

Carl Sandburg  
College

**2008 Comprehensive Annual Financial Report**

Fiscal year ended June 30, 2008 • 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, 2008 and 2007**



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**INTRODUCTORY SECTION**  
(Unaudited)



## President's Letter

September 15, 2008

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 2008. This document presents the record of the College's financial operations for the year ending June 30, 2008.

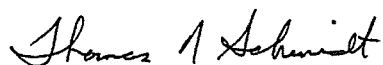
This past year, the College again received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and we are proud of this achievement. In fiscal year 2008, we continued our efforts to reshape Carl Sandburg College, with an emphasis of accommodating 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 all the employees who work with unflagging dedication to make Carl Sandburg College a learning place where our students are empowered to reach for their future.

Respectfully,



Thomas A. Schmidt  
President

Illinois Community College District 518

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THE EXTENSION CENTER  
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*The mission of Carl Sandburg College is to 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.*

## Transmittal Letter

September 15, 2008

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, 2008, 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 2007, the College enrolled 2,693 students, with an average age of 30 years. Women represented 64 percent of the student body and 54 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.

Fiscal Year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Fall College enrollment	3441	3554	3575	3260	2930	2693
Annual Full-time equivalents	2251	2392	2443	2283	1581	1682
Continuing Education Credit Hours	1167	1282	1378	1400	1029	1021
<u>Total Annual Credit Hours</u>	67534	71756	73314	68500	57434	50470

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.

*Major College Initiatives.* In October of fiscal year 2008, the College issued \$3,500,000 of General Obligation Bonds to retire fiscal year 2008 debt certificates issued to implement phase IV of the Guaranteed Energy Savings contract to address energy conservation measures and facility improvement measures.

The Board of Trustees also unanimously approved a quasi-endowment fund, Sandburg Initiates Life-changing Opportunities – SILO fund. This was established with existing fund balance in the general funds and accumulated Working Cash Fund interest income. Interest income generated will be placed under the tutelage of the Vice President of Academic Services, who will in turn work with the College’s Instructional Team to prioritize the use of the funds to launch new and improved educational “Silos of Opportunity.”

Approval of an Enrollment Management Partner (Noel-Levitz) was also approved in fiscal year 2008 for the purpose of “Revitalizing Carl Sandburg College through the development of a comprehensive Enrollment Management Program.” This will be a long term partnership to address recruitment and retention of students.

## **FINANCIAL INFORMATION**

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.

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

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

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

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

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

<u>Fund Type</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Current:					
Education	0.2063	0.2015	0.1989	0.2054	0.2057
Operations and Maintenance	0.0500	0.0500	0.0500	0.0500	0.0500
Liability, Protection and Settlement	0.1157	0.1191	0.1095	0.1010	0.0872
Audit	0.0050	0.0050	0.0050	0.0041	0.0041
Working Cash	0.0000	0.0000	0.0000	0.0000	0.0000
Social Security/Medicare	0.0167	0.0170	0.0083	0.0076	0.0076
Bond and Interest	0.1953	0.1833	0.1813	0.1458	0.1425
Plant:					
Operations and Maintenance (Restricted) - Life Safety	0.0149	0.0000	0.0000	0.0000	0.0071
Total	0.6039	0.5759	0.5530	0.5139	0.5042

Estimated assessed value of taxable property for 2007, representing taxes collectible in 2008, is \$1,317,901,792.

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.* 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.

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

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

In the fiscal year ending June 30, 2008, the College's investments generated \$951,849 in investment income.

The College invests funds in an Operating Checking account at First Bank. The College's average rate on these funds was 3.61 percent. As of June 30, 2008, other investments were as follows:

Investments	Amount	Percent
Illinois Funds	\$ 1,770,223	10.33
Illinois School District Liquid Asset Fund	\$ 503,632	2.94
Municipal bonds & US Government securities	\$11,964,628	69.84
Certificates of Deposit	<u>\$ 2,893,000</u>	<u>16.89</u>
	\$17,131,483	100.00

*Risk Management.* 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.

## **PROSPECTS FOR THE FUTURE**

Due to uncertainty regarding the state contribution to the community college system, the College's financial outlook remains challenging. Carl Sandburg College is accommodating significant structural and programmatic changes and enhancements which will result in a "Re-shaped Institution." There is a commitment to look inward on the quality and efficiencies of current programs/activities with an eye towards asking the simple question, "If we were not already doing this today, would we begin doing it tomorrow?" The College will continue to conserve resources through financial control and reduction of expenses where possible without affecting the quality and viability of the educational programs. Contingencies are also budgeted annually to provide for the uncertainties associated with State funding, enrollment, capital funding requirements, utility and other market-driven costs. The College has been able to negotiate a long term (rolling) labor agreement which currently goes thru June 30, 2012.

The Board has also approved a new Enrollment Management partner (Noel-Levitz) for the purpose of "Revitalizing Carl Sandburg College through the development of a comprehensive Enrollment Management Program." This will be a long term partnership to address recruitment and retention of students. A \$600K quasi-endowment "Sandburg Initiates Life-changing Opportunities (SILO) Fund" has been established. Interest income generated will be placed under the tutelage of the Vice President of Academic Services, who will in turn work with the College's Instructional Team to prioritize the use of the funds to launch new and improved educational "Silos of Opportunity." The College will also embark on a tuition rate guarantee program effective with the Fall of 2008. Students will be able to "lock into" that semester's tuition rate (for a maximum of three years) so long as they enroll for at least twelve credit hours during successive Fall and Spring semesters.

The College has done the right things at the right time. A Working Cash Fund has been established to help fund targeted "one-shot" improvements and/or acquisitions from the interest income generated from the principal. A quasi-endowment fund in the liability protection account of \$5M generates interest income to be used for tort related purposes. An additional \$5M is invested in a capital endowment account to generate interest income to refresh the College's strategic technologies.

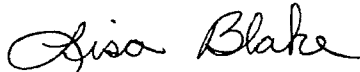
## AWARDS AND ACKNOWLEDGEMENTS

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, 2007. This was the fifth 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



Samuel Sudhakar  
Vice President of Administrative Services

**Illinois Community College District No. 518**

**FY 2009**

**Principal Officials as of July 1, 2008**

**Board of Trustees**

<b>Name</b>	<b>Position</b>	<b>Term Expires</b>
Mr. John T. Huston	Chairperson	2011
Reverend Jon A. Sibley, Sr.	Vice Chairperson	2013
Mr. Michael T. Bavery	Secretary	2013
Mr. Jack P. Ball	Trustee	2011
Mr. Thomas H. Colclasure	Trustee	2009
Dr. D. Wayne Green	Trustee	2009
Mr. William C. Robinson	Trustee	2011
Ms. Brittany O. Manser	Student Trustee	
Ms. Carol J. Petersen	Faculty Representative	
Ms. Diane E. Weeks	Staff Representative	

**Officers of the College**

Mr. Thomas A. Schmidt	President
Dr. Lori Sundberg	Vice President of Academic Services
Mr. Steven Norton	Vice President of Student Services
Mr. Samuel Sudhakar	Vice President of Administrative Services and CIO

**Administrative Staff**

Ms. Gena Alcorn	Director of Foundation
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. 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. Debra Miller	Dean of Extension Services
Mr. Mark Pfleiger	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
Ms. Lauri Wiechmann	Dean of Allied Health

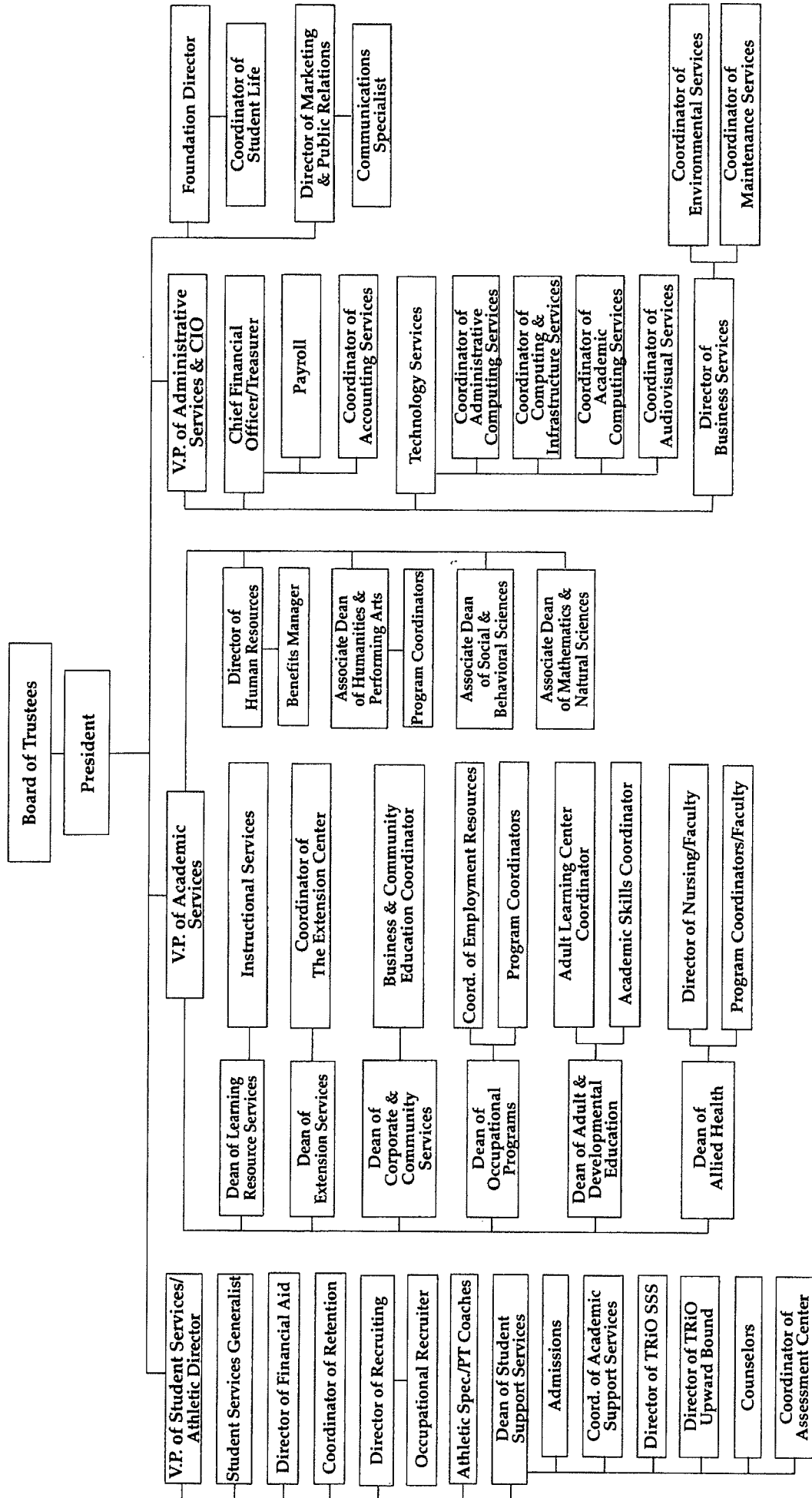
**Official Issuing Report**

Ms. Lisa Blake Chief Financial Officer/Treasurer

**Department Issuing Report**

Finance Office

# CARL SANDBURG COLLEGE ORGANIZATIONAL CHART



# 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, 2007

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.



*Oliver S. Cox*

President

*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, 2008, 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.

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. 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Carl Sandburg College – Community College District No. 518 and of its discretely presented component unit, Carl Sandburg College Foundation, as of June 30, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2008, 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 important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 47 through 63 are not a required part of the basic financial statements but are 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 introductory section, combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the 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. The combining fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Jendryen, Callihan, Van Osdol & Co., LLC

Sterling, Illinois  
September 10, 2008



**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
MANAGEMENT DISCUSSION AND ANALYSIS**  
For the years ended June 30, 2008 and 2007

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**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, 2008 and 2007. 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-xiii), the College's basic financial statements (pages 13-19), and the footnotes (pages 20-41). Responsibility for the completeness and fairness of this information rests with the College.

**Using This Annual Report**

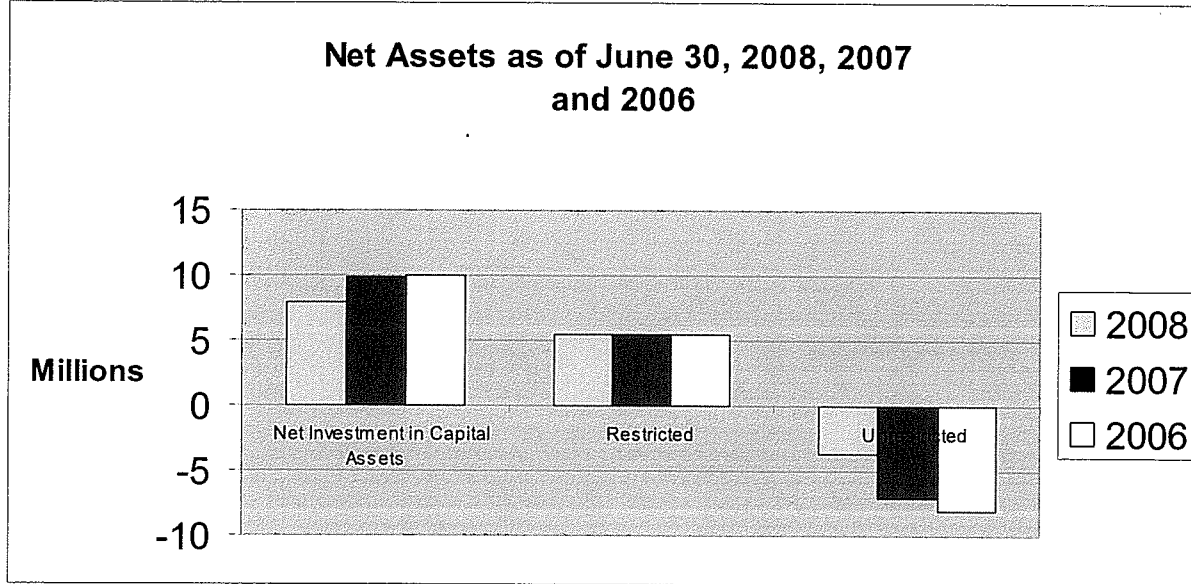
The new financial statement format (implemented in the fiscal year ended June 30, 2003) focuses on the College as a whole. A comparative analysis is presented in this sixth year of reporting under this model. The College financial statements (see pages 13-19) are designed to emulate corporate presentation 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 (I) 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, 2008 and 2007

**Financial Highlights**



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

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease) 2008-2007</u>	<u>2006</u>	<u>Increase (Decrease) 2007-2006</u>
Current Assets	\$18.0	\$14.5	\$3.5	\$14.1	\$0.4
Non-current Assets					
Capital Assets, Net of Depreciation	19.7	18.1	1.6	19.0	(0.9)
Other	8.7	9.4	(0.7)	9.2	0.2
<b>Total Assets</b>	<b>46.4</b>	<b>42.0</b>	<b>4.4</b>	<b>42.3</b>	<b>(0.3)</b>
Current Liabilities	11.6	10.2	1.4	9.8	0.4
Non-current Liabilities	25.1	23.6	1.5	25.0	(1.4)
<b>Total Liabilities</b>	<b>36.7</b>	<b>33.8</b>	<b>2.9</b>	<b>34.8</b>	<b>(1.0)</b>
Net Assets					
Investment in Capital Assets, net	7.9	9.9	(2.0)	10.0	(0.1)
Restricted for					
Debt Service	0.1	0.2	(0.1)	0.1	0.1
Insurance	5.3	5.3	0.0	5.4	(0.1)
Unrestricted	(3.7)	(7.1)	3.4	(8.0)	0.9
<b>Total</b>	<b>\$9.7</b>	<b>\$8.3</b>	<b>\$1.4</b>	<b>\$7.5</b>	<b>\$0.8</b>

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

For the years ended June 30, 2008 and 2007

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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 2008 Compared to 2007**

Current assets have increased \$3.5 million due to receipt of unearned revenue, continued expenditure control during fiscal year 2008, and more short-term investments including interest earned on investments being reserved for future requirements. The non-current assets have increased \$0.9 million due to work in progress classified as capital assets.

Current liabilities increased \$1.4 million due to unearned property taxes and other unearned revenue received. An increase in EAV and the tax rate created the increase in the unearned property taxes. The College also offered a supplemental retirement plan with employment termination effective June 30, 2008. This voluntary plan increased accrued liabilities at year end. Non-current liabilities increased \$1.5 million in due to the issuance of general obligation bonds.

Total net assets at June 30, 2008 increased by \$1.4 million. The restricted net assets are reserved for \$0.1 million of debt service payments and \$5.3 million of insurance reserve fund bonds.

**Fiscal Year 2007 Compared to 2006**

Current assets 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 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.

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

For the years ended June 30, 2008 and 2007

<b>Operating Results for the Year Ended June 30, (in millions)</b>					
	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease) 2008-2007</u>	<u>2006</u>	<u>Increase (Decrease) 2007-2006</u>
Operating Revenue					
Tuition and Fees	\$4.7	\$4.9	(\$0.2)	\$4.8	\$0.1
Auxiliary	0.7	0.6	0.1	0.6	0.0
Total Operating Revenue	<u>5.4</u>	<u>5.5</u>	<u>(0.1)</u>	<u>5.4</u>	<u>0.1</u>
Less Operating Expenses	<u>24.4</u>	<u>24.7</u>	<u>(0.3)</u>	<u>30.8</u>	<u>(6.1)</u>
Operating Loss	(19.0)	(19.2)	0.2	(25.4)	6.2
Non-operating Revenue					
State Grants and Contracts	6.6	6.8	(0.2)	6.8	0.0
Federal Grants and Contracts	4.9	4.9	0.0	11.7	(6.8)
Property Taxes	7.4	6.9	0.5	6.8	0.1
Investment Income	0.9	0.8	0.1	0.4	0.4
Other	1.8	1.7	0.1	1.0	0.7
Total Non-operating Revenue	<u>21.6</u>	<u>21.1</u>	<u>0.5</u>	<u>26.7</u>	<u>(5.6)</u>
Non-operating Expense					
Interest Expense	<u>1.2</u>	<u>1.1</u>	<u>0.1</u>	<u>1.2</u>	<u>(0.1)</u>
<b>Increase (Decrease) in Net Assets</b>	1.4	0.8	0.6	0.1	0.7
Net Assets, Beginning of Year	8.3	7.5	0.8	7.5	0.0
Residual Equity Transfer	0.0	0.0	0.0	(0.1)	0.1
Net Assets, End of Year	<u>\$9.7</u>	<u>\$8.3</u>	<u>\$1.4</u>	<u>\$7.5</u>	<u>\$0.8</u>

Total revenues and expenses (Operating and Non-Operating) for the fiscal year 2008 were \$27.0 million and \$26.6 million, respectively. Fiscal year 2007 total revenues and expenses (Operating and Non-Operating) were \$25.6 million and \$25.8 million. Fiscal year 2006 total revenues and expenses were \$32.1 million and \$32.0 million.

**Fiscal Year 2008 Compared to 2007**

Operating revenue decreased \$0.1 million due to a decrease in credit hours produced.

Operating expenses as of June 30, 2008, decreased \$.3 million due to a decrease in scholarships, student grants and waivers resulting from the decreased credit hour production and also a decrease in depreciation expense.

