) 2007-2006	2005	Increase (Decrease) 2006-2005
Current assets	14.5	14.1	0.4	15.7	(1.6)
Non-current assets					
Capital assets, net of depreciation	18.1	19.0	(0.9)	18.9	0.1
Other	9.4	9.2	0.2	10.5	(1.3)
Total assets	42.0	42.3	(0.3)	45.1	(2.8)
Current liabilities	10.2	9.8	0.4	11.1	(1.3)
Non-current liabilities	23.6	25.0	(1.4)	26.7	(1.7)
Total liabilities	33.8	34.8	(1.0)	37.8	(3.0)
Net assets					
Investment in capital assets, net	9.9	10.0	(0.1)	8.5	1.5
Restricted for:					
Debt Service	0.2	0.1	0.1	0.3	(0.2)
Insurance	5.3	5.4	(0.1)	5.4	0.0
Unrestricted	(7.1)	(8.0)	0.9	(6.9)	(1.1)
Total net assets	8.3	7.5	0.8	7.3	0.2

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

This schedule is prepared from the College's Statements of Net Assets (page 13) which are presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Fiscal Year 2007 Compared to 2006

Current assets have increased \$0.4 million due to expenditure control during fiscal year 2007 and interest earned on investments being reserved for future requirements. The other non-current assets have increased \$0.2 million also due to the investment of interest earned.

Current liabilities increased \$0.4 million due to unearned property taxes. An increase in EAV and the tax rate created this increase. Non-current liabilities decreased \$1.4 million in large part due to a decrease in outstanding bonds.

Total net assets at June 30, 2007 increased by \$0.8 million. The restricted net assets are reserved for \$0.2 million of debt service payments and \$5.3 million of insurance reserve fund bonds.

Fiscal Year 2006 Compared to 2005

Current assets decreased \$1.6 million due to the completion of capital projects using bond proceeds. The other non-current assets decreased \$1.3 million due to the termination of the agreement with our local Workforce Investment Agency as the fiscal agent.

Current liabilities decreased \$1.3 million partially due to no longer recording accounts payable for our local Workforce Investment Agency. Interest due on the outstanding bonds as of July 1, 2006 was paid prior to year end and therefore a decrease in the accrual.

Total net assets at June 30, 2006 increased by \$0.2 million. The restricted net assets are reserved for \$0.1 million of debt service payments and \$5.4 million of insurance reserve fund bonds.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

Operating Results for the Year Ended					
June 30,					
(in millions)					
	2007	2006	Increase (Decrease) 2007-2006	2005	Increase (Decrease) 2006-2005
Operating revenue:					
Tuition and fees	\$4.9	\$4.8	\$0.1	\$4.9	(\$0.1)
Auxiliary	0.6	0.6	0.0	0.5	0.1
Total operating revenue	5.5	5.4	0.1	5.4	(0.0)
Less operating expenses	24.7	30.8	(6.1)	30.3	0.5
Operating loss	(19.2)	(25.4)	6.2	(24.9)	(0.5)
Non-operating revenue:					
State Grants and Contracts	6.8	6.8	0.0	6.0	0.8
Federal Grants and Contracts	4.9	11.7	(6.8)	11.0	0.7
Property Taxes	6.9	6.8	0.1	6.6	0.2
Investment Income	0.8	0.4	0.4	0.8	(0.4)
Other	1.7	1.0	0.7	1.2	(0.2)
Total non-operating revenue	21.1	26.7	(5.6)	25.6	1.1
Non-operating expense -					
Interest expense	1.1	1.2	(0.1)	1.1	0.1
Increase (decrease) in net assets	0.8	0.1	0.7	(0.4)	0.5
Net assets, beginning of year	7.5	7.5	0.0	7.7	(0.2)
Residual equity transfer	0.0	(0.1)	0.1	0.0	(0.1)
Net assets, end of year	\$8.3	\$7.5	\$0.8	\$7.3	\$0.2

Total revenues and expenses (Operating and Non-Operating) for the fiscal year 2007 were \$26.6 million and \$25.8 million, respectively. Fiscal year 2006 total revenues and expenses (Operating and Non-Operating) were \$32.1 million and \$32.0 million. Fiscal year 2005 total revenues and expenses were \$31.0 million and \$31.4 million.

Fiscal Year 2007 Compared to 2006

Operating revenue increased \$0.1 million in part due to a decrease in scholarship allowances with the termination of the agreement with our local Workforce Investment Agency.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

Operating expenses as of June 30, 2007, decreased \$6.1 million due to no longer serving as the fiscal agent for our local Workforce Investment Agency. WIA instruction and general administration expenses are no longer recorded in the College's statements.

Non-operating revenue decreased \$5.6 million. WIA grant revenue is also no longer recorded with the termination of the fiscal agent status as of June 30, 2006. Investment income increased with the fair value of investments holding fairly steady in fiscal year 2007. Fiscal year 2006 recorded a \$.4 million decrease in fair value of investments.

The College terminated the fiscal agent status with the local Workforce Investment Agency on June 30, 2006. This decision was made for administrative and fiscal economy reasons. The College continues to serve as a source of instruction for WIA programs.

Fiscal Year 2006 Compared to 2005

Operating revenue for fiscal year 2006 was consistent with operating revenue for fiscal year 2005.

Operating expenses as of June 30, 2006, increased \$.5 million due to an increase in the area of Instruction for the Workforce Investment Agency and a decrease in Institutional Support derived from a decrease in expenses related to the health insurance. In fiscal year 2006, the State University Retirement System (SURS) on-behalf payment from the State was \$.3 million less than fiscal year 2005.

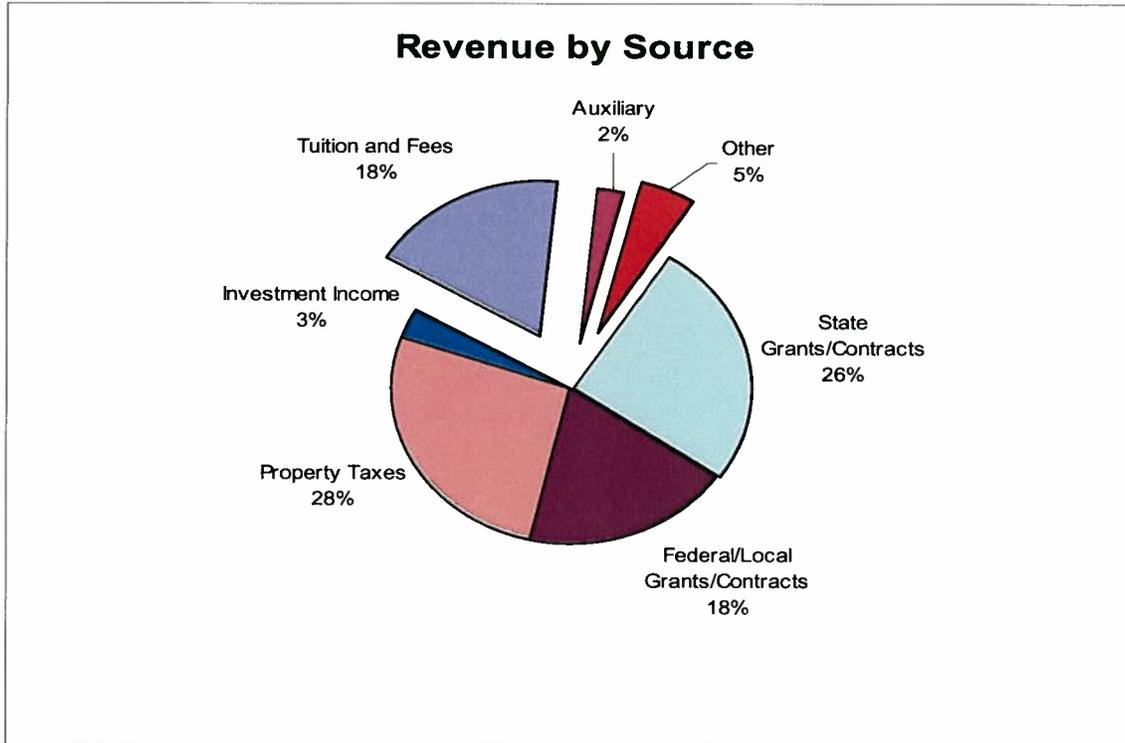
Non-operating revenue increased \$1.1 million. The SURS on-behalf payment of \$.5 million for June 30, 2006 is reflected as both operating expense and non-operating revenue, being shown as state grants. This is down from \$1 million in 2005. State grants include the revenue from the Illinois Assistance Grant – MAP. The Workforce Investment Act received \$.8 million more in federal grants for fiscal year 2006. Investment income is down \$.4 million due to a decrease in fair value of the investments in fiscal year 2006.

The College completed construction of a new Allied Health building in FY 2006 to move the Mortuary Science program from a leased facility to an owned facility. Cosmetology has also been relocated from a leased facility to a renovated owned space in the Annex building. Adult Education/Family Literacy has moved into a larger newly renovated owned space on the main campus. The Fine Arts Building completed renovations. All of these projects were funded from the FY 2004 bond proceeds.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

The following is a graphic illustration of revenues by source for the year ended June 30, 2007.



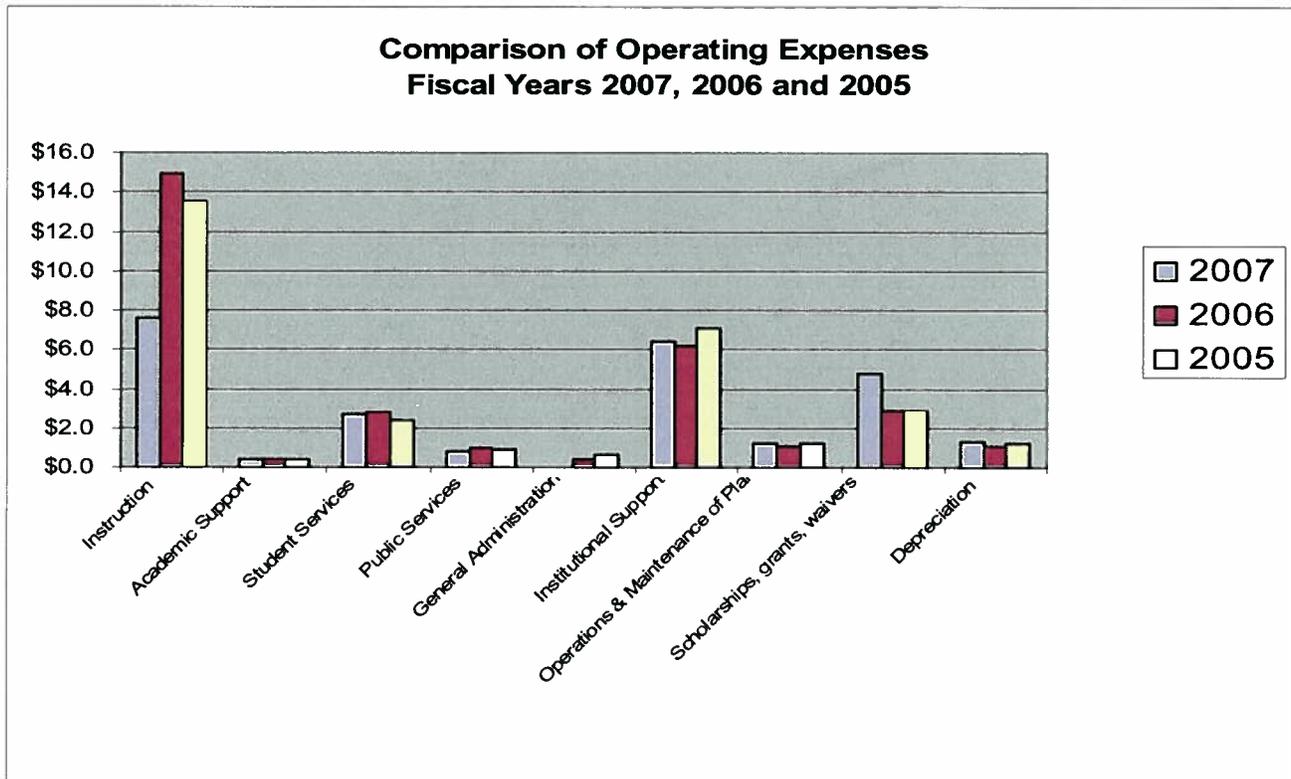
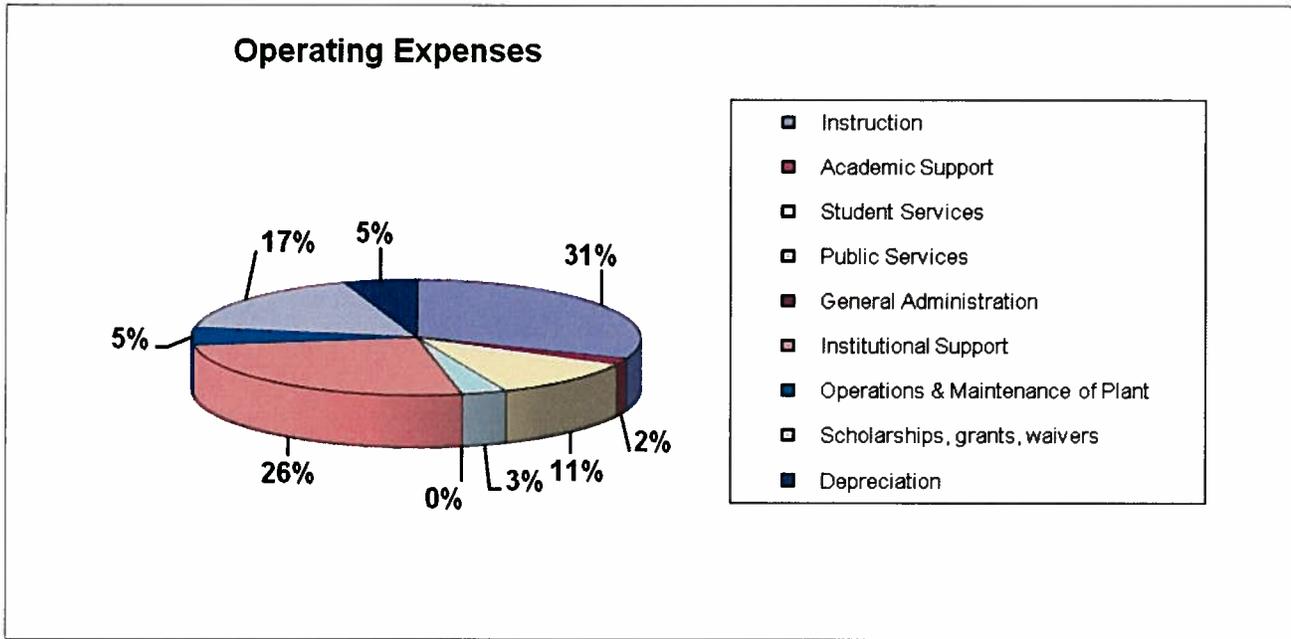
**Operating Expenses
For the Year Ended June 30,
(in millions)**

Operating expense:	2007	2006	Increase (Decrease) 2007-2006	2005	Increase (Decrease) 2006-2005
Instruction	\$7.6	\$14.9	(\$7.3)	\$13.5	\$1.4
Academic support	0.4	0.4	0.0	0.4	0.0
Student services	2.7	2.8	(0.1)	2.4	0.4
Public services	0.8	1.0	(0.2)	0.9	0.1
General administration	0.0	0.4	(0.4)	0.7	(0.3)
Institutional support	6.4	6.2	0.2	7.1	(0.9)
Operations and maintenance of plant	1.2	1.1	0.1	1.2	(0.1)
Scholarships, grants, waivers	4.2	2.9	1.3	2.9	0.0
Depreciation	1.3	1.1	0.2	1.2	(0.1)
Total	\$24.6	\$30.8	(\$6.2)	\$30.3	\$0.5

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

The following is a graphic illustration of operating expenses for the year ended June 30, 2007.



**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

Capital Assets, Net June 30, (in millions)					
	2007	2006	Increase (Decrease) 2007-2006	2005	Increase (Decrease) 2006-2005
Capital assets					
Land and improvements	\$0.6	\$0.6	\$0.0	\$0.6	\$0.0
Buildings and infrastructure	28.1	28.1	0.0	25.8	2.3
Furniture, equipment and vehicles	3.8	3.4	0.4	3.3	0.1
Construction in progress	0.0	0.0	0.0	1.2	(1.2)
Deposit on equipment	0.0	0.0	0.0	0.0	0.0
Total	32.5	32.1	0.4	30.9	1.2
Less Accumulated Depreciation	(14.4)	(13.1)	(1.3)	(12.0)	(1.1)
Net Capital Assets	\$18.1	\$19.0	(\$0.9)	\$18.9	\$0.1



Fiscal Year 2007 Compared to 2006

As of June 30, 2007, the College had recorded \$32.5 million invested in capital assets, \$14.4 million in accumulated depreciation, and \$18.1 million in net capital assets. The College continued to make investments in communication and computer technology to provide students throughout the entire district with increased opportunities for learning. The College also continues to offer services to enhance technology for K-12 school districts and other educational entities within the college district. For more detailed information on capital asset activity, refer to Note (C) – Capital Assets, in the Notes to Basic Financial Statements on pages 20-39.

