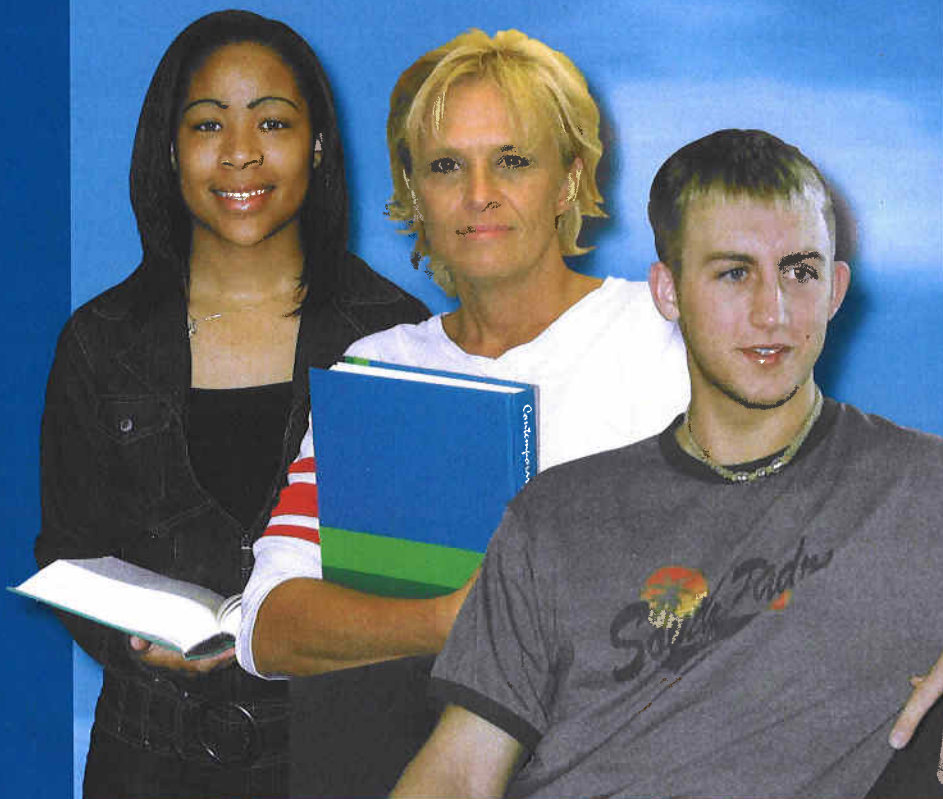




Carl Sandburg
College

2006 Comprehensive Annual Financial Report



Fiscal year ended June 30, 2006 • Community College District 518
2400 Tom L. Wilson Blvd., Galesburg, IL 61401

**CARL SANDBURG COLLEGE -
COMMUNITY COLLEGE DISTRICT NO. 518
Galesburg, Illinois**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2006 and 2005**

Prepared by:

Finance Office

Lisa M. Blake, Chief Financial Officer and Treasurer

**CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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President's Letter

October 10, 2006

Ladies and Gentlemen of the Board:

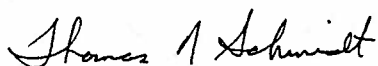
I am pleased to submit to you and the residents of District 518 the Comprehensive Annual Financial Report for Fiscal Year 2006. This document presents the record of the College's financial operations for the year just ended.

This past year, the College again received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and we are proud of this achievement. In fiscal year 2006, we also substantially completed the implementation of new administrative software (Colleague) which will provide further improvements to our decision making process, as well as the presentation of information to all constituents of the College.

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 31 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. Over 13,000 degrees and certificates have been awarded since the College's inception.

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

Respectfully,



Thomas A. Schmidt
President

iv

Illinois Community College District 518

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

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

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

Transmittal Letter

October 10, 2006

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, 2006, 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 Clifton Gunderson LLP 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.

V

Illinois Community College District 518

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The CAFR is presented in four sections: introductory, financial, statistical and special reports. The introductory section includes the President's Letter, this transmittal letter, the College's principal officials, an organization chart and the Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the report of independent accountants, the management's discussion and analysis, the basic financial statements, notes to financial statements and supplemental financial information. The statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis. The special reports section includes uniform financial statements, the certificate of chargeback reimbursement, grant financial statements and enrollment schedules required by the Illinois Community College Board, together with the related auditors' reports.

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 2005, the College enrolled 3,260 students, with an average age of 31 years. Women represented 59 percent of the student body. Nearly 90 percent of the students were employed, and 55 percent were part-time students. Many students balance the demands of college with work and family responsibilities.

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006*</u>
Fall College enrollment	3341	3441	3554	3575	3260	2930
Annual Full-time equivalents	1781	1999	2251	2392	2443	2283
Continuing Education Credit Hours	1406	1440	1167	1282	1378	1326
<u>Total Annual Credit Hours</u>	53430	59970	67530	71760	73314	68500

* projected

The College has the resources required to serve student enrollment. In 2001, the North Central Association of College and Schools continued accreditation for ten years and indicated that fiscal management was a strong asset of the College.

The College's mission is as follows:

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.

Following a comprehensive institutional planning process, the Board of Trustees adopted a set of six focal points each with goals designed to shape departmental, programmatic, and individual decision making.

- I. Learning
 - A. Promote and support student learning at the classroom, program, and school levels.
 - B. Provide and maintain resources, which enable and enhance student retention and learning.
 - C. Promote and support local research on the learning process.
- II. Caring Environment
 - A. Shape an environment that recognizes the need for diversity.
 - B. Create opportunities for all within the College community to interact with understanding, tolerance, and respect for others.
 - C. Promote sensitivity to individual needs and aspirations of those throughout the College community.
 - D. Promote organizational development as a long-range effort to improve the College's problem-solving and renewal process.
- III. Technology
 - A. Establish and maintain effective technology in academic programs and support functions.
 - B. Upgrade employee skills in use of technology.
- IV. Cooperative Alliances
 - A. Develop programs in cooperation with neighboring institutions.
 - B. Maintain and expand alliances within and beyond the College district.
 - C. Support economic development activities
- V. Stability
 - A. Establish/maintain an operating fund balance equal to 5-6 percent of the previous year's adopted budget.
 - B. Develop institutional shape/make-up that best addresses long-range fiscal concerns.
 - C. Maintain the College comprehensive Risk Management Program.
 - D. Maintain a competitive compensation program to enable the College to attract and retain a quality workforce.
 - E. Promote operating efficiencies to accommodate growth.
 - F. Promote the development of human resources.
 - G. Promote and develop information management systems that facilitate decision-making.

VI. Assessment

- A. Promote and support local research on the assessment process.
- B. Promote student assessment at the course, program, and school levels.
- C. Promote assessment as an institutional way of life.

We strive to keep the mission and focal points foremost in our decision-making processes.

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.

Fund Group

Current Unrestricted

Fund

Education
Operations and Maintenance
Enterprise
Capital Endowment

Current Restricted

Bond and Interest
Restricted Purposes/Workforce Investment Act
Nonexpendable Trust
Audit
Liability, Protection, and Settlement

Plant

Operations and Maintenance (Restricted)

The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established for each individual fund. The College also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the College continues to meet its responsibility for sound financial management.

ECONOMIC CONDITION AND OUTLOOK

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

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

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

<u>Fund Type</u>	<u>Maximum Authority</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	State Avg. <u>2003</u>
<i>Current:</i>							
Education	0.2015	0.2015	0.1989	0.2054	0.2057	0.2021	.1936
Operations and Maintenance	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	.0579
Liability, Protection and Settlement	none	0.1191	0.1095	0.1010	0.0872	0.0680	.0515
Audit	0.0050	0.0050	0.0050	0.0041	0.0041	0.0023	.0020
Working Cash	none	0.0000	0.0000	0.0000	0.0000	0.0000	.0138
Social Security/Medicare	none	0.0170	0.0083	0.0076	0.0076	0.0074	
Bond and Interest	none	0.1833	0.1813	0.1458	0.1425	0.1423	.0328
<i>Plant:</i>							
Operations and Maintenance (Restricted) - Life Safety	0.0500	0.0000	0.0000	0.0000	0.0071	0.0087	.0151
Total		0.5759	0.5530	0.5139	0.5042	0.4808	.3667

Estimated assessed value of taxable property for 2005, representing taxes collectible in 2006, is \$1,203,479,281.

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

The College's financial outlook for the future continues to be positive, albeit with some caution. As illustrated in an earlier discussion, the College's student and adult continuing education enrollments fluctuated over the past five years and have shown a 10 percent decline in the last year.

The College’s capital improvement plan for fiscal year 2007 is 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 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 and barter dollars.

Debt of the College is comprised of General Obligation Bonds and Capital Leases. The bond payments will be funded through the tax levy while the capital leases are currently funded by bond proceeds. During the next year, it is anticipated that the college will issue no new debt.

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, 2006, the College’s investments generated \$392,707 in investment income.

The College invests funds in an Operating Checking account at Wells Fargo Bank. The College’s average rate on these funds was 3.93 percent. As of June 30, 2006, other investments were as follows:

Investments	<u>Amount</u>	<u>Percent</u>
Illinois Funds	\$ 1,084	.01
Illinois School District Liquid Asset Fund	\$ 460,102	3.26
Municipal bonds & US Government securities	\$10,911,459	77.30
Certificates of Deposit	<u>\$ 2,743,000</u>	<u>19.43</u>
	\$14,115,645	100.00

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

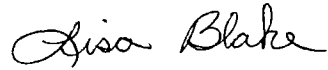
The College is extremely proud of its ability to meet the needs of the community and the financial reporting required by various groups, agencies and organizations. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Carl Sandburg College Community College District 518 for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the third 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.

The Association of School Business Officials (ASBO) International has presented a Meritorious Budget Award for excellence in the preparation and issuance of its school system budget for the Fiscal Year 2005-2006. The Meritorious Budget Awards Program was designed by ASBO International and school business management professionals to enable school business administration to achieve excellence in budget presentation. The program helps school systems build a solid foundation in the skills of developing, analyzing, and presenting a budget. It reflects the commitment of the College body and staff to achieve the highest standards of school budgeting.

Acknowledgments. The timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Lisa M. Blake
Chief Financial Officer



Lori L. Sundberg, DBA
Vice President of Administrative Services

CARL SANDBURG COLLEGE
Illinois Community College District No. 518
FY 2006

Principal Officials as of June 30, 2006

Board of Trustees

	Position	Term Expires
Mr. John Kraus	Chairperson	2007
Mr. Bruce A. Lauerman	Vice Chairperson	2007
Mr. William C. Robinson	Secretary	2011
Mr. Jack Ball	Trustee	2011
Mr. Thomas Colclasure	Trustee	2009
Dr. D. Wayne Green	Trustee	2009
Mr. John T. Huston	Trustee	2011
Ms. Paige Rohweder	Student Representative	
Ms. Kim Norris	Faculty Representative	
Ms. Angela Strom	Staff Representative	

Officers of the College

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

Administrative Staff

Ms. Gena Alcorn	Director of Foundation
Ms. Sherry Berg	Dean of Community & Extension Services
Ms. Lisa Blake	Chief Financial Officer/Treasurer
Mr. Larry Byrne	Director of Business Services
Ms. Sally Day	Director of Nursing
Ms. Robin DeMott	Director of Marketing & Public Relations
Ms. Marnie Dugan	Director of Recruiting
Ms. Debra Miller	Director of the Branch Campus
Ms. Lisa Hanson	Director of Financial Aid
Mr. Jon Jackson	WIA Planner/Grant Writer
Mr. Tony Bentley (Interim)	Director of TRIO Upward Bound
Ms. Gwendolyn Koehler	Dean of Adult & Developmental Education
Ms. Carol Kreider	Dean of Student Support Services
Ms. Misty Lewis	Director of TRIO Student Support Services
Ms. Elaine Long	Dean of Allied Health
Ms. Gina Krupps	Coordinator of the Extension Center
Mr. Mark Pfeigler	Dean of Occupational Programs
Mr. G. Robert Richardson	Director of Educational Programs – H.C. Hill
Ms. Blanche Shoup	WIA Director
Dr. Connie Thurman	Director of the Center for Manufacturing Excellence
Mr. Michael Walters	Dean of Learning Resource Services/Evening Administrator

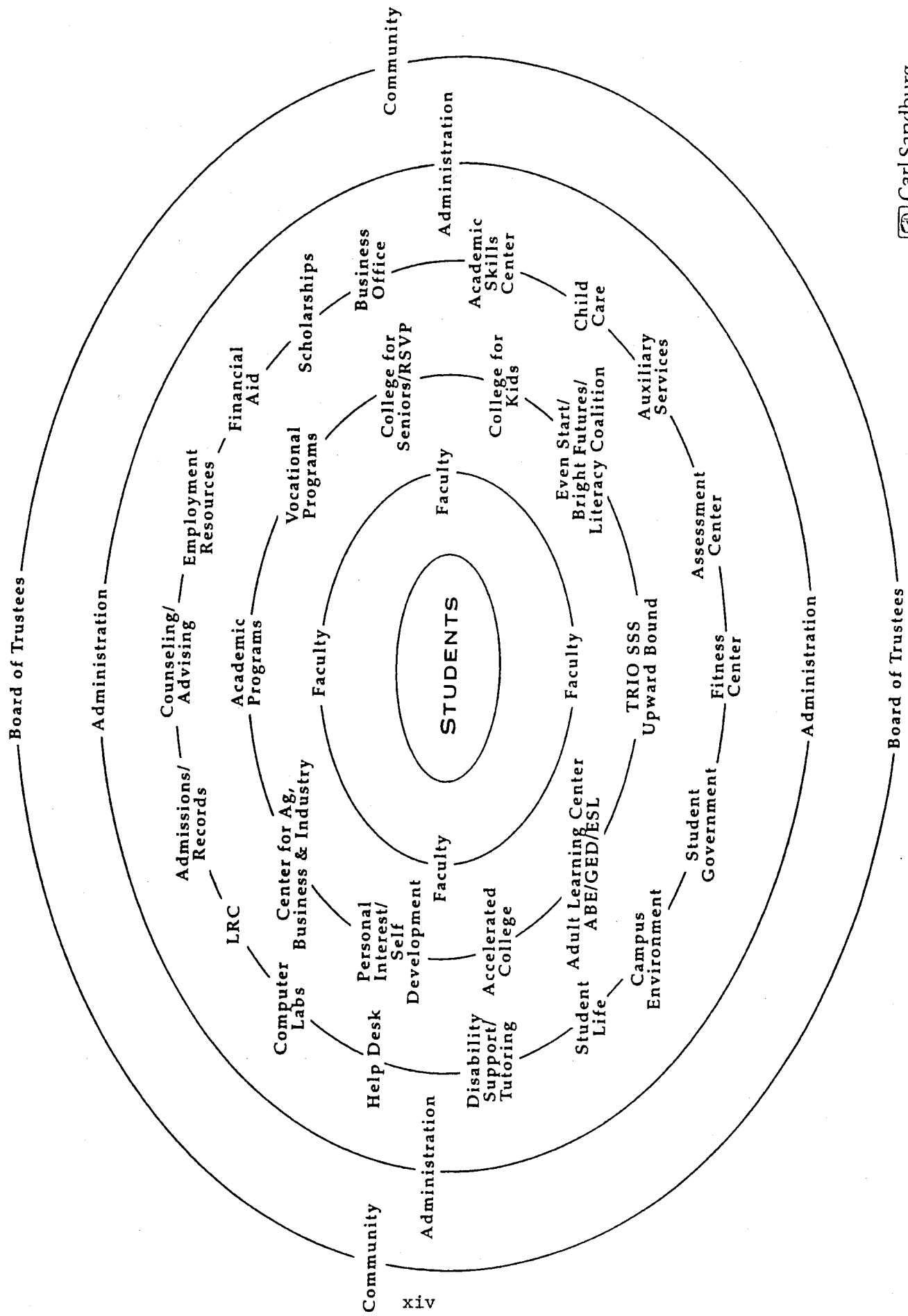
Official Issuing Report

Ms. Lisa Blake	Chief Financial Officer/Treasurer
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Department Issuing Report

Finance Office

COMMUNITY COLLEGE DISTRICT 518 CARL SANDBURG COLLEGE



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Carl Sandburg College
Community College District 518,
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



Carla E. Fudge

President

Jeffrey R. Emmer

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, 2006 and 2005, and of its discretely presented component unit, Carl Sandburg College Foundation, as of and for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Carl Sandburg College - Community College District No. 518 and of its discretely presented component unit, Carl Sandburg College Foundation, as of June 30, 2006 and 2005, and the respective changes in financial position and cash flows thereof for the years 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 29, 2006 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 audits were performed for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplemental financial information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Clifton Gundersen LLP

Peoria, Illinois
September 29, 2006

Management's Discussion and Analysis

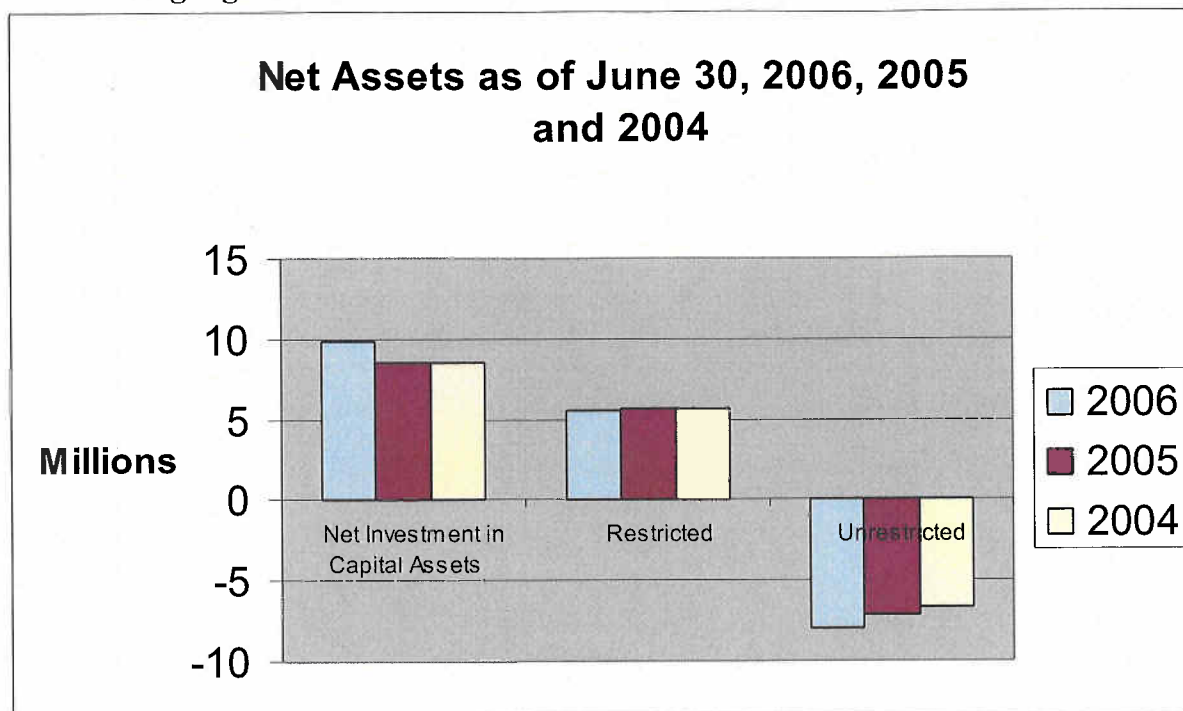
This section of Carl Sandburg College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2006 and 2005. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the transmittal letter (pages v-xii), the College's basic financial statements (pages 13-16), and the footnotes (pages 21-39). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

The new financial statement format (implemented in the fiscal year ended June 30, 2003) focuses on the College as a whole. A comparative analysis is presented in this fourth year of reporting under this model. The College financial statements (see pages 13-16) 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 9 to the financial statements. This MD&A focuses on the College exclusive of the Foundation.