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

For the years ended June 30, 2008 and 2007

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Non-operating revenue increased \$0.5 million in large part due to an increase in property tax revenue due to an increase in EAV and the tax rate. Investment income increased with the fair value of investments holding fairly steady in fiscal year 2008.

The College incurred additional bond debt in Fiscal Year 2008 to implement phase IV of the Guaranteed Energy Savings contract to address energy conservation measures and facility improvement measures.

**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.

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.

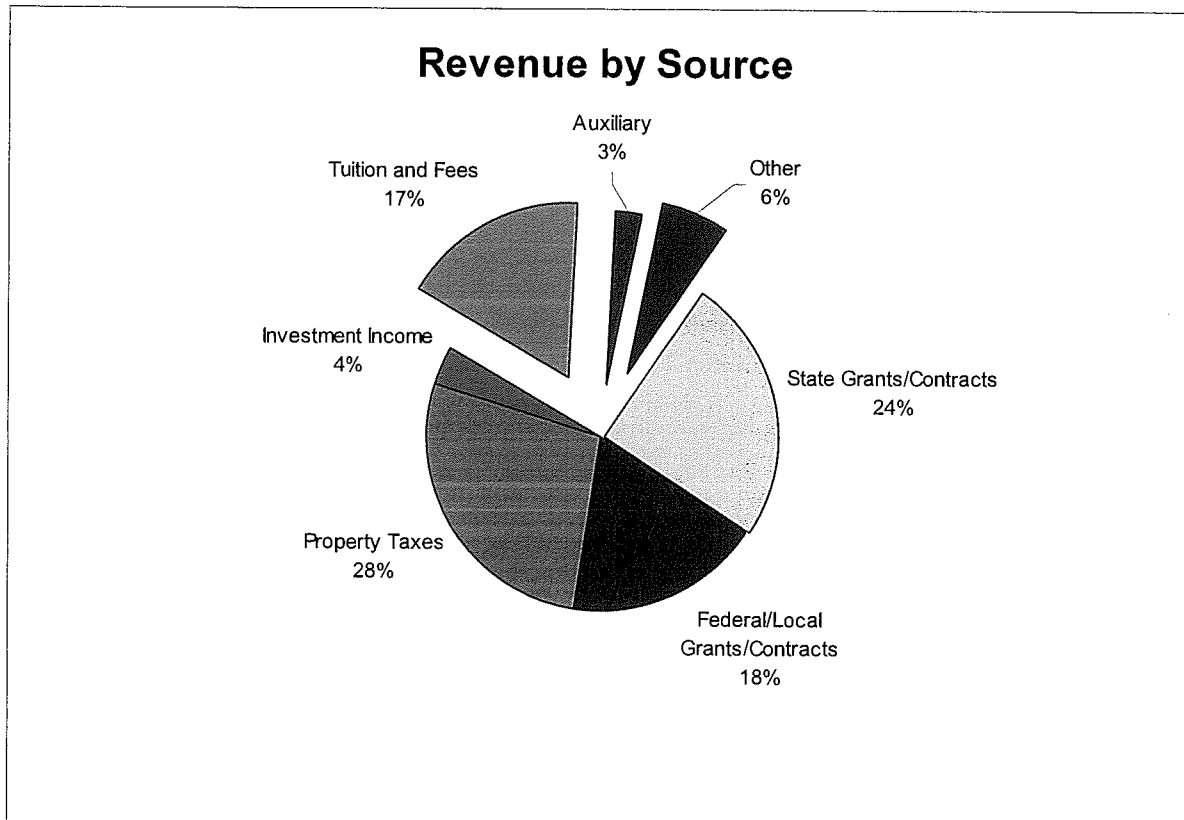
Non-operating revenue decreased \$5.6 million. WIA grant revenue is also no longer recorded with the termination of the fiscal agent status as of June 30, 2006. Investment income increased with the fair value of investments holding fairly steady in fiscal year 2007. Fiscal year 2006 recorded a \$.4 million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

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

For the years ended June 30, 2008 and 2007

The following is a graphic illustration of revenues by source for the year ended June 30, 2008.



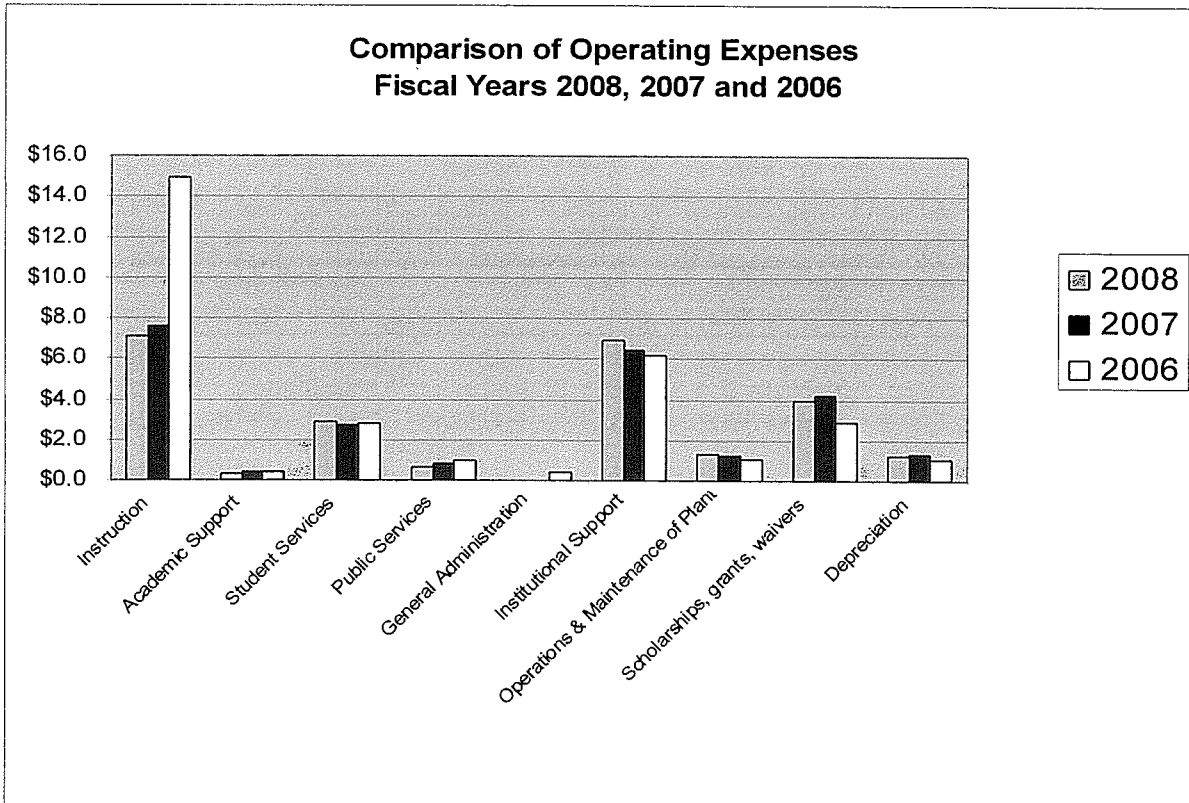
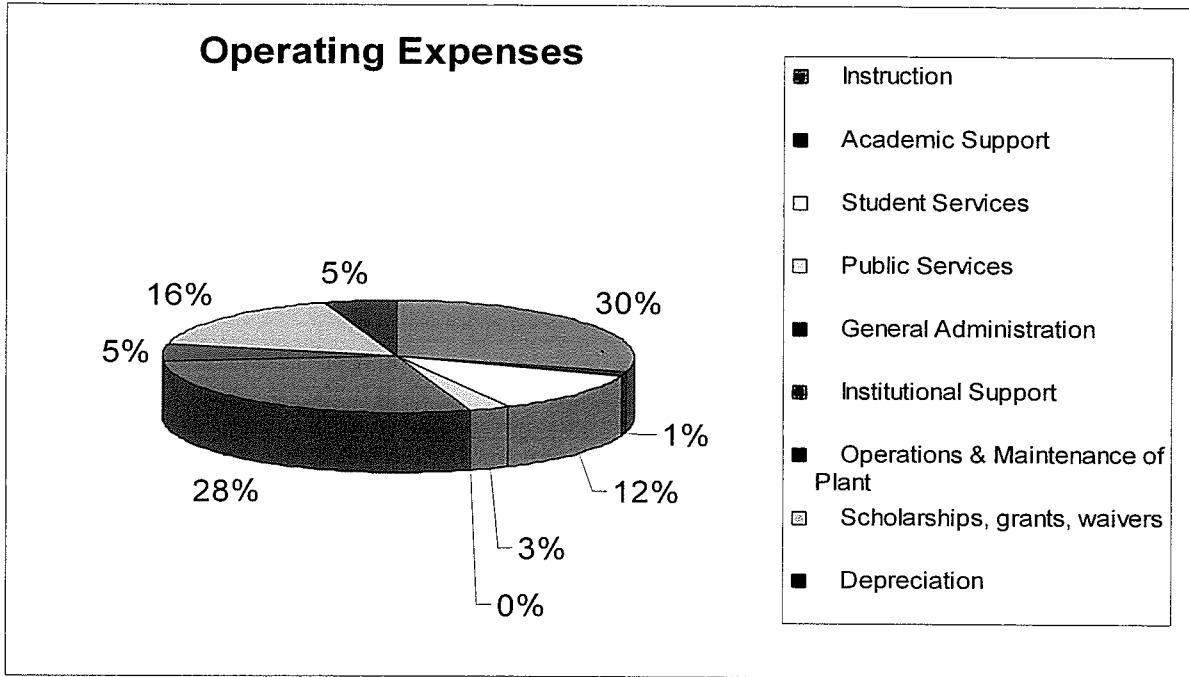
**Operating Expenses  
For the Year Ended June 30,  
(in millions)**

Operating Expense			Increase (Decrease)		
	<u>2008</u>	<u>2007</u>	<u>2008-2007</u>	<u>2006</u>	<u>2007-2006</u>
Instruction	\$7.1	\$7.6	(\$0.5)	\$14.9	(\$7.3)
Academic Support	0.3	0.4	(0.1)	0.4	0.0
Student Services	2.9	2.7	0.2	2.8	(0.1)
Public Services	0.7	0.8	(0.1)	1.0	(0.2)
General Administration	0.0	0.0	0.0	0.4	(0.4)
Institutional Support	6.9	6.4	0.5	6.2	0.2
Operations & Maintenance of Plant	1.3	1.2	0.1	1.1	0.1
Scholarships, grants, waivers	4.0	4.2	(0.2)	2.9	1.3
Depreciation	1.2	1.3	(0.1)	1.1	0.2
<b>Total</b>	<b>\$24.4</b>	<b>\$24.6</b>	<b>(\$0.2)</b>	<b>\$30.8</b>	<b>(\$6.2)</b>

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

For the years ended June 30, 2008 and 2007

The following is a graphic illustration of operating expenses for the year ended June 30, 2008.



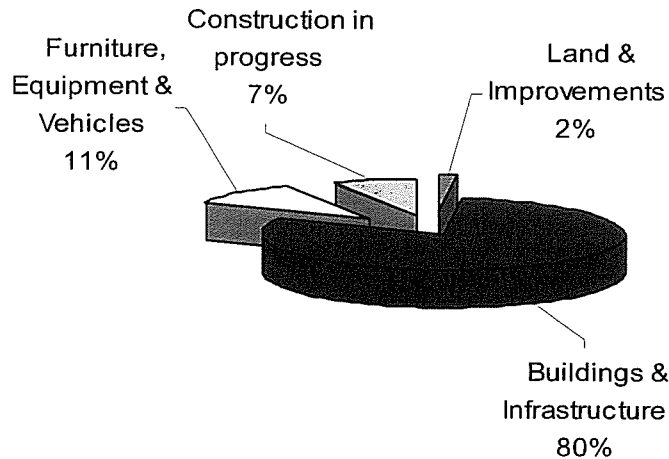
**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
MANAGEMENT DISCUSSION AND ANALYSIS  
(CONTINUED)**

For the years ended June 30, 2008 and 2007

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

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease) 2008-2007</u>	<u>2006</u>	<u>Increase (Decrease) 2007-2006</u>
Capital Assets					
Land & Improvements	\$0.6	\$0.6	\$0.0	\$0.6	\$0.0
Buildings & Infrastructure	28.3	28.1	0.2	28.1	0.0
Furniture, Equipment & Vehicles	3.8	3.8	0.0	3.4	0.4
Construction in progress	2.6	0.0	2.6	0.0	0.0
<b>Total</b>	<b>35.3</b>	<b>32.5</b>	<b>2.8</b>	<b>32.1</b>	<b>0.4</b>
Less Accumulated Depreciation	(15.6)	(14.4)	(1.2)	(13.1)	(1.3)
<b>Net Capital Assets</b>	<b>\$19.7</b>	<b>\$18.1</b>	<b>\$1.6</b>	<b>\$19.0</b>	<b>(\$0.9)</b>

**Capital Assets at June 30, 2008**



**Fiscal Year 2008 Compared to 2007**

As of June 30, 2008, the College had recorded \$35.3 million invested in capital assets, \$15.6 million in accumulated depreciation, and \$19.7 million in net capital assets. The College issued general obligation bonds to implement phase IV of the Guaranteed Energy Savings contract to address energy conservation measures and facility improvement measures. This is currently reflected as work in progress. Additional work in progress included updating academic facilities. For more detailed information on capital asset activity, refer to Note (C) – Capital Assets, in the Notes to Basic Financial Statements on pages 27-28.



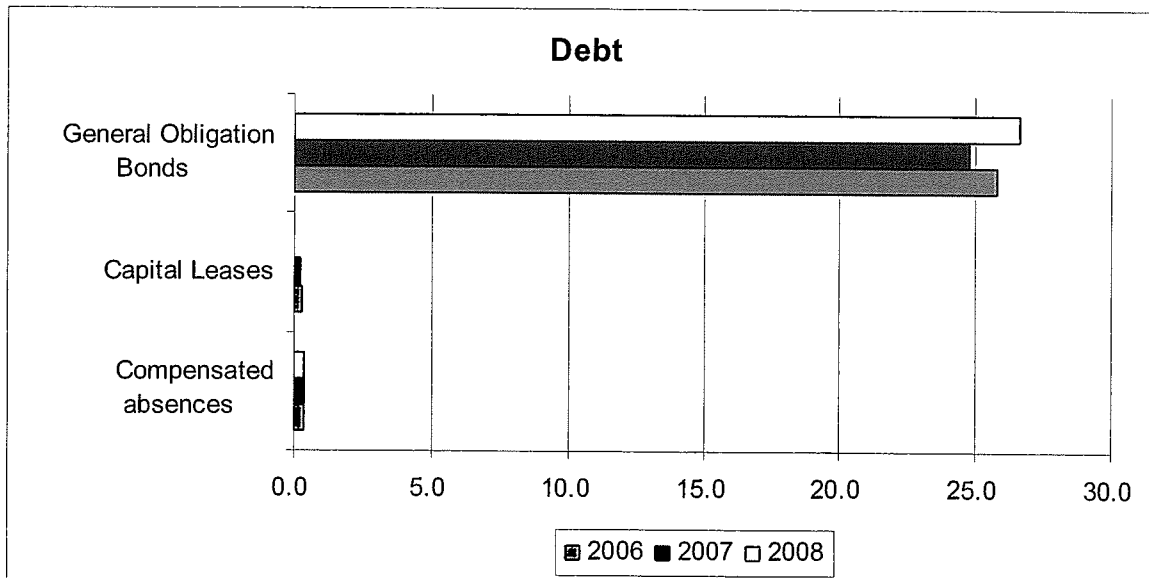
**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
MANAGEMENT DISCUSSION AND ANALYSIS  
(CONTINUED)**

For the years ended June 30, 2008 and 2007

**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 27-28.

	<b>Debt</b>					
	<b>June 30,</b>					
	<b>(in millions)</b>					
	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>2008-2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>
						<u>2007-2006</u>
General Obligation Bonds	\$26.6	\$24.8	\$1.8	\$25.8	(\$1.0)	
Capital Leases	0.1	0.2	(0.1)	0.3	(0.1)	
Compensated absences	0.4	0.4	0.0	0.4	0.0	
<b>Total</b>	<b>\$27.1</b>	<b>\$25.4</b>	<b>\$1.7</b>	<b>\$26.5</b>	<b>(\$1.1)</b>	



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

For the years ended June 30, 2008 and 2007

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**Fiscal Year 2008 Compared to 2007**

During fiscal year 2008 the College issued general obligation bonds to implement phase IV of the Guaranteed Energy Savings contract to address energy conservation measures and facility improvement measures. 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 28-34.

**Fiscal Year 2007 Compared to 2006**

During fiscal year 2007 the College issued no new debt. The bond payments continued to be funded through the tax levy while the capital leases were 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 28-34.

**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, 2008 and 2007

<b>A S S E T S</b>	<b>2008</b>	<b>2007</b>
Current assets:		
Cash and cash equivalents	\$1,841,691	\$678,047
Deposits	2,893,000	2,643,000
Short-term investments	5,571,258	2,757,882
Property taxes receivable	5,921,327	7,035,274
Other receivables	1,367,787	941,027
Prepaid items	188,739	212,462
Inventories	14,500	14,400
Other assets	244,988	256,416
Total current assets	18,043,290	14,538,508
Noncurrent assets:		
Long-term investments	8,667,225	9,411,753
Capital assets	35,284,851	32,488,608
Less accumulated depreciation	(15,604,555)	(14,394,818)
Total noncurrent assets	28,347,521	27,505,543
Total assets	46,390,811	42,044,051
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	273,866	270,049
Accrued liabilities	269,888	91,181
Unearned tuition and fees	199,867	150,702
Unearned property taxes	7,990,344	7,443,211
Other unearned revenue	873,876	462,238
Accrued compensated absences	412,156	385,069
Bonds payable, current portion	1,485,000	1,285,000
Other long-term obligations, current portion	63,886	75,662
Total current liabilities	11,568,883	10,163,112
Noncurrent liabilities:		
Bonds payable, noncurrent	25,125,000	23,510,000
Other long-term obligations, noncurrent	41,314	105,199
Total noncurrent liabilities	25,166,314	23,615,199
Total liabilities	36,735,197	33,778,311
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	7,933,120	9,880,773
Restricted - expendable:		
Debt service	136,228	205,170
Insurance	5,324,293	5,331,558
Unrestricted	(3,738,027)	(7,151,761)
Total net assets	\$9,655,614	\$8,265,740

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, 2008 and 2007

	2008	2007
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$602,165 and \$593,274, respectively	\$4,679,108	\$4,847,633
Chargeback revenue	9,333	8,133
Auxiliary enterprises revenue	669,538	628,320
<b>Total operating revenue</b>	<b>5,357,979</b>	<b>5,484,086</b>
Operating expenses:		
Instruction	7,134,419	7,640,469
Academic support	323,386	355,110
Student services	2,871,249	2,722,062
Public services	649,910	828,595
Institutional support	6,873,885	6,368,491
Operation and maintenance of plant	1,338,589	1,217,349
Scholarships, student grants, and waivers	3,985,304	4,242,266
Depreciation	1,231,403	1,279,270
<b>Total operating expenses</b>	<b>24,408,145</b>	<b>24,653,612</b>
<b>Operating loss</b>	<b>(19,050,166)</b>	<b>(19,169,526)</b>
Nonoperating revenues:		
State grants	6,571,821	6,805,679
Property taxes	7,410,500	6,944,227
Personal property replacement tax	360,986	285,083
Federal grants	4,874,101	4,852,696
Local grants	120,159	225,064
Investment income	951,849	804,699
Other nonoperating revenues	1,385,218	1,145,214
<b>Nonoperating revenues</b>	<b>21,674,634</b>	<b>21,062,662</b>
Nonoperating expenses -		
Interest expense	1,234,594	1,161,217
<b>Net nonoperating expenses</b>	<b>20,440,040</b>	<b>19,901,445</b>
<b>Increase in net assets</b>	<b>1,389,874</b>	<b>731,919</b>
Net assets:		
<b>Beginning of year</b>	<b>8,265,740</b>	<b>7,533,821</b>
<b>End of year</b>	<b>\$9,655,614</b>	<b>\$8,265,740</b>

See Notes to Financial Statements.