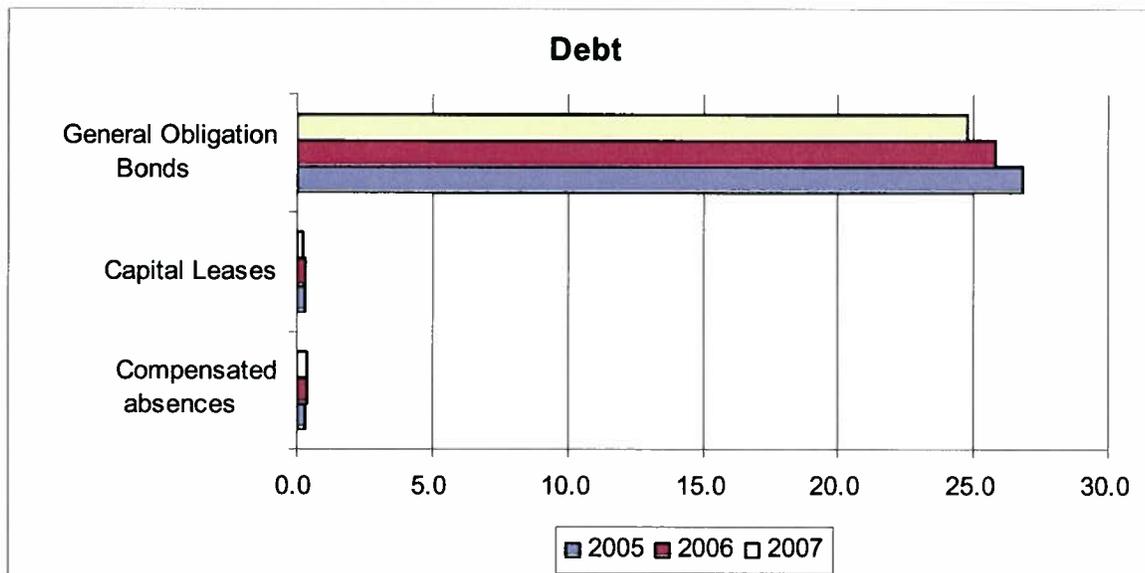
**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

Fiscal Year 2006 Compared to 2005

As of June 30, 2006, the College had recorded \$32.1 million invested in capital assets, \$13.1 million in accumulated depreciation, and \$19.0 million in net capital assets. The College continued to make significant investments in communication and computer technology to continue to provide students throughout the entire district with increased opportunities for learning.

	Debt June 30, (in millions)		Increase (Decrease) 2007-2006	2005	Increase (Decrease) 2006-2005
	2007	2006			
General obligation bonds	\$24.8	\$25.8	(\$1.0)	\$26.8	(\$1.0)
Capital leases	0.2	0.3	(\$0.1)	0.3	0.0
Compensated absences	0.4	0.4	\$0.0	0.3	0.1
Total	\$25.4	\$26.5	(\$1.1)	\$27.4	(\$0.9)



**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

Fiscal Year 2007 Compared to 2006

During fiscal year 2007, the College issued no new debt. The bond payments continue to be funded through the tax levy while the capital leases are funded by bond proceeds. For more detailed information on long-term debt activity, refer to Note (D) – Debt, in the Notes to Basic Financial Statements on pages 20-39.

Fiscal Year 2006 Compared to 2005

During fiscal year 2006, the College issued no new debt. The bond payments were funded through the tax levy while the capital leases were funded by bond proceeds.

Contacting the College's Financial Management

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

BASIC FINANCIAL STATEMENTS

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
STATEMENTS OF NET ASSETS
June 30, 2007 and 2006**

ASSETS	2007	2006
Current assets:		
Cash and cash equivalents	\$678,047	\$3,035,386
Deposits	2,643,000	2,281,800
Short-term investments	2,757,882	2,189,401
Property taxes receivable	7,035,274	5,145,532
Other receivables	941,027	1,066,024
Prepaid items	212,462	153,203
Inventories	14,400	15,500
Other assets	256,416	249,390
Total current assets	14,538,508	14,136,236
Noncurrent assets:		
Long-term investments	9,411,753	9,183,258
Capital assets	32,488,608	32,105,060
Less accumulated depreciation	(14,394,818)	(13,115,548)
Total noncurrent assets	27,505,543	28,172,770
Total assets	42,044,051	42,309,006
LIABILITIES		
Current liabilities:		
Accounts payable	270,049	846,073
Accrued liabilities	91,181	181,350
Unearned tuition and fees	150,702	227,661
Unearned property taxes	7,443,211	6,930,838
Other unearned revenue	462,238	116,541
Accrued compensated absences	385,069	380,831
Bonds payable, current portion	1,285,000	1,035,000
Other long-term obligations, current portion	75,662	75,352
Total current liabilities	10,163,112	9,793,646
Noncurrent liabilities:		
Bonds payable, noncurrent	23,510,000	24,795,000
Other long-term obligations, noncurrent	105,199	186,539
Total noncurrent liabilities	23,615,199	24,981,539
Total liabilities	33,778,311	34,775,185
NET ASSETS		
Invested in capital assets, net of related debt	9,880,773	9,980,982
Restricted - expendable:		
Debt service	205,170	89,106
Insurance	5,331,558	5,428,582
Unrestricted	(7,151,761)	(7,964,849)
Total net assets	\$8,265,740	\$7,533,821

See Notes to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS**
For the years ended June 30, 2007 and 2006

	2007	2006 (Restated)
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$593,274 and \$1,634,620, respectively	\$4,847,633	\$4,811,812
Chargeback revenue	8,133	3,741
Auxiliary enterprises revenue	628,320	600,743
Total operating revenue	5,484,086	5,416,296
Operating expenses:		
Instruction	7,640,469	14,855,967
Academic support	355,110	364,281
Student services	2,722,062	2,770,921
Public services	828,595	1,031,863
General administration		373,605
Institutional support	6,368,491	6,231,167
Operation and maintenance of plant	1,217,349	1,147,759
Scholarships, student grants, and waivers	4,242,266	2,901,059
Depreciation	1,279,270	1,115,942
Total operating expenses	24,653,612	30,792,564
Operating loss	(19,169,526)	(25,376,268)
Nonoperating revenues:		
State grants	6,805,679	6,788,468
Property taxes	6,944,227	6,761,030
Personal property replacement tax	285,083	256,486
Federal grants	4,852,696	11,666,046
Local grants	225,064	241,142
Investment income	804,699	392,707
Other nonoperating revenues	1,145,214	614,696
Nonoperating revenues	21,062,662	26,720,575
Nonoperating expenses -		
Interest expense	1,161,217	1,193,457
Net nonoperating revenues	19,901,445	25,527,118
Increase (decrease) in net assets	731,919	150,850
Net assets:		
Beginning of year	7,533,821	7,488,860
Residual equity transfer		(105,889)
End of year	\$8,265,740	\$7,533,821

See Notes to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
STATEMENTS OF CASH FLOWS**
For the years ended June 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$5,405,665	\$4,755,372
Payments to suppliers	(5,864,321)	(12,348,492)
Payments to employees	(13,387,953)	(14,131,827)
Payments to students for scholarships	(4,835,540)	(3,723,785)
Auxiliary enterprise charges	635,338	607,358
Net cash used in operating activities	(18,046,811)	(24,841,374)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from property taxes	5,566,858	6,884,247
Proceeds from grants	13,069,936	19,466,024
Net cash provided by noncapital financing activities	18,636,794	26,350,271
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(383,548)	(1,597,620)
Principal paid on bonds payable	(1,035,000)	(975,000)
Interest paid on bonds payable and other long-term obligations	(1,084,427)	(1,284,737)
Principal paid on other long-term obligations	(81,030)	(129,292)
Net cash used in capital and related financing activities	(2,584,005)	(3,986,649)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	851,617	746,996
Proceeds from maturities of investment securities	14,789,988	3,703,000
Purchases of investment securities	(16,004,922)	(3,901,340)
Net cash (used in) provided by investing activities	(363,317)	548,656
Net decrease in cash and cash equivalents	(2,357,339)	(1,929,096)
CASH AND CASH EQUIVALENTS:		
Beginning of year	3,035,386	4,964,482
End of year	\$678,047	\$3,035,386

See Notes to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
STATEMENTS OF CASH FLOWS
(CONTINUED)**

For the years ended June 30, 2007 and 2006

	2007	2006
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	(\$19,169,526)	(\$25,376,268)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,279,270	1,115,942
State on-behalf payments for fringe benefits	683,730	501,526
Residual equity transfer		(105,889)
Changes in assets and liabilities:		
Receivables	54,903	49,824
Other assets	(83,270)	(37,160)
Accounts payable	(576,022)	(610,222)
Accrued liabilities	(154,568)	(383,754)
Accrued compensated absences	4,238	108,017
Unearned tuition and fees	(78,548)	(104,892)
Other unearned revenue	(7,018)	1,502
Net cash used in operating activities	(\$18,046,811)	(\$24,841,374)
NONCASH INVESTING, CAPITAL, AND FINANCIAL:		
Increase (decrease) in fair value of investments and amortization/accretion	(\$56,758)	(\$366,687)
Purchase of equipment under capital leases	\$0	\$44,294
STATE ON-BEHALF PAYMENTS	\$683,730	\$501,526

See Notes to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
COMPONENT UNIT - CARL SANDBURG COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006**

ASSETS	2007	2006
Cash	\$164,536	\$204,091
Investments:		
Restricted	3,385,568	2,054,526
Unrestricted	358,693	1,138,231
Total assets	\$3,908,797	\$3,396,848
LIABILITIES AND NET ASSETS		
Liabilities:		
Scholarships payable	\$56,500	\$39,350
Other payables	4,400	5,553
Total liabilities	60,900	44,903
Net assets:		
Unrestricted	462,329	458,463
Temporarily restricted	1,623,254	1,300,392
Permanently restricted	1,762,314	1,584,090
Total net assets	3,847,897	3,342,945
Total liabilities and net assets	\$3,908,797	\$3,387,848

See Notes to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
COMPONENT UNIT - CARL SANDBURG COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
For the years ended June 30, 2007 and 2006**

	Unrestricted	Temporarily Restricted
Revenues, gains, and other support:		
Contributions	\$9,037	\$112,246
Donated goods and facilities	73,019	
Donated services	24,789	
Income on investments	71,172	109,485
Special events, net of direct costs in the amount of \$3,646 and \$13,396	66,322	
Net unrealized gains on investments		316,191
	244,339	537,922
Net assets released from restrictions - Satisfaction of program restrictions	215,060	(215,060)
Total revenues, gains, and other support	459,399	322,862
Expenses and losses:		
Program	273,687	
Management and general	164,144	
Fund raising	17,702	
Uncollectible accounts receivable		
Other		
Total expenses and losses	455,533	0
Change in net assets	3,866	322,862
Net assets at beginning of year	458,463	1,300,392
Net assets at end of year	\$462,329	\$1,623,254

See Notes to Financial Statements.

2007		2006			
Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$105,160	\$226,443	\$42,650	\$137,409	\$75,500	\$255,559
	73,019	84,213			84,213
	24,789	62,770			62,770
21,894	202,551	19,077	88,439	28,364	135,880
	66,322	66,747			66,747
51,170	367,361	17,464	106,059	2,780	126,303
178,224	960,485	292,921	331,907	106,644	731,472
	0	230,352	(230,352)	0	0
178,224	960,485	523,273	101,555	106,644	731,472
	273,687	241,365			241,365
	164,144	225,777			225,777
	17,702	63,052			63,052
	0	46,816			46,816
	0	5,845			5,845
0	455,533	582,855	0	0	582,855
178,224	504,952	(59,582)	101,555	106,644	148,617
1,584,090	3,342,945	518,045	1,198,837	1,477,446	3,194,328
\$1,762,314	\$3,847,897	\$458,463	\$1,300,392	\$1,584,090	\$3,342,945

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
COMPONENT UNIT - CARL SANDBURG COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2007 and 2006**

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$504,952	\$148,617
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized gains on investments	(367,361)	(126,303)
Changes in operating assets and liabilities:		
Other receivables		518,433
Scholarships payable	17,150	7,300
Other payables	(1,153)	(10,557)
Net cash provided by operating activities	153,588	537,490
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(193,143)	(596,282)
Proceeds from sales of investments		82,325
Net cash used in investing activities	(193,143)	(513,957)
Net increase (decrease) in cash	(39,555)	23,533
Cash at beginning of year	204,091	180,558
Cash at end of year	\$164,536	\$204,091

See Notes to Financial Statements.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006**

(A) Summary of Significant Accounting Policies:

Carl Sandburg College, Community College District No. 518 (College), established in 1966 under the Illinois Public Community College Act, provides baccalaureate, vocational, and continuing education courses to a ten county area located in central Illinois. The Board of Trustees is the College's ruling body which establishes the policies and procedures by which the College is governed.

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

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

Reporting Entity

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

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the college in support of its programs. The 18 member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the college by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the college, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standard Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. 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 H) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(A) 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.

The College is in a partnership with Center for Manufacturing Excellence (CME). The CME provides manufacturing education programs to the students enrolled. Emphasis is placed on machining, welding, electronic maintenance, and design skills for the fabricated metals, machinery manufacturing, primary metals, and durable goods manufacturing industries located in the 10 counties in the Carl Sandburg College district. CME is the regional service training site for various local manufacturers. CME receives revenues through third party contractual training. Carl Sandburg College donates equipment, a portion of the director's salary, a portion of marketing and accounting staff salaries, and rental expense for the building to CME. Audited financial statements for the Center can be obtained from their office at 3000 Log City Trail, Galesburg, Illinois 61401.

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.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(A) Summary of Significant Accounting Policies (continued):

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, property tax levies passed in December 2005 are allocated and will be recognized as revenue in fiscal year 2007.

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.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(A) Summary of Significant Accounting Policies (continued):

Capital Assets (continued)

Property, plant, and equipment of the college are depreciated using the straight-line method over the following useful lives.

Assets	Years
Buildings and additions	40
Infrastructure	10
Furniture and equipment	3 – 5
Land improvements	10
Vehicles	3

Unearned Tuition and Fee Revenue

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

Long-term Debt

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

Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused vacation benefits. These benefits vest and are accrued as liabilities as they are earned.

Classification of Revenues and Expenses

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

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(A) Summary of Significant Accounting Policies (continued):

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Workforce Development programs. Federal programs are audited in accordance with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 Audit of States, Local Governments and Non-Profit Organizations, and the Compliance Supplement.

On-Behalf Payments for Benefits and Salaries

The College recognizes as revenues and expenses contributions made by the State of Illinois to the State Universities Retirement Systems on behalf of the College's employees. In fiscal years 2007 and 2006, the State made contributions of \$683,730 and \$501,526 respectively.

Net Assets

The College's net assets are classified as follows:

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in fund equity during the reporting period. Material estimates that are particularly susceptible to significant change in the near term relate to depreciation on capital assets, health insurance claims incurred but not reported, and the fair value of investments. Actual results could differ from those estimates.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(A) Summary of Significant Accounting Policies (continued):

Reclassifications

Certain amounts from 2006 have been reclassified to conform to the 2007 financial statements.

(B) Cash and Investments:

The College's cash and deposits throughout the year and at year-end consisted of demand deposit accounts, certificates of deposit, and money markets. The College classifies these accounts between cash and deposits on the combined balance sheet according to liquidity and intended use.

Cash and deposits as of June 30, 2007 consist of the following:

	Carrying Amount
Cash on hand	\$2,217
Deposits with financial institutions	3,318,830
Total	\$3,321,047

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, 2007 and 2006 comprise the following at fair value:

	2007	2006
Money market	\$724,152	\$461,200
Municipal bonds	8,400,329	8,459,032
U.S. government agency securities	3,045,154	2,452,427
	\$12,169,635	\$11,372,659

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(B) Cash and Investments (continued):

As of June 30, 2007, 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	\$724,152	\$724,152			
Municipal bonds	8,400,330	656,208	\$2,549,197	\$1,096,047	\$4,098,878
U.S. Government agency securities	3,045,153	1,377,523	1,235,334	432,296	
Total	\$12,169,635	\$2,757,883	\$3,784,531	\$1,528,343	\$4,098,878

As of June 30, 2006, the College had the following investments with stated maturities,

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	Than 10
Money Market	\$461,200	\$461,200			
Municipal bonds	8,459,032	597,773	\$2,189,805	\$386,540	\$5,284,914
U.S. Government agency securities	2,452,427	1,130,428	892,933	429,066	
Total	\$11,372,659	\$2,189,401	\$3,082,738	\$815,606	\$5,284,914

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. As of June 30, 2007, the College's investments in municipal bonds were rated Aaa, Aa1, Aa2, or Aa3 by Standard & Poor's, and/or AAA, AA+, or AA by Moody's Investors Service. The College's investments in Illinois Funds and Illinois School District Liquid Asset Fund were rated AAAM by Standard & Poor's. 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, 2007 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 \$3,321,047 and the bank balance was \$3,874,119. Of the bank balance, \$900,000 was covered by federal depository insurance, \$2,638,572 was collateralized with securities held by the pledging financial institution's trust department or agent in the College's name, and \$513,483 was unsecured deposits relating to money markets.