Financial Highlights



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

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) 2006-2005</u>	<u>2004</u>	<u>Increase (Decrease) 2005-2004</u>
Current Assets	14.1	15.7	-1.6	16.7	-1.0
Non-current Assets					
Capital Assets, Net of Depreciation	19.3	18.9	0.4	18.5	0.4
Other	9.2	10.5	-1.3	9.4	1.1
Total Assets	42.6	45.1	-2.5	44.6	0.5
Current Liabilities	9.7	11.1	-1.4	10.2	0.9
Non-current Liabilities	25.6	26.7	-1.1	26.7	0.0
Total Liabilities	35.3	37.8	-2.5	36.9	0.9
Net Assets					
Investment in Capital Assets, net	9.8	8.5	1.3	8.6	-0.1
Restricted for					
Debt Service	0.1	0.3	-0.2	0.5	-0.2
Insurance	5.4	5.4	0.0	5.2	0.2
Unrestricted	-8.0	-6.9	-1.1	-6.6	-0.3
Total	7.3	7.3	0.0	7.7	-0.4

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 2006 Compared to 2005

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

Current liabilities decreased \$1.4 million partially due to no longer recording accounts payable for our local Workforce Investment Agency. Interest due on the outstanding bonds as of July 1, 2006 was paid prior to year end and therefore a decrease in the accrual.

Total net assets at June 30, 2006 were unchanged from June 30, 2005. The restricted net assets are reserved for \$.1 million of debt service payments and \$5.4 million of insurance reserve fund bonds.

Fiscal Year 2005 Compared to 2004

Current assets decreased \$1.0 million while the other non-current assets increased \$1.1 million due to increased long-term investments in U.S. Government agency securities. Proceeds of the June 30, 2004 bond issuance continued to be used to renovate facilities.

Current liabilities increased \$.9 million due to construction in progress to renovate facilities referred to above.

Total net assets at June 30, 2005 decreased by \$.4 million. The restricted net assets were reserved for \$.3 million of debt service payments and \$5.4 million of insurance reserve fund bonds.

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

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) 2006-2005</u>	<u>2004</u>	<u>Increase (Decrease) 2005-2004</u>
Operating Revenue					
Tuition and Fees	\$4.8	\$4.9	(\$0.1)	\$5.1	(\$0.2)
Auxiliary	0.6	0.5	0.1	0.5	0.0
Total Operating Revenue	5.4	5.4	(0.0)	5.6	(0.2)
Less Operating Expenses	30.8	30.3	0.5	30.7	(0.4)
Operating Loss	(25.4)	(24.9)	(0.5)	(25.1)	0.2
Non-operating Revenue					
State Grants and Contracts	6.8	6.0	0.8	10.2	(4.2)
Federal Grants and Contracts	11.7	11.0	0.7	7.3	3.7
Property Taxes	6.8	6.6	0.2	6.4	0.2
Investment Income	0.4	0.8	(0.4)	0.1	0.7
Other	1.0	1.2	(0.2)	1.1	0.1
Total Non-operating Revenue	26.7	25.6	1.1	25.1	0.5
Non-operating Expense					
Interest Expense	1.2	1.1	0.1	1.2	(0.1)
Increase (Decrease) in Net Assets	0.1	(0.4)	0.5	(1.2)	0.8
Net Assets, Beginning of Year	7.3	7.7	(0.4)	8.9	(1.2)
Residual Equity Transfer	(0.1)	0.0	(0.1)	0.0	0.0
Net Assets, End of Year	<u>\$7.3</u>	<u>\$7.3</u>	<u>\$0.0</u>	<u>\$7.7</u>	<u>(\$0.4)</u>

Total revenues and expenses (Operating and Non-Operating) for the fiscal year 2006 were \$32.1 million and \$32.0 million, respectively. Fiscal year 2005 total revenues and expenses (Operating and Non-Operating) were \$31.0 million and \$31.4 million. Fiscal year 2004 total revenues and expenses were \$30.7 million and \$31.9 million.

Fiscal Year 2006 Compared to 2005

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

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

Non-operating revenue increased \$1.1 million. The SURS on-behalf payment of \$.5 million for June 30, 2006 is reflected as both operating expense and non-operating revenue, being shown as state grants. This is down from \$.9 million in 2005. State grants include the revenue from the Illinois Assistance Grant – MAP. The Workforce Investment Act received \$.8 million more in federal grants for fiscal year 2006. Investment income is down \$.4 million due to a decrease in fair value of the investments in fiscal year 2006.

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

Fiscal Year 2005 Compared to 2004

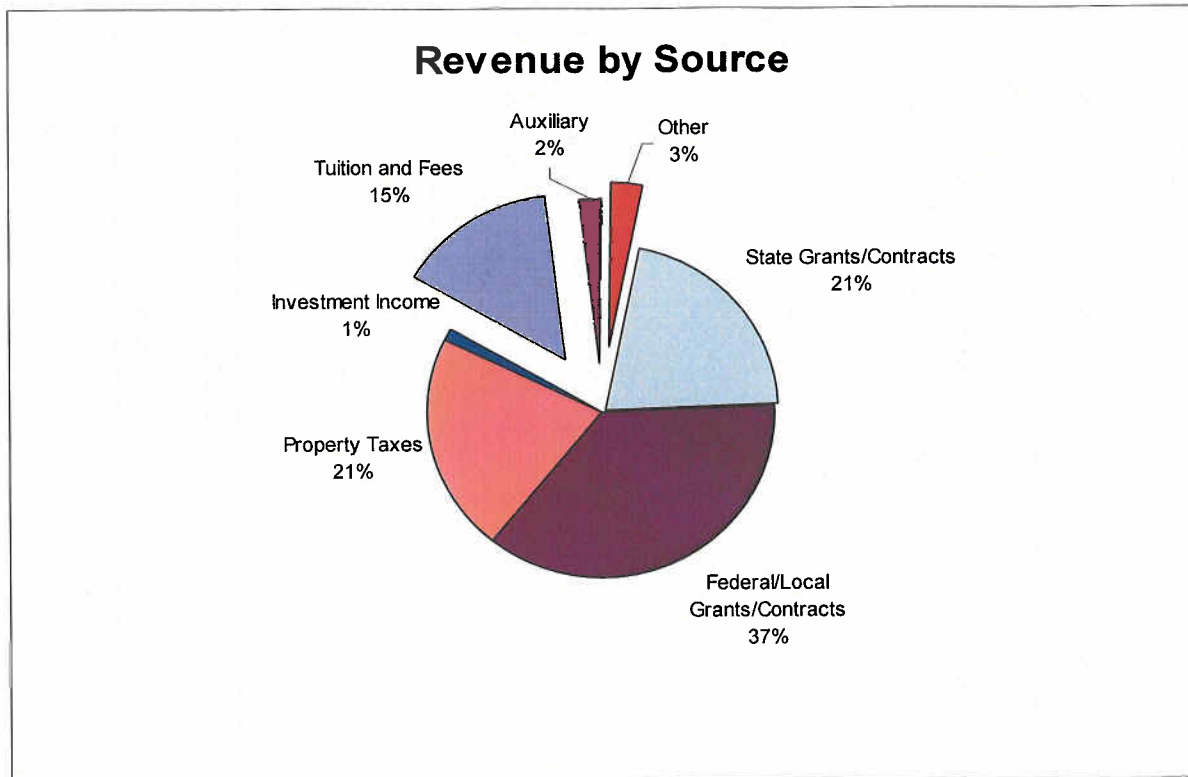
Operating revenue decreased \$.2 million in part due to an increase in scholarship allowances.

Operating expenses as of June 30, 2005, decreased \$.4 million due to an increase in the area of Instruction for the Workforce Investment Act and a decrease in Institutional Support. In fiscal year 2004, the State University Retirement System (SURS) on-behalf payment from the State was \$4.1 million higher than 2005 due to a catch-up made in 2004 for previously under-funded years.

Non-operating revenue increased \$.5 million. The SURS on-behalf payment of \$.9 million for June 30, 2005 is reflected as both operating expense and non-operating revenue, being shown as state grants. This was down from \$5 million in 2004 as referenced above. The Workforce Investment Act received \$3.0 million more in federal grants for fiscal year 2005. Interest income was up \$.7 million due to a steady increase in short term rates and the unrealized losses recorded in the investments in fiscal year 2004.

The College began construction of a new Allied Health building in FY 2005 to move the Mortuary Science program from a leased facility to an owned facility. Cosmetology moved from a leased facility to a renovated owned space in the Annex building subsequent to FY 2005. Adult Education/Family Literacy has moved into a larger newly renovated owned space on the main campus. The Fine Arts Building planned renovations. All of these projects were designated uses of the FY 2004 bond proceeds.

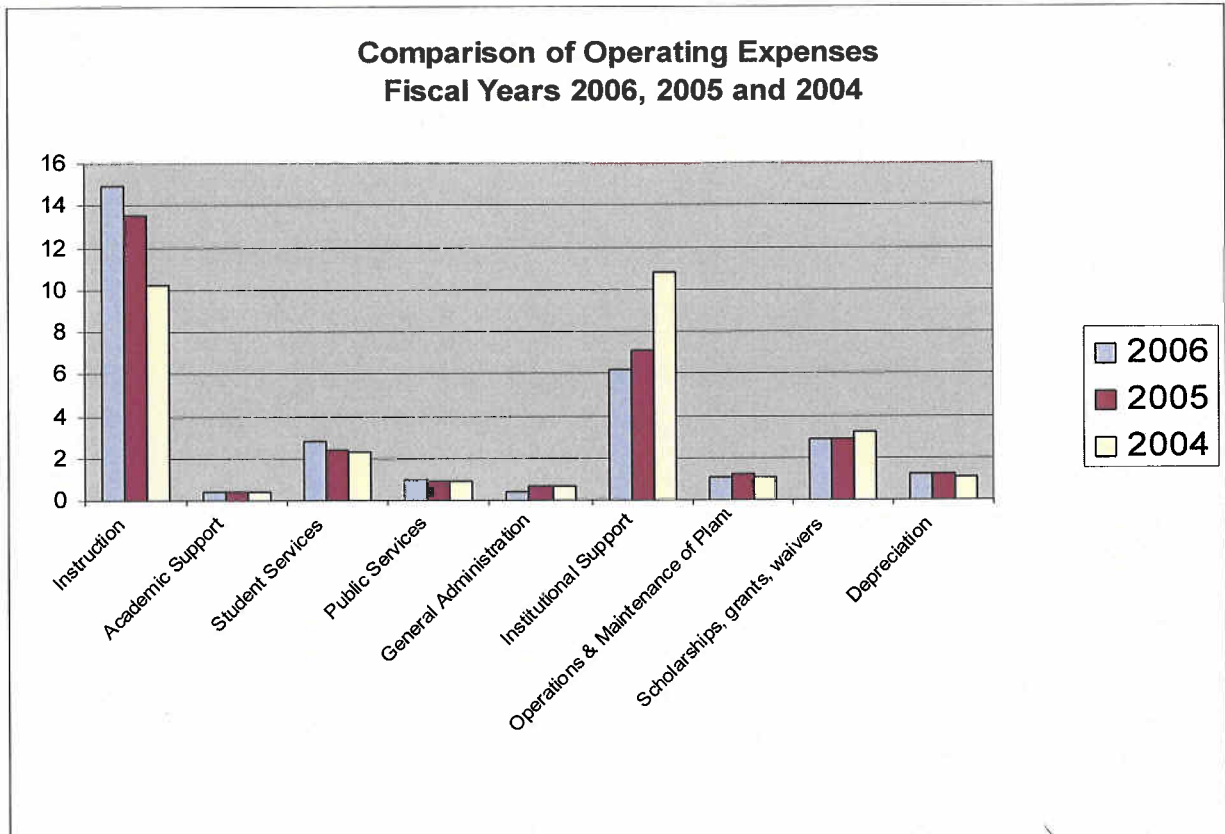
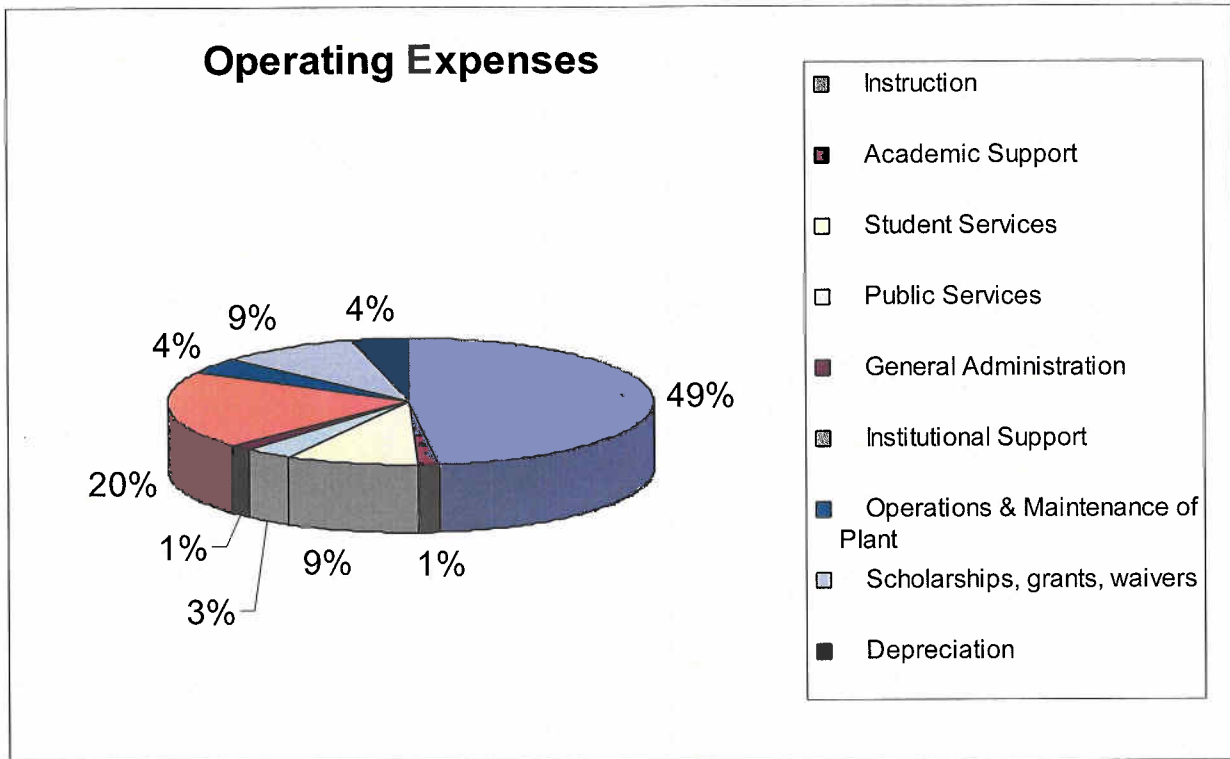
The following is a graphic illustration of revenues by source for the year ended June 30, 2006.



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

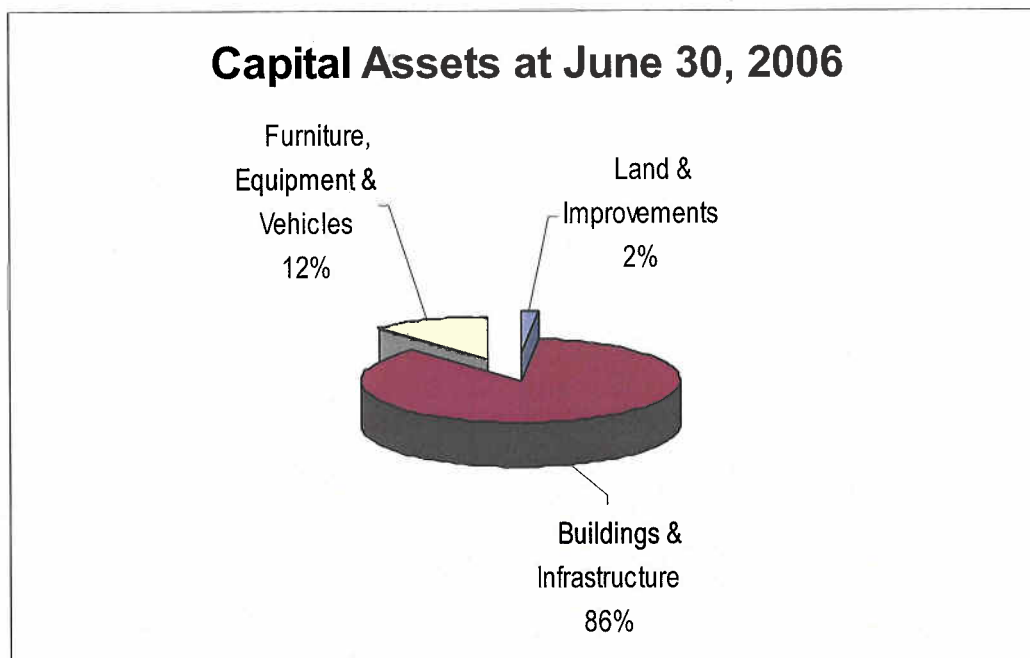
Operating Expense	<u>2006</u>	<u>2005</u>	Increase (Decrease)		
			<u>2006-2005</u>	<u>2005-2004</u>	
Instruction	\$14.8	\$13.5	\$1.3	\$10.2	\$3.3
Academic Support	0.4	0.4	0.0	0.4	0.0
Student Services	2.8	2.4	0.4	2.3	0.1
Public Services	1.0	0.9	0.1	0.9	0.0
General Administration	0.4	0.7	(0.3)	0.7	0.0
Institutional Support	6.2	7.1	(0.9)	10.8	(3.7)
Operations & Maintenance of Plant	1.1	1.2	(0.1)	1.1	0.1
Scholarships, grants, waivers	2.9	2.9	0.0	3.2	(0.3)
Depreciation	1.2	1.2	0.0	1.1	0.1
Total	\$30.8	\$30.3	\$0.5	\$30.7	(\$0.4)

The following is a graphic illustration of operating expenses for the year ended June 30, 2006.



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

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) 2006-2005</u>	<u>2004</u>	<u>Increase (Decrease) 2005-2004</u>
Capital Assets					
Land & Improvements	\$0.6	\$0.6	\$0.0	\$0.6	\$0.0
Buildings & Infrastructure	28.0	25.8	2.2	25.8	0.0
Furniture, Equipment & Vehicles	3.9	3.3	0.6	2.0	1.3
Construction in progress	0.0	1.2	(1.2)	0.0	1.2
Deposit on Equipment	0.0	0.0	0.0	1.2	(1.2)
Total	32.5	30.9	1.6	29.6	1.3
Less Accumulated Depreciation	(13.2)	(12.0)	(1.2)	(11.1)	(0.9)
Net Capital Assets	\$19.3	\$18.9	\$0.4	\$18.5	\$0.4



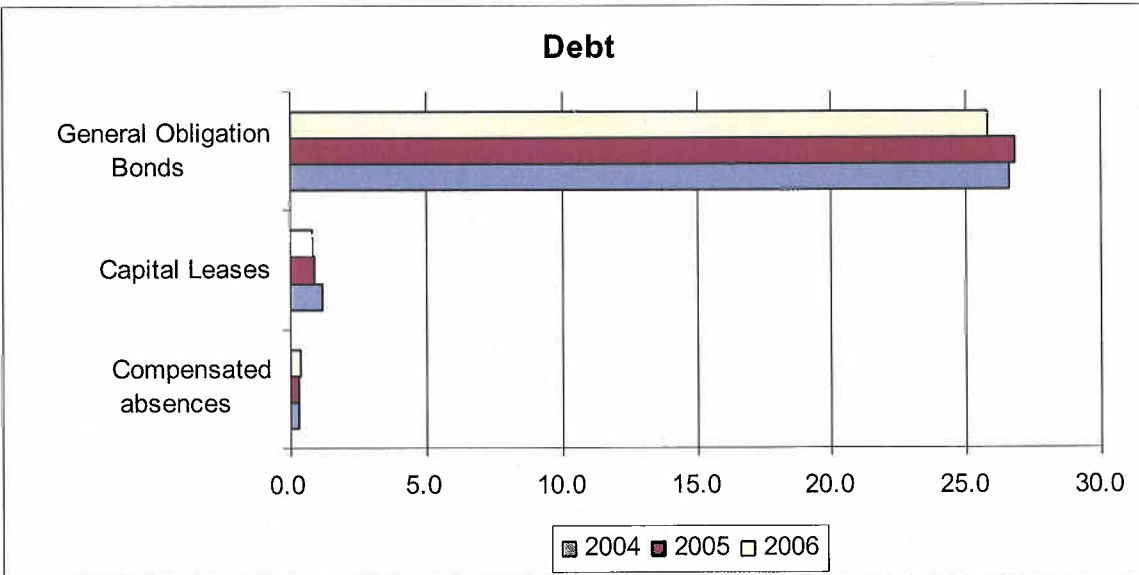
Fiscal Year 2006 Compared to 2005

As of June 30, 2006, the College had recorded \$32.5 million invested in capital assets, \$13.2 million in accumulated depreciation, and \$19.3 million in net capital assets. The College continues to make significant investments in communication and computer technology to continue to provide students throughout the entire district with increased opportunities for learning. For more detailed information on capital asset activity, refer to Note 3 – Capital Assets, in the Notes to Basic Financial Statements on pages 27-28.