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

**STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2008 and 2007

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$5,272,613	\$5,405,665
Payments to suppliers	(4,682,971)	(5,864,321)
Payments to employees	(13,330,286)	(13,387,953)
Payments to students for scholarships	(4,587,469)	(4,835,540)
Auxiliary enterprise charges	746,649	635,338
Net cash used in operating activities	(16,581,464)	(18,046,811)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from property taxes	9,071,580	5,566,858
Proceeds from grants	12,316,480	13,069,936
Net cash provided by noncapital financing activities	21,388,060	18,636,794
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(2,865,547)	(383,548)
Loss on disposal of capital assets	47,637	0
Proceeds from bonds sold	6,550,000	0
Premium on bonds sold	12,895	0
Principal paid on bonds payable	(4,735,000)	(1,035,000)
Interest paid on bonds payable and other long-term obligations	(1,217,073)	(1,084,427)
Principal paid on other long-term obligations	(75,661)	(81,030)
Net cash used in capital and related financing activities	(2,282,749)	(2,584,005)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	1,008,009	851,617
Proceeds from maturities of investment securities	22,858,505	14,789,988
Purchases of investment securities	(25,226,717)	(16,004,922)
Net cash (used in) provided by investing activities	(1,360,203)	(363,317)
Net increase (decrease) in cash and cash equivalents	1,163,644	(2,357,339)
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	678,047	3,035,386
End of year	\$1,841,691	\$678,047

See Notes to Financial Statements.

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

For the years ended June 30, 2008 and 2007

	2008	2007
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	(\$19,050,166)	(\$19,169,526)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,231,403	1,279,270
State on-behalf payments for fringe benefits	962,082	683,730
Residual equity transfer		
Changes in assets and liabilities:		
Receivables	(67,158)	54,903
Other assets	13,631	(83,270)
Accounts payable	3,815	(576,022)
Accrued liabilities	178,707	(154,568)
Accrued compensated absences	19,946	4,238
Unearned tuition and fees	49,165	(78,548)
Other unearned revenue	77,111	(7,018)
<b>Net cash used in operating activities</b>	<b>(\$16,581,464)</b>	<b>(\$18,046,811)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCIAL:</b>		
Increase (decrease) in fair value of investments and amortization/accretion	(\$49,364)	(\$56,758)
Purchase of equipment under capital leases	\$0	\$0
<b>STATE ON-BEHALF PAYMENTS</b>	<b>\$962,082</b>	<b>\$683,730</b>

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, 2008 and 2007

<b>A S S E T S</b>	<b>2008</b>	<b>2007</b>
Cash	\$168,620	\$164,536
Investments:		
Restricted	3,256,544	3,385,568
Unrestricted	324,161	358,693
<b>Total assets</b>	<b>\$3,749,325</b>	<b>\$3,908,797</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Scholarships payable	\$40,450	\$56,500
Other payables	5,442	4,400
<b>Total liabilities</b>	<b>45,892</b>	<b>60,900</b>
Net assets:		
Unrestricted	446,889	462,329
Temporarily restricted	1,439,990	1,623,254
Permanently restricted	1,816,554	1,762,314
<b>Total net assets</b>	<b>3,703,433</b>	<b>3,847,897</b>
<b>Total liabilities and net assets</b>	<b>\$3,749,325</b>	<b>\$3,908,797</b>

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, 2008 and 2007**

	Unrestricted	Temporarily Restricted
Revenues, gains, and other support:		
Contributions	\$57,673	\$213,925
Donated goods and facilities	67,348	
Donated services	16,565	
Income on investments	(19,462)	260,082
Special events, net of direct costs in the amount of \$0 and \$3,646	45,916	
Net unrealized gain (loss) on investments		(388,089)
	168,040	85,918
Net assets released from restrictions - Satisfaction of program restrictions	269,182	(269,182)
<b>Total revenues, gains, and other support</b>	<b>437,222</b>	<b>(183,264)</b>
Expenses and losses:		
Program	285,454	
Management and general	155,663	
Fund raising	11,545	
<b>Total expenses and losses</b>	<b>452,662</b>	<b>0</b>
Change in net assets	(15,440)	(183,264)
Net assets at beginning of year	462,329	1,623,254
<b>Net assets at end of year</b>	<b>\$446,889</b>	<b>\$1,439,990</b>

See Notes to Financial Statements.

2008		2007			
Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$73,867	\$345,465	\$9,037	\$112,246	\$105,160	\$226,443
	67,348	73,019			73,019
	16,565	24,789			24,789
45,625	286,245	71,172	109,485	21,894	202,551
	45,916	66,322			66,322
(65,252)	(453,341)		316,191	51,170	367,361
54,240	308,198	244,339	537,922	178,224	960,485
	0	215,060	(215,060)	0	0
54,240	308,198	459,399	322,862	178,224	960,485
	285,454	273,687			273,687
	155,663	164,144			164,144
	11,545	17,702			17,702
0	452,662	455,533	0	0	455,533
54,240	(144,464)	3,866	322,862	178,224	504,952
1,762,314	3,847,897	458,463	1,300,392	1,584,090	3,342,945
\$1,816,554	\$3,703,433	\$462,329	\$1,623,254	\$1,762,314	\$3,847,897

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
COMPONENT UNIT - CARL SANDBURG COLLEGE FOUNDATION  
STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2008 and 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	(\$144,464)	\$504,952
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized gains on investments	453,341	(367,361)
Changes in operating assets and liabilities:		
Scholarships payable	(16,051)	17,150
Other payables	1,042	(1,153)
<b>Net cash provided by operating activities</b>	<b>293,868</b>	<b>153,588</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>		
Purchase of investments	(289,784)	(193,143)
Net increase (decrease) in cash	4,084	(39,555)
Cash at beginning of year	164,536	204,091
Cash at end of year	\$168,620	\$164,536

See Notes to Financial Statements.

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008 and 2007**

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**(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, 2008 and 2007**

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**(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.

The College is in a partnership with Educational Technology Center (ETC). The ETC is a partnership of educational institutions, the community, and businesses. The ETC is designed to offer residents of Galesburg, Illinois and west central Illinois state-of-the-art facilities and services for computer training, teaching, and teleconferencing. Carl Sandburg College, Galesburg School District #205, and Knox College began the ETC 1995 to provide a variety of educational opportunities for students and staff of each institution, as well as for the general public. ETC receives revenues through donations and third party contractual rental agreements including with Carl Sandburg College. Carl Sandburg College donates a portion of the leased rental and utilities expense.

**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.

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

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

**Cash and Cash Equivalents**

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

**Investments**

Investment securities are stated at fair value based on quoted market prices. Income is recognized on the accrual basis of accounting. The types of investments allowed are regulated by Illinois State laws and include municipal bonds, U.S. Government or Illinois obligations, insured deposits or other investments of state or national banks, Federal National Mortgage Association obligations, Illinois Funds, and agreements collateralized by securities or mortgages in an amount at least equal to the fair value of the funds deposited.

**Property Taxes and Other Revenue**

Property taxes attach as an enforceable lien on property as of January 1. The College's property tax is levied no later than the last Tuesday of December prior to the ensuing budget year and is extended against the assessed valuation of the College on January 1. Taxes are due and payable in two installments in June and September. Pursuant to the Board of Trustees resolution, the 2006 property tax levies passed on December 14, 2006 is recognized as property tax revenue. Deferred property taxes represent the revenue to be generated from the 2007 property tax levy which was passed on December 18, 2007. In addition, property taxes receivable represents the remaining 2007 property tax levy to be collected in fiscal year 2009.

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.

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

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

**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.

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, 2008 and 2007

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**(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 Federal Direct Loan programs. Federal programs are audited in accordance with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 Audit of States, Local Governments and Non-Profit Organizations, and the Compliance Supplement.

**On-Behalf Payments for 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 2008 and 2007, the State made contributions of \$962,082 and \$683,730 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, allowance of doubtful accounts, 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, 2008 and 2007**

**(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, 2008 consist of the following:

	<b>Carrying Amount</b>
Cash on hand	\$5,560
Deposits with financial institutions	4,729,131
<b>Total</b>	<b>\$4,734,691</b>

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

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

Investments at June 30, 2008 and 2007 comprise the following at fair value:

	<b>2008</b>	<b>2007</b>
Money market	\$2,273,855	\$724,152
Municipal bonds	8,299,305	8,400,329
U.S. government agency securities	3,665,323	3,045,154
	<b>\$14,238,483</b>	<b>\$12,169,635</b>

As of June 30, 2008, the College had the following investments with stated maturities.

	<b>Fair Value</b>	<b>Investment Maturities (In Years)</b>			
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
Money market	\$2,273,855	\$2,273,855			
Municipal bonds	8,229,305	1,043,006	\$2,481,807	\$1,830,072	\$2,944,421
U.S. Government agency securities	3,665,323	2,254,397	1,060,488	350,437	
<b>Total</b>	<b>\$14,238,483</b>	<b>\$5,571,258</b>	<b>\$3,542,295</b>	<b>\$2,180,509</b>	<b>\$2,944,421</b>

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

June 30, 2008 and 2007

**(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	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	
<b>Total</b>	<b>\$12,169,635</b>	<b>\$2,757,883</b>	<b>\$3,784,531</b>	<b>\$1,528,343</b>	<b>\$4,098,878</b>

As of June 30, 2008, the College had the following investments with stated ratings.

	Investment Ratings by Standard & Poor's			
	Total	AAAm	AA	Unrated
Money market	\$2,273,855			\$2,273,855
Municipal bonds	8,229,305	\$4,223,119	\$4,076,186	
U.S. Government agency securities	3,665,323	3,665,323		
<b>Total</b>	<b>\$14,238,483</b>	<b>\$7,888,442</b>	<b>\$4,076,186</b>	<b>\$2,273,855</b>

As of June 30, 2007, the College had the following investments with stated maturities.

	Investment Ratings by Standard & Poor's			
	Total	AAAm	AA	Unrated
Money market	\$724,152			\$724,152
Municipal bonds	8,400,330	\$8,400,330		
U.S. Government agency securities	3,045,153	3,045,153		
<b>Total</b>	<b>\$12,169,635</b>	<b>\$11,445,483</b>	<b>\$0</b>	<b>\$724,152</b>

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

*Custodial Credit Risk.* Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2008 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 \$4,729,131 and the bank

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

June 30, 2008 and 2007

**(B) Cash and Investments (continued):**

balance was \$4,521,716. Of the bank balance, \$424,215 was covered by federal depository insurance and \$4,097,501 was collateralized with securities held by the pledging financial institution's trust department or agent in the College's name. Also included in the carrying amount is \$639,474 of unsecured money market cash equivalents held at an investment institution.

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

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

**(C) Capital Assets:**

Changes in the various capital asset categories during the year ended June 30, 2008 are as follows:

	Balance at July 1, 2007	Additions	Deletions	Transfers	Balance at June 30, 2008
Nondepreciable:					
Land	\$405,483				\$405,483
Work in progress	0	\$2,590,317	\$0		2,590,317
Depreciable:					
Buildings and additions	25,875,234	65,407	63,433		25,877,208
Infrastructure	2,181,477	175,211			2,356,688
Furniture and equipment	3,551,294	22,909	5,870		3,568,333
Land improvements	208,602	11,702			220,304
Vehicles	266,518				266,518
<b>Total cost</b>	<b>\$32,488,608</b>	<b>\$2,865,546</b>	<b>\$69,303</b>		<b>\$35,284,851</b>

Accumulated depreciation for the year ended June 30, 2008 is as follows:

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Buildings and additions	\$9,731,786	\$663,682	\$15,796	\$10,379,672
Infrastructure	2,090,092	53,715		2,143,807
Furniture and equipment	2,188,280	495,298	5,870	2,677,708
Land improvements	120,370	16,480		136,850
Vehicles	264,290	2,228		266,518
<b>Total accumulated depreciation</b>	<b>\$14,394,818</b>	<b>\$1,231,403</b>	<b>\$21,666</b>	<b>\$15,604,555</b>

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

June 30, 2008 and 2007

**(C) Capital Assets (continued):**

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
<b>Total cost</b>	<b>\$32,105,060</b>	<b>\$383,548</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,488,608</b>

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
	<b>\$13,115,548</b>	<b>\$1,279,270</b>	<b>\$0</b>	<b>\$14,394,818</b>

**(D) Debt:**

The following is a summary of the college's long-term and short-term debt transactions for the year ended June 30, 2008:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$24,795,000	\$6,550,000	\$4,735,000	\$26,610,000	\$1,485,000	\$25,125,000
Capital leases	180,861		75,661	105,200	63,886	41,314
Compensated absences	385,069	372,195	345,108	412,156	412,156	0
<b>Totals</b>	<b>\$25,360,930</b>	<b>\$6,922,195</b>	<b>\$5,155,769</b>	<b>\$27,127,356</b>	<b>\$1,961,042</b>	<b>\$25,166,314</b>

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

**(D) Debt (continued):**

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	0
<b>Totals</b>	<b>\$26,472,722</b>	<b>\$317,567</b>	<b>\$1,429,359</b>	<b>\$25,360,930</b>	<b>\$1,745,731</b>	<b>\$23,615,199</b>

Details on the debt as of June 30, 2008 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. A portion of these bonds were defeased with the issuance of the general obligation refunding bonds, series 2007C. The bond proceeds were used 100.00% for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
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
<b>Totals</b>	<b>\$1,770,000</b>	<b>\$143,048</b>	<b>\$1,913,048</b>

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

**(D) Debt (continued):**

2. 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. A portion of the bond proceeds (6.79%) were used for the purchase of capital assets. The annual remaining debt service requirements on these bonds are due as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
During the year ending June 30:			
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	950,000	54,085	1,004,085
2014 – 2016	535,000	45,705	580,705
<b>Totals</b>	<b>\$3,220,000</b>	<b>\$641,495</b>	<b>\$3,861,495</b>

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. A portion of the bond proceeds (16.32%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
During the year ending June 30:			
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	215,000	50,888	265,888
2014 – 2016	670,000	76,187	746,187
<b>Totals</b>	<b>\$1,220,000</b>	<b>\$376,913</b>	<b>\$1,596,913</b>

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

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**(D) Debt (continued):**

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. A portion of the bond proceeds (74.74%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
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	440,000	123,320	563,320
2014 - 2017	2,095,000	263,515	2,358,515
<b>Totals</b>	<b>\$3,860,000</b>	<b>\$1,042,815</b>	<b>\$4,902,815</b>

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. A portion of the bond proceeds (71.89%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2009	\$375,000	\$169,893	\$544,893
2010	490,000	150,122	640,122
2011	245,000	131,895	376,895
2012	305,000	118,145	423,145
2013	340,000	102,020	442,020
2014 – 2017	2,145,000	202,440	2,347,440
<b>Totals</b>	<b>\$3,900,000</b>	<b>\$874,515</b>	<b>\$4,774,515</b>

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

June 30, 2008 and 2007

**(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. A portion of the bond proceeds (11.77%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
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	100,000	383,952	483,952
2014 – 2018	6,085,000	1,340,418	7,425,418
2019 – 2020	3,240,000	137,999	3,377,999
<b>Totals</b>	<b>\$9,540,000</b>	<b>\$3,419,823</b>	<b>\$12,959,823</b>

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

	Principal	Interest	Total
During the year ending June 30:			
2009		\$157,936	\$157,936
2010		130,406	130,406
2011		130,406	130,406
2012		130,406	130,406
2013		130,406	130,406
2014 – 2018	\$990,000	652,031	1,642,031
2019 – 2020	2,110,000	132,675	2,242,675
<b>Totals</b>	<b>\$3,100,000</b>	<b>\$1,464,268</b>	<b>\$4,564,268</b>

8. 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, 2008, the College has \$1,815,000 of the bonds outstanding which are considered defeased.



**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

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**(D) Debt (continued):**

9. In December 2001, the College defeased the Series 2001 general obligation debt certificates by placing a portion of the proceeds of the Series 2001A general obligation bond issue in an irrevocable trust to provide for all future debt service payments on the old debt certificates. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. As of June 30, 2008, the College has \$1,375,000 of the debt certificates outstanding which are considered defeased.
10. In May 2005, the College defeased portions of both the Series 1999A general obligation bonds and the Series 2000 general obligation bonds by placing a portion of the proceeds of the Series 2005 general obligation bond issue in an irrevocable trust to provide for all future debt service payments on the defeased portion of the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. As of June 30, 2008, 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.
11. The College has capital lease agreements, discounted at rates ranging from 4.200 to 7.735 percent, financing copiers and other equipment with a total cost of \$366,296 and accumulated depreciation of \$271,306. 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:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
During the year ending June 30:			
2009	\$63,886	\$3,691	\$67,577
2010	34,751	1,115	35,866
2011	6,563	122	6,685
<b>Totals</b>	<b>\$105,200</b>	<b>\$4,928</b>	<b>\$110,128</b>

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

**(D) Debt (continued):**

The annual requirements to amortize all debt outstanding as of June 30, 2008, including interest, are as follows:

Year Ending June 30,	General Obligation Bonds	Capital Lease Obligations	Compensated Absences	Total Principal	Interest	Total Principal And Interest
2009	\$1,485,000	\$63,886	\$412,156	\$1,961,042	\$1,207,190	\$3,168,232
2010	1,705,000	34,751		1,739,751	1,103,409	2,843,160
2011	1,615,000	6,563		1,621,563	1,024,249	2,645,812
2012	1,890,000			1,890,000	937,316	2,827,316
2013	2,045,000			2,045,000	844,671	2,889,671
2014 - 2018	12,520,000			12,520,000	2,580,296	15,100,296
2019 - 2020	5,350,000			5,350,000	270,674	5,620,674
Total	\$26,610,000	\$105,200	\$412,156	\$27,127,356	\$7,967,805	\$35,095,161

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt at June 30, 2007, is \$36,990,520. General obligation debt at June 30, 2008 is \$26,715,200, resulting in a legal debt margin of \$11,174,477.

**(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 accessing the website at [www.SURS.org](http://www.SURS.org), or calling 1-800-275-7877.

**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 (for FY 2009) is 12.88 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, 2008, 2007 and 2006, were \$962,082, \$683,730, and \$501,526, respectively, equal to the required contributions for each year.

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

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**(F) Supplemental Retirement Plan:**

During fiscal year 2008, the College approved a one-time early retirement incentive plan, known as the Supplemental Retirement Plan (the Plan), for all employees. To be eligible, employees were required to be a full-time College administrator, faculty, or support staff employee or a permanent part-time employee; at least age 55 on or before June 30, 2008; and submit to the College's Board of Trustees the signed Plan application.