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.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(B) Cash and Investments (continued):

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.

(C) Capital Assets:

Changes in the various capital asset categories during the year ended June 30, 2007 were restated as follows:

	Balance at July 1, 2006	Additions	Deletions	Transfers	Balance at June 30, 2007
Nondepreciable:					
Land	\$405,483				\$405,483
Depreciable:					
Buildings and additions	25,875,234				25,875,234
Infrastructure	2,181,477				2,181,477
Furniture and equipment	3,167,746	\$383,548			3,551,294
Land improvements	208,602				208,602
Vehicles	266,518				266,518
Total cost	\$32,105,060	\$383,548	\$0	\$0	\$32,488,608

Accumulated depreciation for the year ended June 30, 2007 was restated as follows:

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Buildings and additions	\$9,080,081	\$65,705		\$9,731,786
Infrastructure	1,978,899	111,193		2,090,092
Furniture and equipment	1,692,858	495,422		2,188,280
Land improvements	104,767	15,603		120,370
Vehicles	258,943	5,347		264,290
Total accumulated depreciation	\$13,115,548	\$1,279,270	\$0	\$14,394,818

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(C) Capital Assets (continued):

Changes in the various capital asset categories during the year ended June 30, 2006 were restated as follows:

	Balance at July 1, 2005	Additions	Deletions	Transfers	Balance at June 30, 2006
Nondepreciable:					
Land	\$405,483				\$405,483
Construction in progress	1,170,747			(\$1,170,747)	
Depreciable:					
Buildings and additions	23,644,734	\$1,059,753		1,170,747	25,875,234
Infrastructure	2,181,477				2,181,477
Furniture and equipment	2,585,585	582,161			3,167,746
Land improvements	208,602				208,602
Vehicles	266,518				266,518
Total cost	\$30,463,146	\$1,641,914	\$0	\$0	\$32,105,060

Accumulated depreciation for the year ended June 30, 2006 was restated as follows:

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
Buildings and additions	\$8,478,883	\$601,198		\$9,080,081
Infrastructure	1,784,574	194,325		1,978,899
Furniture and equipment	1,418,276	274,582		1,692,858
Land improvements	89,165	15,602		104,767
Vehicles	228,708	30,235		258,943
	\$11,999,606	\$1,115,942	\$0	\$13,115,548

(D) Debt:

The following is a summary of the college's long-term and short-term debt transactions as restated for the year ended June 30, 2007:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$25,830,000		\$1,035,000	\$24,795,000	\$1,285,000	\$23,510,000
Capital leases	261,891		81,030	180,861	75,662	105,199
Compensated absences	380,831	\$317,567	313,329	385,069	385,069	
Totals	\$26,472,722	\$317,567	\$1,429,359	\$25,360,930	\$1,745,731	\$23,615,199

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(D) Debt (continued):

The following is a restated summary of the college's long-term and short-term debt transactions for the year ended June 30, 2006:

	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$26,805,000		\$975,000	\$25,830,000	\$1,035,000	\$24,795,000
Capital leases	346,889	\$44,294	129,292	261,891	75,352	186,539
Compensated absences	272,814	308,253	200,236	380,831	380,831	0
Totals	\$27,424,703	\$352,547	\$1,304,528	\$26,472,722	\$1,491,183	\$24,981,539

Details on the debt as of June 30, 2007 are as follows:

- The general obligation bonds, series 1999, bear interest at 3.40 to 4.50 percent, which is due June 1 and December 1 of each year, while principal amounts mature serially on December 1 of each year, with final maturity on December 1, 2011. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2008	\$460,000	\$88,035	\$548,035
2009	480,000	67,585	547,585
2010	500,000	46,025	546,025
2011	525,000	23,475	548,475
2012	265,000	5,963	270,963
Totals	\$2,230,000	\$231,083	\$2,461,083

- The general obligation bonds, Series 1999A, bear interest at 3.90 to 5.45 percent, which is due on June 1 and December 1 of each year, while principal amounts mature serially on December 1 of each year, with final maturity on December 1, 2015. A portion of these bonds was defeased with the issuance of the general obligation refunding bonds, series 2005. The annual remaining debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2008	\$215,000	\$174,318	\$389,318
2009	260,000	162,550	422,550
2010	310,000	148,145	458,145
2011	365,000	130,750	495,750
2012	800,000	100,260	900,260
2013 – 2016	1,485,000	99,790	1,584,790
Totals	\$3,435,000	\$815,813	\$4,250,813

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(D) Debt (continued):

3. The general obligation bonds, Series 2000, bear interest at 5.45 to 5.75 percent, which is due January 1 and July 1 of each year, while principal amounts mature serially on January 1 of each year, with final maturity on January 1, 2016. A portion of these bonds was defeased with the issuance of the general obligation refunding bonds, Series 2005. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2008	\$70,000	\$74,175	\$144,175
2009	80,000	70,150	150,150
2010	95,000	65,550	160,550
2011	105,000	60,088	165,088
2012	55,000	54,050	109,050
2013 – 2016	885,000	127,075	1,012,075
Totals	\$1,290,000	\$451,088	\$1,741,088

4. The general obligation bonds, Series 2001A, bear interest at 4.50 to 4.95 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, 2017. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2008	\$265,000	\$197,285	\$462,285
2009	290,000	185,360	475,360
2010	310,000	172,020	482,020
2011	360,000	157,760	517,760
2012	365,000	140,840	505,840
2013 - 2017	2,535,000	386,835	2,921,835
Totals	\$4,125,000	\$1,240,100	\$5,365,100

5. The general obligation bonds, Series 2004A & B, bear interest at 2.60 to 5.00 percent, which is due on June 15 and December 15 of each year, while principal amounts mature serially on December 15 of each year, with final maturity on December 15, 2016. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2008	\$275,000	\$182,653	\$457,653
2009	375,000	169,893	544,893
2010	490,000	150,123	640,123
2011	245,000	131,895	376,895
2012	305,000	118,145	423,145
2013 – 2017	2,485,000	304,460	2,789,460
Totals	\$4,175,000	\$1,057,169	\$5,232,169

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(D) Debt (continued):

6. The general obligation refunding bonds, Series 2005, bear interest at 2.50 to 4.20 percent, which is due on June 1 and December 1 of each year, while principal amounts mature serially on December 1 of each year (excluding 2006-2009), with final maturity on December 1, 2019. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2008		\$390,025	\$390,025
2009		390,025	390,025
2010		390,025	390,025
2011	\$15,000	389,751	404,751
2012	100,000	387,653	487,653
2013 – 2017	4,730,000	1,559,245	6,289,245
2018 – 2020	4,695,000	303,124	4,998,124
Totals	\$9,540,000	\$3,809,848	\$13,349,848

7. In April 1999, the College defeased the Series 1992 general obligation bonds by placing a portion of the proceeds of the Series 1999 general obligation bond issue in an irrevocable trust to provide for all future debt service payments on the old debt certificates. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. As of June 30, 2007, the College has \$2,265,000 of the debt certificates outstanding which are considered defeased.
8. In December 2001, the College defeased the Series 2001 general obligation debt certificates by placing a portion of the proceeds of the Series 2001A general obligation bond issue in an irrevocable trust to provide for all future debt service payments on the old debt certificates. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. As of June 30, 2007, the College has \$1,445,000 of the debt certificates outstanding which are considered defeased.
9. In May 2005, the College defeased portions of both the Series 1999A general obligation bonds and the Series 2000 general obligation bonds by placing a portion of the proceeds of the Series 2005 general obligation bond issue in an irrevocable trust to provide for all future debt service payments on the defeased portion of the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. As of June 30, 2007, the College has \$8,750,000 of the general obligation bonds which are considered defeased. 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 on this refunding of \$261,417.
10. The College has capital lease agreements, discounted at rates ranging from 4.2 to 7.9 percent, financing copiers and other equipment with a total cost of \$375,420 and accumulated depreciation of \$207,948. These agreements are due in monthly installments, with the final maturity on February 1, 2011, and the annual debt service requirements are due as follows:

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(D) Debt (continued):

	Principal	Interest	Total
During the year ending June 30:			
2008	\$75,661	\$7,520	\$83,181
2009	63,886	3,691	67,577
2010	34,751	1,116	35,867
2011	6,563	124	6,687
Totals	\$180,861	\$12,451	\$193,312

The annual requirements to amortize all debt outstanding as of June 30, 2007, including interest, are as follows:

Year Ending June 30,	General Obligation Bonds	Capital Lease Obligations	Compensated Absences	Total Principal	Interest	Total Principal And Interest
2008	\$1,285,000	\$75,661	\$385,069	\$1,745,730	\$1,114,011	\$2,859,741
2009	1,485,000	63,886		1,548,886	1,049,254	2,598,140
2010	1,705,000	34,751		1,739,751	973,004	2,712,755
2011	1,615,000	6,563		1,621,563	893,843	2,515,406
2012	1,890,000			1,890,000	806,911	2,696,911
2013 - 2017	12,120,000			12,120,000	2,477,405	14,597,405
2018 - 2020	4,695,000			4,695,000	303,124	4,998,124
Total	\$24,795,000	\$180,861	\$385,069	\$25,360,930	\$7,617,552	\$32,978,482

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt at June 30, 2007, is \$35,467,875. General obligation debt at June 30, 2007 is \$24,975,861, resulting in a legal debt margin of \$10,492,014.

(E) Retirement Commitments – State University Retirement System:

Plan Description

The College contributes to the State Universities Retirement system of Illinois (SURS), a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SURS, 1901 Fox Drive, Champaign, Illinois 61820 or by calling 1-800-275-7877.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(E) Retirement Commitments – State University Retirement System (continued):

Funding Policy

Plan members are required to contribute 8.0 percent of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 10.61 percent of annual covered payroll. The contribution requirements of Plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ended June 30, 2007, 2006 and 2005, were \$743,551, \$633,904, and \$964,412, respectively, equal to the required contributions for each year.

(F) Risk Management:

The College is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets, natural disasters, worker's compensation, and medical and dental claims of its employees and their dependents.

Until December 31, 2005, the College maintained a comprehensive self-insurance plan through a third party administrator as an opinion for its employees' health coverage. Under this plan, the College had coverage for medical claims when individual claims exceeded \$80,000 and aggregate claims exceeded \$1,997,294 over an annual liability period. Coverage from a private insurance company was maintained for losses in excess of the stop-loss amounts. Effective January 1, 2006, the College is in a fully insured plan.

Liabilities were reported when it was probable that a loss had occurred and the amount of the loss could be reasonable estimated. Claims payable included all known claims and an amount for claims that had been incurred but not reported (IBNR). Claim liabilities were estimated by considering the effects of inflation, recent claim settlement trends, including frequency and accrued liabilities on the statements of net assets. The changes in the aggregate liabilities for claims for the years ended June 30, 2007, 2006, and 2005 were as follows:

	2007	2006	2005
Claims payable including IBNR, beginning of year		\$412,074	\$526,091
Claims expense		706,237	1,606,608
Claim payments		(1,118,311)	(1,720,625)
Claims payable including IBNR, end of year	\$0	\$0	\$412,074

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(G) Contingencies and Commitments:

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

Year Ended June 30	Facilities	Equipment	Total
2008	\$21,431	\$11,158	\$32,589
2009	22,289	11,158	33,447
2010	23,180	11,158	34,338
2011	24,107	11,158	35,265
2012	25,072	7,097	32,169
Total	\$116,079	\$51,729	\$167,808

Fiscal year 2007 rent expense was \$2,752. Facilities rental lease does not begin until July 1, 2007.

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

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

(H) Component Unit Disclosures:

Carl Sandburg College Foundation

Organization

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.

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

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(H) Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Organization (continued)

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.

Temporarily restricted net assets as of June 30, 2007 and 2006 are available for the following purposes or periods:

	<u>2007</u>	<u>2006</u>
Student scholarships currently available	\$1,106,460	\$744,223
For periods after June 30, 2015	516,794	461,435
	\$1,623,254	\$1,300,392

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.

Contributions and Revenues

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

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(H) Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Contributions and Revenues (continued)

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.

Investments and Investment Earnings

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. The 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%

A summary of investments carried at estimated fair value at June 30, 2007 and 2006 is as follows:

Description	2007	2006
Mutual funds – equity	\$2,755,253	\$2,249,198
Mutual funds – bond	989,008	934,559
Total investments	\$3,744,261	\$3,183,757

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(H) Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Investments and Investment Earnings (continued)

Investment income for the years ended June 30, 2007 and 2006 is as follows:

	2007	2006
Interest income	\$202,551	\$96,419
Realized gains on investments		39,461
Total investment income	\$202,551	\$135,880

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis.

Cash Equivalents

The Foundation considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. There are no cash equivalents at June 30, 2007 or 2006.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue, allocations, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term is the fair value of investments.

Donated Services

The Foundation received contributed services, goods, and facilities of \$97,808 and \$68,082 from the College during the years ended June 30, 2007 and 2006, respectively. This amount includes the Foundation's director's salary.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(H) Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

U.S. Department of Education Endowment Challenge Grant

Carl Sandburg College Foundation received a \$200,000 Endowment Challenge Grant from the U.S. Department of Education during the year ended June 30, 1995. To receive this award, Carl Sandburg College Foundation had to raise \$100,000 from corporate and individual contributions which would be matched by the Department of Education on a two-for-one basis up to \$200,000. These funds must be placed in a separate endowment trust for a period of twenty years. In addition, half of the annual earnings on this account must be added to the principal of this grant for the next twenty years. The other half of the earnings could be distributed as student scholarships. There are eight years remaining in the twenty year period at June 30, 2006. The Endowment Challenge Grant has \$766,847 of investments as of June 30, 2006.

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

(I) Related Party Transaction:

The College has brokered its health insurance through a company partially owned by the spouse of an officer of the College. The College pays premiums to an insurance company, who then pays fees to the broker. The amount of broker fees paid during fiscal year 2007 is unknown to the College.

(J) Prior Period Adjustment:

The June 30, 2006 financial statements have been restated to correct an error relating to the amount capitalized for the Datatel software at June 30, 2006, the depreciation expense at June 30, 2006, the accumulated depreciation at June 30, 2006, and the related debt at June 30, 2006. Capital assets at June 30, 2006 were previously reported at \$32,562,065 and have been restated to \$32,105,060 for this correction of \$457,005. Depreciation expense at June 30, 2006 was previously reported at \$1,166,720 and has been restated to \$1,115,942 for this correction of \$50,778. Accumulated depreciation at June 30, 2006 was previously reported at \$13,217,104 and has been restated to \$13,115,548 for this correction of \$101,556.