Fiscal Year 2005 Compared to 2004

As of June 30, 2005, the College had recorded \$30.9 million invested in capital assets, \$12.0 million in accumulated depreciation, and \$18.9 million in net capital assets. The College continued to construct and renovate facilities to eliminate lease costs in order to operate as efficiently and effectively as possible.

	Debt June 30, (in millions)		Increase (Decrease)		
	2006	2005	2006-2005	2005-2004	
	2004	2005	2006-2005	2005-2004	
General Obligation Bonds	25.8	26.8	(\$1.0)	26.6	0.2
Capital Leases	0.8	0.9	(\$0.1)	1.2	(0.3)
Compensated absences	0.4	0.3	\$0.1	0.3	0.0
Total	27.0	28.0	(\$1.0)	28.1	(0.1)



Fiscal Year 2006 Compared to 2005

During fiscal year 2006 the College issued no new debt. The bond payments are 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 4 – Debt, in the Notes to Basic Financial Statements on pages 28-33.

Fiscal Year 2005 Compared to 2004

During fiscal year 2005 the College issued General Obligation Refunding Bonds, Series 2005. The proceeds of the bonds were used to defease portions of both the Series 1999A general obligation bonds and Series 2001A general obligation bonds and to pay for certain costs associated with the issuance of the bonds.

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.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
STATEMENTS OF NET ASSETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u> (Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,742,702	\$ 4,634,796
Restricted cash	292,684	329,686
Short-term investments	3,019,594	2,743,000
Restricted short-term investments	1,451,607	578,224
Property taxes receivable	5,145,532	5,089,817
Other receivables	1,066,024	1,967,909
Prepaid items	153,203	99,461
Inventories	15,500	11,850
Other assets	249,390	269,622
Total current assets	<u>14,136,236</u>	<u>15,724,365</u>
NONCURRENT ASSETS		
Long-term investments	5,906,607	6,467,229
Restricted long-term investments	3,276,651	4,034,353
Capital assets	32,562,065	30,920,151
Less accumulated depreciation	(13,217,104)	(12,050,384)
Total noncurrent assets	<u>28,528,219</u>	<u>29,371,349</u>
TOTAL ASSETS	<u>\$ 42,664,455</u>	<u>\$ 45,095,714</u>
TOTAL LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 846,073	\$ 1,456,295
Accrued liabilities	181,350	656,384
Unearned tuition and fees	227,661	332,553
Unearned property taxes	6,930,838	6,751,906
Other unearned revenue	116,541	578,786
Accrued compensated absences, current portion	253,887	181,876
Bonds payable, current portion	1,035,000	975,000
Other long-term obligations, current portion	133,420	120,447
Total current liabilities	<u>9,724,770</u>	<u>11,053,247</u>
NONCURRENT LIABILITIES		
Accrued compensated absences, noncurrent	126,944	90,938
Bonds payable, noncurrent	24,795,000	25,830,000
Other long-term obligations, noncurrent	701,481	799,452
Total noncurrent liabilities	<u>25,623,425</u>	<u>26,720,390</u>
Total liabilities	<u>35,348,195</u>	<u>37,773,637</u>
NET ASSETS		
Invested in capital assets, net of related debt	9,759,654	8,550,315
Restricted - expendable:		
Debt service	89,106	279,545
Insurance	5,428,582	5,348,630
Unrestricted	(7,961,082)	(6,856,413)
Total net assets	<u>7,316,260</u>	<u>7,322,077</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 42,664,455</u>	<u>\$ 45,095,714</u>

These financial statements should be read only in connection with
the accompanying notes to basic 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, 2006 and 2005

	<u>2006</u>	<u>2005</u> (Restated)
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of \$1,634,620 and \$1,656,345, respectively	\$ 4,811,812	\$ 4,859,100
Chargeback revenue	3,741	4,169
Auxiliary enterprises revenue	600,743	511,080
Total operating revenue	<u>5,416,296</u>	<u>5,374,349</u>
OPERATING EXPENSES		
Instruction	14,855,967	13,538,028
Academic support	364,281	382,153
Student services	2,770,921	2,449,913
Public services	1,031,863	914,062
General administration	373,605	648,724
Institutional support	6,231,167	7,095,184
Operation and maintenance of plant	1,147,759	1,189,908
Scholarships, student grants, and waivers	2,901,059	2,886,309
Depreciation	1,166,720	1,191,017
Total operating expenses	<u>30,843,342</u>	<u>30,295,298</u>
Operating loss	<u>(25,427,046)</u>	<u>(24,920,949)</u>
NONOPERATING REVENUES		
State grants	6,788,468	6,025,881
Property taxes	6,761,030	6,611,494
Personal property replacement tax	256,486	199,771
Federal grants	11,666,046	11,029,990
Local grants	241,142	222,086
Investment income	392,707	769,053
Other nonoperating revenues	614,696	754,352
Nonoperating revenues	<u>26,720,575</u>	<u>25,612,627</u>
NONOPERATING EXPENSES		
Interest expense	1,193,457	1,110,280
Net nonoperating revenues	<u>25,527,118</u>	<u>24,502,347</u>
INCREASE (DECREASE) IN NET ASSETS	100,072	(418,602)
NET ASSETS		
Beginning of year	7,322,077	7,740,679
Residual equity transfer	(105,889)	-
End of year	<u>\$ 7,316,260</u>	<u>\$ 7,322,077</u>

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 4,755,372	\$ 4,911,762
Payments to suppliers	(12,348,492)	(9,892,717)
Payments to employees	(14,131,827)	(13,973,335)
Payments to students for scholarships	(3,723,785)	(3,571,605)
Auxiliary enterprise charges	<u>607,358</u>	<u>510,568</u>
Net cash used in operating activities	<u>(24,841,374)</u>	<u>(22,015,327)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from property taxes	6,884,247	8,442,936
Proceeds from grants	<u>19,466,024</u>	<u>16,491,411</u>
Net cash provided by noncapital financing activities	<u>26,350,271</u>	<u>24,934,347</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(1,597,620)	(1,360,803)
Proceeds from issuance of long-term debt	-	9,434,147
Principal paid on bonds payable	(975,000)	(9,485,000)
Interest paid on bonds payable and other long-term obligations	(1,284,737)	(1,313,092)
Principal paid on other long-term obligations	<u>(129,292)</u>	<u>(437,780)</u>
Net cash used in capital and related financing activities	<u>(3,986,649)</u>	<u>(3,162,528)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	746,996	678,915
Proceeds from maturities of investment securities	3,703,000	4,161,100
Purchases of investment securities	<u>(3,901,340)</u>	<u>(4,765,534)</u>
Net cash provided by investing activities	<u>548,656</u>	<u>74,481</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (1,929,096)	 (169,027)
 CASH AND CASH EQUIVALENTS		
Beginning of year	<u>4,964,482</u>	<u>5,133,509</u>
End of year	<u>\$ 3,035,386</u>	<u>\$ 4,964,482</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (25,532,935)	\$ (24,920,949)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,166,720	1,191,017
State on-behalf payments for fringe benefits	501,526	842,599
Changes in assets and liabilities:		
Receivables	49,824	44,456
Other assets	(37,160)	37,973
Accounts payable	(610,222)	939,213
Accrued liabilities	(383,754)	(220,774)
Accrued compensated absences	108,017	22,645
Unearned tuition and fees	(104,892)	48,493
Other unearned revenue	1,502	-
	<u>\$ (24,841,374)</u>	<u>\$ (22,015,327)</u>
NET CASH USED IN OPERATING ACTIVITIES		
NONCASH INVESTING, CAPITAL, AND FINANCIAL		
Increase (decrease) in fair value of investments and amortization/accretion	\$ (366,687)	\$ 85,623
Purchase of equipment under capital leases	\$ 44,294	\$ 156,611
STATE ON-BEHALF PAYMENTS	<u>\$ 501,526</u>	<u>\$ 842,599</u>

These financial statements should be read only in connection with the accompanying notes to basic financial statements.

**CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
 COMPONENT UNIT - CARL SANDBURG COLLEGE FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2006 and 2005**

ASSETS	<u>2006</u>	<u>2005</u>
Cash	\$ 204,091	\$ 180,558
Investments:		
Restricted	2,045,526	1,932,060
Unrestricted	1,138,231	611,437
Other receivables	<u>-</u>	<u>518,433</u>
 TOTAL ASSETS	 <u>\$ 3,387,848</u>	 <u>\$ 3,242,488</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Scholarships payable	\$ 39,350	\$ 32,050
Other payables	<u>5,553</u>	<u>16,110</u>
Total liabilities	<u>44,903</u>	<u>48,160</u>
 NET ASSETS		
Unrestricted	458,463	518,045
Temporarily restricted	1,300,392	1,198,837
Permanently restricted	<u>1,584,090</u>	<u>1,477,446</u>
Total net assets	<u>3,342,945</u>	<u>3,194,328</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,387,848</u>	 <u>\$ 3,242,488</u>

These financial statements should be read only in connection with
 the accompanying notes to basic financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
COMPONENT UNIT - CARL SANDBURG COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2006 and 2005

	Unrestricted	Temporarily Restricted
REVENUES, GAINS, AND OTHER SUPPORT		
Contributions	\$ 42,650	\$ 137,409
Donated goods and facilities	84,213	-
Donated services	62,770	-
Income on investments	19,077	88,439
Special events, net of direct costs in the amount of \$13,396 and \$20,259	66,747	-
Net unrealized gains on investments	<u>17,464</u>	<u>106,059</u>
	292,921	331,907
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>230,352</u>	<u>(230,352)</u>
Total revenues, gains, and other support	<u>523,273</u>	<u>101,555</u>
 EXPENSES AND LOSSES		
Program	241,365	-
Management and general	225,777	-
Fund raising	63,052	-
Uncollectible accounts receivable	46,816	-
Other	<u>5,845</u>	<u>-</u>
Total expenses and losses	<u>582,855</u>	<u>-</u>
 CHANGE IN NET ASSETS	 (59,582)	 101,555
 NET ASSETS AT BEGINNING OF YEAR	 <u>518,045</u>	 <u>1,198,837</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 458,463</u>	 <u>\$ 1,300,392</u>

<u>2006</u>		<u>2005</u>			
<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 75,500	\$ 255,559	\$ 541,898	\$ 139,469	\$ 40,536	\$ 721,903
-	84,213	118,565	-	-	118,565
-	62,770	58,296	-	-	58,296
28,364	135,880	14,354	54,636	12,593	81,583
-	66,747	62,426	-	-	62,426
2,780	126,303	24,818	89,291	20,343	134,452
106,644	731,472	820,357	283,396	73,472	1,177,225
-	-	50,824	(50,824)	-	-
106,644	731,472	871,181	232,572	73,472	1,177,225
-	241,365	204,516	-	-	204,516
-	225,777	199,564	-	-	199,564
-	63,052	70,575	-	-	70,575
-	46,816	-	-	-	-
-	5,845	-	-	-	-
-	582,855	474,655	-	-	474,655
106,644	148,617	396,526	232,572	73,472	702,570
1,477,446	3,194,328	121,519	966,265	1,403,974	2,491,758
<u>\$ 1,584,090</u>	<u>\$ 3,342,945</u>	<u>\$ 518,045</u>	<u>\$ 1,198,837</u>	<u>\$ 1,477,446</u>	<u>\$ 3,194,328</u>

These financial statements should be read only in connection with the accompanying notes to basic financial statements.

**CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
 COMPONENT UNIT - CARL SANDBURG COLLEGE FOUNDATION
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 148,617	\$ 702,570
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized gains on investments	(126,303)	(134,452)
Changes in operating assets and liabilities:		
Other receivables	518,433	(518,333)
Scholarships payable	7,300	(9,400)
Other payables	<u>(10,557)</u>	<u>8,722</u>
Net cash provided by operating activities	<u>537,490</u>	<u>49,107</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(596,282)	(298,493)
Proceeds from sales of investments	<u>82,325</u>	<u>221,192</u>
Net cash used in investing activities	<u>(513,957)</u>	<u>(77,301)</u>
 NET INCREASE (DECREASE) IN CASH	23,533	(28,194)
 CASH AT BEGINNING OF YEAR	<u>180,558</u>	<u>208,752</u>
 CASH AT END OF YEAR	<u>\$ 204,091</u>	<u>\$ 180,558</u>

These financial statements should be read only in connection with the accompanying notes to basic financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 1 - 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 all 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 College 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.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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 modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (see Note 9) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Financial statements for the Foundation can be obtained at 2400 Tom L. Wilson Boulevard, Galesburg, Illinois 61401.

The College is not aware of any entity whose elected officials are financially accountable for the operations of the College which would result in the College being considered a component unit of such entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For 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 or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Cash and Cash Equivalents

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

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Property Taxes and Other Revenue

Property taxes attach as an enforceable lien on property as of January 1. The College's property tax is levied no later than the last Tuesday of December prior to the ensuing budget year and is extended against the assessed valuation of the College on January 1. Taxes are due and payable in two installments in June and September. Pursuant to the Board of Trustees resolution, property tax levies passed in December 2005 are allocated and will be recognized as revenue in fiscal year 2007.

Uncollected taxes are sold by the County Collector in order that those taxes can be distributed to respective taxing bodies. Final distribution on the current year levy is made by the County Collector's office at a date after the tax sale, usually no later than sometime during the first quarter of the following year.

Corporate personal property replacement tax is recorded on the accrual basis based on amounts held by the state.

Inventories

Inventories consist primarily of supplies and are stated at the lower of cost or market on a first-in, first-out basis.

Capital Assets

Capital assets include property, equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
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.

Federal Financial Assistance Programs

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

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On-Behalf Payments for Fringe 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 2006 and 2005, the State made contributions of \$501,526 and \$842,599, 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 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 revenues, expenses, gains, losses, and other changes in fund equity during the reporting period. Material estimates that are particularly susceptible to significant change in the near term relate to depreciation on capital assets, health insurance claims incurred but not reported, and the fair value of investments. Actual results could differ from those estimates.

Reclassifications

Certain amounts from 2005 have been reclassified to conform to the 2006 financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 2 - CASH AND INVESTMENTS

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, 2006 and 2005 comprise the following at fair value:

	<u>2006</u>	<u>2005</u>
Certificates of deposit	\$ 2,743,000	\$ 2,743,000
Municipal bonds	8,459,032	8,921,675
U.S. Government agency securities	<u>2,452,427</u>	<u>2,158,131</u>
	<u>\$ 13,654,459</u>	<u>\$ 13,822,806</u>

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Certificates of deposit	\$ 2,743,000	\$ 2,743,000	\$ -	\$ -	\$ -
Municipal bonds	8,459,032	597,773	2,189,805	386,540	5,284,914
U.S. Government agency securities	<u>2,452,427</u>	<u>1,130,428</u>	<u>892,933</u>	<u>429,066</u>	<u>-</u>
Total	<u>\$ 13,654,459</u>	<u>\$ 4,471,201</u>	<u>\$ 3,082,738</u>	<u>\$ 815,606</u>	<u>\$ 5,284,914</u>

As of June 30, 2005, the College had the following investments with stated maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Certificates of deposit	\$ 2,743,000	\$ 2,743,000	\$ -	\$ -	\$ -
Municipal bonds	8,921,675	100,000	2,597,932	716,357	5,507,386
U.S. Government agency securities	<u>2,158,131</u>	<u>478,224</u>	<u>1,127,781</u>	<u>552,126</u>	<u>-</u>
Total	<u>\$ 13,822,806</u>	<u>\$ 3,321,224</u>	<u>\$ 3,725,713</u>	<u>\$ 1,268,483</u>	<u>\$ 5,507,386</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk. Credit risk is the risk that the issuer or other counterparty to a debt investment will not fulfill its obligations. It is the College's policy to limit its investments in corporate paper to the three top ratings issued by at least two standard rating services. As of June 30, 2006, the College's investments in municipal bonds were rated Aaa, Aa1, Aa2, or Aa3 by Standard & Poor's, and/or AAA, AA+, or AA by Moody's Investors Service. The College's investments in Illinois Funds and Illinois School District Liquid Asset Fund were rated AAAM by Standard & Poor's. The College's investment policy also limits holding of corporate paper to no more than ten percent of its outstanding obligations.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a custodial credit risk policy. Of the College's \$10,911,459 and \$11,079,806 at June 30, 2006 and 2005, respectively, investment in municipal bonds and U.S. Government agency securities, all of the underlying securities are held by the investment's counterparty in the name of the College.

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

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

NOTE 3 - CAPITAL ASSETS

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

	Balance at July 1, 2005	Additions	Deletions	Transfers	Balance at June 30, 2006
Nondepreciable:					
Land	\$ 405,483	\$ -	\$ -	\$ -	\$ 405,483
Construction in progress	1,170,747	-	-	(1,170,747)	-
Depreciable:					
Buildings and additions	23,644,734	1,059,753	-	1,170,747	25,875,234
Infrastructure	2,181,477	-	-	-	2,181,477
Furniture and equipment	3,042,590	582,161	-	-	3,624,751
Land improvements	208,602	-	-	-	208,602
Vehicles	266,518	-	-	-	266,518
Total cost	\$ 30,920,151	\$ 1,641,914	\$ -	\$ -	\$ 32,562,065

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 3 - CAPITAL ASSETS (CONTINUED)

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

	<u>Balance at July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2006</u>
Buildings and additions	\$ 8,478,883	\$ 601,198	\$ -	\$ 9,080,081
Infrastructure	1,784,574	194,325	-	1,978,899
Furniture and equipment	1,469,054	325,360	-	1,794,414
Land improvements	89,165	15,602	-	104,767
Vehicles	<u>228,708</u>	<u>30,235</u>	<u>-</u>	<u>258,943</u>
Total accumulated depreciation	<u>\$ 12,050,384</u>	<u>\$ 1,166,720</u>	<u>\$ -</u>	<u>\$ 13,217,104</u>

Changes in the various capital asset categories during the year ended June 30, 2005 were as follows:

	<u>Balance at July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance at June 30, 2005</u>
Nondepreciable:					
Land	\$ 399,483	\$ 6,000	\$ -	\$ -	\$ 405,483
Deposit on equipment	1,178,452	-	-	(1,178,452)	-
Construction in progress	-	1,170,747	-	-	1,170,747
Depreciable:					
Buildings and additions	23,621,022	23,712	-	-	23,644,734
Infrastructure	2,181,477	-	-	-	2,181,477
Furniture and equipment	1,750,847	300,914	(187,623)	1,178,452	3,042,590
Land improvements	208,602	-	-	-	208,602
Vehicles	<u>250,477</u>	<u>16,041</u>	<u>-</u>	<u>-</u>	<u>266,518</u>
Total cost	<u>\$ 29,590,360</u>	<u>\$ 1,517,414</u>	<u>\$ (187,623)</u>	<u>\$ -</u>	<u>\$ 30,920,151</u>

Accumulated depreciation for the year ended June 30, 2005 was as follows:

	<u>Balance at July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2005</u>
Buildings and additions	\$ 7,883,144	\$ 595,739	\$ -	\$ 8,478,883
Infrastructure	1,584,441	200,133	-	1,784,574
Furniture and equipment	1,327,009	329,668	(187,623)	1,469,054
Land improvements	73,562	15,603	-	89,165
Vehicles	<u>178,834</u>	<u>49,874</u>	<u>-</u>	<u>228,708</u>
Total accumulated depreciation	<u>\$ 11,046,990</u>	<u>\$ 1,191,017</u>	<u>\$(187,623)</u>	<u>\$ 12,050,384</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 4 - DEBT