Under the plan, full-time College administrator, faculty, or support staff employees who took advantage of this incentive received a pay-out which equals one and one-half percent (1.5%) of their earnings times their full years of service with the College up to a maximum supplemental retirement benefit of fifty percent (50%) of their compensation. Permanent part-time employees benefit consist of a pay-out which equals three-fourths of one percent (.75%) of their earnings times their full years of service with the College up to a maximum supplemental retirement benefit of fifty percent (50%) of their compensation.

The supplemental retirement plan will be paid in two installments on July 15, 2008 and July 15, 2009. Expenditures are recognized in the governmental funds as the plan payments are incurred. At June 30, 2008, the present value of future plan payments reported as a liability in the statement of net assets was \$152,187. A 1.870% discount rate was used to determine the present value which is based on the College's operating account interest rate. During the year ended June 30, 2008, 8 employees were included in the program. During fiscal year 2008, payments to retired employees under this plan totaled \$0 for retirement compensation.

**(G) 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.

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

**(G) Risk Management (continued):**

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, 2008, 2007, and 2006 were as follows:

	2008	2007	2006
Claims payable including IBNR, beginning of year			\$412,074
Claims expense			706,237
Claim payments			(1,118,311)
Claims payable including IBNR, end of year	\$0	\$0	\$0

**(H) 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
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
<b>Total</b>	<b>\$94,648</b>	<b>\$40,571</b>	<b>\$135,219</b>

Fiscal year 2008 facilities and equipment rent expense was \$23,800 and \$11,190, respectively.

Commitments under contractual agreements for marketing and recruiting consulting services and guaranteed energy saving contract (GESc) provide for annual payments as follows:

Year Ended June 30	Consulting	GESc	Total
2009	\$286,349	\$226,668	\$513,017
2010	120,411	42,813	163,224
2011	45,694	44,524	90,218
2012		46,306	46,306
2013		48,157	48,157
2014 - 2018		271,282	271,282
2019		14,790	14,790
<b>Total</b>	<b>\$452,454</b>	<b>\$694,540</b>	<b>\$1,146,994</b>

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

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**(H) Contingencies and Commitments (continued):**

Fiscal year 2008 consulting and GESC contractual expenses were \$10,500 and \$2,446,995, respectively.

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

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

**(I) 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:

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.

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

**(I) Component Unit Disclosures (continued):**

**Carl Sandburg College Foundation (continued)**

Temporarily restricted net assets as of June 30, 2008 and 2007 are available for the following purposes or periods:

	2008	2007
Student scholarships currently available	\$935,815	\$1,106,460
For periods after June 30, 2015	504,175	516,794
	<u>\$1,439,990</u>	<u>\$1,623,254</u>

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.

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

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

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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.

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

June 30, 2008 and 2007

**(I) Component Unit Disclosures (continued):**

**Carl Sandburg College Foundation (continued)**

Investments and Investment Earnings (continued)

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:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
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, 2008 and 2007 is as follows:

<b>Description</b>	<b>2008</b>	<b>2007</b>
Mutual funds – equity	\$2,538,782	\$2,755,253
Mutual funds – bond	1,041,923	989,008
<b>Total investments</b>	<b>\$3,580,705</b>	<b>\$3,744,261</b>

Investment income for the years ended June 30, 2008 and 2007 is as follows:

	<b>2008</b>	<b>2007</b>
Interest and dividend income	\$286,245	\$202,551

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, 2008 or 2007.

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

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**(I) Component Unit Disclosures (continued):**

**Carl Sandburg College Foundation (continued)**

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 \$83,913 and \$97,808 from the College during the years ended June 30, 2008 and 2007, respectively. This amount includes the Foundation's director's salary.

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 seven years remaining in the twenty year period at June 30, 2008. The Endowment Challenge Grant has \$720,470 of investments as of June 30, 2008.

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

**(J) New Reporting Standards:**

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement 45 "Accounting and financial Reporting by Employers for Post-employment Benefits Other than Pensions". The College is required to implement this standard for the fiscal year ending June 30, 2009. The College has not yet determined the full impact that adoption of GASB Statement 45 will have on the financial statements.

In November 2006, the Governmental Accounting Standards Board (GASB) issued Statement 49 "Accounting and Financial Reporting for Pollution Remediation Obligations." The College is required to implement this standard for the fiscal year ending June 30, 2009. The College has not yet determined the full impact that adoption of GASB Statement 49 will have on the financial statements.



**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
June 30, 2008 and 2007**

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**(J) New Reporting Standards (continued):**

In June 2007, the Governmental Accounting Standards Board (GASB) issued Statement 51 “Accounting and Financial Reporting for Intangible Assets.” The College is required to implement this standard for the fiscal year ending June 30, 2010. The College has not yet determined the full impact that adoption of GASB Statement 51 will have on the financial statements.

In November 2007, the Governmental Accounting Standards Board (GASB) issued Statement 52 “Land and Other Real Estate Held as Investments by Endowments.” The College is required to implement this standard for the fiscal year ending June 30, 2009. The College has not yet determined the full impact that adoption of GASB Statement 52 will have on the financial statements.

In June 2008, the Governmental Accounting Standards Board (GASB) issued Statement 53 “Accounting and Financial Reporting for Derivative Instruments.” The College is required to implement this standard for the fiscal year ending June 30, 2010. The College has not yet determined the full impact that adoption of GASB Statement 53 will have on the financial statements.

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
SCHEDULE OF MANAGEMENT INFORMATION  
BALANCE SHEET - ALL FUND TYPES  
June 30, 2008 with comparative totals at June 30, 2007**

	Current Funds		Agency Fund	Plant Funds		Total June 30, 2008	Total June 30, 2007
	Unrestricted	Restricted		Operations and Maintenance Restricted	Capital Endowment Fund		
Cash and cash equivalents	\$1,202,217	\$272,334		\$367,140	\$1,841,691	\$678,047	
Deposits		2,893,000			2,893,000	2,643,000	
Investments	1,770,223	6,184,972		\$380,121	5,903,167	12,169,635	
Receivables:							
Property taxes	2,400,022	3,293,231		228,074	5,921,327	7,035,274	
Government claims and grants		191,582			191,582	178,002	
Other	514,454	615,628		79,707	1,209,789	807,738	
Due from other funds	2,560,667	2,375,288	55,454		294,820	14,584,125	
Prepaid items	188,739				188,739	212,462	
Inventories	14,500				14,500	14,400	
Property and equipment, net	3,144				3,144	4,164	
Other assets		15,138			15,138	36,733	
<b>Total assets</b>	<b>\$8,653,966</b>	<b>\$15,841,173</b>	<b>\$55,454</b>	<b>\$608,195</b>	<b>\$6,644,834</b>	<b>\$31,803,622</b>	<b>\$38,363,580</b>
<b>LIABILITIES AND FUND EQUITY (DEFICIT)</b>							
Liabilities:							
Accounts payable	\$176,279	\$42,133	\$55,454		\$273,866	\$270,049	
Accrued liabilities	233,909				233,909	26,782	
Unearned revenue:							
Property taxes	3,238,633	4,443,944		\$307,767	7,990,344	7,443,211	
Other	228,681	645,195			873,876	462,238	
Due to other funds	2,816,015	1,905,252		564,962	5,286,229	14,584,125	
<b>Total liabilities</b>	<b>6,693,517</b>	<b>7,036,524</b>	<b>55,454</b>	<b>872,729</b>	<b>\$0</b>	<b>14,658,224</b>	<b>22,786,405</b>
<b>FUND EQUITY (DEFICIT)</b>							
Retained earnings (deficit):							
Unreserved	26,773				26,773	88,982	
Fund balance (deficit):							
Reserved for encumbrances	10,173	18,043			28,216	7,371	
Reserved for insurance		5,324,293			5,324,293	5,331,558	
Unreserved	1,923,503	3,462,313		(264,534)	6,644,834	10,149,264	
<b>Total fund equity (deficit)</b>	<b>1,960,449</b>	<b>8,804,649</b>	<b>0</b>	<b>(264,534)</b>	<b>6,644,834</b>	<b>17,145,398</b>	<b>15,577,175</b>
<b>Total liabilities and fund equity (deficit)</b>	<b>\$8,653,966</b>	<b>\$15,841,173</b>	<b>\$55,454</b>	<b>\$608,195</b>	<b>\$6,644,834</b>	<b>\$31,803,622</b>	<b>\$38,363,580</b>

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

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
SCHEDULE OF MANAGEMENT INFORMATION**

**SCHEDULE OF CHANGES IN FUND BALANCES - ALL FUND TYPES**

For the year ended June 30, 2008 with comparative totals for fiscal year ended June 30, 2007

	Current Funds		Agency Fund	Plant Funds		Total June 30, 2008	Total June 30, 2007
				Unrestricted	Restricted		
	Restricted	Endowment Fund					
<b>Revenues:</b>							
Local government	\$3,159,528	\$4,128,729		\$182,839		\$7,471,096	\$7,159,479
State government	6,310,477	1,589,311				7,899,788	7,774,492
Federal government	26,882	4,842,320				4,869,202	4,852,696
Student tuition and fees	5,330,438					5,330,438	5,363,948
Sales and service fees	669,538					669,538	628,320
Interest	71,230	443,724		15,639	\$304,566	835,159	846,645
Net increase in fair value of investments		82,771			33,919	116,690	(41,946)
Other	254,715	168,421		68,896		492,032	479,429
<b>Total revenues</b>	<b>15,822,808</b>	<b>11,255,276</b>	<b>\$0</b>	<b>267,374</b>	<b>338,485</b>	<b>27,683,943</b>	<b>27,063,063</b>
<b>Expenditures/expenses:</b>							
<b>Current:</b>							
Instruction	6,126,015	859,698				6,985,713	7,452,326
Academic support	320,117	4,750				324,867	354,968
Student services	2,357,366	526,481				2,883,847	2,722,144
Public services	173,319	484,080				657,399	828,335
Institutional support	4,604,913	2,140,782		48,792	1,250	6,795,737	6,539,451
Operation and maintenance of plant	1,345,246					1,345,246	1,212,888
Scholarships, student, grants, and waivers		4,587,469				4,587,469	4,835,540
<b>Debt service:</b>							
Principal retirement		4,735,000				4,735,000	1,035,000
Interest		1,217,073				1,217,073	1,146,491
<b>Capital outlay:</b>							
Building construction, building improvement and equipment	93,022	80,622		2,972,620		3,146,264	478,137
<b>Total expenditures/expenses</b>	<b>15,019,998</b>	<b>14,635,955</b>	<b>0</b>	<b>3,021,412</b>	<b>1,250</b>	<b>32,678,615</b>	<b>26,605,280</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>802,810</b>	<b>(3,380,679)</b>	<b>0</b>	<b>(2,754,038)</b>	<b>337,235</b>	<b>(4,994,672)</b>	<b>457,783</b>
<b>Other financing sources (uses):</b>							
Par on bonds sold		6,550,000				6,550,000	0
Net premium (discount) on bonds sold		12,895				12,895	0
Transfers in	52,765	600,000		3,207,905		3,860,670	65,948
Transfers out	(607,905)	(3,200,000)		(14,264)	(38,501)	(3,860,670)	(65,948)
<b>Total other financing sources (uses)</b>	<b>(555,140)</b>	<b>3,962,895</b>	<b>0</b>	<b>3,193,641</b>	<b>(38,501)</b>	<b>6,562,895</b>	<b>0</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>247,670</b>	<b>582,216</b>		<b>439,603</b>	<b>298,734</b>	<b>1,568,223</b>	<b>457,783</b>
<b>Fund equity (deficit) at beginning of year</b>	<b>1,712,779</b>	<b>8,222,433</b>		<b>(704,137)</b>	<b>6,346,100</b>	<b>15,577,175</b>	<b>15,119,392</b>
<b>Fund equity (deficit) at end of year</b>	<b>\$1,960,449</b>	<b>\$8,804,649</b>	<b>\$0</b>	<b>(\$264,534)</b>	<b>\$6,644,834</b>	<b>\$17,145,398</b>	<b>\$15,577,175</b>

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

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
SCHEDULE OF MANAGEMENT INFORMATION  
SCHEDULE OF CURRENT FUNDS REVENUES,  
EXPENDITURES AND OTHER CHANGES**

For the year ended June 30, 2008 with comparative totals for year ended June 30, 2007

	Unrestricted	Restricted	Total June 30, 2008	Total June 30, 2007
<b>Revenues:</b>				
Local government	\$3,159,528	\$4,128,729	\$7,288,257	\$7,159,479
State government	6,310,477	1,589,311	7,899,788	7,774,492
Federal government	26,882	4,842,320	4,869,202	4,852,696
Student tuition and fees	5,330,438		5,330,438	5,363,948
Sales and service fees	669,538		669,538	628,320
Interest	71,230	443,724	514,954	511,171
Net increase (decrease) in fair value of investments		82,771	82,771	(4,620)
Other	254,715	168,421	423,136	449,982
<b>Total revenues</b>	<b>15,822,808</b>	<b>11,255,276</b>	<b>27,078,084</b>	<b>26,735,468</b>
<b>Expenditures/expenses:</b>				
<b>Current:</b>				
Instruction	6,126,015	859,698	6,985,713	7,452,326
Academic support	320,117	4,750	324,867	354,968
Student services	2,357,366	526,481	2,883,847	1,771,924
Public services	173,319	484,080	657,399	1,778,555
Institutional support	4,604,913	2,140,782	6,745,695	6,519,549
Operation and maintenance of plant	1,345,246		1,345,246	1,212,888
Scholarships, student, grants, and waivers		4,587,469	4,587,469	4,835,540
<b>Debt service:</b>				
Principal retirement		4,735,000	4,735,000	1,035,000
Interest		1,217,073	1,217,073	1,146,491
<b>Capital outlay:</b>				
Building construction, building improvements, and equipment	93,022	80,622	173,644	277,779
<b>Total expenditures/expenses</b>	<b>15,019,998</b>	<b>14,635,955</b>	<b>29,655,953</b>	<b>26,385,020</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>802,810</b>	<b>(3,380,679)</b>	<b>(2,577,869)</b>	<b>350,448</b>
<b>Other financing sources (uses):</b>				
Par on bonds sold		6,550,000	6,550,000	
Net premium on bonds sold		12,895	12,895	
Transfers in	52,765	600,000	652,765	17,436
Transfers out	(607,905)	(3,200,000)	(3,807,905)	(7,500)
<b>Total other financing sources (uses)</b>	<b>(555,140)</b>	<b>3,962,895</b>	<b>3,407,755</b>	<b>9,936</b>
<b>Net increase in fund balance</b>	<b>\$247,670</b>	<b>\$582,216</b>	<b>\$829,886</b>	<b>\$360,384</b>

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
BALANCE SHEET - ALL FUND TYPES  
June 30, 2008 with comparative totals at June 30, 2007**

ASSETS	Current Unrestricted Funds			Total Current Unrestricted Funds
	Education Fund	Operations and Maintenance Fund	Auxiliary Enterprise Fund	
Cash and cash equivalents	\$1,201,767		\$450	\$1,202,217
Deposits				0
Investments	1,770,223			1,770,223
Receivables:				0
Property taxes	1,927,652	\$472,370		2,400,022
Government claims and grants				0
Other	442,473		71,981	514,454
Due from other funds	1,494,714	1,012,084	53,869	2,560,667
Prepaid items	188,739			188,739
Inventories			14,500	14,500
Property and equipment, net			3,144	3,144
Other assets				0
<b>Total assets</b>	<b>\$7,025,568</b>	<b>\$1,484,454</b>	<b>\$143,944</b>	<b>\$8,653,966</b>
<b>LIABILITIES AND FUND EQUITY (DEFICIT)</b>				
Liabilities:				
Accounts payable	\$176,279			\$176,279
Accrued liabilities	202,369		\$31,540	233,909
Unearned revenue:				
Property taxes	2,601,208	\$637,425		3,238,633
Other		143,050	85,631	228,681
Due to other funds	2,126,010	690,005		2,816,015
<b>Total liabilities</b>	<b>5,105,866</b>	<b>1,470,480</b>	<b>117,171</b>	<b>6,693,517</b>
<b>FUND EQUITY (DEFICIT)</b>				
Retained earnings (deficit):				
Unreserved			26,773	26,773
Fund balance (deficit):				
Reserved for encumbrances	10,173			10,173
Reserved for insurance				0
Unreserved	1,909,529	13,974		1,923,503
<b>Total fund equity (deficit)</b>	<b>1,919,702</b>	<b>13,974</b>	<b>26,773</b>	<b>1,960,449</b>
<b>Total liabilities and fund equity (deficit)</b>	<b>\$7,025,568</b>	<b>\$1,484,454</b>	<b>\$143,944</b>	<b>\$8,653,966</b>

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**Current Restricted Funds**

<b>Restricted Purpose</b>	<b>Nonexpendable Trust</b>	<b>Audit</b>	<b>Liability Protection Funds</b>	<b>Sandburg Initiates Life-Changing Opportunities</b>	<b>Bond and Interest</b>	<b>Total Current Restricted Funds</b>
	\$133,625		\$138,709			\$272,334
\$21,000	2,149,000		123,000	\$600,000		2,893,000
	838,648		5,339,691		\$6,633	6,184,972
		\$47,714	1,235,797		2,009,720	3,293,231
191,582						191,582
			611,255	4,373		615,628
	1,114,569		428,892		831,827	2,375,288
						0
						0
						0
	15,138					15,138
<b>\$212,582</b>	<b>\$4,250,980</b>	<b>\$47,714</b>	<b>\$7,877,344</b>	<b>\$604,373</b>	<b>\$2,848,180</b>	<b>\$15,841,173</b>
\$42,133						\$42,133
0						0
		\$64,386	\$1,667,606		\$2,711,952	4,443,944
80,002			565,193			645,195
(98,761)		117,580	1,900,644	(14,211)		1,905,252
23,374	\$0	181,966	4,133,443	(14,211)	2,711,952	7,036,524
						0
18,043						18,043
			5,324,293			5,324,293
171,165	4,250,980	(134,252)	(1,580,392)	618,584	136,228	3,462,313
189,208	4,250,980	(134,252)	3,743,901	618,584	136,228	8,804,649
<b>\$212,582</b>	<b>\$4,250,980</b>	<b>\$47,714</b>	<b>\$7,877,344</b>	<b>\$604,373</b>	<b>\$2,848,180</b>	<b>\$15,841,173</b>

**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, 2008

	Current Unrestricted Funds			Total Current Unrestricted Funds
	Education	Operations and Maintenance	Auxiliary Enterprise	
<b>Revenues:</b>				
Local government	\$2,545,974	\$613,554		\$3,159,528
State government	5,881,929	428,548		6,310,477
Federal government			\$26,882	26,882
Student tuition and fees	4,816,633	306,477	207,328	5,330,438
Sales and service fees			669,538	669,538
Interest	64,863	6,367		71,230
Net increase in fair value of investments				0
Other	78,218	46,476	130,021	254,715
<b>Total revenues</b>	<b>13,387,617</b>	<b>1,401,422</b>	<b>1,033,769</b>	<b>15,822,808</b>
<b>Expenditures/expenses:</b>				
<b>Current:</b>				
Instruction	6,126,015			6,126,015
Academic support	320,117			320,117
Student services	1,330,792		1,026,574	2,357,366
Public services	173,319			173,319
Institutional support	4,554,705	50,208		4,604,913
Operation and maintenance of plant		1,345,246		1,345,246
Scholarships, student, grants, and waivers				0
<b>Debt service:</b>				
Principal retirement				0
Interest				0
<b>Capital outlay:</b>				
Building construction, building improvements, and equipment	80,184	12,838		93,022
<b>Total expenditures/expenses</b>	<b>12,585,132</b>	<b>1,408,292</b>	<b>1,026,574</b>	<b>15,019,998</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>802,485</b>	<b>(6,870)</b>	<b>7,195</b>	<b>802,810</b>
<b>Other financing sources (uses):</b>				
Par on bonds sold				
Net premium (discount) on bonds sold				
Transfers in	14,264		38,501	52,765
Transfers out	(400,000)	(100,000)	(107,905)	(607,905)
<b>Total other financing sources (uses)</b>	<b>(385,736)</b>	<b>(100,000)</b>	<b>(69,404)</b>	<b>(555,140)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>416,749</b>	<b>(106,870)</b>	<b>(62,209)</b>	<b>247,670</b>
<b>Fund equity (deficit) at beginning of year</b>	<b>1,502,953</b>	<b>120,844</b>	<b>88,982</b>	<b>1,712,779</b>
<b>Fund equity (deficit) at end of year</b>	<b>\$1,919,702</b>	<b>\$13,974</b>	<b>\$26,773</b>	<b>\$1,960,449</b>