Other current debt at June 30, 2006 was previously reported at \$133,420 and has been restated to \$75,352 for this correction of \$58,068. Other noncurrent debt at June 30, 2006 was previously reported at \$701,481 and has been restated to \$186,539 for this correction of \$514,942. In addition, unrestricted net assets previously reported as of June 30, 2006 of (\$7,961,082) has been restated to (\$7,964,849) and invested in capital assets, net of related debt, previously reported as of June 30, 2006 of \$9,759,654 has been restated to \$9,980,982.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
June 30, 2007 and 2006**

(K) Subsequent Event

Subsequent to year-end, the College approved a resolution to issue a \$2,640,000 Debt Certificates, Series 2007A and a \$400,000 Taxable Debt Certificates, Series 2007B to Harris Bank of Chicago at interest rates from 6.00% to 7.00%. The College approved a final contract with Johnson Controls, Inc. to accomplish the scope of work contained within the Guaranteed Energy Savings Contract – Phase IV in the amount of \$2,642,487 for Facility Improvement Measures (FIMS), plus \$499,042 for a ten year Service Agreement for a grand total contract value of \$3,141,529.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
BALANCE SHEET - ALL FUND TYPES
June 30, 2007**

A S S E T S	General		Special Revenue		
	Education	Operations and Maintenance	Restricted Purpose	Audit	Liability Protection Funds
Cash and cash equivalents	\$150,413				\$140,363
Deposits			\$21,000		123,000
Investments	240,466				5,077,202
Receivables:					
Property taxes	2,390,525	\$582,487		\$58,249	1,555,239
Government claims and grants			178,002		
Other	380,455				344,667
Due from other funds	5,261,094	925,476			841,775
Prepaid items	198,115				
Inventories					
Property and equipment, net					
Other assets					9,474
Total assets	\$8,621,068	\$1,507,963	\$199,002	\$58,249	\$8,091,720
LIABILITIES AND FUND EQUITY (DEFICIT)					
Liabilities:					
Accounts payable	\$192,722		\$2,455		
Accrued liabilities			8,086		
Unearned revenue:					
Property taxes	2,529,139	\$616,262		\$61,626	\$1,645,419
Other		80,852	70,394		302,472
Due to other funds	4,396,254	690,005	6,377	119,536	2,310,487
Total liabilities	7,118,115	1,387,119	87,312	181,162	4,258,378
FUND EQUITY (DEFICIT)					
Retained earnings (deficit):					
Unreserved					
Fund balance (deficit):					
Reserved for encumbrances	7,194	177			
Reserved for insurance					5,331,558
Unreserved	1,495,759	120,667	111,690	(122,913)	(1,498,216)
Total fund equity (deficit)	1,502,953	120,844	111,690	(122,913)	3,833,342
Total liabilities and fund equity (deficit)	\$8,621,068	\$1,507,963	\$199,002	\$58,249	\$8,091,720

Debt Service	Capital Projects		Fiduciary	Proprietary		
Bond and Interests	Operations and Maintenance (Restricted)	Capital Endowment	Nonexpendable Trust	Trust & Agency Fund	Auxiliary Enterprise	Total
	\$13,701	\$99,791	\$273,329		\$450	\$678,047
			2,499,000			2,643,000
\$6,379	365,045	5,829,121	651,422			12,169,635
2,275,193	173,581					7,035,274
		82,616				178,002
3,010,096	2,737,035	886,141	744,134	74,872	103,502	807,738
	14,347					14,584,125
						212,462
					14,400	14,400
					4,164	4,164
			27,259			36,733
\$5,291,668	\$3,303,709	\$6,897,669	\$4,195,144	\$74,872	\$122,516	\$38,363,580
				\$74,872		\$270,049
					\$18,696	26,782
\$2,407,119	\$183,646					7,443,211
					8,520	462,238
2,679,379	3,824,200	\$551,569			6,318	14,584,125
5,086,498	4,007,846	551,569	\$0	74,872	33,534	22,786,405
					88,982	88,982
						7,371
						5,331,558
205,170	(704,137)	6,346,100	4,195,144			10,149,264
205,170	(704,137)	6,346,100	4,195,144	0	88,982	15,577,175
\$5,291,668	\$3,303,709	\$6,897,669	\$4,195,144	\$74,872	\$122,516	\$38,363,580

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND EQUITY (DEFICIT) - ALL FUND TYPES
For the year ended June 30, 2007**

	General		Special Revenue		
	Education	Operations and Maintenance	Restricted Purpose	Audit	Liability Protection Funds
Revenues:					
Local government	\$2,453,786	\$604,023	\$195,617	\$60,401	\$1,644,103
State government	5,695,963	317,028	1,761,501		
Federal government			4,825,019		
Student tuition and fees	4,924,083	227,909			
Sales and service fees					
Interest	7,334	5,139	2,812	182	225,796
Net increase in fair value of investments					(13,193)
Other	92,420	38,009	178,387		10,541
Total revenues	13,173,586	1,192,108	6,963,336	60,583	1,867,247
Expenditures/expenses:					
Current:					
Instruction	6,579,380		872,946		
Academic support	348,968		6,000		
Student services	1,229,615		542,309		
Public services	166,661		661,674		
General administration					
Institutional support	4,145,892	262,994	32,100	118,219	1,954,151
Operation and maintenance of plant		1,212,398	490		
Scholarships, student, grants, and waivers			4,835,540		
Debt service:					
Principal retirement					
Interest					
Capital outlay:					
Building construction, building improvements, and equipment	116,697	3,988	157,094		
Total expenditures/expenses	12,587,213	1,479,380	7,108,153	118,219	1,954,151
Excess (deficiency) of revenues over expenditures/expenses	586,373	(287,272)	(144,817)	(57,636)	(86,904)
Other financing sources (uses):					
Transfers in	7,500				
Transfers out					
Total other financing sources (uses)	7,500	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	593,873	(287,272)	(144,817)	(57,636)	(86,904)
Fund equity (deficit) at beginning of year	909,080	408,116	256,507	(65,277)	3,920,246
Fund equity (deficit) at end of year	\$1,502,953	\$120,844	\$111,690	(\$122,913)	\$3,833,342

Debt Service	Capital Projects		Fiduciary		Proprietary		
Bond and Interests	Operations and Maintenance (Restricted)	Capital Endowment	Nonexpendable Trust	Trust & Agency Fund	Auxiliary Enterprise		Total
\$2,201,549							\$7,159,479
							7,774,492
					\$27,677		4,852,696
					211,956		5,363,948
					628,320		628,320
94,683	\$18,463	\$317,011	\$175,193		32		846,645
		(37,326)	8,573				(41,946)
	29,447					130,625	479,429
2,296,232	47,910	279,685	183,766	\$0	998,610		27,063,063
							7,452,326
							354,968
					950,220		2,722,144
							828,335
							0
6,193	7,632	12,270					6,539,451
							1,212,888
							4,835,540
1,035,000							1,035,000
1,146,491							1,146,491
							0
	200,358						478,137
2,187,684	207,990	12,270	0	0	950,220		26,605,280
108,548	(160,080)	267,415	183,766	0	48,390		457,783
	48,512				9,936		65,948
		(58,448)	(7,500)				(65,948)
0	48,512	(58,448)	(7,500)	0	9,936		0
108,548	(111,568)	208,967	176,266		58,326		457,783
96,622	(592,569)	6,137,133	4,018,878		30,656		15,119,392
\$205,170	(\$704,137)	\$6,346,100	\$4,195,144	\$0	\$88,982		\$15,577,175

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
EDUCATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the year ended June 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Local government:			
Property taxes	\$2,401,974	\$2,434,151	\$32,177
Chargeback revenue	0	8,133	8,133
Other	27,700	11,502	(16,198)
Total local government	2,429,674	2,453,786	24,112
State government:			
ICCB base operating grant	2,173,067	2,173,106	39
ICCB equalization grant	2,439,367	2,439,372	5
ICCB funding formula impact grant	140,850	0	(140,850)
Corporate personal property replacement tax	147,329	267,693	120,364
Board of Vocational Education and Rehabilitation	80,000	132,062	52,062
State of Illinois SURS on-behalf payments	904,165	683,730	(220,435)
Total state government	5,884,778	5,695,963	(188,815)
Student tuition and fees	5,202,485	4,924,083	(278,402)
Interest	7,200	7,334	134
Miscellaneous - other	51,829	92,420	40,591
Total revenues	13,575,966	13,173,586	(402,380)
Expenditures:			
Instruction:			
Salaries	5,551,420	5,228,286	323,134
Employee benefits	9,200	3,027	6,173
Contractual services	1,196,478	1,071,395	125,083
General materials and supplies	256,847	185,584	71,263
Conference and meeting expense	100,538	88,997	11,541
Fixed charges	1,500	384	1,116
Other	2,368	1,707	661
Total instruction	7,118,351	6,579,380	538,971

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
EDUCATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(CONTINUED)**

For the year ended June 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued):			
Academic support:			
Salaries	231,399	212,000	19,399
Contractual services	36,020	34,588	1,432
General materials and supplies	104,330	96,918	7,412
Conference and meeting expense	6,850	5,462	1,388
Total academic support	378,599	348,968	29,631
Student services:			
Salaries	919,217	864,016	55,201
Contractual services	12,326	10,791	1,535
General materials and supplies	71,025	63,328	7,697
Conference and meeting expense	21,461	19,029	2,432
Fixed charges	480	462	18
Other	349,980	271,989	77,991
Total student services	1,374,489	1,229,615	144,874
Public services:			
Salaries	141,708	87,354	54,354
Contractual services	45,250	35,325	9,925
General materials and supplies	29,800	19,291	10,509
Conference and meeting expense	27,500	22,151	5,349
Fixed charges	300	0	300
Utilities	4,750	1,041	3,709
Other	2,400	1,499	901
Total public services	251,708	166,661	85,047
Institutional support:			
Salaries	1,272,370	1,173,872	98,498
Employee benefits	2,377,785	2,016,135	361,650
Contractual services	167,331	129,128	38,203
General materials and supplies	473,324	451,533	21,791
Conference and meeting expense	65,003	43,711	21,292
Fixed charges	120,312	134,624	(14,312)
Other	78,844	196,889	(118,045)
Total institutional support	4,554,969	4,145,892	409,077

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(CONTINUED)**

For the year ended June 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued):			
Capital outlay	124,745	116,697	8,048
Total expenditures	13,802,861	12,587,213	1,215,648
Excess (deficiency) of revenues over expenditures	(226,895)	586,373	813,268
Other financing sources -			
Transfers in	244,421	7,500	(236,921)
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$17,526</u>	593,873	<u>\$576,347</u>
Fund balance at beginning of year		<u>909,080</u>	
Fund balance at end of year		<u>\$1,502,953</u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
OPERATIONS AND MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the year ended June 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Local government -			
Property taxes	\$596,023	\$604,023	\$8,000
State government:			
ICCB base operating grant	137,938	141,170	3,232
ICCB equalization grant	158,468	158,468	0
ICCB funding formula impact grant	9,150	0	(9,150)
Corporate personal property replacement tax	9,571	17,390	7,819
Total state government	315,127	317,028	1,901
Student tuition and fees	277,324	227,909	(49,415)
Interest	5,000	5,139	139
Other:			
Rent	41,148	34,043	(7,105)
Miscellaneous	4,178	3,966	(212)
Total other revenue	45,326	38,009	(7,317)
Total revenues	1,238,800	1,192,108	(46,692)
Expenditures:			
Institutional support:			
Salaries	5,405	0	5,405
Contractual services	10,630	5,899	4,731
General materials and supplies	590	2,673	(2,083)
Conference and meeting expense	490	0	490
Utilities	259,590	254,422	5,168
Total institutional support	276,705	262,994	13,711

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
OPERATIONS AND MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(CONTINUED)**

For the year ended June 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued):			
Operation and maintenance of plant:			
Salaries	501,834	463,979	37,855
Contractual services	90,358	70,022	20,336
General materials and supplies	67,349	58,759	8,590
Conference and meeting expense	6,110	3,100	3,010
Fixed charges	26,270	24,332	1,938
Utilities	543,535	483,272	60,263
Other	127,525	108,934	18,591
Total operation and maintenance of plant	1,362,981	1,212,398	150,583
Capital outlay	4,081	3,988	93
Total expenditures	1,643,767	1,479,380	164,387
Excess (deficiency) of revenues over expenditures	(404,967)	(287,272)	117,695
Other financing sources (uses) -			
Transfers in	484,967	0	(484,967)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$80,000</u>	<u>(287,272)</u>	<u>(\$367,272)</u>
Fund balance at beginning of year		<u>408,116</u>	
Fund balance at end of year		<u>\$120,844</u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
AUDIT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the year ended June 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Local government - Property taxes	\$59,602	\$60,401	\$799
Interest	180	182	2
Total revenues	59,782	60,583	801
Expenditures -			
Institutional support:			
Salaries	27,920	27,120	800
Contractual services	75,415	90,895	(15,480)
General materials and supplies	670	204	466
Conference and meeting expense	285	0	285
Total expenditures	104,290	118,219	(13,929)
Deficiency of revenues over expenditures	<u>(\$44,508)</u>	<u>(57,636)</u>	<u>(\$13,128)</u>
Fund deficit at beginning of year		<u>(65,277)</u>	
Fund deficit at end of year		<u><u>(\$122,913)</u></u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
BOND AND INTEREST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the year ended June 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Local government - Property taxes	\$2,255,352	\$2,201,549	(\$53,803)
Interest	10,300	94,683	84,383
Total revenues	2,265,652	2,296,232	30,580
Expenditures -			
Institutional support - Other	8,985	6,193	2,792
Debt service:			
Principal retirement	1,035,000	1,035,000	0
Interest	1,160,362	1,146,491	13,871
Total debt service	2,195,362	2,181,491	13,871
Total expenditures	2,204,347	2,187,684	16,663
Excess of revenues over expenditures	<u>\$61,305</u>	108,548	<u>\$47,243</u>
Fund balance at beginning of year		96,622	
Fund balance at end of year		<u>\$205,170</u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
OPERATIONS AND MAINTENANCE FUND (RESTRICTED)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the year ended June 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$5,980	\$18,463	\$12,483
Other	48,500	29,447	(19,053)
Total revenues	54,480	47,910	(6,570)
Expenditures -			
Institutional support -			
Contractual services	0	7,632	(7,632)
Capital outlay - building construction and building improvements	167,000	200,358	(33,358)
Total expenditures	167,000	207,990	(40,990)
Deficiency of revenues over expenditures	(112,520)	(160,080)	(47,560)
Other financing sources -			
Transfers in	78,500	48,512	(29,988)
Deficiency of revenues and other financing sources over expenditures	<u>(\$34,020)</u>	(111,568)	<u>(\$145,588)</u>
Fund deficit at beginning of year		(592,569)	
Fund deficit at end of year		<u>(\$704,137)</u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
CAPITAL ENDOWMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$300,229	\$317,011	\$16,782
Net decrease in fair value of investments	0	(37,326)	(37,326)
Total revenues	300,229	279,685	(20,544)
Expenditures -			
Institutional support:			
Fixed charges	1,060	1,250	(190)
Other	0	11,020	(11,020)
Total expenditures	1,060	12,270	(11,210)
Excess of revenues over expenditures	299,169	267,415	(31,754)
Other financing sources -			
Transfers out	(471,221)	(58,448)	(412,773)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$172,052)</u>	208,967	<u>\$36,915</u>
Fund balance at beginning of year		6,137,133	
Fund balance at end of year		<u>\$6,346,100</u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
AUXILIARY ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET AND ACTUAL
For the year ended June 30, 2007**

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Federal government grant	\$25,000	\$27,677	\$2,677
Student tuition and fees	218,294	211,956	(6,338)
Sales and service fees	634,196	628,320	(5,876)
Interest	30	32	2
Other	137,941	130,625	(7,316)
Total operating revenues	1,015,461	998,610	(16,851)
Operating expenses:			
Salaries	493,702	474,456	19,246
Employee benefits	11,865	12,354	(489)
Contractual services	157,576	136,936	20,640
General materials and supplies	197,879	177,864	20,015
Conference and meeting expense	55,145	54,693	452
Depreciation	40,000	935	39,065
Other	87,194	92,982	(5,788)
Total operating expenses	1,043,361	950,220	93,141
Operating income before transfers in	(27,900)	48,390	76,290
Transfers in	10,000	9,936	(64)
Net income	<u>(\$17,900)</u>	58,326	<u>\$40,426</u>
Retained earnings at beginning of year		<u>30,656</u>	
Retained earnings at end of year		<u>\$88,982</u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
AUXILIARY ENTERPRISE FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES, BY PROGRAM
For the year ended June 30, 2007**

	Student Activities - Other Services	Auto Mechanics
Operating revenues:		
Federal government grants	\$0	\$0
Student tuition and fees	211,956	0
Sales and service fees	140,800	47,134
Interest	32	0
Other	21,067	0
Total operating revenues	373,855	47,134
Operating expenses:		
Salaries	84,130	0
Employee benefits	0	0
Contractual services	39,968	0
General materials and supplies	58,676	49,301
Conference and meetings	0	0
Depreciation	935	0
Other	71,353	0
Total operating expenses	255,062	49,301
Operating income (loss)	\$118,793	(\$2,167)

Food Service	Bookstore	Athletics	Cosmetology	Child Care Center	Dental Hygiene	Totals
\$0	\$0	\$0	\$0	\$27,677	\$0	\$27,677
0	0	0	0	0	0	211,956
0	0	0	42,817	365,542	32,027	628,320
0	0	0	0	0	0	32
13,184	93,449	0	0	2,680	245	130,625
13,184	93,449	0	42,817	395,899	32,272	998,610
0	0	78,541	0	311,785	0	474,456
0	0	0	0	12,354	0	12,354
27,632	0	25,279	3,320	40,677	60	136,936
431	0	30,307	6,982	7,612	24,555	177,864
0	0	54,343	0	350	0	54,693
0	0	0	0	0	0	935
401	0	18,062	0	2,447	719	92,982
28,464	0	206,532	10,302	375,225	25,334	950,220
(\$15,280)	\$93,449	(\$206,532)	\$32,515	\$20,674	\$6,938	\$48,390

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
COMBINING BALANCE SHEET - LIABILITY PROTECTION FUNDS
June 30, 2007**

ASSETS	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Cash and cash equivalents			\$140,363	\$140,363
Deposits		\$123,000		123,000
Investments			5,077,202	5,077,202
Receivables:				
Property taxes		1,555,239		1,555,239
Other		303,798	40,869	344,667
Due from other funds	\$412,883	62,770	366,122	841,775
Other assets			9,474	9,474
Total assets	\$412,883	\$2,044,807	\$5,634,030	\$8,091,720
LIABILITIES AND FUND BALANCE (DEFICIT)				
Liabilities:				
Unearned revenue -				
Property taxes		\$1,645,419		\$1,645,419
Due to other funds	\$1,127,943	1,182,544		2,310,487
Other liabilities			\$302,472	302,472
Total liabilities	1,127,943	2,827,963	302,472	4,258,378
Fund balance (deficit):				
Reserved for insurance			5,331,558	5,331,558
Unreserved	(715,060)	(783,156)		(1,498,216)
Total fund balance (deficit)	(715,060)	(783,156)	5,331,558	3,833,342
Total liabilities and fund balance	\$412,883	\$2,044,807	\$5,634,030	\$8,091,720