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

	<u>Balance June 30, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Long-term debt:						
General obligation bonds and certificates	\$ 26,805,000	\$ -	\$ 975,000	\$ 25,830,000	\$ 1,035,000	\$ 24,795,000
Capital leases	919,899	44,294	129,292	834,901	133,420	701,481
Compensated absences	272,814	308,253	200,236	380,831	253,887	126,944
Totals	<u>\$ 27,997,713</u>	<u>\$ 352,547</u>	<u>\$ 1,304,528</u>	<u>\$ 27,045,732</u>	<u>\$ 1,422,307</u>	<u>\$ 25,623,425</u>

The following is a summary of the College's long-term and short-term debt transactions for the year ended June 30, 2005:

	<u>Balance June 30, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2005</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Long-term debt:						
General obligation bonds and certificates	\$ 26,600,000	\$ 9,690,000	\$ 9,485,000	\$ 26,805,000	\$ 975,000	\$ 25,830,000
Capital leases	1,155,838	156,611	392,550	919,899	120,447	799,452
Compensated absences	250,169	331,173	308,528	272,814	181,876	90,938
Early retirement payouts	45,230	-	45,230	-	-	-
Totals	<u>\$ 28,051,237</u>	<u>\$ 10,177,784</u>	<u>\$ 10,231,308</u>	<u>\$ 27,997,713</u>	<u>\$ 1,277,323</u>	<u>\$ 26,720,390</u>

Details on the debt as of June 30, 2006 are as follows:

- a. The general obligation bonds, Series 1996, bear interest at 5.10 to 6.25 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, 2007. The annual debt service requirements on these bonds are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ending June 30: 2007	<u>\$ 155,000</u>	<u>\$ 4,185</u>	<u>\$ 159,185</u>

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

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 4 - DEBT (CONTINUED)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ending June 30:			
2007	\$ 440,000	\$ 107,165	\$ 547,165
2008	460,000	88,035	548,035
2009	480,000	67,585	547,585
2010	500,000	46,025	546,025
2011	525,000	23,475	548,475
2012	<u>265,000</u>	<u>5,963</u>	<u>270,963</u>
Totals	<u>\$ 2,670,000</u>	<u>\$ 338,248</u>	<u>\$ 3,008,248</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ending June 30:			
2007	\$ 45,000	\$ 180,688	\$ 225,688
2008	215,000	174,318	389,318
2009	260,000	162,550	422,550
2010	310,000	148,145	458,145
2011	365,000	130,750	495,750
2012-2016	<u>2,285,000</u>	<u>199,870</u>	<u>2,484,870</u>
Totals	<u>\$ 3,480,000</u>	<u>\$ 996,321</u>	<u>\$ 4,476,321</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ending June 30:			
2007	\$ 55,000	\$ 38,668	\$ 93,668
2008	70,000	74,175	144,175
2009	80,000	70,150	150,150
2010	95,000	65,550	160,550
2011	105,000	60,088	165,088
2012-2016	<u>940,000</u>	<u>181,124</u>	<u>1,121,124</u>
Totals	<u>\$ 1,345,000</u>	<u>\$ 489,755</u>	<u>\$ 1,834,755</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 4 - DEBT (CONTINUED)

- e. The general obligation bonds, Series 2001A, bear interest at 4.50 to 4.95 percent, which is due on January 1 and July 1 of each year, while principal amounts mature serially on January 1 of each year, with final maturity on January 1, 2017. The annual debt service requirements on these bonds are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ending June 30:			
2007	\$ 215,000	\$ 103,480	\$ 318,480
2008	265,000	197,285	462,285
2009	290,000	185,360	475,360
2010	310,000	172,020	482,020
2011	360,000	157,760	517,760
2012-2016	2,330,000	499,460	2,829,460
2017	<u>570,000</u>	<u>28,215</u>	<u>598,215</u>
Totals	<u>\$ 4,340,000</u>	<u>\$ 1,343,580</u>	<u>\$ 5,683,580</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ending June 30:			
2007	\$ 125,000	\$ 189,816	\$ 314,816
2008	275,000	182,653	457,653
2009	375,000	169,893	544,893
2010	490,000	150,123	640,123
2011	245,000	131,895	376,895
2012-2016	2,115,000	408,092	2,523,092
2017	<u>675,000</u>	<u>14,512</u>	<u>689,512</u>
Totals	<u>\$ 4,300,000</u>	<u>\$ 1,246,984</u>	<u>\$ 5,546,984</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ending June 30:			
2007	\$ -	\$ 390,025	\$ 390,025
2008	-	390,025	390,025
2009	-	390,025	390,025
2010	-	390,025	390,025
2011	15,000	389,751	404,751
2012-2016	3,470,000	1,724,746	5,194,746
2017-2020	<u>6,055,000</u>	<u>525,276</u>	<u>6,580,276</u>
Totals	<u>\$ 9,540,000</u>	<u>\$ 4,199,873</u>	<u>\$ 13,739,873</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 4 - DEBT (CONTINUED)

- h. 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, 2006, the College has \$1,515,000 of the debt certificates outstanding which are considered defeased.
- i. 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, 2006, 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.
- j. The College has capital lease agreements, discounted at rates ranging from 4.2 to 7.9 percent, financing copiers and other equipment with a total cost of \$423,439 and accumulated depreciation of \$177,151. 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ending June 30:			
2007	\$ 75,352	\$ 11,711	\$ 87,063
2008	75,337	7,845	83,182
2009	69,894	3,926	73,820
2010	34,746	1,120	35,866
2011	<u>6,562</u>	<u>124</u>	<u>6,686</u>
Totals	<u>\$ 261,891</u>	<u>\$ 24,726</u>	<u>\$ 286,617</u>

The College also has a capital lease agreement for the purchase of computer software with a total cost of \$1,172,452 and accumulated depreciation of \$261,878. Payments are due in quarterly installments, with the final maturity on April 1, 2013, and the annual debt service requirements are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
During the year ending June 30:			
2007	\$ 58,068	\$ 27,688	\$ 85,756
2008	65,017	24,643	89,660
2009	72,513	21,239	93,752
2010	80,601	17,448	98,049
2011	89,314	13,238	102,552
2012-2013	<u>207,497</u>	<u>12,015</u>	<u>219,512</u>
Totals	<u>\$ 573,010</u>	<u>\$ 116,271</u>	<u>\$ 689,281</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 4 - DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2006, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	<u>Capital Lease Obligations</u>	<u>Compensated Absences</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2007	\$ 1,035,000	\$ 133,420	\$ 253,887	\$ 1,422,307	\$ 1,053,426	\$ 2,475,733
2008	1,285,000	140,354	126,944	1,552,298	1,138,979	2,691,277
2009	1,485,000	142,407	-	1,627,407	1,070,728	2,698,135
2010	1,705,000	115,347	-	1,820,347	990,456	2,810,803
2011	1,615,000	95,876	-	1,710,876	907,081	2,617,957
2012-2016	11,405,000	207,497	-	11,612,497	3,031,270	14,643,767
2017-2020	<u>7,300,000</u>	<u>-</u>	<u>-</u>	<u>7,300,000</u>	<u>568,003</u>	<u>7,868,003</u>
Total	<u>\$ 25,830,000</u>	<u>\$ 834,901</u>	<u>\$ 380,831</u>	<u>\$ 27,045,732</u>	<u>\$ 8,759,943</u>	<u>\$ 35,805,675</u>

The College's legal debt limit of \$34,600,029 is based on a statutory limit of 2.875 percent of assessed valuation of \$1,203,479,281.

NOTE 5 - RETIREMENT COMMITMENTS - STATE UNIVERSITY RETIREMENT SYSTEM

Plan Description

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

Funding Policy

Plan members are required to contribute 8.0 percent of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 10.18 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, 2006, 2005, and 2004, were \$633,904, \$964,412, and \$5,568,204, respectively, equal to the required contributions for each year.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 6 - COMMITMENTS

The College leases the Cosmetology School and Mortuary Science facilities in Galesburg under an agreement which expires December 15, 2006. The lease requires monthly rentals in various amounts ranging from \$4,724 to \$5,196. Additionally, the College has various maintenance and warranty contracts which expire in fiscal year 2010.

Minimum annual rental commitments under these leases are as follows:

	<u>Amount</u>
Year ending June 30:	
2007	\$ 81,969
2008	53,625
2009	53,625
2010	<u>49,500</u>
Total	<u>\$ 238,719</u>

Rental expense for the years ended June 30, 2006 and 2005 was \$128,950 and \$70,414, respectively.

NOTE 7 - 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 option 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.

Liabilities were reported when it was probable that a loss had occurred and the amount of the loss could be reasonably 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 amount of pay-outs, and other economic and social factors. Claims payable were included in accrued liabilities on the statements of net assets. The changes in the aggregate liabilities for claims for the years ended June 30, 2006, 2005, and 2004 were as follows:

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 7 - RISK MANAGEMENT (CONTINUED)

	<u>Employee Health Insurance</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Claims payable including IBNR, beginning of year	\$ 412,074	\$ 526,091	\$ 298,742
Claims expense	706,237	1,606,608	1,426,642
Claim payments	<u>(1,118,311)</u>	<u>(1,720,625)</u>	<u>(1,199,293)</u>
Claims payable including IBNR, end of year	<u>\$ -</u>	<u>\$ 412,074</u>	<u>\$ 526,091</u>

The College purchases commercial insurance for worker's compensation, automobile, general liability, and property loss. Beginning January 1, 2006, the College is also purchasing commercial insurance for its employees' health coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 8 - CONTINGENT LIABILITIES

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.

NOTE 9 - 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.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 9 - COMPONENT UNIT DISCLOSURES (CONTINUED)

Carl Sandburg College Foundation (Continued)

Organization (Continued)

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

Unrestricted Net Assets - Includes net assets that are not restricted by donor-imposed stipulations which can be used at the discretion of the Foundation's Board to accomplish the purposes for which the Foundation was founded.

Temporarily Restricted Net Assets - Includes net assets that are temporarily restricted by donor-imposed stipulations that require the Foundation to expend the resources either for a particular purpose or after the expiration of a certain period of time. As donor-imposed stipulations are satisfied, the related net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Includes net assets that are permanently restricted by the donors and cannot be expended.

Temporarily restricted net assets as of June 30, 2006 and 2005 are available for the following purposes or periods:

	<u>2006</u>	<u>2005</u>
Student scholarships currently available	\$ 838,957	\$ 744,223
For periods after June 30, 2015	<u>461,435</u>	<u>454,614</u>
	<u>\$ 1,300,392</u>	<u>\$ 1,198,837</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.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 9 - COMPONENT UNIT DISCLOSURES (CONTINUED)

Carl Sandburg College Foundation (Continued)

Contributions and Revenues (Continued)

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

Investments and Investment Earnings

All investments are in mutual funds with readily determinable fair values. Investments are carried at fair value as determined by quoted market prices, and realized and unrealized gains and losses are reported in the statement of activities.

Investment earnings on permanently restricted endowments are permanently restricted by the donor or unrestricted according to the solicitation literature provided to the donor. Following is a summary of the allocation percentages used in allocating endowment investment earnings:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
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, 2006 and 2005 is as follows:

<u>Description</u>	<u>2006</u>	<u>2005</u>
Mutual funds - equity	\$ 934,559	\$ 812,882
Mutual funds - bond	<u>2,249,198</u>	<u>1,730,615</u>
Total investments	<u>\$ 3,183,757</u>	<u>\$ 2,543,497</u>

Investment income for the years ended June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Interest income	\$ 96,419	\$ 75,813
Realized gains on investments	<u>39,461</u>	<u>5,770</u>
Total investment income	<u>\$ 135,880</u>	<u>\$ 81,583</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 9 - COMPONENT UNIT DISCLOSURES (CONTINUED)

Carl Sandburg College Foundation (Continued)

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, 2006 or 2005.

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 \$68,082 and \$63,011 from the College during the years ended June 30, 2006 and 2005, 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 nine years remaining in the twenty-year period at June 30, 2006. The Endowment Challenge Grant has \$718,768 of investments as of June 30, 2006.

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

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 10 - RELATED PARTY TRANSACTION

The College has brokered its health insurance through a company partially owned by the spouse of an officer of the College. The College pays premiums to an insurance company, who then pays fees to the broker. The amount of broker fees paid during fiscal year 2006 is unknown to the College.

NOTE 11 - PRIOR PERIOD ADJUSTMENT

The June 30, 2005 financial statements have been restated to correct an error relating to the accrued interest payable at June 30, 2005 and the interest expense for the year ended June 30, 2005. Accrued liabilities at June 30, 2005 were previously reported at \$916,145 and have been restated to \$656,384 for this correction of \$259,761. Interest expense for the year ended June 30, 2005 was previously reported as \$1,370,041 and has been restated to \$1,110,280 for this correction of \$259,761. In addition, unrestricted net assets previously reported as of June 30, 2005 of \$(7,116,174) have been restated to \$(6,856,413).

NOTE 12 - RESIDUAL EQUITY TRANSFER

The College terminated their participation in the WIA program as of June 30, 2006. The fund balance of this program administered by the College of \$105,889 has been reported as a residual equity transfer to reflect the transfer to the new administrator.

This information is an integral part of the accompanying
basic financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
BALANCE SHEET - ALL FUND TYPES
June 30, 2006

	<u>Education</u>	<u>Operations and Maintenance</u>	<u>Restricted Purpose</u>	<u>Audit</u>	<u>Workforce Investment Act</u>
ASSETS					
Cash and cash equivalents	\$ 1,441,226	\$ -	\$ -	\$ -	\$ 122,188
Investments	-	-	21,000	-	-
Receivables:					
Property taxes	1,800,355	446,738	-	44,674	-
Government claims and grants	-	-	161,479	-	141,613
Other	500,292	-	-	-	87,249
Due from other funds	4,752,660	1,312,235	143,710	-	-
Prepaid items	83,903	-	69,300	-	-
Inventories	-	-	-	-	-
Other assets	-	-	-	-	-
TOTAL ASSETS	<u>\$ 8,578,436</u>	<u>\$ 1,758,973</u>	<u>\$ 395,489</u>	<u>\$ 44,674</u>	<u>\$ 351,050</u>
LIABILITIES AND FUND EQUITY (DEFICIT)					
LIABILITIES					
Accounts payable	\$ 538,540	\$ -	\$ 835	\$ -	\$ 306,698
Accrued liabilities	5,715	-	82,220	-	-
Unearned revenue:					
Property taxes	2,425,011	601,740	-	60,174	-
Other	-	59,112	55,927	-	-
Due to other funds	4,700,090	690,005	-	49,777	44,352
Total liabilities	<u>7,669,356</u>	<u>1,350,857</u>	<u>138,982</u>	<u>109,951</u>	<u>351,050</u>
FUND EQUITY (DEFICIT)					
Retained earnings (deficit):					
Reserved for insurance	-	-	-	-	-
Unreserved	-	-	-	-	-
Fund balance (deficit):					
Reserved for encumbrances	565	60	-	-	-
Unreserved	908,515	408,056	256,507	(65,277)	-
Total fund equity (deficit)	<u>909,080</u>	<u>408,116</u>	<u>256,507</u>	<u>(65,277)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	<u>\$ 8,578,436</u>	<u>\$ 1,758,973</u>	<u>\$ 395,489</u>	<u>\$ 44,674</u>	<u>\$ 351,050</u>

<u>Nonexpendable Trust</u>	<u>Bond and Interest</u>	<u>Operations and Maintenance (Restricted)</u>	<u>Capital Endowment</u>	<u>Auxiliary Enterprise</u>	<u>Liability Protection Funds</u>	<u>Totals</u>
\$ 360,886	\$ 6,076	\$ 360,268	\$ 458,134	\$ -	\$ 286,608	\$ 3,035,386
3,117,334	-	-	5,664,867	-	4,851,258	13,654,459
-	1,637,743	-	-	-	1,216,022	5,145,532
-	-	-	-	-	-	303,092
25,298	-	-	80,100	-	114,704	807,643
690,005	3,341,427	2,688,522	677,501	119,850	783,037	14,508,947
-	-	-	-	-	-	153,203
-	-	-	-	15,500	-	15,500
-	-	-	-	-	11,621	11,621
<u>\$ 4,193,523</u>	<u>\$ 4,985,246</u>	<u>\$ 3,048,790</u>	<u>\$ 6,880,602</u>	<u>\$ 135,350</u>	<u>\$ 7,263,250</u>	<u>\$ 37,635,383</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 846,073
-	3,267	-	-	22,390	-	113,592
-	2,205,978	-	-	-	1,637,935	6,930,838
-	-	-	-	1,502	-	116,541
174,645	2,679,379	3,641,359	743,469	80,802	1,705,069	14,508,947
<u>174,645</u>	<u>4,888,624</u>	<u>3,641,359</u>	<u>743,469</u>	<u>104,694</u>	<u>3,343,004</u>	<u>22,515,991</u>
-	-	-	-	-	5,428,582	5,428,582
-	-	-	-	30,656	(1,508,336)	(1,477,680)
-	-	-	-	-	-	625
4,018,878	96,622	(592,569)	6,137,133	-	-	11,167,865
<u>4,018,878</u>	<u>96,622</u>	<u>(592,569)</u>	<u>6,137,133</u>	<u>30,656</u>	<u>3,920,246</u>	<u>15,119,392</u>
<u>\$ 4,193,523</u>	<u>\$ 4,985,246</u>	<u>\$ 3,048,790</u>	<u>\$ 6,880,602</u>	<u>\$ 135,350</u>	<u>\$ 7,263,250</u>	<u>\$ 37,635,383</u>

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, 2006

	<u>Education</u>	<u>Operations and Maintenance</u>	<u>Restricted Purpose</u>	<u>Audit</u>	<u>Workforce Investment Act</u>
REVENUES					
Local government	\$ 2,499,948	\$ 618,494	\$ 206,594	\$ 62,500	\$ -
State government	4,952,220	263,243	1,829,491	-	-
Federal government	-	-	4,960,537	-	7,316,332
Student tuition and fees	5,087,697	340,233	-	-	-
Sales and service fees	-	-	-	-	-
Interest	96,494	1	(331)	-	1,191
Net decrease in fair value of investments	-	-	-	-	-
Other	61,995	27,384	166,153	-	8,086
	<u>12,698,354</u>	<u>1,249,355</u>	<u>7,162,444</u>	<u>62,500</u>	<u>7,325,609</u>
Total revenues					
	<u>12,698,354</u>	<u>1,249,355</u>	<u>7,162,444</u>	<u>62,500</u>	<u>7,325,609</u>
EXPENDITURES/ EXPENSES					
Current:					
Instruction	6,952,919	-	1,033,622	-	6,909,825
Academic support	360,775	-	3,506	-	-
Student services	1,250,389	-	577,240	-	-
Public services	194,204	-	837,659	-	-
General administration	-	-	-	-	373,605
Institutional support	3,631,508	118,697	31,304	103,913	-
Operation and maintenance of plant	-	1,164,349	-	-	-
Scholarships, student grants, and waivers	-	-	4,535,679	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
Building construction, building improvements, and equipment	129,574	23,472	-	-	2,836
	<u>12,519,369</u>	<u>1,306,518</u>	<u>7,019,010</u>	<u>103,913</u>	<u>7,286,266</u>
Total expenditures/ expenses					
	<u>12,519,369</u>	<u>1,306,518</u>	<u>7,019,010</u>	<u>103,913</u>	<u>7,286,266</u>
Excess (deficiency) of revenues over expenditures/ expenses	<u>178,985</u>	<u>(57,163)</u>	<u>143,434</u>	<u>(41,413)</u>	<u>39,343</u>

<u>Nonexpendable Trust</u>	<u>Bond and Interest</u>	<u>Operations and Maintenance (Restricted)</u>	<u>Capital Endowment</u>	<u>Auxiliary Enterprise</u>	<u>Liability Protection Funds</u>	<u>Totals</u>
\$ -	\$ 2,194,193	\$ -	\$ -	\$ -	\$ 1,424,184	\$ 7,005,913
-	-	-	-	-	-	7,044,954
-	-	-	177,101	23,970	-	12,477,940
-	-	-	-	230,747	-	5,658,677
-	-	-	-	600,743	-	600,743
119,004	222	13,922	307,038	3	197,471	735,015
(7,705)	-	-	(223,970)	-	(110,633)	(342,308)
-	-	85,000	-	122,560	293,265	764,443
<u>111,299</u>	<u>2,194,415</u>	<u>98,922</u>	<u>260,169</u>	<u>978,023</u>	<u>1,804,287</u>	<u>33,945,377</u>
-	-	-	-	-	-	14,896,366
-	-	-	-	-	-	364,281
-	-	-	-	970,194	-	2,797,823
-	-	-	-	-	-	1,031,863
-	-	-	-	-	-	373,605
-	8,547	96,357	1,078	-	2,198,453	6,189,857
-	-	-	-	-	-	1,164,349
-	-	-	-	-	-	4,535,679
-	975,000	-	-	-	-	975,000
-	1,284,737	-	-	-	-	1,284,737
-	-	1,707,611	-	-	-	1,863,493
-	2,268,284	1,803,968	1,078	970,194	2,198,453	35,477,053
<u>111,299</u>	<u>(73,869)</u>	<u>(1,705,046)</u>	<u>259,091</u>	<u>7,829</u>	<u>(394,166)</u>	<u>(1,531,676)</u>