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**Current Restricted Funds**

<b>Restricted Purpose</b>	<b>Nonexpendable Trust</b>	<b>Audit</b>	<b>Liability Protection Funds</b>	<b>Sandburg Initiates Life-Changing Opportunities</b>	<b>Bond and Interests</b>	<b>Total Current Restricted Funds</b>
\$46,144		\$61,355	\$1,624,690		\$2,396,540	\$4,128,729
1,589,311						1,589,311
4,842,320						4,842,320
						0
						0
307	\$145,072	\$910	207,220	\$18,584	71,631	443,724
	10,764		72,007			82,771
163,423			4,998			168,421
<b>6,641,505</b>	<b>155,836</b>	<b>62,265</b>	<b>1,908,915</b>	<b>18,584</b>	<b>2,468,171</b>	<b>11,255,276</b>
859,698						859,698
4,750						4,750
526,481						526,481
484,080						484,080
20,887		73,604	1,998,356		47,935	2,140,782
						0
4,587,469						4,587,469
						0
					4,735,000	4,735,000
					1,217,073	1,217,073
						0
						0
80,622						80,622
<b>6,563,987</b>	<b>0</b>	<b>73,604</b>	<b>1,998,356</b>	<b>0</b>	<b>6,000,008</b>	<b>14,635,955</b>
77,518	155,836	(11,339)	(89,441)	18,584	(3,531,837)	(3,380,679)
					6,550,000	6,550,000
					12,895	12,895
				600,000		600,000
	(100,000)				(3,100,000)	(3,200,000)
0	(100,000)	0	0	600,000	3,462,895	3,962,895
77,518	55,836	(11,339)	(89,441)	618,584	(68,942)	582,216
111,690	4,195,144	(122,913)	3,833,342	0	205,170	8,222,433
<b>\$189,208</b>	<b>\$4,250,980</b>	<b>(\$134,252)</b>	<b>\$3,743,901</b>	<b>\$618,584</b>	<b>\$136,228</b>	<b>\$8,804,649</b>



**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, 2008**

	Budget	Actual	Variance With Budget
<b>Revenues:</b>			
<b>Local government:</b>			
Property taxes	\$2,492,495	\$2,531,522	\$39,027
Chargeback revenue	6,500	9,333	2,833
Other	20,297	5,119	(15,178)
<b>Total local government</b>	<b>2,519,292</b>	<b>2,545,974</b>	<b>26,682</b>
<b>State government:</b>			
ICCB base operating grant	1,948,054	2,006,093	58,039
ICCB equalization grant	2,550,790	2,454,821	(95,969)
Corporate personal property replacement tax	218,931	336,475	117,544
Board of Vocational Education and Rehabilitation	80,000	122,458	42,458
State of Illinois SURS on-behalf payments	904,165	962,082	57,917
<b>Total state government</b>	<b>5,701,940</b>	<b>5,881,929</b>	<b>179,989</b>
<b>Student tuition and fees</b>	<b>5,253,062</b>	<b>4,816,633</b>	<b>(436,429)</b>
<b>Interest</b>	<b>73,500</b>	<b>64,863</b>	<b>(8,637)</b>
<b>Miscellaneous - other</b>	<b>33,299</b>	<b>78,218</b>	<b>44,919</b>
<b>Total revenues</b>	<b>13,581,093</b>	<b>13,387,617</b>	<b>(193,476)</b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Salaries	5,521,681	4,912,655	609,026
Employee benefits	9,338	3,117	6,221
Contractual services	995,356	884,966	110,390
General materials and supplies	291,966	200,913	91,053
Conference and meeting expense	118,846	97,036	21,810
Fixed charges	1,500	384	1,116
Other	28,320	26,944	1,376
<b>Total instruction</b>	<b>6,967,007</b>	<b>6,126,015</b>	<b>840,992</b>

**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, 2008

	Budget	Actual	Variance With Budget
<b>Expenditures (continued):</b>			
<b>Academic support:</b>			
Salaries	190,545	190,286	259
Contractual services	39,098	34,882	4,216
General materials and supplies	104,870	92,071	12,799
Conference and meeting expense	4,922	2,878	2,044
<b>Total academic support</b>	<b>339,435</b>	<b>320,117</b>	<b>19,318</b>
<b>Student services:</b>			
Salaries	1,003,177	954,096	49,081
Contractual services	11,908	18,546	(6,638)
General materials and supplies	53,207	38,652	14,555
Conference and meeting expense	29,756	20,859	8,897
Fixed charges	481	471	10
Other	369,980	298,168	71,812
<b>Total student services</b>	<b>1,468,509</b>	<b>1,330,792</b>	<b>137,717</b>
<b>Public services:</b>			
Salaries	144,000	98,937	45,063
Contractual services	49,620	32,112	17,508
General materials and supplies	28,927	18,649	10,278
Conference and meeting expense	24,463	18,758	5,705
Fixed charges	300	0	300
Utilities	6,530	3,346	3,184
Other	2,200	1,517	683
<b>Total public services</b>	<b>256,040</b>	<b>173,319</b>	<b>82,721</b>
<b>Institutional support:</b>			
Salaries	1,240,081	1,151,136	88,945
Employee benefits	2,399,448	2,308,563	90,885
Contractual services	190,540	129,418	61,122
General materials and supplies	501,708	443,338	58,370
Conference and meeting expense	90,376	56,316	34,060
Fixed charges	118,913	146,336	(27,423)
Other	171,499	319,598	(148,099)
<b>Total institutional support</b>	<b>4,712,565</b>	<b>4,554,705</b>	<b>157,860</b>

**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, 2008

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Capital outlay	121,705	80,184	41,521
Total expenditures	13,865,261	12,585,132	1,280,129
Excess (deficiency) of revenues over expenditures	(284,168)	802,485	1,086,653
Other financing sources:			
Transfers in	294,810	14,264	(280,546)
Transfers out	(400,000)	(400,000)	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(\$389,358)</u>	416,749	<u>\$806,107</u>
Fund balance at beginning of year		<u>1,502,953</u>	
Fund balance at end of year		<u>\$1,919,702</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, 2008

	Budget	Actual	Variance With Budget
<b>Revenues:</b>			
Local government -			
Property taxes	\$604,095	\$613,554	\$9,459
<b>State government:</b>			
ICCB base operating grant	165,514	196,362	30,848
ICCB equalization grant	216,724	207,675	(9,049)
Corporate personal property replacement tax	18,601	24,511	5,910
Total state government	400,839	428,548	27,709
Student tuition and fees	378,422	306,477	(71,945)
Interest	7,350	6,367	(983)
<b>Other:</b>			
Rent	41,148	45,463	4,315
Miscellaneous	1,578	1,013	(565)
Total other revenue	42,726	46,476	3,750
Total revenues	1,433,432	1,401,422	(32,010)
<b>Expenditures:</b>			
<b>Institutional support:</b>			
Salaries	5,621	0	5,621
Contractual services	10,789	4,480	6,309
General materials and supplies	598	0	598
Conference and meeting expense	498	0	498
Utilities	74,877	45,728	29,149
Total institutional support	92,383	50,208	42,175

**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, 2008

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Operation and maintenance of plant:			
Salaries	501,172	497,407	3,765
Contractual services	93,518	96,188	(2,670)
General materials and supplies	86,986	83,927	3,059
Conference and meeting expense	5,347	2,658	2,689
Fixed charges	1,256	362	894
Utilities	557,337	547,796	9,541
Other	120,635	116,908	3,727
<b>Total operation and maintenance of plant</b>	<b>1,366,251</b>	<b>1,345,246</b>	<b>21,005</b>
Capital outlay	15,000	12,838	2,162
<b>Total expenditures</b>	<b>1,473,634</b>	<b>1,408,292</b>	<b>65,342</b>
Excess (deficiency) of revenues over expenditures	(40,202)	(6,870)	33,332
Other financing sources (uses) -			
Transfers in	40,000	0	(40,000)
Transfers out	(100,000)	(100,000)	0
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$100,202)</u>	<u>(106,870)</u>	<u>(\$6,668)</u>
Fund balance at beginning of year		120,844	
Fund balance at end of year		<u>\$13,974</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, 2008

	Budget	Actual	Variance With Budget
<b>Revenues:</b>			
Local government - Property taxes	\$60,409	\$61,355	\$946
Interest	1,375	910	(465)
<b>Total revenues</b>	<b>61,784</b>	<b>62,265</b>	<b>481</b>
<b>Expenditures -</b>			
Institutional support:			
Salaries	22,195	21,233	962
Contractual services	55,000	52,371	2,629
General materials and supplies	680	0	680
Conference and meeting expense	289	0	289
<b>Total expenditures</b>	<b>78,164</b>	<b>73,604</b>	<b>4,560</b>
Deficiency of revenues over expenditures	<u>(\$16,380)</u>	<u>(11,339)</u>	<u>\$5,041</u>
Fund balance (deficit) at beginning of year		<u>(122,913)</u>	
Fund balance (deficit) at end of year		<u>(\$134,252)</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, 2008**

	Budget	Actual	Variance With Budget
Revenues:			
Local government - Property taxes	\$2,396,583	\$2,396,540	(\$43)
Interest	18,175	71,631	53,456
Total revenues	2,414,758	2,468,171	53,413
Expenditures - Institutional support - Other	6,865	47,935	(41,070)
Debt service:			
Principal retirement	1,285,000	4,735,000	(3,450,000)
Interest	1,106,491	1,217,073	(110,582)
Total debt service	2,391,491	5,952,073	(3,560,582)
Total expenditures	2,398,356	6,000,008	(3,601,652)
Excess of revenues over expenditures	16,402	(3,531,837)	(3,548,239)
Other financing sources (uses):			
Par on bonds sold	0	6,550,000	6,550,000
Net premium (discount) on bonds sold	0	12,895	12,895
Transfers out	0	(3,100,000)	(3,100,000)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$16,402</u>	<u>(68,942)</u>	<u>(\$85,344)</u>
Fund balance at beginning of year		205,170	
Fund balance at end of year		<u>\$136,228</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, 2008

	Budget	Actual	Variance With Budget
Revenues:			
Local government:			
Property taxes	\$183,750	\$182,839	(\$911)
Interest	18,310	15,639	(2,671)
Other	77,800	68,896	(8,904)
Total revenues	279,860	267,374	(12,486)
Expenditures -			
Institutional support -			
Contractual services	17,432	48,792	(31,360)
Capital outlay - building construction and building improvements	344,118	2,972,620	(2,628,502)
Total expenditures	361,550	3,021,412	(2,659,862)
Deficiency of revenues over expenditures	(81,690)	(2,754,038)	(2,672,348)
Other financing sources:			
Transfers in	0	3,207,905	3,207,905
Transfers (out)	0	(14,264)	(14,264)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$81,690)</u>	439,603	<u>\$357,913</u>
Fund balance (deficit) at beginning of year		(704,137)	
Fund balance (deficit) at end of year		<u>(\$264,534)</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, 2008**

	Budget	Actual	Variance With Budget
Revenues:			
Interest	\$296,100	\$304,566	\$8,466
Net decrease in fair value of investments	0	33,919	33,919
<b>Total revenues</b>	<b>296,100</b>	<b>338,485</b>	<b>42,385</b>
Expenditures -			
Institutional support -			
Fixed charges	1,250	1,250	0
<b>Total expenditures</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>
Excess of revenues over expenditures	294,850	337,235	42,385
Other financing sources -			
Transfers out	(344,810)	(38,501)	(306,309)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$49,960)</u>	298,734	<u>\$248,774</u>
Fund balance at beginning of year		<u>6,346,100</u>	
Fund balance at end of year		<u><u>\$6,644,834</u></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, 2008**

	Budget	Actual	Variance With Budget
Operating revenues:			
Federal government grant	\$25,000	\$26,882	\$1,882
Student tuition and fees	238,380	207,328	(31,052)
Sales and service fees	660,816	669,538	8,722
Other	149,648	130,021	(19,627)
Total operating revenues	1,073,844	1,033,769	(40,075)
Operating expenses:			
Salaries	536,415	529,245	7,170
Employee benefits	12,044	14,316	(2,272)
Contractual services	175,102	163,569	11,533
General materials and supplies	223,612	193,978	29,634
Conference and meeting expense	40,081	37,458	2,623
Depreciation	40,000	1,020	38,980
Other	124,474	86,988	37,486
Total operating expenses	1,151,728	1,026,574	125,154
Operating income before transfers in (out)	(77,884)	7,195	85,079
Transfers in	55,000	38,501	(16,499)
Transfers out	0	(107,905)	(107,905)
Net income	<u>(\$22,884)</u>	<u>(62,209)</u>	<u>(\$85,093)</u>
Retained earnings at beginning of year		88,982	
Retained earnings at end of year		<u>\$26,773</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, 2008**

	<b>Student Activities - Other Services</b>	<b>Auto Mechanics</b>
<b>Operating revenues:</b>		
Federal government grants	\$0	\$0
Student tuition and fees	207,328	0
Sales and service fees	128,666	44,075
Other	23,641	0
<b>Total operating revenues</b>	<b>359,635</b>	<b>44,075</b>
<b>Operating expenses:</b>		
Salaries	87,462	0
Employee benefits	0	0
Contractual services	44,904	0
General materials and supplies	73,506	45,638
Conference and meetings	0	0
Depreciation	1,020	0
Other	52,819	0
<b>Total operating expenses</b>	<b>259,711</b>	<b>45,638</b>
<b>Operating income (loss)</b>	<b>\$99,924</b>	<b>(\$1,563)</b>

<b>Food Service</b>	<b>Bookstore</b>	<b>Athletics</b>	<b>Cosmetology</b>	<b>Child Care Center</b>	<b>Dental Hygiene</b>	<b>Totals</b>
\$0	\$0	\$0	\$0	\$26,882	\$0	\$26,882
0	0	0	0	0	0	207,328
0	0	341	27,024	439,053	30,379	669,538
15,543	86,292	0	0	992	3,553	130,021
15,543	86,292	341	27,024	466,927	33,932	1,033,769
0	0	105,044	0	336,739	0	529,245
0	0	0	0	14,316	0	14,316
37,854	0	34,062	2,640	43,834	275	163,569
932	0	32,299	2,352	12,410	26,841	193,978
0	0	36,850	0	608	0	37,458
0	0	0	0	0	0	1,020
365	0	32,745	0	1,058	1	86,988
39,151	0	241,000	4,992	408,965	27,117	1,026,574
(\$23,608)	\$86,292	(\$240,659)	\$22,032	\$57,962	\$6,815	\$7,195

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
COMBINING BALANCE SHEET - LIABILITY PROTECTION FUNDS  
June 30, 2008**

A S S E T S	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Cash and cash equivalents			\$138,709	\$138,709
Deposits		\$123,000		123,000
Investments			5,339,691	5,339,691
Receivables:				
Property taxes		1,235,797		1,235,797
Other		566,353	44,902	611,255
Due from other funds		62,770	366,122	428,892
<b>Total assets</b>	<b>\$0</b>	<b>\$1,987,920</b>	<b>\$5,889,424</b>	<b>\$7,877,344</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>				
Liabilities:				
Unearned revenue -				
Property taxes		\$1,667,606		\$1,667,606
Due to other funds	\$682,566	1,218,078		1,900,644
Other liabilities	62		\$565,131	565,193
<b>Total liabilities</b>	<b>682,628</b>	<b>2,885,684</b>	<b>565,131</b>	<b>4,133,443</b>
Fund balance (deficit):				
Reserved for insurance			5,324,293	5,324,293
Unreserved	(682,628)	(897,764)		(1,580,392)
<b>Total fund balance (deficit)</b>	<b>(682,628)</b>	<b>(897,764)</b>	<b>5,324,293</b>	<b>3,743,901</b>
<b>Total liabilities and fund balance</b>	<b>\$0</b>	<b>\$1,987,920</b>	<b>\$5,889,424</b>	<b>\$7,877,344</b>

**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, 2008**

	<b>Employee Insurance</b>	<b>Liability, Protection, and Settlement</b>	<b>Insurance Reserve</b>	<b>Totals</b>
<b>Revenues:</b>				
Local government		\$1,624,690		\$1,624,690
Interest		14,359	\$192,861	207,220
Net decrease in fair value of investments			72,007	72,007
Other	\$4,998			4,998
<b>Total revenues</b>	<b>4,998</b>	<b>1,639,049</b>	<b>264,868</b>	<b>1,908,915</b>
<b>Expenditures -</b>				
<b>Current -</b>				
Institutional support	(27,496)	2,016,378	9,474	1,998,356
Excess (deficiency) of revenues over expenditures	32,494	(377,329)	255,394	(89,441)
<b>Other financing sources -</b>				
Transfers in (out)	(62)	262,721	(262,659)	0
Excess (deficiency) of revenues and other financing sources over expenditures	32,432	(114,608)	(7,265)	(89,441)
<b>Fund balance (deficit) at end of year</b>	<b>(715,060)</b>	<b>(783,156)</b>	<b>5,331,558</b>	<b>3,833,342</b>
<b>Fund balance (deficit) at end of year</b>	<b>(\$682,628)</b>	<b>(\$897,764)</b>	<b>\$5,324,293</b>	<b>\$3,743,901</b>

**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, 2008**

	Budget	Actual	Variance With Budget
Revenues -			
Other	\$10,000	\$4,998	(\$5,002)
Expenditures -			
Employee benefits	15,600	(27,496)	43,096
Excess (deficiency) of revenues over expenditures	(5,600)	32,494	38,094
Other financing sources (uses) -			
Transfers out	0	(62)	(62)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(\$5,600)</u>	32,432	<u>\$38,032</u>
Fund balance (deficit) at beginning of year		(715,060)	
Fund balance (deficit) at end of year		<u>(\$682,628)</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, 2008**

	Budget	Actual	Variance With Budget
<b>Revenues:</b>			
Property taxes	\$1,644,793	\$1,624,690	(\$20,103)
Interest income	9,450	14,359	4,909
<b>Total revenues</b>	<b>1,654,243</b>	<b>1,639,049</b>	<b>(15,194)</b>
<b>Expenditures:</b>			
Salaries	1,440,247	1,431,418	8,829
Employee benefits	259,434	123,164	136,270
Contractual services	205,714	213,318	(7,604)
General materials and supplies	21,961	21,392	569
Conference and meetings	3,075	2,475	600
Fixed charges	223,422	216,753	6,669
Other	3,731	7,858	(4,127)
<b>Total expenditures</b>	<b>2,157,584</b>	<b>2,016,378</b>	<b>141,206</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(503,341)</b>	<b>(377,329)</b>	<b>126,012</b>
<b>Other financing sources (uses) -</b>			
Transfer in	0	262,721	262,721
<b>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</b>	<b><u>(\$503,341)</u></b>	<b><u>(114,608)</u></b>	<b><u>\$388,733</u></b>
<b>Fund balance (deficit) at beginning of year</b>		<b><u>(783,156)</u></b>	
<b>Fund balance (deficit) at end of year</b>		<b><u><u>(\$897,764)</u></u></b>	



