

Carl Sandburg College

ILLINOIS COMMUNITY COLLEGE DISTRICT 518
GALESBURG, ILLINOIS

JULY 1, 2006 – JUNE 30, 2007
BUDGET



**Educational &
Financial Plan**

CARL SANDBURG COLLEGE
Final Budget for Fiscal Year 2007
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CARL SANDBURG COLLEGE

EXECUTIVE SUMMARY

TO: Board of Trustees, Carl Sandburg College
Community College District #518

FROM: Thomas A. Schmidt, President



SUBJECT: Budget for Fiscal Year 2007

Transmitted herewith is the budget for Carl Sandburg College District #518 for fiscal year 2007 (beginning July 1, 2006, and ending June 30, 2007). This budget reflects many of the significant components/implications contained within the Phenix Program, which was first introduced in September 2003. (See APPENDIX)

It maintains our commitment to operating the College as efficiently as possible in light of The Higher Learning Commission's recommendations to implement measures to avoid deficit spending and our long term goal of establishing (and maintaining) appropriate operating fund balances. It is recognized that adjustments to the FY-2007 budget may be necessary. The budget can be amended later in the fiscal year as deemed necessary.

FY-2007 marks the thirteenth year that credit hour projections have been provided in greater detail, including details about our growing dual credit programs. Given that two (2) of our three (3) major funding sources are directly affected by the number of credit hours produced in each program, the College's Instructional Team placed a high priority on this aspect of our planning process.

The FY-2007 budget incorporates and reflects recognition of several significant factors:

1. The most financially challenging landscape ever faced by the State of Illinois. After three years of "flat funding," the Illinois Community College System will see a 1.8% increase in general funds.
2. Despite uncertainty over the local and state economy, the College budget will be adopted in accordance with the timeline approved by the Board of Trustees in January 2006.
3. Consistent with the concepts of "Outcomes Assessment" and our Phenix Program, there is a commitment to look inward on the quality and efficiencies of current programs/activities with an eye towards asking the simple question, "If we were not already doing this today, would we begin doing it tomorrow?"

The FY-2007 budget was prepared in accordance with the following perspectives/expectations and assumptions:

1. CSC spent the decade of the 1990s simultaneously recovering from the 1980s and preparing for the new millennium.
2. The shadow for future programmatic and outcomes assessments, performance evaluations and incremental decision making is assumed to be cast forward over the next four (4) fiscal years (FY-2007 through FY-2010) ending June 30, 2010, now known as the Phenix Program.

During this period of extraordinary uncertainty the College must:

- A. Activate **M.A.S.H. Unit #518**, (**M**obile **A**cademic **S**ervice **H**abitat), if we are to lay legitimate claim to our district's inevitable economic revitalization.
 - B. Commit to our heritage of accommodating fundamental change. **THE STATUS QUO, MAY HAVE TO GO!**
 - C. **Remain a steadfast beacon of STABILITY.**
 - D. Commit to **RE-SHAPING** the College, in part, by launching **"Silos-of-Opportunity."**
3. In addition to challenges confronting the local economy, the State of Illinois budget woes will persist well into the future. Inadequate state funding and decreasing local tax revenues result in increased costs to our students, as reflected in higher tuition rates and new program fees.

Our response to fiscal stress will be determined by these internal/external factors:

- A. EXPECTED DURATION OF FISCAL STRESS
- B. FINANCIAL MANAGEMENT FLEXIBILITY
- C. DIVERSIFICATION OF REVENUE SOURCES
- D. HISTORICAL LEVEL OF SUPPORT

In recognition of the predicted (and now actual) decline in enrollment(s) to "pre-layoff levels" (FY-2002), fiscal year 2007 is being defined as a **"Transition Year."** The administration anticipates that as this year unfolds, it will become clearer as to **what new plateau of credit hour production** the College will experience. The competing factors contributing to this include the declining enrollments due to "retraining programs" having been successfully completed versus the new/emerging enrollments resulting from "Silos of Opportunity" having been recently launched.