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (DEFICIT)
LIABILITY PROTECTION FUNDS**

For the year ended June 30, 2007

	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Revenues:				
Local government		\$1,644,103		\$1,644,103
Interest		5,008	\$220,788	225,796
Net decrease in fair value of investments			(13,193)	(13,193)
Other	\$10,541			10,541
Total revenues	10,541	1,649,111	207,595	1,867,247
Expenditures -				
Current -				
Institutional support	9,390	1,942,614	2,147	1,954,151
Excess (deficiency) of revenues over expenditures	1,151	(293,503)	205,448	(86,904)
Other financing sources -				
Transfers in (out)		302,472	(302,472)	0
Excess (deficiency) of revenues and other financing sources over expenditures	1,151	8,969	(97,024)	(86,904)
Fund balance (deficit) at end of year	(716,211)	(792,125)	5,428,582	3,920,246
Fund balance (deficit) at end of year	(\$715,060)	(\$783,156)	\$5,331,558	\$3,833,342

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL
EMPLOYEE INSURANCE FUND
For the year ended June 30, 2007**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues -			
Other	\$181,500	\$10,541	(\$170,959)
Expenditures -			
Employee benefits	72,600	9,390	63,210
Excess (deficiency) of revenues over expenditures	<u>\$108,900</u>	<u>\$1,151</u>	<u>(\$107,749)</u>
Fund balance (deficit) at beginning of year		<u>(716,211)</u>	
Fund balance (deficit) at end of year		<u><u>(\$715,060)</u></u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 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, 2007**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$1,683,170	\$1,644,103	(\$39,067)
Interest income	0	5,008	5,008
Total revenues	1,683,170	1,649,111	(34,059)
Expenditures:			
Salaries	1,280,793	1,357,251	(76,458)
Employee benefits	255,600	166,698	88,902
Contractual services	195,710	152,316	43,394
General materials and supplies	13,740	12,833	907
Conference and meetings	3,388	3,915	(527)
Fixed charges	234,620	246,043	(11,423)
Other	3,731	3,558	173
Total expenditures	1,987,582	1,942,614	44,968
Excess (deficiency) of revenues over expenditures	(304,412)	(293,503)	10,909
Other financing sources (uses) -			
Transfer in	0	302,472	302,472
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(\$304,412)</u>	8,969	<u>\$313,381</u>
Fund balance (deficit) at beginning of year		<u>(792,125)</u>	
Fund balance (deficit) at end of year		<u>(\$783,156)</u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
INSURANCE RESERVE FUND
For the year ended June 30, 2007**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest income	\$210,000	\$220,788	\$10,788
Net decrease in fair value of investments	0	(13,193)	(13,193)
Total revenues	210,000	207,595	(2,405)
Expenditures -			
Other	0	2,147	(2,147)
Excess (deficiency) of revenues over expenditures	210,000	205,448	(4,552)
Other financing sources (uses) -			
Transfers out	(5,000)	(302,472)	(297,472)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$205,000</u>	<u>(97,024)</u>	<u>(\$302,024)</u>
Fund balance at beginning of year		<u>5,428,582</u>	
Fund balance at end of year		<u>\$5,331,558</u>	

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF MANAGEMENT INFORMATION
RECONCILIATION OF THE BALANCE SHEET - ALL FUND TYPES
TO THE STATEMENT OF NET ASSETS
For the year ended June 30, 2007**

Fund equity - all fund types (page 40)	\$15,577,175
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	18,089,626
Bond issuance costs are not financial resources and, therefore, are not reported in the governmental funds	219,681
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date	(64,399)
Long-term liabilities not reported in the governmental funds	(25,360,930)
Revenue for student tuition is recognized in the governmental funds when substantially received	<u>(195,413)</u>
Net assets (Page 13)	<u><u>\$8,265,740</u></u>

This schedule is supplemental information and is maintained for management purposes only.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF MANAGEMENT INFORMATION - RECONCILIATION OF
THE SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN FUND EQUITY (DEFICIT) - ALL FUND TYPES TO THE STATEMENT
OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

For the year ended June 30, 2007

Net increase in fund equity - all fund types (page 41)	\$457,783
<p>Governmental funds report capital outlays as expenditures. However, in the Statements of Net Assets, the cost of those assets is allocated over their useful life and reported as depreciation expense:</p>	
Capital outlay	378,449
Depreciation expense	(1,278,335)
<p>Repayment of bond principal and changes in other long-term debt obligations is an expenditure or other financing use of governmental funds, but reduces long-term liabilities in the Statement of Net Assets:</p>	
Bond principal repayments	1,035,000
Capital leases	81,030
Compensated absences	(4,238)
<p>The costs associated with issuing long-term debt are an expenditure of governmental funds, but increase other assets (unamortized debt issuance costs) in the Statements of Net Assets.</p>	
	(18,085)
<p>Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date.</p>	
	3,356
<p>Revenue for student tuition is recognized in the governmental funds when substantially received.</p>	
	76,959
Increase in net assets (page 14)	\$731,919

This schedule is supplemental information and is maintained for management purposes only.

STATISTICAL SECTION
(Unaudited)

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
NET ASSETS BY COMPONENT
For the Last Five Fiscal Years ended June 30,
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

TABLE A

	2007	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$9,881	\$9,981	\$8,717	\$8,596	\$8,219
Restricted - expendable:					
Debt Service	205	89	279	547	598
Insurance	5,332	5,429	5,349	5,191	5,195
Unrestricted	(7,152)	(7,965)	(6,856)	(6,593)	(5,089)
Total net assets	\$8,266	\$7,534	\$7,489	\$7,741	\$8,923

Note: The district implemented GASB 35 beginning with the fiscal year ending June 30, 2003.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
CHANGES IN NET ASSETS
For the Last Five Fiscal Years ended June 30,
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

TABLE B

	2007	2006	2005	2004	2003
Operating expenses:					
Instruction	\$7,640	\$14,856	\$13,538	\$10,230	\$11,108
Academic support	355	364	382	377	517
Student services	2,723	2,771	2,450	2,309	2,035
Public services	829	1,032	914	938	1,184
General administration	0	373	649	645	419
Institutional support	6,368	6,231	7,095	11,052	6,371
Operation and maintenance of plant	1,217	1,148	1,190	1,094	953
Scholarships, student grants, and waivers	4,242	2,901	2,886	3,203	3,483
Depreciation	1,279	1,116	1,024	1,105	1,057
Total operating expenses	24,653	30,792	30,128	30,953	27,127
Operating revenues:					
Charges for services:					
Student tuition and fees	4,848	4,812	4,859	5,093	4,557
Chargeback revenue	8	3	4	26	39
Auxiliary enterprise	628	601	511	463	387
Other general government	0	0	0	226	202
Total operating revenue	5,484	5,416	5,374	5,808	5,185
Operating loss	(19,169)	(25,376)	(24,754)	(25,145)	(21,942)
Nonoperating revenues (expenses):					
State grants	6,805	6,789	6,026	10,180	5,812
Property taxes	6,944	6,761	6,612	6,444	6,044
Personal property replacement tax	285	257	200	170	152
Federal grants	4,853	11,666	11,030	7,337	8,495
Local grants	225	241	222	257	327
Investment income	805	392	769	100	1,101
Interest expense	(1,161)	(1,193)	(1,111)	(1,159)	(1,556)
Other nonoperating revenues	1,145	614	754	633	838
State capital grants	0	0	0	0	3,735
Net nonoperating revenues	19,901	25,527	24,502	23,962	24,948
Residual equity transfer		(106)			
Change in net assets	\$732	\$45	(\$252)	(\$1,183)	\$3,006

Note: The district implemented GASB 35 beginning with the fiscal year ending June 30, 2003.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518**

**Fund Balances of Governmental Funds
For the Last Ten Fiscal Years Ended June 30,
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

TABLE C

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General fund:										
Reserved	\$7	\$1	\$1	\$12	\$1	\$2	\$1	\$30	\$21	\$54
Unreserved	1,617	1,316	1,374	792	730	359	540	380	(4)	234
Total general fund	\$1,624	\$1,317	\$1,375	\$804	\$731	\$361	\$541	\$410	\$17	\$288
All other governmental funds:										
Reserved	\$5,331	\$5,429	\$3,723	\$3,745	\$4,339	\$4,832	\$6,599	\$5,419	\$5,921	\$6,180
Unreserved, reported in:										
Special revenue funds	(1,509)	(1,317)	(47)	(91)	181	105	94	57	210	157
Debt service funds	205	97	1,762	4,797	598	2,301	2,364	624	275	12
Capital projects funds	5,642	5,545	5,886	5,112	5,724	6,735	4,925	7,110	1,350	127
Total all other governmental funds	\$9,669	\$9,754	\$11,324	\$13,563	\$10,842	\$13,973	\$13,982	\$13,210	\$7,756	\$6,476

General Fund includes the Education Fund and the Operations & Maintenance Fund.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518**
Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years Ended June 30,
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

TABLE D

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues:										
Property taxes	\$7,159	\$7,006	\$6,838	\$6,727	\$6,410	\$6,259	\$5,720	\$5,381	\$5,083	\$4,787
Government grants	12,600	19,499	18,203	18,538	18,793	13,793	11,460	10,586	10,875	8,886
Student tuition and fees	5,152	5,428	5,441	5,133	4,472	3,577	3,138	3,132	2,883	2,706
Sales and service fees			283	787	549	511				
Interest	671	615	593	474	587	837	886	589	537	463
Net increase (decrease) in fair value of investments	(50)	(335)	99	(438)	423	109	130	(80)	(74)	11
Other	349	642	610	497	710	585	1,069	862	1,850	798
Total revenues	25,881	32,855	32,067	31,718	31,944	25,671	22,403	20,470	21,154	17,651
Expenditures:										
Instruction	7,452	14,896	13,549	10,231	11,195	10,454	8,331	8,721	8,002	7,136
Academic support	355	364	382	377	517	604	591	518	516	500
Student services	1,772	1,828	1,644	1,524	1,300	1,254	1,189	3,113	3,058	2,629
Public services	828	1,032	914	938	1,184	1,542	1,728	911	889	858
General administration		374	649	715	471	243	550	406	486	1,070
Institutional support	6,540	6,187	7,152	11,818	6,727	6,252	6,067	5,455	4,397	3,096
Operation and maintenance of plant	1,213	1,164	1,190	1,094	953	987	1,020	1,099	885	974
Scholarships, student grants, and waivers	4,836	4,536	4,543	4,214	4,095	3,056	2,339			
Debt service:										
Principal	1,035	975	735	660	605	3,683	583	3,667	1,004	530
Interest	1,147	1,285	1,313	1,167	1,187	1,235	633	697	397	549
Capital outlay	478	1,863	1,607	1,856	6,535	2,441	1,019	883	2,870	1,635
Total expenditures	25,656	34,504	33,678	34,594	34,769	31,751	24,050	25,470	22,504	18,977
Excess of revenues over (under) expenditures	225	(1,649)	(1,611)	(2,876)	(2,825)	(6,080)	(1,647)	(5,000)	(1,350)	(1,326)
Other financing sources (uses):										
Proceeds from issuance of long-term debt		44	9,690	4,335		8,229	2,315	11,855	5,689	852
Discount on bond issuance			(151)			(89)				
Payment to refunding bond escrow agent			(9,451)			(1,948)		(1,026)	(3,551)	
Proceeds from issuance of capital leases			157	1,344		57	166			
Prior period adjustment unamortized bond issue costs						(524)				
Prior period adjustments outstanding bonds in wrong fund types										
Residual equity transfer		(106)								
Transfers in	56	2,816	3,859	854	2,750	3,326	1,067	3,796	717	326
Transfers out	(58)	(2,733)	(4,161)	(863)	(2,686)	(3,160)	(998)	(3,778)	(496)	(271)
Total other financing sources (uses)	(2)	21	(57)	5,670	64	5,891	2,550	10,847	2,359	907
Net change in fund balances	\$223	(\$1,628)	(\$1,668)	\$2,794	(\$2,761)	(\$189)	\$903	\$5,847	\$1,009	(\$419)
Debt service as a percentage of noncapital expenditures	8.67%	6.92%	6.39%	5.58%	6.35%	16.78%	5.28%	17.75%	7.14%	6.22%

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY**

TABLE E

Year of Levy	Farm	Residential	Commercial	Industrial	Railroad	Assessed Valuation	Estimated Actual Value	Total Direct Tax Rate
2006	\$353,713,202	\$627,785,603	\$206,387,886	\$14,700,023	\$31,039,414	\$1,233,626,128	\$3,700,878,384	0.6039
2005	370,911,761	587,047,230	199,895,676	16,308,829	29,315,785	1,203,479,281	3,610,437,843	0.5759
2004	385,139,723	585,377,052	200,479,506	19,448,129	30,515,095	1,220,959,504	3,662,878,512	0.5530
2003	409,399,553	623,111,270	204,699,777	20,598,720	29,610,660	1,287,419,979	3,862,259,937	0.5139
2002	411,201,967	626,728,154	197,819,165	19,344,460	26,354,805	1,281,448,552	3,844,345,656	0.5042
2001	433,148,371	589,283,248	190,131,988	18,887,284	27,701,349	1,259,152,240	3,774,456,720	0.4810
2000	453,111,279	549,635,662	180,752,668	17,829,345	28,281,030	1,229,609,983	3,688,829,949	0.4750
2000	493,332,658	482,688,669	166,787,421	16,609,837	30,215,426	1,189,634,012	3,568,902,036	0.4550
1999	410,556,653	4,650,724,610	168,848,823	19,677,621	23,805,723	1,083,613,429	3,250,840,287	0.4600
1998	407,166,329	405,145,590	146,969,165	17,151,720	20,719,024	997,151,829	2,991,455,487	0.4700
1997	390,118,868	388,206,520	141,513,707	16,254,953	20,079,648	956,173,695	2,868,521,085	0.4650

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 NO. 518
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

TABLE F

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
2005	2007	\$6,932,356	\$6,932,067	100.00%		\$6,932,067	100.00%
2004	2006	6,751,906	6,759,972	100.12%	996.73	6,760,969	100.13%
2003	2005	6,616,051	6,611,494	99.93%	11,056.68	6,622,551	100.10%
2002	2004	6,461,063	6,444,426	99.74%	7,442.52	6,451,869	99.86%
2001	2003	6,054,003	6,044,238	99.84%	61.82	6,044,300	99.84%
2000	2002	5,835,729	5,831,033	99.92%	13.64	5,831,047	99.92%
1999	2001	5,342,102	5,345,820	100.07%	8.62	5,345,829	100.07%
1998	2000	4,985,712	4,990,855	100.10%		4,990,855	100.10%
1997	1999	4,690,602	4,701,108	100.20%		4,701,108	100.22%
1996	1998	4,443,339	4,431,090	99.72%		4,431,090	99.72%

Source: Knox County Treasurer's Office

See Accompanying Independent Auditor's Report.

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

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

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

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

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

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (1)
Last Ten Fiscal years**

TABLE G

Taxing Bodies	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
City of Galesburg	1.6952	1.7196	1.6099	1.8674	1.8900	1.9750	1.9940	2.0390	2.0590	2.0810
Town of the City of Galesburg	0.2221	0.2147	0.2015	0.1852	0.1829	0.1800	0.1830	0.1890	0.1800	0.1790
Galesburg School District 205	4.2769	4.2761	4.1220	3.9452	3.9287	3.9190	3.8770	3.7070	3.7700	3.8950
Knox County	1.0838	1.0799	1.0392	0.9360	1.0176	0.9610	0.9350	0.8170	0.8500	0.8400
Galesburg City Fire	0.5875	0.5833	0.5464	0.3456	0.3874					
Galesburg Sanitary District	0.3141	0.3052	0.2906	0.2672	0.2635	0.2620	0.2640	0.2810	0.2800	0.2870
Total Overlapping Rate	8.1796	8.1788	7.8096	7.5466	7.6701	7.2970	7.2530	7.0330	7.1390	7.2820
Carl Sandburg College Dist. 518	0.6039	0.5759	0.5530	0.5139	0.5042	0.4810	0.4750	0.4550	0.4600	0.4700
Total rate	8.7835	8.7547	8.3626	8.0605	8.1743	7.7780	7.7280	7.4880	7.5990	7.7520
Carl Sandburg College Percentage of Total	6.88%	6.58%	6.61%	6.38%	6.17%	6.18%	6.15%	6.08%	6.05%	6.06%

See Accompany Independent Auditor's Report.