**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, 2008**

	Budget	Actual	Variance With Budget
Revenues:			
Interest income	\$219,700	\$192,861	(\$26,839)
Net increase in fair value of investments	0	72,007	72,007
<b>Total revenues</b>	<b>219,700</b>	<b>264,868</b>	<b>45,168</b>
Expenditures -			
Other	0	9,474	(9,474)
<b>Excess (deficiency) of revenues over expenditures</b>	<b>219,700</b>	<b>255,394</b>	<b>35,694</b>
Other financing sources (uses) -			
Transfers out	0	(262,659)	(262,659)
<b>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</b>	<b><u>\$219,700</u></b>	<b><u>(7,265)</u></b>	<b><u>(\$226,965)</u></b>
<b>Fund balance at beginning of year</b>		<b><u>5,331,558</u></b>	
<b>Fund balance at end of year</b>		<b><u>\$5,324,293</u></b>	

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
SANDBURG INITIATES LIFE-CHANGING OPPORTUNITIES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2008**

	Budget	Actual	Variance With Budget
Revenues -			
Interest	\$0	\$18,584	\$18,584
Other financing sources -			
Transfers in	600,000	600,000	0
Deficiency of revenues and other financing sources	<u>600,000</u>	618,584	<u>\$18,584</u>
Fund balance at beginning of year		<u>0</u>	
Fund balance at end of year		<u>\$618,584</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, 2008**

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Fund equity - all fund types (page 42)	\$17,145,398
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	19,677,152
Bond issuance costs are not financial resources and, therefore, are not reported in the governmental funds	229,850
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date	(60,500)
Long-term liabilities not reported in the governmental funds	(27,102,835)
Revenue for student tuition is recognized in the governmental funds when substantially received	<u>(233,451)</u>
Net assets (Page 13)	<u><u>\$9,655,614</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, 2008

Net increase in fund equity - all fund types (page 43)	\$1,568,223
<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	2,865,546
Depreciation expense	(1,230,383)
Loss on disposal	(47,637)
<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	4,735,000
Capital leases	75,662
Compensated absences	(2,566)
<p>Bond proceeds and bond premium on bonds sold are revenues or other financing sources of governmental funds, but increases long-term liabilities in the Statement of Net Assets:</p>	
Bond proceeds	(6,550,000)
Premium on bonds sold	(12,895)
<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>	
	10,167
<p>Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date.</p>	
	3,899
<p>Revenue for student tuition is recognized in the governmental funds when substantially received.</p>	
	(25,142)
Increase in net assets (page 14)	\$1,389,874

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

**STATISTICAL SECTION**  
**(Unaudited)**

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
STATISTICAL SECTION  
June 30, 2008**

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The statistical section of the College's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the college's financial performance and well-being have changed over time.	67 - 70
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax.	71 - 74
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the ability to issue additional debt in the future.	75 - 78
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.	79 - 81
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.	82 - 83

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The College implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

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

TABLE A

	2008	2007	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$7,933	\$9,881	\$9,981	\$8,717	\$8,596	\$8,219
Restricted - expendable:						
Debt Service	136	205	89	279	547	598
Insurance	5,324	5,332	5,429	5,349	5,191	5,195
Unrestricted	(3,738)	(7,152)	(7,965)	(6,856)	(6,593)	(5,089)
<b>Total net assets</b>	<b>\$9,655</b>	<b>\$8,266</b>	<b>\$7,534</b>	<b>\$7,489</b>	<b>\$7,741</b>	<b>\$8,923</b>

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 Six Fiscal Years ended June 30,  
(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)**

TABLE B

	2008	2007	2006	2005	2004	2003
<b>Operating expenses:</b>						
Instruction	\$7,135	\$7,640	\$14,856	\$13,538	\$10,230	\$11,108
Academic support	323	355	364	382	377	517
Student services	2,871	2,723	2,771	2,450	2,309	2,035
Public services	650	829	1,032	914	938	1,184
General administration	0	0	373	649	645	419
Institutional support	6,874	6,368	6,231	7,095	11,052	6,371
Operation and maintenance of plant	1,339	1,217	1,148	1,190	1,094	953
Scholarships, student grants, and waivers	3,985	4,242	2,901	2,886	3,203	3,483
Depreciation	1,231	1,279	1,116	1,024	1,105	1,057
<b>Total operating expenses</b>	<b>24,408</b>	<b>24,653</b>	<b>30,792</b>	<b>30,128</b>	<b>30,953</b>	<b>27,127</b>
<b>Operating revenues:</b>						
<b>Charges for services:</b>						
Student tuition and fees	4,679	4,848	4,812	4,859	5,093	4,557
Chargeback revenue	9	8	3	4	26	39
Auxiliary enterprise	670	628	601	511	463	387
Other general government	0	0	0	0	226	202
<b>Total operating revenue</b>	<b>5,358</b>	<b>5,484</b>	<b>5,416</b>	<b>5,374</b>	<b>5,808</b>	<b>5,185</b>
<b>Operating loss</b>	<b>(19,050)</b>	<b>(19,169)</b>	<b>(25,376)</b>	<b>(24,754)</b>	<b>(25,145)</b>	<b>(21,942)</b>
<b>Nonoperating revenues (expenses):</b>						
State grants	6,572	6,805	6,789	6,026	10,180	5,812
Property taxes	7,411	6,944	6,761	6,612	6,444	6,044
Personal property replacement tax	361	285	257	200	170	152
Federal grants	4,874	4,853	11,666	11,030	7,337	8,495
Local grants	120	225	241	222	257	327
Investment income	952	805	392	769	100	1,101
Interest expense	(1,235)	(1,161)	(1,193)	(1,111)	(1,159)	(1,556)
Other nonoperating revenues	1,385	1,145	614	754	633	838
State capital grants	0	0	0	0	0	3,735
<b>Net nonoperating revenues</b>	<b>20,440</b>	<b>19,901</b>	<b>25,527</b>	<b>24,502</b>	<b>23,962</b>	<b>24,948</b>
<b>Residual equity transfer</b>			<b>(106)</b>			
<b>Change in net assets</b>	<b>\$1,390</b>	<b>\$732</b>	<b>\$45</b>	<b>(\$252)</b>	<b>(\$1,183)</b>	<b>\$3,006</b>

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,**  
**(Modified Accrual Basis of Accounting)**  
**(Amounts Expressed in Thousands)**

TABLE C

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General fund:										
Reserved	\$10	\$7	\$1	\$1	\$12	\$1	\$2	\$1	\$30	\$21
Unreserved	1,924	1,617	1,316	1,374	792	730	359	540	380	(4)
<b>Total general fund</b>	<b>\$1,934</b>	<b>\$1,624</b>	<b>\$1,317</b>	<b>\$1,375</b>	<b>\$804</b>	<b>\$731</b>	<b>\$361</b>	<b>\$541</b>	<b>\$410</b>	<b>\$17</b>
All other governmental funds:										
Reserved	\$5,324	\$5,331	\$5,429	\$3,723	\$3,745	\$4,339	\$4,832	\$6,599	\$5,419	\$5,921
Unreserved, reported in:										
Special revenue funds	(1,525)	(1,509)	(1,317)	(47)	(91)	181	105	94	57	210
Debt service funds	136	205	97	1,762	4,797	598	2,301	2,364	624	275
Capital projects funds	6,380	5,642	5,545	5,886	5,112	5,724	6,735	4,925	7,110	1,350
<b>Total all other governmental funds</b>	<b>\$10,315</b>	<b>\$9,669</b>	<b>\$9,754</b>	<b>\$11,324</b>	<b>\$13,563</b>	<b>\$10,842</b>	<b>\$13,973</b>	<b>\$13,982</b>	<b>\$13,210</b>	<b>\$7,756</b>

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,  
(Modified Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)**

TABLE D

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Revenues:</b>										
Property taxes	\$7,471	\$7,159	\$7,006	\$6,838	\$6,727	\$6,410	\$6,259	\$5,720	\$5,381	\$5,083
Government grants	12,742	12,600	19,499	18,203	18,538	18,793	13,793	11,460	10,586	10,875
Student tuition and fees	5,123	5,152	5,428	5,441	5,133	4,472	3,577	3,138	3,132	2,883
Sales and service fees				283	787	549	511			
Interest	690	671	615	593	474	587	837	886	589	537
Net increase (decrease) in fair value of investments	106	(50)	(335)	99	(438)	423	109	130	(80)	(74)
Other	362	349	642	610	497	710	585	1,069	862	1,850
<b>Total revenues</b>	<b>26,494</b>	<b>25,881</b>	<b>32,855</b>	<b>32,067</b>	<b>31,718</b>	<b>31,944</b>	<b>25,671</b>	<b>22,403</b>	<b>20,470</b>	<b>21,154</b>
<b>Expenditures:</b>										
Instruction	6,986	7,452	14,896	13,549	10,231	11,195	10,454	8,331	8,721	8,002
Academic support	325	355	364	382	377	517	604	591	518	516
Student services	1,857	1,772	1,828	1,644	1,524	1,300	1,254	1,189	3,113	3,058
Public services	657	828	1,032	914	938	1,184	1,542	1,728	911	889
General administration			374	649	715	471	243	550	406	486
Institutional support	6,796	6,540	6,187	7,152	11,818	6,727	6,252	6,067	5,455	4,397
Operation and maintenance of plant	1,345	1,213	1,164	1,190	1,094	953	987	1,020	1,099	885
Scholarships, student grants, and waivers	4,588	4,836	4,536	4,543	4,214	4,095	3,056	2,339		
<b>Debt service:</b>										
Principal	4,735	1,035	975	735	660	605	3,683	583	3,667	1,004
Interest	1,217	1,147	1,285	1,313	1,167	1,187	1,235	633	697	397
Capital outlay	3,146	478	1,863	1,607	1,856	6,535	2,441	1,019	883	2,870
<b>Total expenditures</b>	<b>31,652</b>	<b>25,656</b>	<b>34,504</b>	<b>33,678</b>	<b>34,594</b>	<b>34,769</b>	<b>31,751</b>	<b>24,050</b>	<b>25,470</b>	<b>22,504</b>
Excess of revenues over (under) expenditures	(5,158)	225	(1,649)	(1,611)	(2,876)	(2,825)	(6,080)	(1,647)	(5,000)	(1,350)
<b>Other financing sources (uses):</b>										
Proceeds from issuance of long-term debt	6,550		44	9,690	4,335		8,229	2,315	11,855	5,689
Premium (discount) on bond issuance	13			(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	3,822	56	2,816	3,859	854	2,750	3,326	1,067	3,796	717
Transfers out	(3,653)	(58)	(2,733)	(4,161)	(863)	(2,686)	(3,160)	(998)	(3,778)	(496)
<b>Total other financing sources (uses)</b>	<b>6,732</b>	<b>(2)</b>	<b>21</b>	<b>(57)</b>	<b>5,670</b>	<b>64</b>	<b>5,891</b>	<b>2,550</b>	<b>10,847</b>	<b>2,359</b>
<b>Net change in fund balances</b>	<b>\$1,574</b>	<b>\$223</b>	<b>(\$1,628)</b>	<b>(\$1,668)</b>	<b>\$2,794</b>	<b>(\$2,761)</b>	<b>(\$189)</b>	<b>\$903</b>	<b>\$5,847</b>	<b>\$1,009</b>
Debt service as a percentage of noncapital expenditures	20.88%	8.67%	6.92%	6.39%	5.58%	6.35%	16.78%	5.28%	17.75%	7.14%

**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
2007	\$366,114,462	\$685,531,667	\$217,675,204	\$15,337,689	\$33,242,770	\$1,317,901,792	\$3,953,705,376	0.6205
2006	353,713,202	627,785,603	206,387,886	14,700,023	31,039,414	1,233,626,128	3,700,878,384	0.6039
2005	370,911,761	587,047,230	199,895,676	16,308,829	29,315,785	1,203,479,281	3,610,437,843	0.5759
2004	385,139,723	585,377,052	200,479,506	19,448,129	30,515,095	1,220,959,504	3,662,878,512	0.5530
2003	409,399,553	623,111,270	204,699,777	20,598,720	29,610,660	1,287,419,979	3,862,259,937	0.5139
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	3,774,567,200	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
1999	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
1998	410,556,653	460,724,610	168,848,823	19,677,621	23,805,723	1,083,613,429	3,250,840,287	0.4600

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
2006	2008	7,508,428	7,380,245	98.29%		7,380,245	98.29%
2005	2007	7,088,319	6,932,067	97.80%	\$9,718.05	6,941,785	97.93%
2004	2006	6,751,906	6,759,972	100.12%	9,595.04	6,769,567	100.26%
2003	2005	6,616,051	6,611,494	99.93%	13,064.64	6,624,559	100.13%
2002	2004	6,461,063	6,444,426	99.74%	8,513.43	6,452,939	99.87%
2001	2003	6,054,003	6,044,238	99.84%	657.32	6,044,895	99.85%
2000	2002	5,835,729	5,831,033	99.92%	849.68	5,831,883	99.93%
1999	2001	5,342,102	5,345,820	100.07%	572.44	5,346,392	100.08%
1998	2000	4,985,712	4,990,855	100.10%	568.47	4,991,423	100.11%
1997	1999	4,690,602	4,701,108	100.20%	33.21	4,701,141	100.22%

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

<b>Taxing Bodies</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
City of Galesburg	1.4638	1.6952	1.7196	1.6099	1.8674	1.8900	1.9750	1.9940	2.0390	2.0590
Town of the City of Galesburg	0.2166	0.2221	0.2147	0.2015	0.1852	0.1829	0.1800	0.1830	0.1890	0.1800
Galesburg School District 205	4.137	4.2769	4.2761	4.1220	3.9452	3.9287	3.9190	3.8770	3.7070	3.7700
Knox County	1.0826	1.0838	1.0799	1.0392	0.9360	1.0176	0.9610	0.9350	0.8170	0.8500
Galesburg City Fire	0.8782	0.5875	0.5833	0.5464	0.3456	0.3874				
Galesburg Sanitary District	0.3075	0.3141	0.3052	0.2906	0.2672	0.2635	0.2620	0.2640	0.2810	0.2800
<b>Total Overlapping Rate</b>	<b>8.0857</b>	<b>8.1796</b>	<b>8.1788</b>	<b>7.8096</b>	<b>7.5466</b>	<b>7.6701</b>	<b>7.2970</b>	<b>7.2530</b>	<b>7.0330</b>	<b>7.1390</b>
<b>Carl Sandburg College Dist. 518</b>	<b>0.6039</b>	<b>0.6039</b>	<b>0.5759</b>	<b>0.5530</b>	<b>0.5139</b>	<b>0.5042</b>	<b>0.4810</b>	<b>0.4750</b>	<b>0.4550</b>	<b>0.4600</b>
<b>Total rate</b>	<b>8.6896</b>	<b>8.7835</b>	<b>8.7547</b>	<b>8.3626</b>	<b>8.0605</b>	<b>8.1743</b>	<b>7.7780</b>	<b>7.7280</b>	<b>7.4880</b>	<b>7.5990</b>
<b>Carl Sandburg College Percentage of Total</b>	<b>6.95%</b>	<b>6.88%</b>	<b>6.58%</b>	<b>6.61%</b>	<b>6.38%</b>	<b>6.17%</b>	<b>6.18%</b>	<b>6.15%</b>	<b>6.08%</b>	<b>6.05%</b>

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	2008		1999			
		Taxable Assessed Value	Percent District's Total EAV	Taxable Assessed Value	Percent District's Total EAV		
Burlington Northern Santa Fe	Railroad	\$21,258,088	1	1.72%	\$13,292,313	1	1.39%
Union Electric Co	Utilities	12,247,507	2	0.99%	11,890,783	2	1.24%
Galesburg Hospital Corporation	Hospital	8,419,950	3	0.68%			
Twomey Company	Grain	4,920,088	4	0.40%	3,129,174	5	0.33%
Nauvoo Restoration Inc	Real property holdings	3,599,253	5	0.29%			
United Facilities, Inc.	Shipping	3,573,510	6	0.29%	2,461,370	6	0.26%
Hy Vee Food Stores Inc.	Retailer	2,789,050	7	0.23%			
Wal-Mart Stores #775	Retailer	2,546,010	8	0.21%	1,959,130	10	0.20%
Lowes Home Centers, Inc.	Retailer	2,252,340	9	0.18%	2,205,360	8	0.23%
Target Corporation	Retailer	2,159,310	10	0.18%			
Admiral-Maytag Co.	Manufacturer				11,343,720	3	1.19%
First Property Management Corp	Mall				4,731,530	4	0.49%
RFMS	Healthcare Facility Mgmt				2,280,750	7	0.24%
Pioneer Hi-Bred	Retailer				2,200,300	9	0.23%
		\$63,765,106		5.17%	\$55,494,430		5.80%

See Accompany Independent Auditor's Report.