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, 2006

	<u>Education</u>	<u>Operations and Maintenance</u>	<u>Restricted Purpose</u>	<u>Audit</u>	<u>Workforce Investment Act</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of capital leases	\$ 44,294	\$ -	\$ -	\$ -	\$ -
Transfers in	291,245	137,994	202,299	11,250	-
Transfers out	<u>(591,452)</u>	<u>(62,000)</u>	<u>-</u>	<u>-</u>	<u>(11,250)</u>
Total other financing sources (uses)	<u>(255,913)</u>	<u>75,994</u>	<u>202,299</u>	<u>11,250</u>	<u>(11,250)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(76,928)	18,831	345,733	(30,163)	28,093
FUND EQUITY (DEFICIT) AT BEGINNING OF YEAR	986,008	389,285	(89,226)	(35,114)	77,796
RESIDUAL EQUITY TRANSFER	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,889)</u>
FUND EQUITY (DEFICIT) AT END OF YEAR	<u>\$ 909,080</u>	<u>\$ 408,116</u>	<u>\$ 256,507</u>	<u>\$ (65,277)</u>	<u>\$ -</u>

<u>Nonexpendable Trust</u>	<u>Bond and Interest</u>	<u>Operations and Maintenance (Restricted)</u>	<u>Capital Endowment</u>	<u>Auxiliary Enterprise</u>	<u>Liability Protection Funds</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,294
-	-	1,581,765	-	32,970	591,452	2,848,975
<u>(115,948)</u>	<u>(1,591,512)</u>	<u>-</u>	<u>(476,813)</u>	<u>-</u>	<u>-</u>	<u>(2,848,975)</u>
<u>(115,948)</u>	<u>(1,591,512)</u>	<u>1,581,765</u>	<u>(476,813)</u>	<u>32,970</u>	<u>591,452</u>	<u>44,294</u>
(4,649)	(1,665,381)	(123,281)	(217,722)	40,799	197,286	(1,487,382)
4,023,527	1,762,003	(469,288)	6,354,855	(10,143)	3,722,960	16,712,663
-	-	-	-	-	-	(105,889)
<u>\$ 4,018,878</u>	<u>\$ 96,622</u>	<u>\$ (592,569)</u>	<u>\$ 6,137,133</u>	<u>\$ 30,656</u>	<u>\$ 3,920,246</u>	<u>\$ 15,119,392</u>

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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local government:			
Property taxes	\$ 2,599,089	\$ 2,461,659	\$ (137,430)
Chargeback revenue	45,000	3,741	(41,259)
Other	42,800	34,548	(8,252)
	<u>2,686,889</u>	<u>2,499,948</u>	<u>(186,941)</u>
Total local government			
State government:			
ICCB base operating grant	1,851,922	1,907,434	55,512
ICCB equalization grant	2,154,196	2,047,465	(106,731)
ICCB small college grant	56,400	-	(56,400)
ICCB funding formula impact grant	106,210	139,255	33,045
Corporate personal property replacement tax	150,000	243,742	93,742
Board of Vocational Education and Rehabilitation	-	112,798	112,798
State of Illinois SURS on-behalf payments	904,165	501,526	(402,639)
	<u>5,222,893</u>	<u>4,952,220</u>	<u>(270,673)</u>
Total state government			
Student tuition and fees	<u>5,969,975</u>	<u>5,087,697</u>	<u>(882,278)</u>
Interest	<u>9,300</u>	<u>96,494</u>	<u>87,194</u>
Miscellaneous - other	<u>54,480</u>	<u>61,995</u>	<u>7,515</u>
Total revenues	<u>13,943,537</u>	<u>12,698,354</u>	<u>(1,245,183)</u>
EXPENDITURES			
Instruction:			
Salaries	5,635,114	5,406,816	228,298
Employee benefits	9,200	5,325	3,875
Contractual services	1,090,838	1,149,714	(58,876)
General materials and supplies	395,499	285,956	109,543
Conference and meeting expense	126,349	102,543	23,806
Fixed charges	500	984	(484)
Utilities	60	-	60
Other	1,540	1,581	(41)
	<u>7,259,100</u>	<u>6,952,919</u>	<u>306,181</u>
Total instruction			

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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED)			
Academic support:			
Salaries	\$ 225,890	\$ 233,304	\$ (7,414)
Contractual services	38,520	29,135	9,385
General materials and supplies	93,600	96,066	(2,466)
Conference and meeting expense	3,250	2,270	980
	<hr/>	<hr/>	<hr/>
Total academic support	361,260	360,775	485
Student services:			
Salaries	852,842	905,348	(52,506)
Contractual services	12,140	10,718	1,422
General materials and supplies	71,874	63,412	8,462
Conference and meeting expense	26,470	20,545	5,925
Fixed charges	380	310	70
Other	500,540	250,056	250,484
	<hr/>	<hr/>	<hr/>
Total student services	1,464,246	1,250,389	213,857
Public services:			
Salaries	133,416	125,636	7,780
Contractual services	34,265	31,958	2,307
General materials and supplies	35,215	16,772	18,443
Conference and meeting expense	21,320	16,406	4,914
Fixed charges	500	-	500
Utilities	2,500	2,349	151
Other	5,600	1,083	4,517
	<hr/>	<hr/>	<hr/>
Total public services	232,816	194,204	38,612
Institutional support:			
Salaries	1,376,226	1,220,866	155,360
Employee benefits	1,336,475	1,318,111	18,364
Contractual services	165,215	122,578	42,637
General materials and supplies	519,582	493,389	26,193
Conference and meeting expense	89,370	56,199	33,171
Fixed charges	65,086	148,546	(83,460)
Other	169,788	271,819	(102,031)
	<hr/>	<hr/>	<hr/>
Total institutional support	3,721,742	3,631,508	90,234

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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED)			
Capital outlay	\$ 23,263	\$ 129,574	\$ (106,311)
Total expenditures	<u>13,062,427</u>	<u>12,519,369</u>	<u>543,058</u>
Excess of revenues over expenditures	<u>881,110</u>	<u>178,985</u>	<u>(702,125)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of capital leases	-	44,294	44,294
Transfers in	301,793	291,245	(10,548)
Transfers out	<u>(1,182,903)</u>	<u>(591,452)</u>	<u>591,451</u>
Total other financing uses	<u>(881,110)</u>	<u>(255,913)</u>	<u>625,197</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>(76,928)</u>	<u>\$ (76,928)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>986,008</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 909,080</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local government:			
Property taxes	\$ 653,366	\$ 618,494	\$ (34,872)
State government:			
ICCB base operating grant	146,312	149,855	3,543
ICCB equalization grant	137,501	94,235	(43,266)
ICCB small college grant	3,600	-	(3,600)
ICCB funding formula impact grant	-	6,409	6,409
Corporate personal property replacement tax	<u>6,900</u>	<u>12,744</u>	<u>5,844</u>
Total state government	<u>294,313</u>	<u>263,243</u>	<u>(31,070)</u>
Student tuition and fees	<u>411,766</u>	<u>340,233</u>	<u>(71,533)</u>
Interest	<u>6,530</u>	<u>1</u>	<u>(6,529)</u>
Other:			
Rent	16,880	25,918	9,038
Miscellaneous	<u>6,400</u>	<u>1,466</u>	<u>(4,934)</u>
Total other revenue	<u>23,280</u>	<u>27,384</u>	<u>4,104</u>
Total revenues	<u>1,389,255</u>	<u>1,249,355</u>	<u>(139,900)</u>
EXPENDITURES			
Institutional support:			
Salaries	8,490	3,032	5,458
Contractual services	10,630	9,301	1,329
General materials and supplies	590	3,882	(3,292)
Conference and meeting expense	490	-	490
Utilities	143,230	102,482	40,748
Other	<u>1,379</u>	<u>-</u>	<u>1,379</u>
Total institutional support	<u>164,809</u>	<u>118,697</u>	<u>46,112</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED)			
Operation and maintenance of plant:			
Salaries	\$ 502,706	\$ 458,263	\$ 44,443
Contractual services	42,460	59,876	(17,416)
General materials and supplies	64,560	83,922	(19,362)
Conference and meeting expense	7,110	2,966	4,144
Fixed charges	68,860	60,241	8,619
Utilities	390,100	447,475	(57,375)
Other	140,450	51,606	88,844
	<u>1,216,246</u>	<u>1,164,349</u>	<u>51,897</u>
Capital outlay	<u>20,000</u>	<u>23,472</u>	<u>(3,472)</u>
Total expenditures	<u>1,401,055</u>	<u>1,306,518</u>	<u>94,537</u>
Deficiency of revenues over expenditures	<u>(11,800)</u>	<u>(57,163)</u>	<u>(45,363)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	73,800	137,994	64,194
Transfers out	<u>(62,000)</u>	<u>(62,000)</u>	<u>-</u>
Total other financing sources	<u>11,800</u>	<u>75,994</u>	<u>64,194</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	18,831	<u>\$ 18,831</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>389,285</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 408,116</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 65,337	\$ 62,500	\$ (2,837)
Other	<u>230</u>	<u>-</u>	<u>(230)</u>
Total revenues	<u>65,567</u>	<u>62,500</u>	<u>(3,067)</u>
EXPENDITURES			
Institutional support:			
Salaries	24,140	26,096	(1,956)
Contractual services	50,415	77,815	(27,400)
General materials and supplies	670	-	670
Conference and meeting expense	<u>285</u>	<u>2</u>	<u>283</u>
Total expenditures	<u>75,510</u>	<u>103,913</u>	<u>(28,403)</u>
Deficiency of revenues over expenditures	(9,943)	(41,413)	(31,470)
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>11,250</u>	<u>(11,250)</u>
Deficiency of revenues and other financing sources over expenditures	<u>\$ (9,943)</u>	<u>(30,163)</u>	<u>\$ (42,720)</u>
FUND DEFICIT AT BEGINNING OF YEAR		<u>(35,114)</u>	
FUND DEFICIT AT END OF YEAR		<u>\$ (65,277)</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 2,268,485	\$ 2,194,193	\$ (74,292)
Interest	<u>119,640</u>	<u>222</u>	<u>(119,418)</u>
Total revenues	<u>2,388,125</u>	<u>2,194,415</u>	<u>(193,710)</u>
EXPENDITURES			
Institutional support:			
Other	<u>5,750</u>	<u>8,547</u>	<u>(2,797)</u>
Debt service:			
Principal retirement	790,000	975,000	(185,000)
Interest	<u>1,291,166</u>	<u>1,284,737</u>	<u>6,429</u>
Total debt service	<u>2,081,166</u>	<u>2,259,737</u>	<u>(178,571)</u>
Total expenditures	<u>2,086,916</u>	<u>2,268,284</u>	<u>(181,368)</u>
Excess (deficiency) of revenues over expenditures	301,209	(73,869)	(375,078)
OTHER FINANCING			
Transfers out	<u>(1,648,816)</u>	<u>(1,591,512)</u>	<u>57,304</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,347,607)</u>	(1,665,381)	<u>\$ (317,774)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>1,762,003</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 96,622</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, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 4,830	\$ 13,922	\$ 9,092
Other	<u>135,000</u>	<u>85,000</u>	<u>(50,000)</u>
Total revenues	<u>139,830</u>	<u>98,922</u>	<u>(40,908)</u>
EXPENDITURES			
Institutional support:			
Contractual services	28,700	96,357	(67,657)
Capital outlay - building construction and building improvements	<u>2,308,886</u>	<u>1,707,611</u>	<u>601,275</u>
Total expenditures	<u>2,337,586</u>	<u>1,803,968</u>	<u>533,618</u>
Deficiency of revenues over expenditures	(2,197,756)	(1,705,046)	(574,526)
OTHER FINANCING SOURCES			
Transfers in	<u>1,882,586</u>	<u>1,581,765</u>	<u>(300,821)</u>
Deficiency of revenues and other financing sources over expenditures	<u>\$ (315,170)</u>	(123,281)	<u>\$ (875,347)</u>
FUND DEFICIT AT BEGINNING OF YEAR		<u>(469,288)</u>	
FUND DEFICIT AT END OF YEAR		<u>\$ (592,569)</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal government grant	\$ -	\$ 177,101	\$ 177,101
Interest	293,015	307,038	14,023
Net decrease in fair value of investments	<u>-</u>	<u>(223,970)</u>	<u>(223,970)</u>
Total revenues	<u>293,015</u>	<u>260,169</u>	<u>(32,846)</u>
 EXPENDITURES			
Institutional support:			
Fixed charges	1,060	1,058	2
Other	<u>80</u>	<u>20</u>	<u>60</u>
Total expenditures	<u>1,140</u>	<u>1,078</u>	<u>62</u>
Excess of revenues over expenditures	291,875	259,091	(32,784)
 OTHER FINANCING USES			
Transfers out	<u>(481,700)</u>	<u>(476,813)</u>	<u>4,887</u>
Deficiency of revenues over expenditures and other financing uses	<u>\$ (189,825)</u>	<u>(217,722)</u>	<u>\$ (27,897)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>6,354,855</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 6,137,133</u>	

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
AUXILIARY ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (DEFICIT) - BUDGET AND ACTUAL
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES			
Federal government grants	\$ 13,500	\$ 23,970	\$ 10,470
Student tuition and fees	258,450	230,747	(27,703)
Sales and service fees	597,042	600,743	3,701
Interest	20	3	(17)
Other	<u>143,533</u>	<u>122,560</u>	<u>(20,973)</u>
Total operating revenues	<u>1,012,545</u>	<u>978,023</u>	<u>(34,522)</u>
 OPERATING EXPENSES			
Salaries	520,096	453,129	66,967
Employee benefits	10,000	10,000	-
Contractual services	144,195	153,416	(9,221)
General materials and supplies	183,176	186,960	(3,784)
Conference and meetings	39,405	37,169	2,236
Depreciation	28,404	26,902	1,502
Other	<u>74,467</u>	<u>102,618</u>	<u>(28,151)</u>
Total operating expenses	<u>999,743</u>	<u>970,194</u>	<u>29,549</u>
Operating income before transfers in	12,802	7,829	(4,973)
 TRANSFERS IN	<u>10,000</u>	<u>32,970</u>	<u>22,970</u>
 NET INCOME	<u>\$ 22,802</u>	40,799	<u>\$ 17,997</u>
 RETAINED DEFICIT AT BEGINNING OF YEAR		<u>(10,143)</u>	
 RETAINED EARNINGS AT END OF YEAR		<u>\$ 30,656</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, 2006

	Student Activities - Other Services	Auto Mechanics
OPERATING REVENUES		
Federal government grants	\$ -	\$ -
Student tuition and fees	230,747	-
Sales and service fees	126,067	44,503
Interest	3	-
Other	<u>8,702</u>	<u>-</u>
Total operating revenues	<u>365,519</u>	<u>44,503</u>
 OPERATING EXPENSES		
Salaries	83,994	-
Employee benefits	-	-
Contractual services	47,540	-
General materials and supplies	58,908	43,423
Conference and meetings	-	-
Depreciation	26,902	-
Other	<u>62,917</u>	<u>-</u>
Total operating expenses	<u>280,261</u>	<u>43,423</u>
 OPERATING INCOME (LOSS)	 <u>\$ 85,258</u>	 <u>\$ 1,080</u>

<u>Food Service</u>	<u>Bookstore</u>	<u>Athletics</u>	<u>Cosmetology</u>	<u>Child Care Center</u>	<u>Dental Hygiene</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 23,970	\$ -	\$ 23,970
-	-	-	-	-	-	230,747
-	-	7,278	46,938	344,713	31,244	600,743
-	-	-	-	-	-	3
<u>14,405</u>	<u>97,800</u>	<u>-</u>	<u>-</u>	<u>1,343</u>	<u>310</u>	<u>122,560</u>
<u>14,405</u>	<u>97,800</u>	<u>7,278</u>	<u>46,938</u>	<u>370,026</u>	<u>31,554</u>	<u>978,023</u>
-	-	76,075	-	293,060	-	453,129
-	-	-	-	10,000	-	10,000
33,562	-	34,025	3,488	34,791	10	153,416
960	-	39,581	10,489	8,708	24,891	186,960
-	-	36,966	-	203	-	37,169
-	-	-	-	-	-	26,902
<u>932</u>	<u>-</u>	<u>37,218</u>	<u>-</u>	<u>983</u>	<u>568</u>	<u>102,618</u>
<u>35,454</u>	<u>-</u>	<u>223,865</u>	<u>13,977</u>	<u>347,745</u>	<u>25,469</u>	<u>970,194</u>
<u>\$ (21,049)</u>	<u>\$ 97,800</u>	<u>\$ (216,587)</u>	<u>\$ 32,961</u>	<u>\$ 22,281</u>	<u>\$ 6,085</u>	<u>\$ 7,829</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
COMBINING BALANCE SHEET - LIABILITY PROTECTION FUNDS
June 30, 2006

	<u>Employee Insurance</u>	<u>Liability, Protection, and Settlement</u>	<u>Insurance Reserve</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 286,608	\$ 286,608
Investments	-	123,000	4,728,258	4,851,258
Receivables:				
Property taxes	-	1,216,022	-	1,216,022
Other	78,125	606	35,973	114,704
Due from other funds	416,915	-	366,122	783,037
Other assets	-	-	11,621	11,621
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 495,040</u>	<u>\$ 1,339,628</u>	<u>\$ 5,428,582</u>	<u>\$ 7,263,250</u>
LIABILITIES AND RETAINED EARNINGS (DEFICIT)				
LIABILITIES				
Unearned revenue:				
Property taxes	\$ -	\$ 1,637,935	\$ -	\$ 1,637,935
Due to other funds	1,211,251	493,818	-	1,705,069
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,211,251	2,131,753	-	3,343,004
RETAINED EARNINGS (DEFICIT)				
Reserved for insurance	-	-	5,428,582	5,428,582
Unreserved	(716,211)	(792,125)	-	(1,508,336)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total retained earnings (deficit)	(716,211)	(792,125)	5,428,582	3,920,246
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND RETAINED EARNINGS (DEFICIT)	<u>\$ 495,040</u>	<u>\$ 1,339,628</u>	<u>\$ 5,428,582</u>	<u>\$ 7,263,250</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (DEFICIT) - LIABILITY PROTECTION FUNDS
For the Year Ended June 30, 2006

	<u>Employee Insurance</u>	<u>Liability, Protection, and Settlement</u>	<u>Insurance Reserve</u>	<u>Totals</u>
REVENUES				
Local government	\$ -	\$ 1,424,184	\$ -	\$ 1,424,184
Interest	-	4,759	192,712	197,471
Net decrease in fair value of investments	-	-	(110,633)	(110,633)
Other	<u>293,265</u>	<u>-</u>	<u>-</u>	<u>293,265</u>
 Total revenues	 293,265	 1,428,943	 82,079	 1,804,287
 EXPENSES				
Current:				
Institutional support	<u>713,664</u>	<u>1,482,662</u>	<u>2,127</u>	<u>2,198,453</u>
 Excess (deficiency) of revenues over expenses	 (420,399)	 (53,719)	 79,952	 (394,166)
 OTHER FINANCING SOURCES				
Transfers in	<u>591,452</u>	<u>-</u>	<u>-</u>	<u>591,452</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENSES				
	171,053	(53,719)	79,952	197,286
 RETAINED EARNINGS (DEFICIT) AT BEGINNING OF YEAR				
	<u>(887,264)</u>	<u>(738,406)</u>	<u>5,348,630</u>	<u>3,722,960</u>
 RETAINED EARNINGS (DEFICIT) AT END OF YEAR				
	<u>\$ (716,211)</u>	<u>\$ (792,125)</u>	<u>\$ 5,428,582</u>	<u>\$ 3,920,246</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
EMPLOYEE INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (DEFICIT) - BUDGET AND ACTUAL
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES			
Other	\$ 314,000	\$ 293,265	\$ (20,735)
OPERATING EXPENSES			
Employee benefits	<u>974,063</u>	<u>713,664</u>	<u>260,399</u>
Operating loss	(660,063)	(420,399)	(281,134)
NONOPERATING REVENUES			
Interest income	1,500	-	(1,500)
TRANSFERS IN	<u>1,182,903</u>	<u>591,452</u>	<u>(591,451)</u>
NET INCOME	<u>\$ 524,340</u>	171,053	<u>\$ (353,287)</u>
RETAINED DEFICIT AT BEGINNING OF YEAR		<u>(887,264)</u>	
RETAINED DEFICIT AT END OF YEAR		<u>\$ (716,211)</u>	