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

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

Source: A local taxpayer's property tax bill from County Clerk's office.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
PRINCIPAL TAXPAYERS
Current Year and Nine Years Ago**

TABLE H

Taxpayer	Type of Business	2007			1998		
		Taxable Assessed Value		Percent District's Total EAV	Taxable Assessed Value		Percent District's Total EAV
Burlington Northern Santa Fe	Railroad	\$20,145,672	1	1.63%	\$15,373,006	1	1.54%
Galesburg Hospital Corporation	Hospital	7,809,440	2	0.63%			
United Facilities, inc.	Shipping	3,573,510	3	0.29%	2,621,359	5	0.26%
Hy Vee Food Stores Inc.	Retailer	2,586,670	4	0.21%			
Wal-Mart Stores #775	Retailer	2,448,090	5	0.20%	2,008,108	9	0.20%
Lowes Home Centers, Inc.	Retailer	2,165,710	6	0.18%	2,337,682	7	0.23%
CRC Cherry Street Facility LLC	Restaurant	2,090,660	7	0.17%			
Target Corporation	Retailer	2,076,260	8	0.17%			
Dick Blick Company	Wholesale/Retail	1,733,290	9	0.14%			
OSF Heal Care System	Healthcare Facility Mgmt	1,631,380	10	0.13%			
Admiral-Maytag Co.	Manufacturer				11,643,285	2	1.17%
First Property Management Corp	Mall				4,776,212	3	0.48%
Twomey Company	Grain				2,759,319	4	0.28%
RFMS	Healthcare Facility Mgmt				2,404,823	6	0.24%
Pioneer Hi-Bred	Retailer				2,328,722	8	0.23%
Shawmut Bank Connecticut	Real property holdings				1,897,560	10	0.19%
		\$46,260,682		3.75%	\$48,150,076		4.82%

See Accompany Independent Auditor's Report.

Sources: Knox County Assessor's Office

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
RATIOS OF OUTSTANDING DEBT BY TYPE**

TABLE I

Fiscal Year	General Bonded Debt	Leases Certificates	Notes Payable	Capital Leases	Purchase Contracts	Total Primary Government	Estimated Actual Value Taxable Property	Ratio Total Debt to Est. Actual Taxable Prop. Value	Estimated Population	Net Bonded Debt Per Capita
2007	\$24,795,000			\$180,861		\$24,975,861	\$3,700,878,384	0.675%	109,170	227
2006	25,830,000			834,901		26,664,901	3,610,437,843	0.739%	109,788	235
2005	26,805,000			919,899		27,724,899	3,662,878,517	0.757%	110,862	242
2004	26,600,000			1,155,838		27,755,838	3,862,259,937	0.719%	111,242	239
2003	22,960,000			183,136		23,143,136	3,844,345,656	0.602%	112,074	205
2002	23,565,000			264,126		23,829,126	377,456,720	6.313%	112,668	209
2001	20,885,000			289,573		21,174,573	3,688,829,949	0.574%	113,872	183
2000	12,505,000	\$6,600,000		171,481		19,276,481	3,568,902,036	0.540%	114,353	109
1999	7,435,000		\$2,430,443	229,441	\$684,000	10,778,884	3,250,840,287	0.332%	116,362	64
1998	7,740,000		836,529	70,575	589,325	9,236,429	2,991,455,487	0.309%	116,362	67

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

Sources: Knox County Clerk's Office College records

See Accompanying Independent Auditor's Report.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL BONDED DEBT PER CAPITA**

TABLE J

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
2007	\$24,795,000	\$3,700,878,384	109,170	0.670%	227
2006	25,830,000	3,610,437,843	109,788	0.715%	235
2005	26,805,000	3,662,878,512	110,862	0.732%	242
2004	26,600,000	3,862,259,937	111,242	0.689%	239
2003	22,960,000	3,844,345,656	112,074	0.597%	205
2002	23,565,000	3,777,456,720	112,668	0.624%	209
2001	20,885,000	3,688,829,949	113,872	0.566%	183
2000	12,505,000	3,568,902,036	114,353	0.350%	109
1999	7,435,000	3,250,840,287	116,362	0.229%	64
1998	7,740,000	2,991,455,487	116,362	0.259%	67

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

Sources: Knox County Clerk's Office
College records

See Accompanying Independent Auditor's Report.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2007**

TABLE K

Overlapping Agencies	Outstanding Debt	Percent	Amount
Fulton County	\$460,000	3.36%	\$15,456
Spoon River Valley Unit #3	1,475,000	2.89%	42,628
Bushnell Unit #170	5,125,041	0.43%	22,089
Avon Unit #176	618,244	99.15%	612,989
CUSD #336	695,000	100.00%	695,000
City of Dallas City	57,000	100.00%	57,000
Hancock County	190,000	92.48%	175,712
LaHarpe CUSD #335	380,000	100.00%	380,000
Hamilton Park District	1,000,000	100.00%	1,000,000
Carthage Park District	220,000	100.00%	220,000
City of Warsaw	300,000	100.00%	300,000
CUSD #316	1,830,000	100.00%	1,830,000
Gulfport-Gladstone Fire P District	94,594	100.00%	94,594
Dallas City CUSD #336	695,000	100.00%	695,000
LaHarpe CUSD #335	107,730	100.00%	107,730
Union CUSD #115	529,210	100.00%	529,210
McDonough County	245,880	34.58%	85,025
Bushnell Unit #170	387,363	83.07%	321,782
LaHarpe CUSD #335	380,000	0.81%	3,078
Village of Prairie City	117,050	100.00%	117,050
Building Commission	1,554,676	34.03%	528,994
Monmouth CUSD #38	200,947	100.00%	200,947
West Center #235	3,663,064	0.05%	1,832
Bushnell Unit #170	512,504	3.04%	15,580
Avon Unit #176	618,244	54.75%	338,489
CUSD #205	6,173,442	2.90%	179,030
Abingdon Unit #217	3,984,009	10.97%	437,046
Monmouth Park District	135,351	100.00%	135,351
City of Monmouth	5,409,374	10.00%	540,937
Village of Roseville	129,414	100.00%	129,414
Culbertson Mem Hospital	2,620,000	2.06%	53,972
Knox County	8,105,000	100.00%	8,105,000
City of Galesburg	9,560,000	100.00%	9,560,000
City of Abingdon	850,000	100.00%	850,000
City of Knoxville	395,000	100.00%	395,000
CUSD #4	1,475,000	28.50%	420,375
CUSD #100	7,179,000	2.77%	198,858
CUSD #176	535,000	5.51%	29,479
CUSD #202	240,239	100.00%	240,239
CUSD #205	5,095,000	97.24%	4,954,378
CUSD #217	3,455,000	89.46%	3,090,843
CUSD #224	470,000	8.15%	38,305
CUSD #225	3,410,000	7.29%	248,589
CUSD #265	11,869,566	18.62%	2,210,113
CUSD #322	2,205,000	0.23%	5,072
Community College Distric. #534	6,895,000	0.14%	9,653
Community College Dist. #503	8,600,000		24,080
			<u>40,245,919</u>
Community College Dist. #518	24,795,000	100.00%	<u>24,795,000</u>
Total Direct & Overlapping General Obligation Bonded Debt			<u>\$65,040,919</u>

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

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
LEGAL DEBT MARGIN INFORMATION**

TABLE L

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Debt Limit
2007	\$35,467,875	\$24,975,861	\$10,492,014	70.418%
2006	34,600,029	26,664,901	7,935,128	77.066%
2005	35,102,586	27,724,899	7,377,687	78.982%
2004	37,013,324	27,755,838	9,257,486	74.989%
2003	36,841,646	23,143,136	13,698,510	62.818%
2002	36,200,627	23,829,126	12,371,501	65.825%
2001	35,351,287	21,174,573	14,176,714	59.898%
2000	34,201,978	19,276,481	14,925,497	56.361%
1999	31,153,886	10,778,884	20,375,002	34.599%
1998	28,668,115	9,236,429	19,431,686	32.218%

Assessed valuation - 2006 levy \$1,233,665,227

Debt limit (2.875% of total assessed value) \$35,467,875

Debt applicable to limit:

General obligation bonds	24,795,000
Lease certificates	0
Notes payable	0
Capital leases	180,861
Purchase contracts	<u>0</u>

Total net debt applicable to limit 24,975,861

Legal debt margin \$10,492,014

Sources: Know County Clerk's Office College records

See Accompanying Independent Auditor's Report.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
DEMOGRAPHIC AND ECONOMIC STATISTICS***

TABLE M

Fiscal Year	Estimated Population*	Personal Income (Amounts Expressed in Thousands)	Per Capital Personal Income	Median Age	School Enrollment	Unemployment Rate	District Student Enrollment	Average Class Size
2007	121,300	\$2,087,816	\$17,212	36.6	36,897	4.60%	2,490	10
2006	121,986	2,099,623	17,212	36.6	36,897	5.60%	2,930	10
2005	123,180	2,120,174	17,212	36.6	36,897	5.80%	3,260	10
2004	124,778	2,147,679	17,212	36.6	36,897	6.70%	3,575	12
2003	125,828	2,165,752	17,212	36.6	36,897	7.00%	3,554	12
2002	126,632	2,179,590	17,212	36.6	36,897	6.20%	3,441	12
2001	127,399	2,192,792	17,212	36.6	36,897	5.30%	3,341	11
2000	127,605	2,196,337	17,212	36.6	36,897	4.60%	3,220	NA
1999	132,191	2,275,291	17,212	34.3	39,337	3.30%	2,739	12
1998	132,191	1,476,671	11,171	34.3	39,337	3.40%	2,906	NA

* Includes the largest four counties based on EAV of the district
NA - not available

Sources: U.S. Census Bureau
College records

See Accompanying Independent Auditor's Report.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
PRINCIPAL EMPLOYERS**

TABLE N

Employer	2007			1998		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
Farmland Foods	1275	1	2.12%	875	3	1.33%
Burlington Northern Santa Fe Railroad	850	2	1.41%	1,250	2	1.91%
School District Number 205	800	3	1.33%	700	5	1.07%
OSF St. Mary MedicalCenter	525	4	0.87%	525	8	0.80%
Galesburg Cottage Hospital	500	5	0.83%	700	6	1.07%
Hy-Vee	450	6	0.75%			0.00%
Knox County	447	7	0.74%	450	9	0.69%
Knox College	347	8	0.58%			0.00%
H.C. Hill Correctional Center	316	9	0.53%			0.00%
Dick Blick Art Materials	300	10	0.50%			0.00%
Maytag-Galesburg Refrigeration			0.00%	2,400	1	3.66%
Butler Manufacturing			0.00%	800	4	1.22%
Gates Rubber Company			0.00%	580	7	0.88%
Carl Sandburg College			0.00%	417	10	0.64%
Total	5,810		9.66%	8,697		13.27%

Sources: 2007 Illinois Manufacturers & 2007 Illinois Service Directories

U.S. Census Bureau, College records

See Accompanying Independent Auditor's Report.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
FULL-TIME EQUIVALENT EMPLOYEES
Last Ten Fiscal Years**

TABLE O

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Instruction-Faculty	143	134	135	135	136	136	116	121	112	106
Full-time	68	64	65	65	66	66	63	65	60	57
Part-time	75	70	70	70	70	70	53	56	52	49
Administrative Staff	21	22	28	25	26	23	24	24	23	21
Full-time	21	22	28	25	26	23	24	24	23	20
Part-time	0	0	0	0	0	0	0	0	0	1
Other Non-Teaching Professional	71	74	86	94	69	64	74	62	55	54
Full-time	70	74	86	94	69	63	71	56	52	52
Part-time	1	0	0	0	0	1	3	6	3	2
Classified Staff	63	56	53	56	78	76	53	69	62	56
Full-time	60	56	53	56	78	76	50	64	59	54
Part-time	3	0	0	0	0	0	3	5	3	2
Total	298	286	302	310	309	299	267	276	252	237

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
OPERATING INDICATORS
Last Ten Fiscal Years**

TABLE P

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Instruction:										
Annual unduplicated										
Headcount Enrollment:										
Bacc/Transfer	2,972	2,349	2,289	2,240	2,230	2,389	2,564	2,364	2,292	2,150
Vocational	101	1,281	1,209	1,541	1,411	1,071	1,424	1,849	2,075	1,790
Occupational	1,536	1,880	2,572	2,645	2,444	2,008	1,840	1,698	1,497	1,520
ABE	146	43	50	43	62	58	42	46	29	33
ASE	226	226	382	493	439	468	376	442	456	472
ESL	46	14	61	45	35	27	25	44	30	29
General Studies	3	1	1	1	0	0	4	1	1	0
General Associates	170	241	55	33	19	15	14	13	9	6
Total	5,200	6,035	6,619	7,041	6,640	6,036	6,289	6,457	6,389	6,000
Annual FTE Students	1,914	2,283	2,443	2,392	2,251	2,015	1,984	1,883	1,926	1,847
Total Reimbursable Credit Hours	57,435	68,499	73,314	71,756	67,530	59,970	53,430	49,830	46,230	47,280
Degrees awarded:										
Associate (transfer)	98	109	130	105	147	161	161	160	182	128
Associate in applied science	181	295	190	175	181	130	107	132	109	113
Career & technical certificates	187	157	123	170	205	175	202	138	163	171
Average annual faculty salary	\$47,731	\$45,867	\$44,921	\$44,922	\$44,263	\$43,989	\$44,636	\$42,371	\$42,234	\$43,760
Students per faculty	13	17	18	18	17	15	17	16	17	17
Institutional support:										
Operation and maintenance of plant:										
Utility cost per gross square fees	1.30	1.50	1.34	1.30	1.16	1.30	1.57	1.30	0.81	1.68

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
CAPITAL ASSET STATISTICS
Last Ten Fiscal Years**

TABLE Q

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Instruction:										
Building - acres	6.6	6.4	6.4	6.4	6.4	6.4	6.1	6.1	6.1	5.4
Classroom - sq. ft.	42,489	38,455	38,538	37,288	40,761	28,368	24,779	28,126	28,126	25,958
Lab - sq. ft.	64,704	65,743	67,128	64,341	66,114	68,436	65,171	67,836	67,836	39,537
Academic support:										
Support - sq. ft.	3,736	3,980	2,678	1,967	1,967	1,680	1,680	1,680	1,680	1,680
Study - sq. ft.	19,056	17,945	15,483	15,483	13,162	11,661	11,752	11,752	11,752	11,752
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.	18,133	18,133	18,133	18,133	18,133	12,214	9,420	9,420	9,420	9,420
General administration										
Office - sq. ft.	30,666	29,464	31,306	33,367	31,867	6,270	23,294	23,293	23,293	21,751
Institutional support:										
Landscaped grounds - acres	36.5	36.7	36.7	36.7	36.7	38.7	38.7	38.7	38.7	38.7
Parking lots - acres	9.0	9.0	9.0	9.0	9.0	7.0	7.0	7.0	7.0	6.3
Roadways - acres	5.0	5.0	5.0	5.0	5.0	4.8	4.8	4.8	4.8	4.0

**ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS**

FINANCIAL AND COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT



Board of Trustees
Carl Sandburg College
Community College District No. 518
Galesburg, Illinois

We have audited the accompanying balance sheets of Carl Sandburg College – Community College District No. 518's (the College) Workforce Development Business/Industry Grant, P-16 Initiative Grant, State Adult Education Restricted Funds Grants, Student Success Grant, and Career and Technical Education Program Improvement Grant programs as of June 30, 2007, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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. We believe that our audit provides a reasonable basis for our opinion and that the College is in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carl Sandburg College – Community College District No. 518's Workforce Development Business/Industry Grant, P-16 Initiative Grant, State Adult Education Restricted Funds Grants, Student Success Grant, and Career and Technical Education Program Improvement Grant programs as of June 30, 2007 and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the above financial statements taken as a whole. The supplemental Illinois Community College Board compliance schedules for the Workforce Preparation (Business/Industry) Grant page 80 and State Adult Education Restricted Funds Grants page 85 for the year ended June 30, 2007, are presented for purposes of additional analysis and are not a required part of the above financial statements. These schedules are the responsibility of the College's management. Such schedules have been subjected to the auditing procedures applied in our audit of the above financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the above financial statements taken as a whole.

Lindgren, Callihan, Van Osdol & Co., Ltd.