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

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

TABLE I

<b>Fiscal Year</b>	<b>General Bonded Debt</b>	<b>Leases Certificates</b>	<b>Notes Payable</b>	<b>Capital Leases</b>	<b>Purchase Contracts</b>	<b>Total Primary Government</b>	<b>Estimated Actual Value Taxable Property</b>	<b>Ratio Total Debt to Est. Actual Taxable Prop. Value</b>	<b>Estimated Population</b>	<b>Net Bonded Debt Per Capita</b>
2008	\$26,610,000			\$105,200		\$26,715,200	\$3,953,705,376	0.676%	121,300	219
2007	24,795,000			180,861		24,975,861	3,700,878,384	0.675%	121,300	204
2006	25,830,000			834,901		26,664,901	3,610,437,843	0.739%	121,986	235
2005	26,805,000			919,899		27,724,899	3,662,878,517	0.757%	123,180	242
2004	26,600,000			1,155,838		27,755,838	3,862,259,937	0.719%	124,778	239
2003	22,960,000			183,136		23,143,136	3,844,345,656	0.602%	125,828	205
2002	23,565,000			264,126		23,829,126	377,456,720	6.313%	126,632	209
2001	20,885,000			289,573		21,174,573	3,688,829,949	0.574%	127,399	183
2000	12,505,000	\$6,600,000		171,481		19,276,481	3,568,902,036	0.540%	127,605	109
1999	7,435,000		\$2,430,443	229,441	\$684,000	10,778,884	3,250,840,287	0.332%	132,191	64

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
2008	\$26,610,000	\$3,953,705,376	121,300	0.673%	219
2007	24,795,000	3,700,878,384	121,300	0.670%	204
2006	25,830,000	3,610,437,843	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

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, 2008**

**TABLE K**

<b>Overlapping Agencies</b>	<b>Outstanding Debt</b>	<b>Percent</b>	<b>Amount</b>
Fulton County	\$415,000	3.36%	\$13,944
Spoon River Valley Unit #3	1,205,000	2.89%	34,825
Dallas City CUSD #336	695,000	100.00%	695,000
City of Dallas City	16,000	100.00%	16,000
Hancock County	95,000	92.68%	88,046
Nauvoo-Colusa CUSD #325	585,000	100.00%	585,000
LaHarpe CUSD #335	290,000	100.00%	290,000
Hamilton Park District	930,000	100.00%	930,000
Carthage Park District	210,000	100.00%	210,000
City of Warsaw	285,000	100.00%	285,000
Warsaw CUSD #316	1,740,000	100.00%	1,740,000
Gulfport-Gladstone Fire P District	83,531	100.00%	83,531
Union CUSD #115	103,250	100.00%	103,250
Village of Prairie City	117,050	100.00%	117,050
Building Commission	1,039,966	34.03%	353,900
West Central CUSD #235	3,011,362	2.66%	80,193
Bushnell-Prairie City CUSD #170	1,365,947	86.54%	1,182,091
Monmouth Park District	431,931	100.00%	431,931
City of Monmouth	2,188,408	100.00%	2,188,408
Village of Alexis	378,005	57.39%	216,922
Village of Roseville	119,512	100.00%	119,512
Culbertson Mem Hospital	2,620,000	2.38%	62,461
Knox County	7,575,000	100.00%	7,575,000
City of Galesburg	19,385,000	100.00%	19,385,000
City of Abingdon	1,250,000	100.00%	1,250,000
City of Knoxville	335,000	100.00%	335,000
CUSD #4	1,125,000	27.39%	308,138
CUSD #100	7,679,000	2.84%	218,084
CUSD #176	465,000	100.00%	465,000
CUSD #202	4,160,518	100.00%	4,160,518
CUSD #205	4,680,000	100.00%	4,680,000
CUSD #217	3,864,993	100.00%	3,864,993
CUSD #224	360,000	8.23%	29,628
CUSD #225	3,140,000	7.18%	225,452
CUSD #265	10,826,081	18.41%	1,993,082
CUSD #304	2,450,000	83.47%	2,044,893
CUSD #322	2,020,000	0.20%	4,040
Community College Distric. #534	6,130,000	0.15%	9,195
Community College Dist. #503	15,380,000	0.28%	43,064
			<u>56,418,148</u>
Community College Dist. #518	26,610,000	100.00%	<u>26,610,000</u>
Total Direct & Overlapping General Obligation Bonded Debt			<u><u>\$83,028,148</u></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
2008	\$37,889,677	\$26,715,200	\$11,174,477	70.508%
2007	35,467,875	24,975,861	10,492,014	70.418%
2006	34,600,029	26,664,901	7,935,128	77.066%
2005	35,102,586	27,724,899	7,377,687	78.982%
2004	37,013,324	27,755,838	9,257,486	74.989%
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 - 2007 levy \$1,317,901,792

Debt limit (2.875% of total assessed value) \$37,889,677

Debt applicable to limit:

General obligation bonds	26,610,000
Lease certificates	0
Notes payable	0
Capital leases	105,200
Purchase contracts	<u>0</u>

Total net debt applicable to limit 26,715,200

Legal debt margin \$11,174,477

Sources: Knox 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**

<b>Fiscal Year</b>	<b>Estimated Population*</b>	<b>Personal Income (Amounts Expressed in Thousands)</b>	<b>Per Capital Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>	<b>District Student Enrollment</b>	<b>Average Class Size</b>
2008	121,300	\$2,071,198	\$17,075	36.6	36,897	7.23%	2,693	12
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

\* 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	2008			1999		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
Farmland Foods	1,350	1	2.01%	1,167	3	1.62%
Burlington Northern Santa Fe Railroad	1,115	2	1.66%	850	4	1.18%
OSF (Galesburg, Monmouth)	1,025	3	1.52%	598	7	0.83%
Methode Electronics *	800	4	1.19%	1,200	2	1.67%
Galesburg Cottage Hospital	730	5	1.08%	700	6	0.97%
Dick Blick Company	550	6	0.82%	450	9	0.63%
School District Number 205	542	7	0.80%	800	5	1.11%
Hy-Vee	525	8	0.78%			
Carl Sandburg College	454	9	0.67%			
Knox County	420	10	0.62%	447	10	0.62%
Maytag-Galesburg Refrigeration **	0		0.00%	1,900	1	2.64%
Butler Manufacturing ***	0		0.00%	800	5	1.11%
Gates Rubber Company ****	91		0.00%	499	8	0.69%
<b>Total</b>	<b>7,602</b>		<b>11.15%</b>	<b>9,411</b>		<b>13.07%</b>

Source: 2008 Principal Employers

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

\*2008 Illinois Manufacturers Directory

Source: 1999 Principal Employers

Illinois Department of Commerce and Economic Opportunity Community Profiles

[http://www.ildceo.net/dceo/Bureaus/Business\\_Development/Resources+and+Support](http://www.ildceo.net/dceo/Bureaus/Business_Development/Resources+and+Support)

\*\*IAM Local 2063, 1999 Contract

\*\*\*Carryover from previous year

\*\*\*\*1999 range U.S. Census Bureau, North American Industry Classification System

<http://censtats.census.gov/cbpnaic/cbpnaic.shtml>

Source: Labor Force Population

Illinois Workforce Information Center – June 2008, June 1999 <http://wic.ilworkinfo.com/>

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

**TABLE O**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Instruction-Faculty	112	143	134	135	135	136	136	116	121	112
Full-time	64	68	64	65	65	66	66	63	65	60
Part-time	48	75	70	70	70	70	70	53	56	52
Administrative Staff	21	21	22	28	25	26	23	24	24	23
Full-time	21	21	22	28	25	26	23	24	24	23
Part-time	0	0	0	0	0	0	0	0	0	0
Other Non-Teaching Professional	73	71	74	86	94	69	64	74	62	55
Full-time	69	70	74	86	94	69	63	71	56	52
Part-time	4	1	0	0	0	0	1	3	6	3
Classified Staff	58	63	56	53	56	78	76	53	69	62
Full-time	55	60	56	53	56	78	76	50	64	59
Part-time	3	3	0	0	0	0	0	3	5	3
<b>Total</b>	<b>264</b>	<b>298</b>	<b>286</b>	<b>302</b>	<b>310</b>	<b>309</b>	<b>299</b>	<b>267</b>	<b>276</b>	<b>252</b>

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

TABLE P

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Instruction:										
Annual unduplicated										
Headcount Enrollment:										
Bacc/Transfer	2,731	2,972	2,349	2,289	2,240	2,230	2,389	2,564	2,364	2,292
Vocational	85	101	1,281	1,209	1,541	1,411	1,071	1,424	1,849	2,075
Occupational	1,311	1,536	1,880	2,572	2,645	2,444	2,008	1,840	1,698	1,497
ABE	153	146	43	50	43	62	58	42	46	29
ASE	206	226	226	382	493	439	468	376	442	456
ESL	39	46	14	61	45	35	27	25	44	30
General Studies	2	3	1	1	1	0	0	4	1	1
General Associates	88	170	241	55	33	19	15	14	13	9
<b>Total</b>	<b>4,615</b>	<b>5,200</b>	<b>6,035</b>	<b>6,619</b>	<b>7,041</b>	<b>6,640</b>	<b>6,036</b>	<b>6,289</b>	<b>6,457</b>	<b>6,389</b>
Annual FTE Students	1,682	1,914	2,283	2,443	2,392	2,251	2,015	1,984	1,883	1,926
Total Reimbursable Credit Hours	50,471	57,435	68,499	73,314	71,756	67,530	59,970	53,430	49,830	46,230
Degrees awarded:										
Associate (transfer)	102	98	109	130	105	147	161	161	160	182
Associate in applied science	123	181	295	190	175	181	130	107	132	109
Career & technical certificates	139	187	157	123	170	205	175	202	138	163
Average annual faculty salary	\$48,158	\$47,731	\$45,867	\$44,921	\$44,922	\$44,263	\$43,989	\$44,636	\$42,371	\$42,234
Students per faculty	11	13	17	18	18	17	15	17	16	17
Institutional support:										
Operation and maintenance of plant:										
Utility cost per gross square feet	1.69	1.30	1.50	1.34	1.30	1.16	1.30	1.57	1.30	0.81

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

TABLE Q

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Instruction:</b>										
Building - acres	6.6	6.6	6.4	6.4	6.4	6.4	6.4	6.1	6.1	6.1
Classroom - sq. ft.	46,327	42,489	38,455	38,538	37,288	40,761	28,368	24,779	28,126	28,126
Lab - sq. ft.	71,505	64,704	65,743	67,128	64,341	66,114	68,436	65,171	67,836	67,836
<b>Academic support:</b>										
Support - sq. ft.	3,385	3,736	3,980	2,678	1,967	1,967	1,680	1,680	1,680	1,680
Study - sq. ft.	19,349	19,056	17,945	15,483	15,483	13,162	11,661	11,752	11,752	11,752
<b>Student services:</b>										
PE & athletic fields - acres	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Athletic/PE - sq. ft.	11,694	18,133	18,133	18,133	18,133	18,133	12,214	9,420	9,420	9,420
<b>General administration</b>										
Office - sq. ft.	39,574	30,666	29,464	31,306	33,367	31,867	6,270	23,294	23,293	23,293
<b>Institutional support:</b>										
Landscaped grounds - acres	36.5	36.5	36.7	36.7	36.7	36.7	38.7	38.7	38.7	38.7
Parking lots - acres	9.0	9.0	9.0	9.0	9.0	9.0	7.0	7.0	7.0	7.0
Roadways - acres	5.0	5.0	5.0	5.0	5.0	5.0	4.8	4.8	4.8	4.8

**SPECIAL REPORTS SECTION**



**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO 518  
SUPPLEMENTAL FINANCIAL INFORMATION SECTION**  
June 30, 2008

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**Uniform Financial Statements**

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

The Uniform Financial Statements include the following:

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

**Certificate of Chargeback Reimbursement**

- No. 6 - Certificate of Chargeback Reimbursement (unaudited)

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
UNIFORM FINANCIAL STATEMENT #1  
ALL FUNDS SUMMARY**

For the year ended June 30, 2008

	Education Fund **	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Capital Endowment
Fund balance (deficit) at July 1, 2007	\$1,502,953	\$120,844	(\$704,137)	\$6,346,100
Revenue:				
Local taxes	2,531,522	613,554	182,839	
All other local government	14,452			
ICCB grants	4,583,372	404,037		
All other state revenue	336,475	24,511		
Federal revenue				
Student tuition and fees	4,816,633	306,477		
All other revenue	143,081	52,843	84,535	338,485
<b>Total revenue</b>	<b>12,425,535</b>	<b>1,401,422</b>	<b>267,374</b>	<b>338,485</b>
Expenditures:				
Instruction	6,126,015			
Academic support	320,117			
Student services	1,330,792			
Public services	173,319			
Institutional support	3,592,623	50,208	48,792	1,250
Scholarships, student grants, and waivers				
Operation and maintenance		1,345,246		
Principal retirement				
Interest and service charges				
Building construction, building improvements, and equipment	80,184	12,838	2,972,620	
<b>Total expenditures</b>	<b>11,623,050</b>	<b>1,408,292</b>	<b>3,021,412</b>	<b>1,250</b>
Par on bonds sold				
Net premium (discount) on bonds sold				
Transfers in	14,264		3,207,905	
Transfers out	(400,000)	(100,000)	(14,264)	(38,501)
	(385,736)	(100,000)	3,193,641	(38,501)
<b>Fund balance (deficit) at June 30, 2008</b>	<b>\$1,919,702</b>	<b>\$13,974</b>	<b>(\$264,534)</b>	<b>\$6,644,834</b>

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

Bond and Interest Fund	Auxiliary Enterprise Fund	Restricted Purpose Fund	Audit Fund	Liability Protection Funds	Sandburg Initiates Life-changing Opportunities	Nonexpendable Trust Fund	Total
\$205,170	\$88,982	\$111,690	(\$122,913)	\$3,833,342	\$0	\$4,195,144	\$15,577,175
2,396,540		46,144	61,355	1,624,690			7,410,500
		367,379					60,596
		1,221,932					5,354,788
	26,882	4,842,320					1,582,918
	207,328						4,869,202
71,631	799,559	163,730	910	284,225	18,584	155,836	5,330,438
2,468,171	1,033,769	6,641,505	62,265	1,908,915	18,584	155,836	2,113,419
		859,698					6,985,713
		4,750					324,867
	1,026,574	526,481					2,883,847
		484,080					657,399
47,935		20,887	73,604	1,998,356			5,833,655
		4,587,469					4,587,469
							1,345,246
4,735,000							4,735,000
1,217,073							1,217,073
		80,622					3,146,264
6,000,008	1,026,574	6,563,987	73,604	1,998,356	0	0	31,716,533
6,550,000							6,550,000
12,895							12,895
	38,501				600,000		3,860,670
(3,100,000)	(107,905)					(100,000)	(3,860,670)
3,462,895	(69,404)	0	0	0	600,000	(100,000)	6,562,895
\$136,228	\$26,773	\$189,208	(\$134,252)	\$3,743,901	\$618,584	\$4,250,980	\$17,145,398

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
UNIFORM FINANCIAL STATEMENT #2  
SUMMARY OF FIXED ASSETS AND DEBT\*  
For the year ended June 30, 2008**

	Fixed Assets/ Debt Account Groups July 1, 2007	Additions	Deletions	Fixed Assets/ Debt Account Groups June 30, 2008
Fixed assets:				
Land	\$405,483			\$405,483
Work in progress		\$2,590,317		2,590,317
Furniture and equipment	3,551,294	22,909	\$5,870	3,568,333
Land improvements	208,602	11,702		220,304
Buildings and additions	25,875,234	65,407	63,433	25,877,208
Vehicles	266,518			266,518
Infrastructure	2,181,477	175,211		2,356,688
Total fixed assets	32,488,608	2,865,546	69,303	35,284,851
Accumulated depreciation	14,394,818	1,231,403	21,666	15,604,555
Total net fixed assets	\$18,093,790	\$1,634,143	\$47,637	\$19,680,296
Fixed debts:				
Bonds payable	\$24,795,000	\$6,550,000	\$4,735,000	\$26,610,000
Other fixed liabilities	565,930	372,195	420,769	517,356
Total fixed debts	\$25,360,930	\$6,922,195	\$5,155,769	\$27,127,356

\* Carl Sandburg College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2008.

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

For the year ended June 30, 2008

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Current taxes	\$2,531,522	\$613,554	\$3,145,076
Tuition chargeback revenue	9,333	0	9,333
Other	5,119	0	5,119
<b>Total local government</b>	<b>2,545,974</b>	<b>613,554</b>	<b>3,159,528</b>
State government:			
ICCB base operating grant	2,006,093	196,362	2,202,455
ICCB equalization grant	2,454,821	207,675	2,662,496
Corporate personal property replacement tax	336,475	24,511	360,986
Board of Vocation Education and Rehabilitation	122,458	0	122,458
<b>Total state government</b>	<b>4,919,847</b>	<b>428,548</b>	<b>5,348,395</b>
Student tuition and fees:			
Tuition	4,133,046	306,477	4,439,523
Fees	683,587	0	683,587
<b>Total tuition and fees</b>	<b>4,816,633</b>	<b>306,477</b>	<b>5,123,110</b>
Other sources:			
Facilities revenue	0	45,463	45,463
Interest	64,863	6,367	71,230
Other	78,218	1,013	79,231
<b>Total other sources</b>	<b>143,081</b>	<b>52,843</b>	<b>195,924</b>
<b>Total revenue</b>	<b>12,425,535</b>	<b>1,401,422</b>	<b>13,826,957</b>
Less nonoperating items -			
Tuition chargeback revenue	9,333	0	9,333
<b>Adjusted revenue</b>	<b>\$12,416,202</b>	<b>\$1,401,422</b>	<b>\$13,817,624</b>

\* 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, 2008

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$6,206,199	\$12,838	\$6,219,037
Academic support	320,117	0	320,117
Student services	1,330,792	0	1,330,792
Public services	173,319	0	173,319
Institutional support **	3,592,623	50,208	3,642,831
Operation and maintenance of plant	0	1,345,246	1,345,246
<b>Total expenditures</b>	<b>11,623,050</b>	<b>1,408,292</b>	<b>13,031,342</b>
Less nonoperating items -*			
Tuition chargeback	10,749	0	10,749
<b>Adjusted expenditures</b>	<b>\$11,612,301</b>	<b>\$1,408,292</b>	<b>\$13,020,593</b>
By object:			
Salaries	7,307,110	497,407	7,804,517
Employee benefits **	1,349,598	0	1,349,598
Contractual services	1,099,924	100,668	1,200,592
General materials and supplies	793,623	83,927	877,550
Conference and meeting expense	195,847	2,658	198,505
Fixed charges	147,191	362	147,553
Utilities	1,517	593,524	595,041
Capital outlay	80,184	12,838	93,022
Other	648,056	116,908	764,964
<b>Total expenditures</b>	<b>11,623,050</b>	<b>1,408,292</b>	<b>13,031,342</b>
Less nonoperating items -*			
Tuition chargeback	10,749	0	10,749
<b>Adjusted expenditures</b>	<b>\$11,612,301</b>	<b>\$1,408,292</b>	<b>\$13,020,593</b>

\* 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, 2008**

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Revenue by source:

Local government:

District 205 Partners in Parenting	\$5,037
T.R.A.I.N.	2,096
Prevention Initiative	5,477
Pre-K	16,063
Quality Counts Child Care	10,045
Other	7,426

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Total local government	46,144
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State government:

ICCB:

Base Operating Grant	96,905
Workforce Development Business/Industry Grant	64,765
P-16 Initiative Grant	29,879
State Adult Education Restricted Funds Grants	159,498
Program Improvement Grant	16,332
Tech Prep Support	4,649
Illinois Incentive for Access	73,000
S.O.S. Family Literacy	125,000
RSVP	33,647
Illinois Assistance Grant	980,636
Other	5,000

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Total state government	1,589,311
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Federal government:

College Work Study Grants	71,875
Pell Grants	2,684,780
Supplemental Educational Opportunity Grant	41,625
Federal Adult Basic	94,642
Federal Adult EL/Civics	22,065
Tech Prep Support	4,000
Trio-Student Support services	171,633
Direct Loans	763,588
Carl Perkins	260,912
RSVP	100,571
Upward Bound	248,561
Continuous Quality Improvement Grant	5,000
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, 2008

Revenue by source (continued):	
Federal government (continued):	
Innovation Grant	10,000
Academic Competitive Grant	13,800
Title III	344,268
<hr/>	
Total federal government	4,842,320
<hr/>	
Other sources	163,730
<hr/>	
Total restricted purposes fund revenues	\$6,641,505

Expenditures by program:	
Instruction	\$940,320
Academic support	4,750
Student services	526,481
Public services	484,080
Institutional support	20,887
Scholarships, student grants, and waivers	4,587,469
<hr/>	
Total restricted purposes fund expenditures by program	\$6,563,987

Expenditures by object:	
Salaries	\$921,744
Employee benefits	200,465
Contractual services	82,302
General materials and supplies	205,833
Travel, conference and meeting expense	65,054
Student financial aid	4,587,469
Fixed charges	29,980
Utilities	2,624
Capital outlay	80,622
Other	387,894
<hr/>	
Total restricted purposes fund expenditures by object	\$6,563,987



**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
UNIFORM FINANCIAL STATEMENT #5  
CURRENT FUNDS\* - EXPENDITURES BY ACTIVITY  
For the year ended June 30, 2008**