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
LIABILITY, PROTECTION, AND SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED DEFICIT - BUDGET AND ACTUAL
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
Salaries	957,299	909,476	47,823
Employee benefits	748,230	151,439	596,791
Contractual services	208,418	175,702	32,716
General materials and supplies	14,020	33,212	(19,192)
Conference and meetings	4,300	1,556	2,744
Fixed charges	220,120	208,523	11,597
Other	<u>3,731</u>	<u>2,754</u>	<u>977</u>
Total operating expenses	<u>2,156,118</u>	<u>1,482,662</u>	<u>673,456</u>
Operating loss	<u>(2,156,118)</u>	<u>(1,482,662)</u>	<u>673,456</u>
NONOPERATING REVENUES			
Property taxes	1,419,111	1,424,184	5,073
Interest income	<u>199,580</u>	<u>4,759</u>	<u>(194,821)</u>
Total nonoperating revenues	<u>1,618,691</u>	<u>1,428,943</u>	<u>(189,748)</u>
NET LOSS	<u>\$ (537,427)</u>	(53,719)	<u>\$ 483,708</u>
RETAINED DEFICIT AT BEGINNING OF YEAR		<u>(738,406)</u>	
RETAINED DEFICIT AT END OF YEAR		<u>\$ (792,125)</u>	

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
INSURANCE RESERVE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
Other	<u>-</u>	<u>2,127</u>	<u>(2,127)</u>
Operating loss	<u>-</u>	<u>(2,127)</u>	<u>(2,127)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	197,390	192,712	(4,678)
Net decrease in fair value of investments	<u>-</u>	<u>(110,633)</u>	<u>(110,633)</u>
Total nonoperating revenues	<u>197,390</u>	<u>82,079</u>	<u>(115,311)</u>
TRANSFERS OUT	<u>(197,390)</u>	<u>-</u>	<u>197,390</u>
NET INCOME	<u>\$ -</u>	79,952	<u>\$ 79,952</u>
RETAINED EARNINGS AT BEGINNING OF YEAR		<u>5,348,630</u>	
RETAINED EARNINGS AT END OF YEAR		<u>\$ 5,428,582</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, 2006

Fund equity - all fund types (page 41)	\$ 15,119,392
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	19,344,961
Bond issuance costs are not financial resources and, therefore, are not reported in the governmental funds	237,769
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date	(67,758)
Long-term liabilities not reported in the governmental funds	(27,045,732)
Revenue for student tuition is recognized in the governmental funds when substantially received	<u>(272,372)</u>
Net assets (page 13)	<u><u>\$ 7,316,260</u></u>

See accompanying independent auditor's report.

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, 2006

Net decrease in fund equity - all fund types (page 45)	\$ (1,487,382)
<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	1,641,914
Depreciation expense	(1,139,818)
<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 Statements of Net Assets:</p>	
Bond principal repayments	975,000
Capital leases	129,292
Compensated absences	(108,017)
<p>Proceeds from the issuance of debt is an other financing source of governmental funds, but increases long-term liabilities in the Statements of Net Assets:</p>	
Issuance of capital leases	(44,294)
<p>The costs associated with issuing long-term debt are an expenditure of governmental funds, but increase other assets (unamortized debt issuance costs) in the Statements of Net Assets.</p>	
	(18,084)
<p>Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date.</p>	
	91,280
<p>Revenue for student tuition is recognized in the governmental funds when substantially received.</p>	
	60,181
Increase in net assets (page 14)	\$ 100,072

See accompanying independent auditor's report.

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

STATISTICAL SECTION

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

Net Assets by Component
For the Last Four Fiscal Years ended June 30,
(Unaudited)
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Invested in capital assets, net of related debt	\$ 9,760	\$ 8,550	\$ 8,596	\$ 8,219
Restricted - expendable:				
Debt Service	89	279	547	598
Insurance	5,428	5,349	5,191	5,195
Unrestricted	<u>(7,961)</u>	<u>(6,856)</u>	<u>(6,593)</u>	<u>(5,089)</u>
Total net assets	<u>\$ 7,316</u>	<u>\$ 7,322</u>	<u>\$ 7,741</u>	<u>\$ 8,923</u>

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 Four Fiscal Years Ended June 30,
(Unaudited)
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating Expenses:				
Instruction	\$ 14,856	\$ 13,538	\$ 10,230	\$ 11,108
Academic support	364	382	377	517
Student services	2,771	2,450	2,309	2,035
Public services	1,032	914	938	1,184
General administration	373	649	645	419
Institutional support	6,231	7,095	11,052	6,371
Operation and maintenance of plant	1,148	1,190	1,094	953
Scholarships, student grants, and waivers	2,901	2,886	3,203	3,483
Depreciation	1,167	1,191	1,105	1,057
Total operating expenses	<u>30,843</u>	<u>30,295</u>	<u>30,953</u>	<u>27,127</u>
Operating revenues:				
Charges for services:				
Student tuition and fees	4,812	4,859	5,093	4,557
Chargeback revenue	3	4	26	39
Auxiliary enterprise	601	511	463	387
Other general government	-	-	226	202
Total operating revenue	<u>5,416</u>	<u>5,374</u>	<u>5,808</u>	<u>5,185</u>
Operating loss	<u>(25,427)</u>	<u>(24,921)</u>	<u>(25,145)</u>	<u>(21,942)</u>
Nonoperating revenues (expenses):				
State Grants	6,789	6,026	10,180	5,812
Property taxes	6,761	6,612	6,444	6,044
Personal property replacement tax	257	200	170	152
Federal grants	11,666	11,030	7,337	8,495
Local grants	241	222	257	327
Investment income	392	769	100	1,101
Interest expense	(1,193)	(1,111)	(1,159)	(1,556)
Other nonoperating revenues	614	754	633	838
State Capital Grants	-	-	-	3,735
Net nonoperating revenues	<u>25,527</u>	<u>24,502</u>	<u>23,962</u>	<u>24,948</u>
Change in net assets	<u>\$ 100</u>	<u>\$ (419)</u>	<u>\$ (1,183)</u>	<u>\$ 3,006</u>

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,
(Unaudited)
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
General fund:										
Reserved	\$ 1	\$ 1	\$ 12	\$ 1	\$ 2	\$ 1	\$ 30	\$ 21	\$ 54	\$ 75
Unreserved	<u>1,316</u>	<u>1,374</u>	<u>792</u>	<u>730</u>	<u>359</u>	<u>540</u>	<u>380</u>	<u>(4)</u>	<u>234</u>	<u>203</u>
Total general fund	<u>\$ 1,317</u>	<u>\$ 1,375</u>	<u>\$ 804</u>	<u>\$ 731</u>	<u>\$ 361</u>	<u>\$ 541</u>	<u>\$ 410</u>	<u>\$ 17</u>	<u>\$ 288</u>	<u>\$ 278</u>
All other governmental funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,474	\$ -	\$ 86	\$ 12	\$ 13
Unreserved, reported in:										
Special revenue funds	4,210	3,977	3,582	3,829	3,790	3,805	3,631	2,238	2,292	1,883
Debt service funds	97	1,762	4,797	598	2,301	2,364	624	275	12	8
Capital projects funds	<u>5,545</u>	<u>5,886</u>	<u>5,112</u>	<u>5,724</u>	<u>6,735</u>	<u>4,925</u>	<u>7,110</u>	<u>1,350</u>	<u>127</u>	<u>251</u>
Total all other governmental funds	<u>\$ 9,852</u>	<u>\$ 11,625</u>	<u>\$ 13,491</u>	<u>\$ 10,151</u>	<u>\$ 12,826</u>	<u>\$ 12,568</u>	<u>\$ 11,365</u>	<u>\$ 3,949</u>	<u>\$ 2,443</u>	<u>\$ 2,155</u>

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,
(Unaudited)
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Revenues:										
Property taxes	\$ 5,582	\$ 5,457	\$ 5,512	\$ 5,462	\$ 5,329	\$ 4,812	\$ 4,579	\$ 4,298	\$ 4,058	\$ 3,601
Government grants	19,499	18,203	18,538	18,793	13,793	11,460	10,586	10,875	8,886	6,951
Student tuition and fees	5,428	5,441	5,133	4,472	3,577	3,138	3,132	2,883	2,706	2,554
Sales and service fees	-	-	-	-	-	-	-	-	-	-
Interest	537	471	348	471	556	759	424	238	198	251
Net increase (decrease) in fair value of investments	(232)	132	(248)	300	93	77	-	-	-	-
Other	349	347	221	437	533	555	317	1,368	318	212
Total revenues	<u>31,163</u>	<u>30,051</u>	<u>29,504</u>	<u>29,935</u>	<u>23,881</u>	<u>20,801</u>	<u>19,038</u>	<u>19,662</u>	<u>16,166</u>	<u>13,569</u>
Expenditures:										
Instruction	14,896	13,549	10,231	11,195	10,454	8,331	8,721	8,002	7,136	7,048
Academic support	364	382	377	517	604	591	518	516	500	335
Student services	1,828	1,644	1,524	1,300	1,254	1,189	3,113	3,058	2,629	1,931
Public services	1,032	914	938	1,184	1,542	1,728	911	889	858	482
General administration	374	649	715	471	243	550	406	486	1,070	1,081
Institutional support	3,991	4,143	8,946	4,092	3,901	3,800	3,460	2,722	1,536	1,131
Operation and maintenance of plant	1,164	1,190	1,094	953	987	1,020	1,099	885	974	1,157
Scholarships, student grants, and waivers	4,536	4,543	4,214	4,095	3,056	2,339	-	-	-	-
Debt service:										
Principal	975	735	660	605	3,683	583	3,667	1,004	530	1,510
Interest	1,285	1,313	1,167	1,187	1,235	633	697	397	549	373
Capital outlay	1,863	1,607	1,856	6,535	2,415	1,019	883	2,870	1,635	1,650
Total expenditures	<u>32,308</u>	<u>30,669</u>	<u>31,722</u>	<u>32,134</u>	<u>29,374</u>	<u>21,783</u>	<u>23,475</u>	<u>20,829</u>	<u>17,417</u>	<u>16,698</u>
Excess of revenues over (under) expenditures	<u>(1,145)</u>	<u>(618)</u>	<u>(2,218)</u>	<u>(2,199)</u>	<u>(5,493)</u>	<u>(982)</u>	<u>(4,437)</u>	<u>(1,167)</u>	<u>(1,251)</u>	<u>(3,129)</u>
Other financing sources (uses):										
Proceeds from issuance of long term debt	44	9,690	4,335	-	8,229	2,315	13,285	5,689	852	2,050
Discount on bond issuance	-	(151)	-	-	(89)	-	-	-	-	-
Payment to refunding bond escrow agent	-	(9,451)	-	-	(1,948)	-	(1,026)	(3,551)	-	-
Proceeds from issuance of capital leases	-	157	1,344	-	57	166	-	-	-	-
Prior period adjustment unamortized bond issue costs	-	-	-	-	(524)	-	-	-	-	-
Prior period adjustment outstanding bonds in wrong fund types	-	-	-	-	-	-	-	-	650	-
Transfers in	2,225	3,268	854	2,462	2,922	903	3,796	717	326	479
Transfers out	(2,849)	(4,190)	(902)	(2,568)	(3,075)	(1,067)	(3,811)	(453)	(279)	(238)
Total other financing sources (uses)	<u>(580)</u>	<u>(677)</u>	<u>5,631</u>	<u>(106)</u>	<u>5,572</u>	<u>2,317</u>	<u>12,244</u>	<u>2,402</u>	<u>1,549</u>	<u>2,291</u>
Net change in fund balances	<u>\$ (1,725)</u>	<u>\$ (1,295)</u>	<u>\$ 3,413</u>	<u>\$ (2,305)</u>	<u>\$ 79</u>	<u>\$ 1,335</u>	<u>\$ 7,807</u>	<u>\$ 1,235</u>	<u>\$ 298</u>	<u>\$ (5,420)</u>
Debt service as a percentage of noncapital expenditures	7.45%	7.35%	6.35%	7.02%	18.24%	5.86%	19.32%	7.80%	6.84%	12.52%

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

<u>Year of Levy</u>	<u>Farm</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Assessed Valuation</u>	<u>Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>
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	\$3,777,456,720	0.4810
2000	\$ 453,111,279	\$ 549,635,662	\$ 180,752,668	\$ 17,829,345	\$ 28,281,030	\$1,229,609,983	\$3,688,829,949	0.4750
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
1997	\$ 407,166,329	\$ 405,145,590	\$ 146,969,165	\$ 17,151,720	\$ 20,719,024	\$997,151,829	\$2,991,455,487	0.4700
1996	\$ 390,118,868	\$ 388,206,520	\$ 141,513,707	\$ 16,254,953	\$ 20,079,648	\$956,173,695	\$2,868,521,085	0.4650

Note: Assessed value is computed by the County Clerk's offices equal to one-third of the estimated actual value.

Source: Knox County Clerk's Office

See accompanying Independent Auditors' Report

**CARL SANDBURG COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 518
PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)**

Last Ten Fiscal Years

<u>Year of Levy</u>	<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Year Taxes Collected</u>	<u>Percent of Levy Collected</u>	<u>Collected in Subsequent Years</u>	<u>Total Collections to date</u>	<u>Total Percent of Levy Collected to date</u>
2004	2006	\$ 6,751,906	\$ 6,759,972	100.12%	996.73	\$ 6,760,969	100.13%
2003	2005	6,616,051	6,611,494	99.93%	11056.68	6,622,551	100.10%
2002	2004	6,461,063	6,444,426	99.74%	7442.52	6,451,869	99.86%
2001	2003	6,054,003	6,044,238	99.84%	61.82	6,044,300	99.84%
2000	2002	5,835,729	5,831,033	99.92%	13.64	5,831,047	99.92%
1999	2001	5,342,102	5,345,820	100.07%	8.62	5,345,829	100.07%
1998	2000	4,985,712	4,990,855	100.10%		4,990,855	100.10%
1997	1999	4,690,602	4,701,108	100.22%		4,701,108	100.22%
1996	1998	4,443,339	4,431,090	99.72%		4,431,090	99.72%
1995	1997	3,846,969	3,865,326	100.48%		3,865,326	100.48%

Source: Knox County Treasurer's Office

See accompanying Independent Auditors' 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) (Unaudited)

Last Ten Fiscal Years

<u>Taxing Bodies</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
City of Galesburg	1.7196	1.6099	1.8674	1.8900	1.9750	1.9940	2.0390	2.0590	2.0810	2.1130
Town of the City of Galesburg	0.2147	0.2015	0.1852	0.1829	0.1800	0.1830	0.1890	0.1800	0.1790	0.1750
Galesburg School District 205	4.2761	4.1220	3.9452	3.9287	3.9190	3.8770	3.7070	3.7700	3.8950	3.9050
Knox County	1.0799	1.0392	0.9360	1.0176	0.9610	0.9350	0.8170	0.8500	0.8400	0.8500
Galesburg City Fire	0.5833	0.5464	0.3456	0.3874						
Galesburg Sanitary District	0.3052	0.2906	0.2672	0.2635	0.2620	0.2640	0.2810	0.2800	0.2870	0.2910
Total Overlapping Rate	8.1788	7.8096	7.5466	7.6701	7.2970	7.2530	7.0330	7.1390	7.2820	7.3340
Carl Sandburg College Dist. 518	<u>0.5759</u>	<u>0.5530</u>	<u>0.5139</u>	<u>0.5042</u>	<u>0.4810</u>	<u>0.4750</u>	<u>0.4550</u>	<u>0.4600</u>	<u>0.4700</u>	<u>0.4650</u>
Total Rate	<u>8.7547</u>	<u>8.3626</u>	<u>8.0605</u>	<u>8.1743</u>	<u>7.7780</u>	<u>7.7280</u>	<u>7.4880</u>	<u>7.5990</u>	<u>7.7520</u>	<u>7.7990</u>
Carl Sandburg College Percentage of Total	<u>6.58%</u>	<u>6.61%</u>	<u>6.38%</u>	<u>6.17%</u>	<u>6.18%</u>	<u>6.15%</u>	<u>6.08%</u>	<u>6.05%</u>	<u>6.06%</u>	<u>5.96%</u>

See accompany Independent Auditors' Report.

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

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

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

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

**PRINCIPAL TAXPAYERS (Unaudited)
Current year and nine years ago**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2006</u>			<u>1997</u>		
		<u>Taxable Assessed Value</u>		<u>Percent District's Total EAV</u>	<u>Taxable Assessed Value</u>		<u>Percent District's Total EAV</u>
Burlington Northern Santa Fe	Railroad	18.84	1	1.57%	10.39	1	1.04%
Galesburg Hospital Corporation	Hospital	8.04	2	0.67%			0.00%
First Property Management Corp.	Mall	4.46	3	0.37%	4.69	3	0.47%
United Facilities, Inc.	Shipping	3.57	4	0.30%			0.00%
Hy Vee Food Stores Inc.	Retailer	2.59	5	0.22%			0.00%
Wal-Mart Stores #775	Retailer	2.45	6	0.20%	1.85	8	0.19%
Lowe's Home Centers, Inc.	Retailer	2.17	7	0.18%			0.00%
CRC Cherry Street Facility LLC	Restaurant	2.09	8	0.17%			0.00%
Target Corporation	Retailer	2.08	9	0.17%			
Dick Blick Company	Wholesale/Retail	1.73	10	0.14%			
Admiral-Maytag Co.	Manufacturer				8.59	2	0.86%
Twomey Company	Grain				4.01	4	0.40%
RFMS	Healthcare Facility Mgmt				2.09	5	0.21%
Pioneer H-Bred	Retailer				1.98	6	0.20%
Gates Rubber	Manufacturer				1.90	7	0.19%
Lexington Trank Galesburg LLC, etal	Retailer				1.65	9	0.17%
Butler Manufacturing	Manufacturer				1.64	10	0.16%
		<u>48.02</u>		<u>3.99%</u>	<u>38.79</u>		<u>3.89%</u>

See accompanying Independent Auditors' Report

Sources: Knox County Assessor's Office

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

RATIOS OF OUTSTANDING DEBT BY TYPE

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Lease Certificates</u>	<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Purchase Contracts</u>	<u>Total Primary Government</u>	<u>Estimated Actual Value Taxable Property</u>	<u>Ratio Total Debt to Est. Actual Taxable Prop. Value</u>	<u>Estimated Population</u>	<u>Net Bonded Debt Per Capita</u>
2006	\$ 25,830,000			\$ 834,901		\$ 26,664,901	\$ 3,610,437,843	0.739%	109,788	235
2005	26,805,000			919,899		27,724,899	3,662,878,512	0.757%	110,862	242
2004	26,600,000			1,155,838		27,755,838	3,862,259,937	0.719%	111,242	239
2003	22,960,000			183,136		23,143,136	3,844,345,656	0.602%	112,074	205
2002	23,565,000			264,126		23,829,126	3,777,456,720	0.631%	112,668	209
2001	20,885,000			289,573		21,174,573	3,688,829,949	0.574%	113,872	183
2000	12,505,000	\$ 6,600,000		171,481		19,276,481	3,568,902,036	0.540%	114,353	109
1999	7,435,000		\$ 2,430,443	229,441	\$ 684,000	10,778,884	3,250,840,287	0.332%	116,362	64
1998	7,740,000		836,529	70,575	589,325	9,236,429	2,991,455,487	0.309%	116,362	67
1997	7,620,000			110,856	719,465	8,450,321	2,868,521,085	0.295%	116,362	65

Note: Details regarding the District's outstanding debt can be found in Note 4 - Debt, in the Notes to Basic Financial Statements.