Sterling, Illinois
September 18, 2007

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
WORKFORCE DEVELOPMENT BUSINESS/INDUSTRY GRANT PROGRAM
BALANCE SHEET
June 30, 2007**

ASSETS

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

LIABILITIES AND FUND BALANCE

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

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

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

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
WORKFORCE DEVELOPMENT BUSINESS/INDUSTRY GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE**

For the year ended June 30, 2007

	Business/ Industry
<hr/>	
Revenues*	
State Sources	\$65,846
<hr/>	
Expenditures:*	
Salaries	28,500
Benefits	6,416
Contractual services	6,570
Rent	24,360
<hr/>	
Total expenditures	65,846
<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/>	

*Report ICCB grant funds only.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
ICCB COMPLIANCE STATEMENT FOR WORKFORCE
DEVELOPMENT BUSINESS/INDUSTRY GRANT
TOTAL EXPENDITURES FOR ICCB GRANT FUNDS ONLY**

For the year ended June 30, 2007

	General	Operation of Workforce Dev. Office	Total
Expenditures:			
1. Personnel (salaries and benefits) **		\$34,916	\$34,916
2. Contractual services		6,570	6,570
3. Instructional materials			0
4. Instructional equipment *			0
5. Promotional materials			0
6. Staff development			0
7. Conference and meeting expenses			0
8. Travel **			0
9. Costs of operating a business assistance center/economic development/work force preparation offices			0
a. Office equipment *			0
b. Utilities and telephone			0
c. Consumable supplies			0
d. Duplicating			0
e. Facility rental		24,360	24,360
10. Totals	\$0	\$65,846	\$65,846

* Sum of expenditures should be less than or equal to 25 percent of the College's total workforce development grant.

** Salaries charged to this grant should be paid commensurate with the percentage of time spent working on business and industry/economic development activities. Staff development and travel costs should only be paid for staff that spend 51 percent or more of their time on work in the business assistance center or economic development office.

*** Sum of total expenditures (Column C) should equal total expenditures reported in Schedule of Revenue, Expenditures, and Changes in Fund Balance.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
P-16 INITIATIVE GRANT PROGRAM
BALANCE SHEET
June 30, 2007**

ASSETS

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

LIABILITIES AND FUND BALANCE

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

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

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

See Note to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
P-16 INITIATIVE GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
For the year ended June 30, 2007**

Revenues*	
State Sources	\$29,682
<hr/>	
Expenditures -*	
Tuition and fees	29,682
<hr/>	
Excess of revenues over expenditures	0
Fund balance at beginning of year	0
<hr/>	
Fund balance at end of year	\$0
<hr/> <hr/>	

*Report ICCB grant funds only.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
STATE ADULT EDUCATION RESTRICTED FUNDS GRANT
BALANCE SHEET
June 30, 2007**

ASSETS	State Basic	State Public Assistance	State Performance	Total
Cash	\$0	\$0	\$0	\$0
LIABILITIES AND FUND BALANCE				
Liabilities	\$0	\$0	\$0	\$0
Fund balance	0	0	0	0
Total liabilities and fund balance	\$0	\$0	\$0	\$0

See Note to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
STATE ADULT EDUCATION RESTRICTED FUNDS GRANTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**
For the year ended June 30, 2007

	State Basic	State Public Assistance	State Performance	Total
Revenues -				
Grant revenue	\$96,074	\$18,723	\$50,978	\$165,775
Expenditures:				
Instruction	49,812	11,671	9,390	70,873
Social work services				0
Guidance services	9,334		8,616	17,950
Assistive and adaptive equipment				0
Assessment and testing	10,620	5,765	4,495	20,880
Student transportatoin services			7,036	7,036
Literacy services	19,990		17,998	37,988
Child care services				0
Subtotal instructional and student services	89,756	17,436	47,535	154,727
Improvement of instructional services				0
General administration	6,318	1,287	3,443	11,048
Operation and maintenance of plant services				0
Workforce coordination				0
Data and information services				0
Indirect costs				0
Subtotal program support	6,318	1,287	3,443	11,048
Total expenditures	96,074	18,723	50,978	165,775
Excess of revenues over expenditures	0	0	0	0
Fund balance at beginning of year				0
Fund balance at end of year	\$0	\$0	\$0	\$0

See Note to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
STATE ADULT EDUCATION RESTRICTED FUNDS GRANTS
ICCB COMPLIANCE STATEMENT FOR THE ADULT EDUCATION
AND FAMILY LITERACY GRANT - EXPENDITURE AMOUNTS
AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY**

For the year ended June 30, 2007

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$49,812	51.85%
General Administration (9% maximum allowed)	\$6,318	6.58%

State Public Assistance	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$11,671	62.34%
General Administration (9% maximum allowed)	\$1,287	6.87%

State Performance	Audited Expenditure Amount	Actual Expenditure Percentage
General administration (9% maximum allowed)	\$3,443	6.75%

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
STUDENT SUCCESS GRANT PROGRAM
BALANCE SHEET
June 30, 2007**

ASSETS

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

LIABILITIES AND FUND BALANCE

Liabilities	0
-------------	---

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

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

See Note to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
STUDENT SUCCESS GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
For the year ended June 30, 2007**

	Business/ Industry
<hr/>	
Revenues -*	
State Sources	\$25,463
<hr/>	
Expenditures:*	
Salaries	5,724
Benefits	8,061
Contractual services	11,678
<hr/>	
Total expenditures	25,463
<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/>	

*Report ICCB grant funds only.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
CAREER AND TECHNICAL EDUCATION
PROGRAM IMPROVEMENT GRANT
BALANCE SHEET
June 30, 2007**

ASSETS

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

LIABILITIES AND FUND BALANCE

Liabilities	0
-------------	---

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

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

See Note to Financial Statements.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
CAREER AND TECHNICAL EDUCATION
PROGRAM IMPROVEMENT GRANT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
For the year ended June 30, 2007**

Revenues -*	
State sources	\$18,046
<hr/>	
Expenditures -*	
General materials and supplies	18,046
<hr/>	
Excess of revenues over expenditures	0
<hr/>	
Fund balance at beginning of year	
<hr/>	
Fund balance at end of year	\$0
<hr/> <hr/>	

*Report ICCB grant funds only

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
NOTE TO FINANCIAL STATEMENTS
ILLINOIS COMMUNITY COLLEGE BOARD GRANTS
June 30, 2007**

(A) Summary of Significant Accounting Policies:

General

The accompanying statements include only those transactions resulting from the Illinois Community College Board Workforce Development Business/Industry Grant, P-16 Initiative Grant, State Adult Education Restricted Funds Grants, Student Success Grant, and Career and Technical Education Program Improvement Grant programs. These transactions have been accounted for in the College's Restricted Purpose Fund.

Basis of Accounting

The statements have been prepared on the modified accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2007. Funds obligated for goods prior to June 30, for which the goods and services 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 assets in the College's basic financial statements. However, such amounts are not capitalized for state grant reporting purposes.



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

Board of Trustees
Carl Sandburg College
Community College District No. 518
Galesburg, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Carl Sandburg College – Community College District No. 518 as of and for the year ended June 30, 2007, and have issued our report thereon dated September 18, 2007. We have also audited the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of Carl Sandburg College – Community College District No. 518 for the year ended June 30, 2007. This schedule is the responsibility of the Carl Sandburg College – Community College District No 518's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of this schedule in accordance with auditing standards generally accepted in the United States of America and the 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 Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed, including auditing procedures prescribed by the *Fiscal Management Manual* for verification of student enrollments and other bases upon which claims were filed with the Illinois Community College Board. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

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 with the Illinois Community College Board of Carl Sandburg College – Community College District No. 518 for the year ended June 30, 2007, in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*.

Our audit was conducted for the purpose of forming an opinion on the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed taken as a whole. The additional information on pages 95-104 is presented in conformity with guidelines of the Illinois Community College Board's *Fiscal Management Manual*. This information is presented for purposes of additional analysis and is not a required part of this schedule. However, such information has been subjected to the auditing procedures applied in the audit of this schedule and the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the Schedule of Enrollment Data and Other Bases Upon Which Claims are filed and the basic financial statements taken as a whole.

The certification of chargeback reimbursement information on page 105 is not a required part of the basic financial statements or this schedule but is supplemental information required by the Illinois Community College Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees and management of Carl Sandburg College – Community College District No. 518 and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

Lindgren, Callahan, Van Osdel & Co., Ltd.

Sterling, Illinois
September 18, 2007

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON
WHICH CLAIMS ARE FILED
For the year ended June 30, 2007**

	Total Semester Credit Hours by Term *							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	4,239.0		14,284.5		13,462.5		31,986.0	0.0
Business Occupational	848.5		1,901.5		1,948.0		4,698.0	0.0
Technical Occupation	554.0		2,214.5		2,008.0		4,776.5	0.0
Health Occupational	933.0		3,845.0		3,507.5		8,285.5	0.0
Remedial Development	399.0		1,769.0		1,001.0		3,169.0	0.0
Adult Basis Education/ Adult Secondary Education	263.0	174.0	16.0	2,005.5	720.0	1,341.0	999.0	3,520.5
Total credit hours certified	7,236.5	174.0	24,030.5	2,005.5	22,647.0	1,341.0	53,914.0	3,520.5

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours	<u>51,536.5</u>	<u>686.5</u>	<u>52,223.0</u>
	Dual Credit	Dual Enrollment	
Reimbursable semester credit hours (all terms)	<u>3,189.5</u>	<u>26.0</u>	
District equalized assessed valuation			<u>\$1,233,665,227</u>

	Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Categories:				
Baccalaureate	576.0			576.0
Business Occupational	18.0			18.0
Technical Occupation	83.0			83.0
Remedial Development	6.0			6.0
Total credit hours certified	<u>683.0</u>	<u>0.0</u>	<u>0.0</u>	<u>683.0</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.

Signatures Thomas A. Schmitt
President

Lisa Blake
Chief Financial Officer (CFO)

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON
WHICH CLAIMS ARE FILED
(CONTINUED)**

For the year ended June 30, 2007

Reconciliation of Total Semester Credit Hours For the year ended June 30, 2007						
	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to The ICCB	Difference	Total Restricted Credit Hourse	Total Restricted Credit hours Certified to the ICCB	Difference
Categories:						
Baccalaureate	31,986.0	31,986.0	-	-	-	-
Business Occupational	4,698.0	4,698.0	-	-	-	-
Technical Occupation	4,776.5	4,776.5	-	-	-	-
Health Occupational	8,285.5	8,285.5	-	-	-	-
Remedial Development	3,169.0	3,169.0	-	-	-	-
Adult Basis Education/Adult Secondary Education	999.0	999.0	-	3,520.5	3,520.5	-
Total	53,914.0	53,914.0	-	3,520.5	3,520.5	-

Reconciliation of In-District/Chargeback and Cooperative/ Contractual Agreement Credit Hours			
	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB (Unrestricted and Restricted)	Difference
In-district residents	51,536.5	51,536.5	-
Out-of-districts on chargeback or contractual agreement	686.5	686.5	-
	Total	Total	Difference
	Reimbursable	Reimbursable Certified to ICCB	
Dual credit	3,189.5	3,189.5	-
Dual enrollment	26	26	-

Reconciliation of Total Correctional Semester Credit Hours For the year ended June 30, 2007			
	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Categories:			
Baccalaureate	576.0	576.0	-
Business Occupational	18.0	18.0	-
Technical Occupation	83.0	83.0	-
Remedial Development	6.0	6.0	-
Total	683.0	683.0	-

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO 518
STUDENT RESIDENCY VERIFICATION PROCESS**

June 30, 2007

Carl Sandburg College requires that all credit students provide documentation to verify their permanent residence. This information is used to determine their residency for both tuition calculation and submission of reports for state funding purposes.

Carl Sandburg College verifies addresses via correspondence. Students complete and submit to Student Services an Application for General Admission including their current and permanent address. They may also be requested to show a valid voter registration card or driver's license. The College uses the address provided by the student for correspondence. If the mail is returned, the College proceeds with an investigation. If the correspondence is not returned, the college assumes the address is correct.

A resident of Carl Sandburg College District 518 is one who has established a permanent dwelling place (domicile) in the district for purposes other than education and shows evidence of continuing intent to remain in the district. Residency must be established a minimum of 30 days prior to registering for, or the beginning of the term in which the student wishes to enroll. A student may also qualify for in-district tuition rates if he/she is employed full-time at a company within the college District or is a resident of a neighboring community college enrolled in a specific program not offered by their community college. Specific agreement terms are available in Student Services.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
ASSESSED VALUATIONS, TAX RATES, TAX EXTENSIONS,
AND TAX COLLECTIONS
Levy Years 2006, 2005 and 2004**

	2006	2005	2004
Assessed Valuations:			
Knox County	\$588,749,264	\$584,671,313	\$590,869,477
Warren County	204,612,570	204,911,692	211,560,669
Fulton County	10,437,028	10,318,633	10,590,900
Henderson County	89,316,132	83,533,601	83,867,626
Mercer County	13,559,658	12,935,777	13,208,646
Stark County	82,222	90,725	92,580
Henry County	467,926	495,652	529,225
McDonough County	120,620,164	102,088,573	104,672,182
Schuyler County	1,820,263	1,433,315	1,791,262
Hancock County	204,000,000	203,000,000	203,776,937
Total assessed valuations	\$1,233,665,227	\$1,203,479,281	\$1,220,959,504
Tax Rate (per \$100 assessed valuation):			
Educational Accounts	0.2063	0.2015	0.1989
Operations and Maintenance Accounts	0.0500	0.0500	0.0500
Bond and Interest Fund	0.1953	0.1833	0.1813
Audit Fund	0.0050	0.0050	0.0050
Liability, Protection, Settlement, Social Security, and Medicare Accounts	0.1473	0.1361	0.1178
Total tax rate	\$0.6039	\$0.5759	\$0.5530
Tax Extensions:			
Educational Accounts	\$2,545,051	\$2,425,011	\$2,428,488
Operations and Maintenance Accounts	616,833	601,740	610,480
Bond and Interest Fund	2,409,348	2,205,978	2,213,600
Audit Fund	61,683	60,174	61,048
Liability, Protection, Settlement, Social Security, and Medicare Accounts	1,824,283	1,637,935	1,438,290
Total tax extensions	\$7,457,198	\$6,930,838	\$6,751,906

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
ASSESSED VALUATIONS, TAX RATES, TAX EXTENSIONS,
AND TAX COLLECTIONS
(CONTINUED)
Levy Years 2006, 2005 and 2004**

	2006	2005	2004
Tax Collections to June 30:			
Education Fund	\$138,617	\$2,425,253	\$2,431,390
Operations and Maintenance Fund	33,775	601,872	611,209
Bond and Interest Fund	131,925	2,206,461	2,216,244
Audit Fund	3,378	60,187	61,121
Protection, Health, Safety	10,065	0	0
Liability, Protection, and Settlement Fund	90,180	1,638,294	1,440,008
Total tax collections	\$407,940	\$6,932,067	\$6,759,972
Percent of extensions collected		100.02%	100.12%

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #1
ALL FUNDS SUMMARY
For the year ended June 30, 2007**

	Education Fund **	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Capital Endowment
Fund balance (deficit) at July 1, 2006	\$909,080	\$408,116	(\$592,569)	\$6,137,133
Revenue:				
Local taxes	2,434,151	604,023		
All other local government	19,635			
ICCB grants	4,744,540	299,638		
All other state revenue	267,693	17,390		
Federal revenue				
Student tuition and fees	4,924,083	227,909		
All other revenue	99,754	43,148	47,910	279,685
Total revenue	12,489,856	1,192,108	47,910	279,685
Expenditures:				
Instruction	6,579,380			
Academic support	348,968			
Student services	1,229,615			
Public services	166,661			
Institutional support	3,462,162	262,994	7,632	12,270
Scholarships, student grants, and waivers				
Operation and maintenance		1,212,398		
Principal retirement				
Interest and service charges				
Building construction, building improvements, and equipment	116,697	3,988	200,358	
Total expenditures	11,903,483	1,479,380	207,990	12,270
Transfers in	7,500		48,512	
Transfers out				(58,448)
	7,500	0	48,512	(58,448)
Fund balance (deficit) at June 30, 2007	\$1,502,953	\$120,844	(\$704,137)	\$6,346,100

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

Bond and Interest Fund	Auxiliary Enterprise Fund	Restricted Purpose Fund	Audit Fund	Liability Protection Funds	Nonexpendable Trust Fund	Total
\$96,622	\$30,656	\$256,507	(\$65,277)	\$3,920,246	\$4,018,878	\$15,119,392
2,201,549			60,401	1,644,103		6,944,227
		195,617				215,252
		304,812				5,348,990
		1,456,689				1,741,772
	27,677	4,825,019				4,852,696
	211,956					5,363,948
94,683	758,977	181,199	182	223,144	183,766	1,912,448
2,296,232	998,610	6,963,336	60,583	1,867,247	183,766	26,379,333
		872,946				7,452,326
		6,000				354,968
	950,220	542,309				2,722,144
		661,674				828,335
6,193		32,100	118,219	1,954,151		5,855,721
		4,835,540				4,835,540
		490				1,212,888
1,035,000						1,035,000
1,146,491						1,146,491
		157,094				478,137
2,187,684	950,220	7,108,153	118,219	1,954,151	0	25,921,550
	9,936					65,948
					(7,500)	(65,948)
0	9,936	0	0	0	(7,500)	0
\$205,170	\$88,982	\$111,690	(\$122,913)	\$3,833,342	\$4,195,144	\$15,577,175

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #2
SUMMARY OF FIXED ASSETS AND DEBT*
For the year ended June 30, 2007**

	Fixed Assets/ Debt Account Groups July 1, 2006	Prior Period Adjustment	Additions	Deletions	Fixed Assets/ Debt Account Groups June 30, 2007
Fixed assets:					
Land	\$405,483				\$405,483
Furniture and equipment	3,624,751	(\$457,005)	\$383,548		3,551,294
Land improvements	208,602				208,602
Buildings and additions	25,875,234				25,875,234
Vehicles	266,518				266,518
Infrastructure	2,181,477				2,181,477
Total fixed assets	\$32,562,065	(\$457,005)	\$383,548	\$0	\$32,488,608
Fixed debts:					
Bonds payable	\$25,830,000			\$1,035,000	\$24,795,000
Other fixed liabilities	1,215,732	(\$573,010)	\$385,069	461,861	565,930
Total fixed debts	\$27,045,732	(\$573,010)	\$385,069	\$1,496,861	\$25,360,930

* Carl Sandburg College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2007.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #3
OPERATING FUNDS REVENUES AND EXPENDITURES**
For the year ended June 30, 2007

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Current taxes	\$2,434,151	\$604,023	\$3,038,174
Tuition chargeback revenue	8,133	0	8,133
Other	11,502	0	11,502
Total local government	2,453,786	604,023	3,057,809
State government:			
ICCB base operating grant	2,173,106	141,170	2,314,276
ICCB equalization grant	2,439,372	158,468	2,597,840
Corporate personal property replacement tax	267,693	17,390	285,083
Board of Vocation Education and Rehabilitation	132,062	0	132,062
Total state government	5,012,233	317,028	5,329,261
Student tuition and fees:			
Tuition	4,240,053	227,909	4,467,962
Fees	684,030	0	684,030
Total tuition and fees	4,924,083	227,909	5,151,992
Other sources:			
Facilities revenue	0	34,043	34,043
Interest	7,334	5,139	12,473
Other	92,420	3,966	96,386
Total other sources	99,754	43,148	142,902
Total revenue	12,489,856	1,192,108	13,681,964
Less nonoperating items -			
Tuition chargeback revenue	8,133	0	8,133
Adjusted revenue	\$12,481,723	\$1,192,108	\$13,673,831

* Excludes State of Illinois SURS on-behalf payments.