Instructional:	
Programs	\$6,137,160
Support	1,009,359
<hr/>	
Total instructional	7,146,519
<hr/>	
Public services	657,399
<hr/>	
Academic support:	
Learning Resource Center	200,068
Administration	124,799
<hr/>	
Total academic support	324,867
<hr/>	
Student services support:	
Admissions and records	210,194
Counseling and career guidance	427,711
Financial Aid Administration	140,711
Other student services support	1,078,657
<hr/>	
Total student services support	1,857,273
<hr/>	
Auxiliary services	1,026,574
<hr/>	
Operations and maintenance of plant:	
Maintenance	417,099
Custodial	226,999
Grounds	142,982
Plant utilities	547,796
Other operations and maintenance	23,208
<hr/>	
Total operations and maintenance of plant	1,358,084
<hr/>	
Institutional support:	
Executive management	385,159
Fiscal operations **	378,902
Community relations	447,440
Administrative support services	1,673,465
Board of Trustees	49,603
General institutional support	1,919,434
Administrative data processing	489,626
Other institutional support	392,049
<hr/>	
Total institutional support	5,735,678
<hr/>	
Scholarships, student grants, and waivers	4,587,469
<hr/>	
Total current funds expenditures	\$22,693,863

\* 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, 2008**

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Noncapital operating expenditures from the following funds:	
1 Education Fund *	\$11,542,866
2 Operations and Maintenance Fund	1,395,454
3 Bond and Interest Fund	6,000,008
4 Restricted Purposes Fund	6,483,365
5 Audit Fund	73,604
6 Liability, Protection, and Settlement Fund	<u>1,998,356</u>
7 Total noncapital expenditures (sum of lines 1-6)	<u><u>\$27,493,653</u></u>
8 Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u><u>\$718,013</u></u>
9 Total costs included (line 7 plus line 8)	<u><u>\$28,211,666</u></u>
10 Total certified semester credit hours for FY 2008	<u><u>50,470.5</u></u>
11 Per capita cost (line 9 divided by line 10)	\$558.97
12 All FY 2008 state and federal operating grants for noncapital expenditures, except ICCB grants	<u><u>6,747,853</u></u>
13 FY 2008 state and federal grants per semester credit hour (line 12 divided by line 10)	133.70
14 District's average ICCB grant rate (excluding equalization grants) for FY 2009	59.39
15 District's student tuition and fee rate per semester credit hour for FY 2009	<u>94.50</u>
16 Chargeback reimbursement per semester credit hour (line 11 less lines 13, 14, and 15)	<u><u>\$271.38</u></u>

Approved:           Lisa Blake            
Chief Financial Officer

          9/15/2008            
Date

          James A. Schmitt            
President

          9/15/2008            
Date

**AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS  
FOR WORKFORCE DEVELOPMENT, P-16 INITIATIVE, CAREER AND  
TECHNICAL EDUCATION-PROGRAM IMPROVEMENT, ADULT EDUCATION &  
FAMILY LITERACY, AND TECH PREP SUPPORT GRANTS**

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

We have audited the accompanying balance sheets of the Workforce Development, P-16 Initiative, Career and Technical Education-Program Improvement, Adult Education & Family Literacy, and Tech Prep Support Grants of Carl Sandburg College – Community College District No. 518 (the College) as of June 30, 2008, and the related statements of revenues, expenditures, and changes in fund balance – actual for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 the Workforce Development, P-16 Initiative, Career and Technical Education-Program Improvement, Adult Education & Family Literacy, and Tech Prep Support Grants of Carl Sandburg College – Community College District No. 518 (the College) at June 30, 2008, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Sterling, Illinois  
September 10, 2008

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
WORKFORCE DEVELOPMENT BUSINESS/INDUSTRY GRANT PROGRAM  
BALANCE SHEET  
June 30, 2008**

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**A S S E T S**

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

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Liabilities	\$0
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Fund balance	0
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Total liabilities and fund balance	\$0
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**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
WORKFORCE DEVELOPMENT BUSINESS/INDUSTRY GRANT PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE**

For the year ended June 30, 2008

	<b>Business/ Industry</b>
Revenues*	
State Sources	\$64,765
Expenditures:*	
Salaries	23,120
Benefits	7,900
Rent	23,800
Other	9,945
Total expenditures	64,765
Excess of revenues over expenditures	0
Fund balance at beginning of year	0
Fund balance at end of year	\$0

\*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, 2008

	General	Operation of Workforce Dev. Office	Total
Expenditures:			
1. Personnel (salaries and benefits) **		\$31,020	\$31,020
2. Contractual services		9,945	9,945
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		23,800	23,800
10. Totals	\$0	\$64,765	\$64,765

\* 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, 2008**

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**A S S E T S**

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

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Liabilities	\$0
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Fund balance	0
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Total liabilities and fund balance	\$0
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**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
P-16 INITIATIVE GRANT PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
For the year ended June 30, 2008**

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Revenues*	
State Sources	\$29,879
<hr/>	
Expenditures -*	
Tuition and fees	29,879
<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, 2008

<b>A S S E T S</b>	<b>State Basic</b>	<b>State Public Assistance</b>	<b>State Performance</b>	<b>Total</b>
Due from other funds	\$125	\$0	\$832	\$957
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities	\$0	\$0	\$0	\$0
Fund balance - reserved for encumbrances	125	0	832	957
Total liabilities and fund balance	\$125	\$0	\$832	\$957

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, 2008**

	State Basic	State Public Assistance	State Performance	Total
Revenues -				
Grant revenue	\$90,073	\$18,806	\$50,619	\$159,498
Expenditures:				
Instruction	50,240	10,372	17,991	78,603
Social work services				0
Guidance services	13,410		22,148	35,558
Assistive and adaptive equipment				0
Assessment and testing	280	8,434	3,846	12,560
Student transportatoin services			2,942	2,942
Literacy services	21,942		1,495	23,437
Child care services				0
Subtotal instructional and student services	85,872	18,806	48,422	153,100
Improvement of instructional services				0
General administration	4,076		1,365	5,441
Operation and maintenance of plant services				0
Worforce coordination				0
Data and information services				0
Indirect costs				0
Subtotal program support	4,076	0	1,365	5,441
Total expenditures	89,948	18,806	49,787	158,541
Excess of revenues over expenditures	125	0	832	957
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$125	\$0	\$832	\$957

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, 2008

<b>State Basic</b>	<b>Audited Expenditure Amount</b>	<b>Actual Expenditure Percentage</b>
Instruction (45% minimum required)	\$50,240	55.85%
General Administration (9% maximum allowed)	\$4,076	4.53%
<hr/>		
<b>State Public Assistance</b>	<b>Audited Expenditure Amount</b>	<b>Actual Expenditure Percentage</b>
Instruction (45% minimum required)	\$10,372	55.15%
General Administration (9% maximum allowed)	\$0	0.00%
<hr/>		
<b>State Performance</b>	<b>Audited Expenditure Amount</b>	<b>Actual Expenditure Percentage</b>
General administration (9% maximum allowed)	\$1,365	2.74%

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
TECH PREP SUPPORT GRANT PROGRAM  
BALANCE SHEET**

June 30, 2008

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**A S S E T S**

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Due from other funds	\$311
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**LIABILITIES AND FUND BALANCE**

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Liabilities	0
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Fund balance - reserved for encumbrances	311
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Total liabilities and fund balance	\$311
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See Note to Financial Statements.

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
TECH PREP SUPPORT GRANT PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE**

For the year ended June 30, 2008

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Revenues -*	
State Sources	\$4,649
<hr/>	
Expenditures:*	
Contractual services	1,857
General materials and supplies	1,419
Conference and meeting	1,062
<hr/>	
Total expenditures	4,338
<hr/>	
Excess of revenues over expenditures	311
<hr/>	
Fund balance at beginning of year	0
<hr/>	
Fund balance at end of year	\$311

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\*Report ICCB grant funds only.

See Note to Financial Statements.

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

June 30, 2008

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**A S S E T S**

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

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

Fund balance	0
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Total liabilities and fund balance	\$0
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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, 2008**

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Revenues -*	
State sources	\$16,332
<hr/>	
Expenditures -*	
General materials and supplies	16,332
<hr/>	
Excess of revenues over expenditures	0
Fund balance at beginning of year	0
<hr/>	
Fund balance at end of year	\$0
<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, 2008**

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**(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, P-16 Initiative, Career and Technical Education-Program Improvement, Adult Education & Family Literacy, and Tech Prep Support 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, 2008. 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 outlay and not capitalized.





**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, 2008, and have issued our report thereon dated September 10, 2008. 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, 2008. 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, 2008, 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 84-91 and 111-113 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 92 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.

Jendryen, Callihan, Van Osdel & Co., Ltd.

Sterling, Illinois  
September 10, 2008

**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, 2008**

	Total Semester Credit Hours by Term *							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	3,175.5		12,833.5		12,231.5		28,240.5	0.0
Business Occupational	523.5		1,348.5		1,664.0		3,536.0	0.0
Technical Occupation	286.5		1,839.0		1,642.5		3,768.0	0.0
Health Occupational	956.0		3,814.5		3,732.5		8,503.0	0.0
Remedial Development	387.0		1,659.0		1,090.0		3,136.0	0.0
Adult Basis Education/ Adult Secondary Education	0.0	218.0	27.0	1,463.0	243.0	1,336.0	270.0	3,017.0
Total credit hours certified	5,328.5	218.0	21,521.5	1,463.0	20,603.5	1,336.0	47,453.5	3,017.0

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours	45,876.0	80.0	45,956.0
Reimbursable semester credit hours (all terms)	3,372.0	18.5	
District equalized assessed valuation			\$1,317,901,792

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

\* Unrestricted credit hours are supported with 50 percent or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements. Restricted credit hours are supported with more than 50 percent of restricted sources of funding.

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, 2008

<b>Reconciliation of Total Semester Credit Hours For the year ended June 30, 2008</b>						
	<b>Total</b>			<b>Total</b>		
	<b>Total Unrestricted Credit Hours</b>	<b>Unrestricted Credit Hours Certified to The ICCB</b>	<b>Difference</b>	<b>Total Restricted Credit Hourse</b>	<b>Total Restricted Credit hours Certified to the ICCB</b>	<b>Difference</b>
Categories:						
Baccalaureate	28,240.5	28,240.5	-	-	-	-
Business Occupational	3,536.0	3,536.0	-	-	-	-
Technical Occupation	3,768.0	3,768.0	-	-	-	-
Health Occupational	8,503.0	8,503.0	-	-	-	-
Remedial Development	3,136.0	3,136.0	-	-	-	-
Adult Basis Education/Adult Secondary Education	270.0	270.0	-	3,017.0	3,017.0	-
<b>Total</b>	<b>47,453.5</b>	<b>47,453.5</b>	<b>-</b>	<b>3,017.0</b>	<b>3,017.0</b>	<b>-</b>

<b>Reconciliation of In-District/Chargeback and Cooperative/ Contractual Agreement Credit Hours</b>			
	<b>Total</b>		<b>Difference</b>
	<b>Total Attending (Unrestricted and Restricted)</b>	<b>Attending as Certified to the ICCB (Unrestricted and Restricted)</b>	
In-district residents	45,876.0	45,876.0	-
Out-of-districts on chargeback or contractual agreement	80.0	80.0	-
	<b>Total</b>		<b>Difference</b>
	<b>Total Reimbursable</b>	<b>Total Reimbursable Certified to ICCB</b>	
Dual credit	3,372.0	3,372.0	-
Dual enrollment	18.5	18.5	-

<b>Reconciliation of Total Correctional Semester Credit Hours For the year ended June 30, 2008</b>			
	<b>Total</b>		<b>Difference</b>
	<b>Total Correctional Credit Hours</b>	<b>Total Correctional Credit Hours Certified to the ICCB</b>	
Categories:			
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupation	-	-	-
Remedial Development	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

June 30, 2008

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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 2007, 2006 and 2005**

	2007	2006	2005
<b>Assessed Valuations:</b>			
Knox County	\$627,413,484	\$588,749,264	\$584,671,313
Warren County	213,899,595	203,870,198	204,911,692
Fulton County	10,829,414	10,437,028	10,318,633
Henderson County	96,159,059	88,991,812	83,533,601
Mercer County	14,283,444	13,524,172	12,935,777
Stark County	81,430	82,222	90,725
Henry County	503,319	467,926	495,652
McDonough County	123,397,410	100,691,105	102,088,573
Schuyler County	1,830,105	1,836,393	1,433,315
Hancock County	229,504,532	216,673,704	203,000,000
<b>Total assessed valuations</b>	<b>\$1,317,901,792</b>	<b>\$1,225,323,824</b>	<b>\$1,203,479,281</b>
<b>Tax Rate (per \$100 assessed valuation):</b>			
Educational Accounts	0.1998	0.2063	0.2015
Operations and Maintenance Accounts	0.0495	0.0500	0.0500
Bond and Interest Fund	0.2106	0.1953	0.1833
Audit Fund	0.0050	0.0050	0.0050
Liability, Protection, Settlement, Social Security, and Medicare Accounts	0.1556	0.1473	0.1361
<b>Total tax rate</b>	<b>\$0.6205</b>	<b>\$0.6039</b>	<b>\$0.5759</b>
<b>Tax Extensions:</b>			
Educational Accounts	\$2,601,208	\$2,529,139	\$2,425,011
Operations and Maintenance Accounts	637,425	616,262	601,740
Bond and Interest Fund	2,711,952	2,407,119	2,205,978
Audit Fund	64,386	61,626	60,174
Liability, Protection, Settlement, Social Security, and Medicare Accounts	1,975,373	1,829,065	1,637,935
<b>Total tax extensions</b>	<b>\$7,990,344</b>	<b>\$7,443,211</b>	<b>\$6,930,838</b>

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
ASSESSED VALUATIONS, TAX RATES, TAX EXTENSIONS,  
AND TAX COLLECTIONS  
(CONTINUED)**

Levy Years 2007, 2006 and 2005

	2007	2006	2005
Tax Collections to June 30:			
Education Fund	\$663,121	\$2,521,186	\$2,425,253
Operations and Maintenance Fund	164,287	611,049	601,872
Bond and Interest Fund	698,966	2,386,756	2,206,461
Audit Fund	16,595	61,105	60,187
Protection, Health, Safety	79,322	182,092	0
Liability, Protection, and Settlement Fund	437,103	1,618,057	1,638,294
<b>Total tax collections</b>	<b>\$2,059,394</b>	<b>\$7,380,245</b>	<b>\$6,932,067</b>
Percent of extensions collected	25.77%	99.15%	100.02%

**ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION**



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

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

We have audited the basic financial statements of Carl Sandburg College – Community College District No. 518 (the College) as of and for the years ended June 30, 2008, and of its discretely presented component unit, Carl Sandburg College Foundation, as of and for the year then ended, and have issued our report thereon dated September 10, 2008. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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 College'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 College's financial statements that is more than inconsequential, will not be prevented or detected by the College'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. Item 08-01.

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 College'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 10, 2008.

Carl Sandburg College – Community College District No. 518's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Carl Sandburg College – Community College District No. 518's response and, accordingly, we express no opinion on it.

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.

*Lindgren, Callihan, Van Osdel & Co., Ltd.*

Sterling, Illinois  
September 10, 2008

**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, 2008. 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, 2008.

## 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.

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.

*Lindgren, Callahan, Van Osdal & Co., Ltd.*

Sterling, Illinois  
September 10, 2008

**CARL SANDBURG COLLEGE -  
COMMUNITY COLLEGE DISTRICT NO. 518  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Agriculture -</b>			
Direct awards -			
Child & Adult Care Food Program	10.558	N/A	26,882
<b>U.S. Department of Education:</b>			
Direct awards:			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$41,625
Federal Work Study Program	84.033	N/A	70,022
Federal Pell Grant Program	84.063	N/A	2,671,170
Federal Direct Loan Program	84.268	N/A	729,222
Academic Competitive Grant	84.375	N/A	13,800
TRIO - Upward Bound -			
Crossing the Bridge to Success	84.047	P047A070128	248,688
Higher Education Institutional Aid -			
Title III Strengthening Institutions	84.031	P031A050036-07	344,268
Pass-through the Illinois Community College Board:			
Adult Education:			
Federal Adult EL/Civics	84.002	51801	22,065
Federal Adult Basic	84.002	51801	94,642
Career and Technical Education Programs -			
Continuous Quality Improvement	84.048	CTEL08518	5,000
Performance Enhancement	84.048	CTEL08518	5,000
Innovation Grant	84.048	CTEL08518	10,000
Perkins Postsecondary Grants	84.048	CTE51808	260,912
Pass-through Southeastern Community College -			
TRIO - Student Support Services	84.042	P042A050016-07	174,922
Pass-through Western Area Career Center -			
Tech-Prep Education	84.243	N/A	4,000
Total U.S. Department of Education			4,695,336
<b>Corporation for National and Community Service -</b>			
Direct awards:			
Retired and Senior Volunteer Program	94.002	N/A	100,571
Americorps	94.006	N/A	8,050
Total Corporation for National and Community Service			108,621
Total federal awards expended			\$4,830,839

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO. 518  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2008**

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- **General** – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Carl Sandburg College – Community College District 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, 84.375)	<u>\$3,531,014</u>
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- **Subrecipient Payments** - Carl Sandburg College – Community College District No. 518 did not provide any federal payments to subrecipients during the year ended June 30, 2008.
- **Non-Cash Assistance** - Carl Sandburg College – Community College District No. 518 did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2008.
- **Loans Outstanding** - Carl Sandburg College – Community College District No. 518 has no loans or loan guarantees outstanding at June 30, 2008.

**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO. 518  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)  
June 30, 2008**

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**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	_X_ no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_X_ yes	___ none reported
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

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

Type of auditor’s report issued on compliance for major programs:		Unqualified
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	___ yes	_X_ 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, 84.375	Student Financial Aid

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?	___ yes	_X_ No
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**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO. 518  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2008**

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**Section II – Financial Statement Findings**

Item 08-01

**Condition:**

The College lacks proper reconciliation procedures between the Children's School and the College's accounting systems. The College has a procedure that Children's School employees manually prepare a list of transactions for the College to enter into the main accounting system. However, the two accounting system records did not match.

**Effect:**

The effect of this significant deficiency was improper recording of Children's School revenue and ending accounts receivable and additional audit adjustments.

**Cause:**

The College has not implemented a proper internal control procedure for preventing and detecting misstatements relating to the Children's School on a timely basis.

**Recommendation:**

The College should compare reports from both accounting systems on a routine basis to ensure there are no misstatements relating to manual procedures.

**Management Response:**

The business office personnel will be assigned to reconcile accounting records between the Children's School and the business office. These will be reviewed monthly by the Coordinator of Accounting Services or the Chief Financial Officer of the College.



**CARL SANDBURG COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO. 518  
CORRECTIVE ACTION PLAN  
June 30, 2008**

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**Finding No:** 08-01

**Condition:**

The College lacks proper reconciliation procedures between the Children's School and the College's accounting systems. The College has a procedure that Children's School employees manually prepare a list of transactions for the College to enter into the main accounting system. However, the two accounting system records did not match.

**Plan:**

Monthly reconciliations on the Children's School accounts receivable and revenue will be completed and reviewed by the business office staff. Daily accounting for money received will continue between the business office and the Children's School.

**Anticipated Date of Completion:**

October 1, 2008

**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, 2008**

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**Prior Year Findings:**

**June 30, 2007:**

None

**June 30, 2006:**

**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.