Sources: Knox County Clerk's Office
College records

See accompanying Independent Auditor's Report

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

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL BONDED DEBT PER CAPITA (Unaudited)**

<u>Fiscal Year</u>	<u>Net General Bonded Debt</u>	<u>Estimated Actual Taxable Value of Property</u>	<u>Estimated Population</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2006	\$ 25,830,000	\$ 3,610,437,843	109,788	0.715%	235
2005	26,805,000	3,662,878,512	110,862	0.732%	242
2004	26,600,000	3,862,259,937	111,242	0.689%	239
2003	22,960,000	3,844,345,656	112,074	0.597%	205
2002	23,565,000	3,777,456,720	112,668	0.624%	209
2001	20,885,000	3,688,829,949	113,872	0.566%	183
2000	12,505,000	3,568,902,036	114,353	0.350%	109
1999	7,435,000	3,250,840,287	116,362	0.229%	64
1998	7,740,000	2,991,455,487	116,362	0.259%	67
1997	7,620,000	2,868,521,085	116,362	0.266%	65

Note: Details regarding the District's outstanding debt can be found in Note 4 - Debt, in the Notes to Basic Financial Statements.

Sources: Knox County Clerk's Office
College records

See accompanying Independent Auditor's Report

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

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2005**

<u>Overlapping Agencies</u>	<u>Outstanding Debt</u>	<u>Applicable to College</u>	
		<u>Percent</u>	<u>Amount</u>
Fulton County	\$ 460,000	3.36%	\$ 15,456
Spoon River Valley Unit #4	1,475,000	2.89%	42,628
Bushnell Unit #170	660,000	4.31%	28,446
Avon Unit #176	650,000	99.15%	644,475
Village of Avon	360,000	100.00%	360,000
CUSD #336	605,000	100.00%	605,000
City of Dallas City	105,000	100.00%	105,000
Hancock & Henderson Counties	280,000	92.48%	258,944
LaHarpe CUSD #335	701,000	100.00%	701,000
Hamilton Park District	1,070,000	100.00%	1,070,000
Carthage Park District	255,000	100.00%	255,000
CUSD #316	1,915,000	100.00%	1,915,000
Gulfport-Gladstone Fire P Dist.	106,013	100.00%	106,013
Dallas City CUSD #336	649,843	100.00%	649,843
LaHarpe CUSD #335	211,092	100.00%	211,092
Union CUSD#115	951,708	100.00%	951,708
McDonough County	482,920	35.35%	170,712
Bushnell Unit #170	512,505	82.34%	421,997
LaHarpe CUSD #335	317,844	0.92%	2,924
Village of Prairie City	117,050	100.00%	117,050
Building Commission	2,069,386	35.35%	731,528
Monmouth CUSD #38	403,438	100.00%	403,438
West Central #235	1,801,053	0.05%	901
Bushnell Unit #170	638,255	3.04%	19,428
Avon Unit #176	709,100	54.75%	388,232
CUSD #205	6,173,442	2.90%	179,030
Abingdon Unit #217	1,939,916	10.97%	212,809
Monmouth Park District	164,016	100.00%	164,016
City of Monmouth	541,677	100.00%	541,677
Village of Roseville	139,761	100.00%	139,761
Culbertson Mem Hospital	2,620,000	2.06%	53,972
Knox County	8,740,000	100.00%	8,740,000
City of Galesburg	9,730,000	100.00%	9,730,000
City of Knoxville	450,000	100.00%	450,000
CUSD#4	1,475,000	28.27%	416,983
CUSD#100	5,630,000	2.80%	157,640
CUSD#176	600,000	5.80%	34,800
CUSD#202	329,921	100.00%	329,921
CUSD#205	5,220,000	97.19%	5,073,318
CUSD#217	1,750,000	89.33%	1,563,275
CUSD#224	565,000	8.80%	49,720
CUSD#225	3,650,000	7.63%	278,495
CUSD#265	11,994,763	19.03%	2,282,603
CUSD#322	2,375,000	0.25%	5,938
Community College Dist. #534	7,505,000	0.15%	11,258
Community College Dist. #503	4,800,000	0.31%	14,880
			\$ 40,605,909
Community College Dist. #518	\$ 25,830,000	100.00%	\$ 25,830,000
Total Direct & Overlapping General Obligation Bonded Debt			\$ 66,435,909

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

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

LEGAL DEBT MARGIN INFORMATION

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Percentage of Debt Limit</u>
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%
1997	27,489,994	8,450,321	19,039,673	30.740%

Assessed Valuation - 2005 Levy \$ 1,203,479,281

Debt Limit (2.875% of total assessed value) \$ 34,600,029

Debt applicable to limit:

General obligation bonds	25,830,000
Lease certificates	-
Notes payable	-
Capital leases	834,901
Purchase contracts	-

Total net debt applicable to limit 26,664,901

Legal debt margin \$ 7,935,128

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***

<u>Fiscal Year</u>	<u>Estimated Population*</u>	<u>Personal Income (Amounts Expressed in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>	<u>District Student Enrollment</u>	<u>Average Class Size</u>
2006	121,986	\$ 2,099,623	\$ 17,212	36.6	36,897	5.6%	2,930	10
2005	123,180	2,120,174	17,212	36.6	36,897	5.8%	3,260	10
2004	124,778	2,147,679	17,212	36.6	36,897	6.7%	3,575	12
2003	125,828	2,165,752	17,212	36.6	36,897	7.0%	3,554	12
2002	126,632	2,179,590	17,212	36.6	36,897	6.2%	3,441	12
2001	127,399	2,192,792	17,212	36.6	36,897	5.3%	3,341	11
2000	127,605	2,196,337	17,212	36.6	36,897	4.6%	3,220	na
1999	132,191	2,275,291	17,212	34.3	39,337	3.3%	2,739	12
1998	132,191	1,476,671	11,171	34.3	39,337	3.4%	2,906	na
1997	132,191	1,476,671	11,171	34.3	39,337	3.6%	2,635	na

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

Sources: U.S. Census Bureau
College records

See accompanying Independent Auditor's Report

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

PRINCIPAL EMPLOYERS

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total District Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total District Employment</u>
Farmland Foods	1,275	1	2.15%	na		0.00%
Burlington Northern Santa Fe Railroad	1,025	2	1.73%	800	2	1.19%
School District Number 205	797	3	1.34%	700	3	1.04%
Galesburg Cottage Hospital	650	4	1.09%	700	4	1.04%
OSF St. Mary Medical Center	525	5	0.88%	525	6	0.78%
Dick Blick Art Materials	500	6	0.84%	-		0.00%
Hy-Vee	460	7	0.77%	-		0.00%
Knox County	420	8	0.71%	450	8	0.67%
Knox College	347	9	0.58%	-		0.00%
H.C. Hill Correctional Center	316	10	0.53%	-		0.00%
Maytag-Galesburg Refrigeration	-		0.00%	2,500	1	3.71%
Butler Manufacturing	-		0.00%	700	5	1.04%
Gates Rubber Company	-		0.00%	477	7	0.71%
Carl Sandburg College	-		0.00%	369	9	0.55%
KCCDD	-		0.00%	300	10	0.45%
Total	<u>6,315</u>		<u>10.63%</u>	<u>7,521</u>		<u>11.18%</u>

Sources: Knox County Clerk's Office U.S. Census Bureau
College records

See accompanying Independent Auditor's Report

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

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Instruction-Faculty	134	135	135	136	136	116	121	112	106	106
Full-time	64	65	65	66	66	63	65	60	57	55
Part-time	70	70	70	70	70	53	56	52	49	51
Administrative Staff	22	28	25	26	23	24	24	23	21	19
Full-time	22	28	25	26	23	24	24	23	20	19
Part-time	-	-	-	-	-	-	-	-	1	-
Other Non-teaching Professional	74	86	94	69	64	74	62	55	54	48
Full-time	74	86	94	69	63	71	56	52	52	47
Part-time	-	-	-	-	1	3	6	3	2	1
Classified Staff	56	53	56	78	76	53	69	62	56	54
Full-time	56	53	56	78	76	50	64	59	54	51
Part-time	-	-	-	-	-	3	5	3	2	3
Total	<u>286</u>	<u>302</u>	<u>310</u>	<u>309</u>	<u>299</u>	<u>267</u>	<u>276</u>	<u>252</u>	<u>237</u>	<u>227</u>

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

OPERATING INDICATORS

Last Ten Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Instruction:										
Annual Unduplicated										
Headcount Enrollment:										
Bacc/Transfer	2,349	2,289	2,240	2,230	2,389	2,564	2,364	2,292	2,150	1,996
Vocational	1,281	1,209	1,541	1,411	1,071	1,424	1,849	2,075	1,790	1,870
Occupational	1,880	2,572	2,645	2,444	2,008	1,840	1,698	1,497	1,520	1,572
ABE	43	50	43	62	58	42	46	29	33	108
ASE	226	382	493	439	468	376	442	456	472	395
ESL	14	61	45	35	27	25	44	30	29	21
General Studies	1	1	1	-	-	4	1	1	-	10
General Associates	241	55	33	19	15	14	13	9	6	10
Total	<u>6,035</u>	<u>6,619</u>	<u>7,041</u>	<u>6,640</u>	<u>6,036</u>	<u>6,289</u>	<u>6,457</u>	<u>6,389</u>	<u>6,000</u>	<u>5,982</u>
Annual FTE Students	2,283	2,443	2,392	2,251	2,015	1,984	1,883	1,926	1,847	1,852
Total Reimbursable Credit Hours	68,499	73,314	71,756	67,530	59,970	53,430	49,830	46,230	47,280	45,360
Degrees awarded:										
Associate (Transfer)	109	130	105	147	161	161	160	182	128	147
Associate in Applied Science	295	190	175	181	130	107	132	109	113	123
Career & Technical Certificates	157	123	170	205	175	202	138	163	171	171
Average annual faculty salary	45,867	44,921	44,922	44,263	43,989	44,636	42,371	42,234	43,760	42,301
Students per faculty	17	18	18	17	15	17	16	17	17	17
Institutional support:										
Operation and maintenance of plant:										
Utility cost per gross square feet	1.50	1.34	1.30	1.16	1.30	1.57	1.30	0.81	1.68	1.31

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

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Instruction										
Building - acres	6.4	6.4	6.4	6.4	6.4	6.1	6.1	6.1	5.4	5.4
Classroom - sq ft.	38,455	38,538	37,288	40,761	28,368	24,779	28,126	28,126	25,958	25,770
Lab - sq ft.	65,743	67,128	64,341	66,114	68,436	65,171	67,836	67,836	39,537	43,727
Academic support										
Support - sq ft.	3,980	2,678	1,967	1,967	1,680	1,680	1,680	1,680	1,680	828
Study - sq ft.	17,945	15,483	15,483	13,162	11,661	10,369	11,752	11,752	11,752	11,749
Student services										
PE & athletic fields - acres	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Athletic/PE - sq ft.	18,133	18,133	18,133	18,133	12,214	12,214	9,420	9,420	9,420	10,195
General administration										
Office - sq ft.	29,464	31,306	33,367	31,867	6,270	6,125	23,294	23,293	21,751	21,656
Institutional support										
Landscaped grounds - acres	36.7	36.7	36.7	36.7	38.7	38.7	38.7	38.7	38.7	38.7
Parking lots - acres	9.0	9.0	9.0	9.0	7.0	7.0	7.0	7.0	6.3	6.3
Roadways - acres	5.0	5.0	5.0	5.0	4.8	4.8	4.8	4.8	4.0	4.0

**ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS**

FINANCIAL AND COMPLIANCE SECTION



Independent Auditor's Report

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

We have audited the accompanying balance sheets of Carl Sandburg College - Community College District No. 518's (the College) Workforce Development Business/Industry Grant, P-16 Initiative Grant, State Adult Education Restricted Funds Grants, and Career and Technical Education Program Improvement Grant programs as of June 30, 2006, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between the College and the State of Illinois and Illinois Community College Board. We believe that our audit provides a reasonable basis for our opinion and that the College is in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carl Sandburg College - Community College District No. 518's Workforce Development Business/Industry Grant, P-16 Initiative Grant, State Adult Education Restricted Funds Grants, and Career and Technical Education Program Improvement Grant programs as of June 30, 2006, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the above financial statements taken as a whole. The supplemental Illinois Community College Board compliance schedules for the Workforce Preparation (Business/Industry) Grant (page 85) and State Adult Education Restricted Funds Grants (page 90) for the year ended June 30, 2006, are presented for purposes of additional analysis and are not a required part of the above financial statements. These schedules are the responsibility of the College's management. Such schedules have been subjected to the auditing procedures applied in our audit of the above financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the above financial statements taken as a whole.

Clifton Gunderson LLP

Peoria, Illinois
September 29, 2006

**CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
WORKFORCE DEVELOPMENT BUSINESS/INDUSTRY GRANT PROGRAM
BALANCE SHEET
June 30, 2006**

ASSETS

CASH \$ -

LIABILITIES AND FUND BALANCE

LIABILITIES \$ -

FUND BALANCE -

TOTAL LIABILITIES AND FUND BALANCE \$ -

See note to financial statements.

**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, 2006**

	<u>Business/ Industry</u>
REVENUES	
Illinois Community College Board grants	<u>\$ 64,745</u>
EXPENDITURES	
Salaries	34,520
Benefits	5,000
Contractual services	7,125
Rent	<u>18,100</u>
Total expenditures	<u>64,745</u>
Excess of revenues over expenditures	-
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ -</u></u>

See note to financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
WORKFORCE PREPARATION (BUSINESS/INDUSTRY) GRANT
COMPLIANCE STATEMENT OF EXPENDITURES
For the Year Ended June 30, 2006

EXPENDITURES	<u>General</u>	<u>Operation of Workforce Dev. Office</u>	<u>Total</u>
1. Personnel (salaries and benefits) **	\$ -	\$ 39,520	\$ 39,520
2. Contractual services	-	7,125	7,125
3. Instructional materials	-	-	-
4. Instructional equipment *	-	-	-
5. Promotional materials	-	-	-
6. Staff development **	-	-	-
7. Conference and meeting expenses	-	-	-
8. Travel **	-	-	-
9. Costs of operating a business assistance center/economic development/work force preparation offices			
a. Office equipment *	-	-	-
b. Utilities and telephone	-	-	-
c. Consumable supplies	-	-	-
d. Duplicating	-	-	-
e. Facility rental	-	18,100	18,100
	<u>-</u>	<u>18,100</u>	<u>18,100</u>
10. TOTALS ***	<u>\$ -</u>	<u>\$ 64,745</u>	<u>\$ 64,745</u>

* 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.

See note to financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
P-16 INITIATIVE GRANT PROGRAM
BALANCE SHEET
June 30, 2006

ASSETS

CASH \$ -

LIABILITIES AND FUND BALANCE

LIABILITIES \$ -

FUND BALANCE -

TOTAL LIABILITIES AND FUND BALANCE \$ -

See note to financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
P-16 INITIATIVE GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
For the Year Ended June 30, 2006

REVENUES	
Illinois Community College Board grant	\$ 22,500
EXPENDITURES	
Scholarships, student grants, and waivers	<u>22,500</u>
Excess of revenues over expenditures	-
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ -</u></u>

See note to financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
STATE ADULT EDUCATION RESTRICTED FUNDS GRANTS
BALANCE SHEET
June 30, 2006

ASSETS	<u>State Basic</u>	<u>State Public Assistance</u>	<u>State Performance</u>	<u>Total</u>
CASH	\$ -	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCE				
LIABILITIES	\$ -	\$ -	\$ -	\$ -
FUND BALANCE	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ -	\$ -	\$ -

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, 2006

	<u>State Basic</u>	<u>State Public Assistance</u>	<u>State Performance</u>	<u>Total</u>
REVENUES				
Illinois Community College Board grant	\$ 100,084	\$ 21,000	\$ 52,181	\$ 173,265
EXPENDITURES				
Instruction	52,030	10,209	11,221	73,460
Social work services	-	-	-	-
Guidance services	8,974	-	18,040	27,014
Assistive and adaptive equipment	-	-	-	-
Assessment and testing	6,931	10,791	-	17,722
Student transportation services	-	-	6,842	6,842
Literacy services	24,086	-	11,610	35,696
Child care services	-	-	-	-
Subtotal Instructional and Student Services	<u>92,021</u>	<u>21,000</u>	<u>47,713</u>	<u>160,734</u>
Improvement of instructional services	-	-	-	-
General administration	8,063	-	4,468	12,531
Operation and maintenance of plant services	-	-	-	-
Workforce coordination	-	-	-	-
Data and information services	-	-	-	-
Indirect costs	-	-	-	-
Subtotal Program Support	<u>8,063</u>	<u>-</u>	<u>4,468</u>	<u>12,531</u>
Total expenditures	<u>100,084</u>	<u>21,000</u>	<u>52,181</u>	<u>173,265</u>
Excess of revenues over expenditures	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
ICCB COMPLIANCE STATEMENT FOR THE
STATE ADULT EDUCATION RESTRICTED FUNDS GRANTS
EXPENDITURE AMOUNTS AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY
For the Year Ended June 30, 2006

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	52,030	51.99%
General Administration (9% Maximum Allowed)	8,063	8.06%

State Public Assistance	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	10,209	48.61%
General Administration (9% Maximum Allowed)	-	0.00%

State Performance	Audited Expenditure Amount	Actual Expenditure Percentage
General Administration (9% Maximum Allowed)	4,468	8.56%

**CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
CAREER AND TECHNICAL EDUCATION
PROGRAM IMPROVEMENT GRANT
BALANCE SHEET
June 30, 2006**

ASSETS

CASH \$ -

LIABILITIES AND FUND BALANCE

LIABILITIES \$ -

FUND BALANCE -

TOTAL LIABILITIES AND FUND BALANCE \$ -

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, 2006

REVENUES	
Illinois Community College Board grant	<u>\$ 13,076</u>
EXPENDITURES	
Instructional equipment	6,022
General materials and supplies	<u>7,054</u>
Total expenditures	<u>13,076</u>
Excess of revenues over expenditures	-
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ -</u></u>

See note to financial statements.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
NOTE TO FINANCIAL STATEMENTS -
ILLINOIS COMMUNITY COLLEGE BOARD GRANTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Basis of Accounting

The statements have been prepared on the modified accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2006. Funds obligated for goods prior to June 30, for which the goods and services are received prior to August 31, are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the Illinois Community College Board by October 15.

Fixed Assets

Fixed asset purchases are recorded as capital assets in the College's basic financial statements. However, such amounts are not capitalized for state grant reporting purposes.

**Independent Auditor's Report on
Schedule of Enrollment Data and Other Bases
Upon Which Claims are Filed**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Carl Sandburg College - Community College District No. 518 as of and for the year ended June 30, 2006, and have issued our report thereon dated September 29, 2006. 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, 2006. 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.

Carl Sandburg College - Community College District No. 518 reported all credit hours for students whose tuition was paid by a local company as out-of-district even if the students lived in-district.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2006, 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 98 - 109 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 110 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.