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #3
OPERATING FUNDS REVENUES AND EXPENDITURES
(CONTINUED)**

For the year ended June 30, 2007

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$6,696,077	\$3,988	\$6,700,065
Academic support	348,968	0	348,968
Student services	1,229,615	0	1,229,615
Public services	166,661	0	166,661
Institutional support **	3,462,162	262,994	3,725,156
Operation and maintenance of plant	0	1,212,398	1,212,398
Total expenditures	11,903,483	1,479,380	13,382,863
Less nonoperating items -*			
Tuition chargeback	22,462	0	22,462
Adjusted expenditures	\$11,881,021	\$1,479,380	\$13,360,401
By object:			
Salaries	7,565,528	463,979	8,029,507
Employee benefits **	1,335,432	0	1,335,432
Contractual services	1,281,227	75,921	1,357,148
General materials and supplies	816,654	61,432	878,086
Conference and meeting expense	179,350	3,100	182,450
Fixed charges	135,470	24,332	159,802
Utilities	1,499	737,694	739,193
Capital outlay	116,697	3,988	120,685
Other	471,626	108,934	580,560
Total expenditures	11,903,483	1,479,380	13,382,863
Less nonoperating items -*			
Tuition chargeback	22,462	0	22,462
Adjusted expenditures	\$11,881,021	\$1,479,380	\$13,360,401

* 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 NO. 518
UNIFORM FINANCIAL STATEMENT #4
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES**
For the year ended June 30, 2007

Revenue by source:

Local government:

District 205 Parent Teaching	\$19,947
Bright Futures	24,860
T.R.A.I.N.	45,223
Prevention Initiative	69,270
Pre-K	24,050
Quality Counts Child Care	5,593
Other	6,674

Total local government	195,617
------------------------	---------

State government:

ICCB:

Workforce Development Business/Industry Grant	65,846
P-16 Initiative Grant	29,682
State Adult Education Restricted Funds Grants	165,775
Student Success Grant	25,463
Career and Technical Education Grant	18,046
Illinois Incentive for Access	87,000
S.O.S. Family Literacy	122,942
RSVP	33,372
Illinois Assistance Grant	1,205,602
Other	7,773

Total state government	1,761,501
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Federal government:

College Work Study Grants	70,682
Pell Grants	2,723,652
Supplemental Educational Opportunity Grant	68,547
Federal Adult Basic	99,436
Federal Adult EL/Civics	20,145
Tech Prep Support	11,097
Trio-Student Support services	170,535
Direct Loans	673,233
Carl Perkins	286,082
RSVP	100,571
Upward Bound	200,359
Continuous Quality Improvement Grant	10,000
Performance Enhancement Grant	5,000

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #4
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES
(CONTINUED)**

For the year ended June 30, 2007

Revenue by source (continued):	
Federal government (continued):	
Innovation Grant	5,000
Academic Competitive Grant	6,825
The Big Read Grant	15,972
Title III	353,819
Other	4,064
Total federal government	4,825,019
Other sources	181,199
Total restricted purposes fund revenues	\$6,963,336
Expenditures by program:	
Instruction	1,030,040
Academic support	6,000
Student services	542,309
Public services	661,674
Institutional support	32,100
Scholarships, student grants, and waivers	4,835,540
Operation and maintenance of plant	490
Total restricted purposes fund expenditures by program	\$7,108,153
Expenditures by object:	
Salaries	1,041,997
Employee benefits	250,017
Contractual services	125,715
General materials and supplies	222,278
Travel, conference and meeting expense	68,544
Student financial aid	4,835,540
Fixed charges	32,760
Utilities	4,906
Capital outlay	157,094
Other	369,302
Total restricted purposes fund expenditures by object	\$7,108,153

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #5
CURRENT FUNDS* - EXPENDITURES BY ACTIVITY
For the year ended June 30, 2007**

Instructional:	
Programs	\$6,548,635
Support	903,691
<hr/>	
Total instructional	7,452,326
<hr/>	
Public services	828,335
<hr/>	
Academic support:	
Learning Resource Center	243,433
Administration	111,535
<hr/>	
Total academic support	354,968
<hr/>	
Student services support:	
Admissions and records	200,883
Counseling and career guidance	345,775
Financial Aid Administration	147,704
Other student services support	1,077,562
<hr/>	
Total student services support	1,771,924
<hr/>	
Auxiliary services	950,220
<hr/>	
Operations and maintenance of plant:	
Maintenance	382,028
Custodial	216,387
Grounds	107,959
Plant utilities	483,272
Other operations and maintenance	23,242
<hr/>	
Total operations and maintenance of plant	1,212,888
<hr/>	
Institutional support:	
Executive management	330,840
Fiscal operations **	295,240
Community relations	449,009
Administrative support services	1,649,363
Board of Trustees	52,267
General institutional support	1,926,879
Administrative data processing	466,318
Other institutional support	659,710
<hr/>	
Total institutional support	5,829,626
<hr/>	
Capital outlay	277,779
<hr/>	
Scholarships, student grants, and waivers	4,835,540
<hr/>	
Total current funds expenditures	\$23,513,606

* 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 NO. 518
CERTIFICATION OF CHARGEBACK REIMBURSEMENT (UNAUDITED)
For the year ended June 30, 2007**

Noncapital operating expenditures from the following funds:	
1 Education Fund *	\$11,786,786
2 Operations and Maintenance Fund	1,475,392
3 Bond and Interest Fund	2,187,684
4 Restricted Purposes Fund	6,951,059
5 Audit Fund	118,219
6 Liability, Protection, and Settlement Fund	<u>1,954,151</u>
7 Total noncapital expenditures (sum of lines 1-6)	<u><u>\$24,473,291</u></u>
8 Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u><u>\$692,090</u></u>
9 Total costs included (line 7 plus line 8)	<u><u>\$25,165,381</u></u>
10 Total certified semester credit hours for FY 2006	<u><u>57,434.5</u></u>
11 Per capita cost (line 9 divided by line 10)	\$438.16
12 All FY 2007 state and federal operating grants for noncapital expenditures, except ICCB grants	<u><u>\$6,556,708</u></u>
13 FY 2007 state and federal grants per semester credit hour (line 12 divided by line 10)	114.16
14 District's average ICCB grant rate (excluding equalization grants) for FY 2007	55.51
15 District's student tuition and fee rate per semester credit hour for FY 2007	<u>89.50</u>
16 Chargeback reimbursement per semester credit hour (line 11 less lines 13, 14, and 15)	<u><u>\$178.99</u></u>

Approved: *Lisa Blake*
Chief Financial Officer

Thomas A. Schmitt
President

Date

Date

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



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

Board of Trustees
Carl Sandburg College – Community
College District No. 518
Galesburg, Illinois

We have audited the financial statements of Carl Sandburg College – Community College District No. 518 as of and for the year ended June 30, 2007, and have issued our report thereon dated September 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carl Sandburg College – Community College District No. 518's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Carl Sandburg College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carl Sandburg College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting. Items 07-01, 07-02, and 07-03.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Carl Sandburg College – Community College District No. 518 in a separate letter dated September 18, 2007.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Sterling, Illinois
September 18, 2007



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Board of Trustees
Carl Sandburg College – Community
College District No. 518
Galesburg, Illinois

Compliance

We have audited the compliance of Carl Sandburg College – Community College District No. 518 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Carl Sandburg College – Community College District No. 518's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Carl Sandburg College – Community College District No. 518's management. Our responsibility is to express an opinion on Carl Sandburg College – Community College District No. 518's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carl Sandburg College – Community College District No. 518's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carl Sandburg College – Community College District No. 518's compliance with those requirements.

In our opinion, Carl Sandburg College – Community College District No. 518 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Carl Sandburg College – Community College District No. 518 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Carl Sandburg College – Community College District No. 518's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carl Sandburg College – Community College District No. 518's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Carl Sandburg College – Community College District No. 518 as of and for the year ended June 30, 2007, and have issued our report thereon dated September 18, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Sterling, Illinois
September 18, 2007

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Education:			
Direct Programs:			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$68,547
Federal Work Study Program	84.033	N/A	70,682
Federal Pell Grant Program	84.063	N/A	2,723,652
Federal Direct Loan Program	84.268	N/A	673,233
Upward Bound Program	84.047A	N/A	200,359
Title III Strengthening Institutions	84.031A	N/A	407,418
Academic Competitive Grant	84.375	N/A	6,825
Pass-through the Illinois Community College Board:			
Federal Adult EL/Civics	84.002A	51801	20,145
Federal Adult Basic	84.002A	51801	99,436
Tech Prep Support	84.048	N/A	11,097
Continuous Quality Improvement	84.048	CTEL07518	10,000
Performance Enhancement	84.048	CTEL07518	15,000
Innovation grant	84.048	CTEL07518	5,000
Vocational Education - Basic Grants to States (PerkinsII)	84.048	CTE51807	286,082
Pass-through LaMoine Valley Educational System - Perkins III E Tech Prep 14770	84.243	03-477000-26- 34-7280-51	4,064
Pass-through Southeastern Community College - TRIO Student Support Services	84.042	N/A	174,356
Total U.S. Department of Education			4,775,896
Corporation for National and Community Service -			
Direct programs -			
Retired and Senior Volunteer Program	94.002	N/A	100,571
U.S. Department of Agriculture -			
Direct programs -			
Child & Adult Care Food Program	10.558	N/A	27,677
National Endowment for the Arts -			
Direct programs -			
The Big Read Grant	45.024	N/A	41,789
Total federal awards expended			\$4,945,933

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2007**

- **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 No. 518. Carl Sandburg College – Community College District No. 518 reporting entity is defined in Note A 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 A to the College’s basic financial statements.
- **Program Totals** – Subtotals for programs are as follows:

Student Financial Aid Cluster (84.007, 84.033, 84.063, 84.268)	<u>\$3,536,114</u>
Title III Strengthening Institutions (84.031A)	<u>\$407,418</u>

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2007**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input checked="" type="checkbox"/> yes	<input 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:		Unqualified
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<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 84.031A	Student Financial Aid Title III Strengthening Institutions

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> No
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**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2007**

Section II – Financial Statement Findings

Item 07-01

Condition:

The College lacks proper approval for manual journal entries. The College has a procedure that persons who review manual journal entries are supposed to initial the entry to show that it was reviewed and approved. However, this procedure is not applied consistently. Of the ten manual entries tested, only one of the manual journal entries was initialed by the reviewer.

Effect:

The possible effect of unapproved manual entries being posted is improper recording and classification of transactions.

Cause:

The College has not been following proper internal control procedures for manual journal entries.

Recommendation:

The College should enforce the approval procedure to ensure transactions are properly recorded and classified.

Management Response:

The manual journal entries made by supervisors were the main entries lacking the initials indicating review. This procedure will be brought back to the attention of all business office personnel.

Item 07-02

Condition:

The College is required to pay off all interfund loans within one year. In addition, the Board is required to approve all interfund loans. However, the College uses interfund loan accounts to balance the funds as the Education fund is the only fund with a cash account.

Effect:

The possible effect of not paying off interfund loans in a timely manner and not obtaining Board approval could result in loans becoming permanent transfers which would result in incorrect classification on the audited financial statements.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
June 30, 2007**

Item 07-02 (continued)

Cause:

The funds do not have enough revenue to pay off interfund loans. The College uses the interfund loans to balance the funds as the Education fund is the only fund with a cash account. It would be very impractical if the College sought Board approval for every cash transaction the College made.

Recommendation:

The College closely monitor the interfund loans.

Management Response:

The College will review the Fiscal Management Manual and clarify the payoff procedure of all interfund accounts. The Board of Trustees will authorize the professional staff employees to issue interfund loans during the course of the year each June prior to the beginning of the next fiscal year.

Item 07-03

Condition:

The College does not reconcile the fixed asset listing to the General Fixed Asset fund. The College's beginning fixed assets in the fixed asset software did not reconcile to the fixed assets per the June 30, 2006 audit report.

Effect:

The effect of this significant deficiency was improper recording of ending fixed assets and additional audit adjustments.

Cause:

The College was in the process of switching fixed asset software and the College did not properly capitalize capital lease equipment in the fixed asset software in fiscal year 2006.

Recommendation:

The College should reconcile the fixed asset software, the General Fixed Asset fund, and the audited financial report at least annually.

Management Response:

The College had manually accounted for capital lease equipment in prior years. The intent is to move all fixed assets to the current software program including capital leases.

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 518
CORRECTIVE ACTION PLAN
June 30, 2007**

Finding No: 07-01

Condition:

The College lacks proper approval for manual journal entries. The College has a procedure that persons who review manual journal entries are supposed to initial the entry to show that it was reviewed and approved. However, this procedure is not applied consistently. Of the ten manual entries tested, only one of the manual journal entries was initialed by the reviewer.

Plan:

The written procedure will be distributed and discussed. A report of all manual journal entries will be reviewed monthly by the CFO or Coordinator of Accounting Services and supporting documentation will include a section for the reviewer to initial.

Anticipated Date of Completion:

October 15, 2007

Name of Contact Person:

Lisa Blake, Chief Financial Officer

Finding No: 07-02

Condition:

The College is required to pay off all interfund loans within one year. In addition, the Board is required to approve all interfund loans. However, the College uses interfund loan accounts to balance the funds as the Education fund is the only fund with a cash account.

Plan:

The College will review the Fiscal Management Manual and clarify the payoff procedure of all interfund accounts. The Board of Trustees will authorize the professional staff employees to issue interfund loans during the course of the year each June prior to the beginning of the next fiscal year.

Anticipated Date of Completion:

June 30, 2008

Name of Contact Person:

Lisa Blake, Chief Financial Officer

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 518
CORRECTIVE ACTION PLAN
(CONTINUED)
June 30, 2007**

Finding No: 07-03

Condition:

The College does not reconcile the fixed asset listing to the General Fixed Asset fund. The College's beginning fixed assets in the fixed asset software did not reconcile to the fixed assets per the June 30, 2006 audited financial report.

Plan:

All fixed assets and accumulated depreciation will be entered into the College's current software. This will allow monthly reports to be reconciled to the Fixed Asset fund by the Risk Management/Account Technician.

Anticipated Date of Completion:

November 1, 2007

Name of Contact Person:

Lisa Blake, Chief Financial Officer

Section III – Federal Award Findings and Questioned Costs

A. Significant Deficiencies in Administering Federal Awards

None

B. Compliance Findings

None

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2007**

Finding No: 06-01

Condition:

Due to personnel changes in key positions, ineffective training and lack of experience, the College failed to adequately perform monitoring responsibilities regarding the WIA cluster.

Corrective Action Taken:

The College terminated its relationship with WIA effective June 30, 2006.

Finding No: 06-02

Condition:

The College did not perform the required cash management procedures relating to the WIA cluster.

Corrective Action Taken:

The College terminated its relationship with WIA effective June 30, 2006.