Clifton Gundersen LLP

Peoria, Illinois
September 29, 2006

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, 2006

CATEGORIES	Total Semester Credit Hours by Term*							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	4,655.5	-	16,210.5	-	15,041.5	-	35,907.5	-
Business Occupational	1,140.0	-	2,821.5	-	2,764.5	-	6,726.0	-
Technical Occupational	1,053.5	-	3,461.5	-	3,090.5	-	7,605.5	-
Health Occupational	1,153.5	-	4,118.5	-	3,520.0	-	8,792.0	-
Remedial Developmental	660.0	-	2,121.5	-	1,289.0	-	4,070.5	-
Adult Basic Education/ Adult Secondary Education	3.0	296.0	-	2,530.0	867.0	1,702.0	870.0	4,528.0
TOTAL CREDIT HOURS CERTIFIED	<u>8,665.5</u>	<u>296.0</u>	<u>28,733.5</u>	<u>2,530.0</u>	<u>26,572.5</u>	<u>1,702.0</u>	<u>63,971.5</u>	<u>4,528.0</u>

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours	<u>59,923.5</u>	<u>2,296.0</u>	<u>62,219.5</u>
District equalized assessed valuation			\$ <u>1,203,479,281</u>

CATEGORIES	Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Baccalaureate	405.0	1,002.0	489.0	1,896.0
Business Occupational	61.0	128.0	84.0	273.0
Technical Occupational	310.5	537.5	508.0	1,356.0
Remedial Developmental	108.0	174.0	183.0	465.0
TOTAL CREDIT HOURS CERTIFIED	<u>884.5</u>	<u>1,841.5</u>	<u>1,264.0</u>	<u>3,990.0</u>

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

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, 2006

Reconciliation of Total Semester Credit Hours
For the Year Ended June 30, 2006

<u>Categories</u>	<u>Total Unrestricted Credit Hours</u>	<u>Total Unrestricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>	<u>Total Restricted Credit Hours</u>	<u>Total Restricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	35,907.5	35,907.5	-	-	-	-
Business Occupational	6,726.0	6,726.0	-	-	-	-
Technical Occupational	7,605.5	7,605.5	-	-	-	-
Health Occupational	8,792.0	8,792.0	-	-	-	-
Remedial Developmental	4,070.5	4,070.5	-	-	-	-
Adult Basic Education/Adult Secondary Education	<u>870.0</u>	<u>870.0</u>	<u>-</u>	4,528.0	4,528.0	<u>-</u>
TOTAL	<u>63,971.5</u>	<u>63,971.5</u>	<u>-</u>	<u>4,528.0</u>	<u>4,528.0</u>	<u>-</u>

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

	<u>Total Attending (Unrestricted and Restricted)</u>	<u>Total Attending as Certified to the ICCB (Unrestricted and Restricted)</u>	<u>Difference</u>
In-District Residents	59,923.5	59,923.5	-
Out-of-District on Chargeback or Contractual Agreement	<u>2,296.0</u>	<u>2,296.0</u>	<u>-</u>
TOTAL	<u>62,219.5</u>	<u>62,219.5</u>	<u>-</u>

Reconciliation of Total Correctional Semester Credit Hours
For the Year Ended June 30, 2006

<u>Categories</u>	<u>Total Correctional Credit Hours</u>	<u>Total Correctional Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	1,896.0	1,896.0	-
Business Occupational	273.0	273.0	-
Technical Occupational	1,356.0	1,356.0	-
Remedial Developmental	<u>465.0</u>	<u>465.0</u>	<u>-</u>
TOTAL	<u>3,990.0</u>	<u>3,990.0</u>	<u>-</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
STUDENT RESIDENCY VERIFICATION PROCESS
Year Ended June 30, 2006

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 2005, 2004, and 2003

	<u>Tax Year</u>		
	<u>2005 Levy</u>	<u>2004 Levy</u>	<u>2003 Levy</u>
ASSESSED VALUATIONS			
Knox County	\$ 584,671,313	\$ 590,869,477	\$ 619,182,612
Warren County	204,911,692	211,560,669	223,655,024
Fulton County	10,318,633	10,590,900	11,459,671
Henderson County	83,533,601	83,867,626	88,625,362
Mercer County	12,935,777	13,208,646	14,390,285
Stark County	90,725	92,580	102,600
Henry County	495,652	529,225	587,758
McDonough County	102,088,573	104,672,182	112,810,175
Schuyler County	1,433,315	1,791,262	1,606,492
Hancock County	203,000,000	203,776,937	215,000,000
TOTAL ASSESSED VALUATIONS	<u>\$ 1,203,479,281</u>	<u>\$ 1,220,959,504</u>	<u>\$ 1,287,419,979</u>
TAX RATE (per \$100 assessed valuation)			
Educational Accounts	\$ 0.2015	\$ 0.1989	\$ 0.2054
Operations and Maintenance Accounts	0.0500	0.0500	0.0500
Bond and Interest Fund	0.1833	0.1813	0.1458
Audit Fund	0.0050	0.0050	0.0041
Liability, Protection, Settlement, Social Security, and Medicare Accounts	0.1361	0.1178	0
TOTAL TAX RATE	<u>\$ 0.5759</u>	<u>\$ 0.5530</u>	<u>\$ 0.5139</u>
TAX EXTENSIONS			
Educational Accounts	\$ 2,425,011	\$ 2,428,488	\$ 2,644,361
Operations and Maintenance Accounts	601,740	610,480	643,710
Bond and Interest Fund	2,205,978	2,213,600	1,877,058
Audit Fund	60,174	61,048	52,784
Liability, Protection, Settlement, Social Security, and Medicare Accounts	1,637,935	1,438,290	1,398,138
TOTAL TAX EXTENSIONS	<u>\$ 6,930,838</u>	<u>\$ 6,751,906</u>	<u>\$ 6,616,051</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
ASSESSED VALUATIONS, TAX RATES, TAX EXTENSIONS,
AND TAX COLLECTIONS
Levy Years 2005, 2004, and 2003

	<u>Tax Year</u>		
	<u>2005 Levy</u>	<u>2004 Levy</u>	<u>2003 Levy</u>
TAX COLLECTIONS TO JUNE 30			
Education Fund	\$ 624,656	\$ 2,431,390	\$ 2,642,539
Operations and Maintenance Fund	155,001	611,209	643,267
Bond and Interest Fund	568,235	2,216,244	1,875,765
Audit Fund	15,500	61,121	52,748
Liability, Protection, and Settlement Fund	421,914	1,440,008	1,397,175
	<u>-</u>	<u>1,440,008</u>	<u>1,397,175</u>
 TOTAL TAX COLLECTIONS	 <u>\$ 1,785,306</u>	 <u>\$ 6,759,972</u>	 <u>\$ 6,611,494</u>
 PERCENT OF EXTENSIONS COLLECTED		 <u>100.12%</u>	 <u>99.93%</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #1
ALL FUNDS SUMMARY*
For the Year Ended June 30, 2006

	<u>Education Fund**</u>	<u>Operations and Maintenance Fund</u>	<u>Operations and Maintenance Fund (Restricted)</u>	<u>Capital Endowment</u>
FUND BALANCE (DEFICIT) AT JULY 1, 2005	\$ 986,008	\$ 389,285	\$ (469,288)	\$ 6,354,855
REVENUE				
Local taxes	2,461,659	618,494	-	-
All other local government	38,289	-	-	-
ICCB grants	4,094,154	250,499	-	-
All other state revenue	356,540	12,744	-	-
Federal revenue	-	-	-	177,101
Student tuition and fees	5,087,697	340,233	-	-
All other revenue	<u>158,489</u>	<u>27,385</u>	<u>98,922</u>	<u>83,068</u>
Total revenue	<u>12,196,828</u>	<u>1,249,355</u>	<u>98,922</u>	<u>260,169</u>
EXPENDITURES				
Instruction	6,952,919	-	-	-
Academic support	360,775	-	-	-
Student services	1,250,389	-	-	-
Public services	194,204	-	-	-
Institutional support	3,129,982	118,697	96,357	1,078
Scholarships, student grants, and waivers	-	-	-	-
Operation and maintenance	-	1,164,349	-	-
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Building construction, building improvements, and equipment	<u>129,574</u>	<u>23,472</u>	<u>1,707,611</u>	<u>-</u>
Total expenditures	<u>12,017,843</u>	<u>1,306,518</u>	<u>1,803,968</u>	<u>1,078</u>
Proceeds from issuance of capital leases	44,294	-	-	-
Transfers in	291,245	137,994	1,581,765	-
Transfers out	<u>(591,452)</u>	<u>(62,000)</u>	<u>-</u>	<u>(476,813)</u>
	<u>(255,913)</u>	<u>75,994</u>	<u>1,581,765</u>	<u>(476,813)</u>
FUND BALANCE (DEFICIT) AT JUNE 30, 2006	<u>\$ 909,080</u>	<u>\$ 408,116</u>	<u>\$ (592,569)</u>	<u>\$ 6,137,133</u>

* Excludes Workforce Investment Acts' revenues and expenditures.

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

<u>Bond and Interest Fund</u>	<u>Auxiliary Enterprise Fund</u>	<u>Restricted Purpose Fund</u>	<u>Audit Fund</u>	<u>Liability Protection Funds</u>	<u>Nonexpendable Trust Fund</u>	<u>Total</u>
\$ 1,762,003	\$ (10,143)	\$ (89,226)	\$ (35,114)	\$ 3,722,960	\$ 4,023,527	\$ 16,634,867
2,194,193	-	-	62,500	1,424,184	-	6,761,030
-	-	206,594	-	-	-	244,883
-	-	393,560	-	-	-	4,738,213
-	-	1,435,931	-	-	-	1,805,215
-	23,970	4,960,537	-	-	-	5,161,608
-	230,747	-	-	-	-	5,658,677
222	723,306	165,822	-	380,103	111,299	1,748,616
<u>2,194,415</u>	<u>978,023</u>	<u>7,162,444</u>	<u>62,500</u>	<u>1,804,287</u>	<u>111,299</u>	<u>26,118,242</u>
-	-	1,033,622	-	-	-	7,986,541
-	-	3,506	-	-	-	364,281
-	970,194	577,240	-	-	-	2,797,823
-	-	837,659	-	-	-	1,031,863
8,547	-	31,304	103,913	2,198,453	-	5,688,331
-	-	4,535,679	-	-	-	4,535,679
-	-	-	-	-	-	1,164,349
975,000	-	-	-	-	-	975,000
1,284,737	-	-	-	-	-	1,284,737
-	-	-	-	-	-	1,860,657
<u>2,268,284</u>	<u>970,194</u>	<u>7,019,010</u>	<u>103,913</u>	<u>2,198,453</u>	<u>-</u>	<u>27,689,261</u>
-	-	-	-	-	-	44,294
-	32,970	202,299	11,250	591,452	-	2,848,975
(1,591,512)	-	-	-	-	(115,948)	(2,837,725)
<u>(1,591,512)</u>	<u>32,970</u>	<u>202,299</u>	<u>11,250</u>	<u>591,452</u>	<u>(115,948)</u>	<u>55,544</u>
\$ <u>96,622</u>	\$ <u>30,656</u>	\$ <u>256,507</u>	\$ <u>(65,277)</u>	\$ <u>3,920,246</u>	\$ <u>4,018,878</u>	\$ <u>15,119,392</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #2
SUMMARY OF FIXED ASSETS AND DEBT*
For the Year Ended June 30, 2006

	Fixed Assets/ Debt Account Groups <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	Fixed Assets/ Debt Account Groups <u>June 30, 2006</u>
FIXED ASSETS				
Land	\$ 405,483	\$ -	\$ -	\$ 405,483
Furniture and equipment	3,042,590	582,161	-	3,624,751
Land improvements	208,602	-	-	208,602
Buildings and additions	23,644,734	2,230,500	-	25,875,234
Vehicles	266,518	-	-	266,518
Infrastructure	2,181,477	-	-	2,181,477
Construction in progress	<u>1,170,747</u>	<u>-</u>	<u>1,170,747</u>	<u>-</u>
TOTAL FIXED ASSETS	<u>\$ 30,920,151</u>	<u>\$ 2,812,661</u>	<u>\$ 1,170,747</u>	<u>\$ 32,562,065</u>
FIXED DEBTS				
Bonds payable	\$ 26,805,000	\$ -	\$ 975,000	\$ 25,830,000
Other fixed liabilities	<u>1,192,713</u>	<u>352,547</u>	<u>329,528</u>	<u>1,215,732</u>
TOTAL FIXED DEBTS	<u>\$ 27,997,713</u>	<u>\$ 352,547</u>	<u>\$ 1,304,528</u>	<u>\$ 27,045,732</u>

* Carl Sandburg College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2006.

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #3
OPERATING FUNDS REVENUES AND EXPENDITURES
For the Year Ended June 30, 2006

	<u>Education Fund*</u>	<u>Operations and Maintenance Fund</u>	<u>Total Operating Funds</u>
OPERATING REVENUES BY SOURCE			
Local government:			
Current taxes	\$ 2,461,659	\$ 618,494	\$ 3,080,153
Tuition chargeback revenue	3,741	-	3,741
Other	34,548	-	34,548
Total local government	<u>2,499,948</u>	<u>618,494</u>	<u>3,118,442</u>
State government:			
ICCB base operating grant	1,907,434	149,855	2,057,289
ICCB equalization grant	2,047,465	94,235	2,141,700
ICCB additional funding formula impact grant	139,255	6,409	145,664
Corporate personal property replacement tax	243,742	12,744	256,486
Board of Vocational Education and Rehabilitation	112,798	-	112,798
Total state government	<u>4,450,694</u>	<u>263,243</u>	<u>4,713,937</u>
Student tuition and fees:			
Tuition	4,250,900	340,233	4,591,133
Fees	836,797	-	836,797
Total tuition and fees	<u>5,087,697</u>	<u>340,233</u>	<u>5,427,930</u>
Other sources:			
Facilities revenue	-	25,918	25,918
Interest	96,494	1	96,495
Other	61,995	1,466	63,461
Total other sources	<u>158,489</u>	<u>27,385</u>	<u>185,874</u>
TOTAL REVENUE	12,196,828	1,249,355	13,446,183
Less nonoperating items:			
Tuition chargeback revenue	<u>3,741</u>	<u>-</u>	<u>3,741</u>
ADJUSTED REVENUE	<u>\$ 12,193,087</u>	<u>\$ 1,249,355</u>	<u>\$ 13,442,442</u>

* 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
For the Year Ended June 30, 2006

	<u>Education Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Total Operating Funds</u>
OPERATING EXPENDITURES			
By program:			
Instruction	\$ 7,082,493	\$ -	\$ 7,082,493
Academic support	360,775	-	360,775
Student services	1,250,389	-	1,250,389
Public services	194,204	-	194,204
Institutional support **	3,129,982	118,697	3,248,679
Operation and maintenance of plant	-	1,187,821	1,187,821
	<hr/>	<hr/>	<hr/>
Total expenditures	12,017,843	1,306,518	13,324,361
Less nonoperating items:*			
Tuition chargeback	22,079	-	22,079
	<hr/>	<hr/>	<hr/>
ADJUSTED EXPENDITURES	<u>\$ 11,995,764</u>	<u>\$ 1,306,518</u>	<u>\$ 13,302,282</u>
 BY OBJECT			
Salaries	\$ 7,891,970	\$ 461,295	\$ 8,353,265
Employee benefits **	821,910	-	821,910
Contractual services	1,344,103	69,177	1,413,280
General materials and supplies	955,595	87,804	1,043,399
Conference and meeting expense	197,963	2,966	200,929
Fixed charges	149,840	60,241	210,081
Utilities	2,349	549,957	552,306
Capital outlay	129,574	23,472	153,046
Other	524,539	51,606	576,145
	<hr/>	<hr/>	<hr/>
Total expenditures	12,017,843	1,306,518	13,324,361
Less nonoperating items:*			
Tuition chargeback	22,079	-	22,079
	<hr/>	<hr/>	<hr/>
ADJUSTED EXPENDITURES	<u>\$ 11,995,764</u>	<u>\$ 1,306,518</u>	<u>\$ 13,302,282</u>

* 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, 2006

REVENUE BY SOURCE

Local government:

District 205 Parent Teaching	\$ 22,817
Bright Futures	26,620
T.R.A.I.N.	43,957
Prevention Initiative	71,849
Pre-K	23,348
Quality Counts Child Care	7,768
Other	10,235
Total local government	206,594

State government:

ICCB:

Workforce Development Business/Industry Grant	64,745
P-16 Initiative Grant	22,500
State Adult Education Restricted Funds Grants	173,265
Henry C. Hill	119,974
Career and Technical Education Grant	13,076
DOC Henry C. Hill Prison	122,353
Illinois Incentive for Access	74,750
S.O.S. Family Literacy	125,712
RSVP	36,086
Illinois Assistance Grant	1,070,882
Other	6,148
Total state government	1,829,491

Federal government:

College Work Study Grants	131,994
Pell Grants	2,850,508
Supplemental Educational Opportunity Grant	33,253
Federal Adult Basic	104,424
Federal Adult EL/Civics	20,720
Tech Prep Support	9,297
Trio- Student Support Services	181,856
Direct Loans	699,989
Carl Perkins	286,851
RSVP	99,231
Upward Bound	251,602
Continuous Quality Improvement Grant	10,000

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #4
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES
For the Year Ended June 30, 2006

REVENUE BY SOURCE (CONTINUED)

Federal government (continued):	\$ 10,000
Performance Enhancement Grant	1,453
Child Care CCAMPIS	264,870
Title III	4,489
Other	<u>4,960,537</u>
Total federal government	<u>4,960,537</u>
Other sources	<u>165,822</u>

TOTAL RESTRICTED PURPOSES FUND REVENUES \$ 7,162,444

EXPENDITURES BY PROGRAM

Instruction	\$ 1,033,622
Academic support	3,506
Student services	577,240
Public services	837,659
Institutional support	31,304
Scholarships, student grants, and waivers	<u>4,535,679</u>

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES BY PROGRAM \$ 7,019,010

EXPENDITURES BY OBJECT

Salaries	\$ 1,194,184
Employee benefits	258,559
Contractual services	98,036
General materials and supplies	500,841
Travel, conference and meeting expense	74,651
Student financial aid	4,535,679
Fixed charges	28,638
Utilities	4,729
Capital outlay	13,717
Other	<u>309,976</u>

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES BY OBJECT \$ 7,019,010

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #5
CURRENT FUNDS* - EXPENDITURES BY ACTIVITY
For the Year Ended June 30, 2006

INSTRUCTIONAL		
Programs		\$ 7,038,915
Support		<u>947,626</u>
Total instructional		<u>7,986,541</u>
 PUBLIC SERVICES		 <u>1,031,863</u>
 ACADEMIC SUPPORT		
Learning Resource Center		104,530
Administration		<u>259,751</u>
Total academic support		<u>364,281</u>
 STUDENT SERVICES SUPPORT		
Admissions and records		201,688
Counseling and career guidance		1,007,786
Other student services support		<u>618,155</u>
Total student services support		<u>1,827,629</u>
 AUXILIARY SERVICES		 <u>970,194</u>
 OPERATIONS AND MAINTENANCE OF PLANT		
Operations and maintenance administration		35,139
Plant utilities		447,475
Other operations and maintenance		<u>681,735</u>
Total operations and maintenance of plant		<u>1,164,349</u>
 INSTITUTIONAL SUPPORT		
Board of Trustees		48,755
General institutional support **		4,067,390
Administrative data processing		496,499
Other institutional support		<u>253,914</u>
Total institutional support		<u>4,866,558</u>

CARL SANDBURG COLLEGE - COMMUNITY COLLEGE DISTRICT NO. 518
UNIFORM FINANCIAL STATEMENT #5
CURRENT FUNDS* - EXPENDITURES BY ACTIVITY
For the Year Ended June 30, 2006

CAPITAL OUTLAY	<u>\$ 153,046</u>
SCHOLARSHIPS, STUDENT GRANTS, AND WAIVERS	<u>4,535,679</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u>\$ 22,900,140</u>

* 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, 2006

**NONCAPITAL OPERATING EXPENDITURES FROM
THE FOLLOWING FUNDS**

1	Education Fund *	\$ 11,910,256	
2	Operations and Maintenance Fund	1,283,644	
3	Bond and Interest Fund	2,268,284	
4	Restricted Purposes Fund	7,019,010	
5	Audit Fund	103,913	
6	Liability, Protection, and Settlement Fund	1,482,662	
7	TOTAL NONCAPITAL EXPENDITURES (sum of lines 1-6)		<u>\$ 24,067,769</u>
8	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	\$ 770,019	
9	TOTAL COSTS INCLUDED (line 7 plus line 8)		<u>\$ 24,837,788</u>
10	Total certified semester credit hours for FY 2005	68,499.5	
11	PER CAPITA COST (line 9 divided by line 10)		\$ 362.60
12	All FY 2006 state and federal operating grants for noncapital expenditures, except ICCB grants	\$ 12,447,855	
13	FY 2006 state and federal grants per semester credit hour (line 12 divided by line 10)		181.72
14	District's average ICCB grant rate (excluding equalization grants) for FY 2006		63.08
15	District's student tuition and fee rate per semester credit hour for FY 2006		85.50
16	Chargeback reimbursement per semester credit hour (line 11 less lines 13, 14, and 15)		<u>\$ 32.30</u>

Approved: _____
Chief Fiscal Officer

Date

Approved: _____
Chief Executive Officer

Date

* Excludes State of Illinois on-behalf payment.