The FY-2007 budget will feature a blend of initiatives consistent with the PHENIX Program:

1. Commissioning the work of the new Strategic Thinking/Planning Initiative.
2. Formally beginning preparations for re-accreditation by the Higher Learning Commission in the FY-2011.
3. Implementation of the following **“Hiring Perspectives:”**

The President’s Cabinet will monitor all non-instructional hiring in an effort to use college resources in the most conservative way and to ensure that requests for replacements are essential to college operations. It is expected that all full-time positions may be vacant for 90 days before a replacement is hired and that internal transfers, reorganization, and/or re-assignments be considered whenever possible.

4. Evidence of progress in “Re-shaping the Institution”:
 - A. Discontinuing the College’s contractual relationship with the Illinois Department of Corrections (DOC) and the re-assignments of Tech/Prep responsibilities.
 - B. No longer serving as the fiscal agent for the Local Workforce Area (LWA) 14.
 - C. Investigating the strategic implications of fostering the provision of improved student housing options to accommodate shifting instructional programming geared to full-time vs. part-time students.
 - D. Refreshment of Cooperative Agreements (Spoon River and Southeastern Community College) to ensure full compliance with ICCB and financial aid guidelines.
 - E. Modifications to the supervision of The Extension Center in Bushnell and the Center for Agriculture, Business & Industry (CABI).
 - F. Reorganization of the Administrative Services support team to reflect emerging priorities and productivity enhancements of the new administrative software.
 - G. Strategic investments in Voice over IP technology designed to reduce future operating costs.
 - H. Delaying the acquisition of computer upgrades for all non-instructional workstations for one (1) year.
 - I. Implementation of the updated District Site and Construction Master Plan.
 - J. Investigation of additional energy conservation measures such as Guaranteed Energy Savings Contract (GES) PHASE IV, new Protection, Health & Safety (PHS) projects, activation of our local Wind Energy Consortium and participation in utility “aggregation” (bulk purchasing) cooperatives.

K. Commissioning three (3) Task Forces to formally investigate:

1. Copying costs,
2. Telecommunication (phone) costs,
3. The implications (+/-) of a modified summer work schedule, including a four (4) day work week.

Beginning with FY-2009, I anticipate that Carl Sandburg College (M.A.S.H. Unit #518) will have accommodated significant structural and programmatic changes and enhancements resulting in a “Re-shaped Institution.” I am extremely confident that Carl Sandburg College has the ability and will respond to these challenges.

May 17, 2007

To the Carl Sandburg College Board of Trustees:

Presented in this document is the Budget for Carl Sandburg College for the fiscal year ending June 30, 2007. As prescribed by state law, the Tentative Budget is made conveniently available for public inspection for at least thirty days before the Board adopts the Final Budget for the fiscal year. Prior to adoption, a public hearing is also held to allow comments from members of the community. This budget presents the District's financial and operational plan, and includes all necessary disclosures.

The Annual Budget serves as the financial plan for all funds of the College. It has been developed utilizing a comprehensive, quality-enhancing approach designed to make the budget easily understood.

The revenue and expense summary for all funds is located on page 9 of the Introductory Section. Total budgeted revenues and other sources for FY 2007 are \$21,230,870 (including Transfers In of \$709,388) and total budgeted expenditures are \$21,465,375 (including Transfers Out of \$709,388). This represents a 20% decrease from the FY 2006 expenditure budget of \$26,784,030.

Organizational Summary

Background

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. 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.

Major Goals and Objectives

Following a comprehensive institutional planning process, the Board of Trustees adopted a set of six main focal points which support and drive actions to achieve the college's Mission. Within each of these six areas, are goals designed to shape departmental, programmatic, and individual decision making.

We believe that these goals should drive all activities that are undertaken throughout the year. The Institutional Focal Points and Goals are included in the budget document, in every board packet and at the fingertips of each employee as a reminder of our effort to meet the ever changing needs of our community and to keep their best interests uppermost in our thoughts and decisions.

The Focal Points are:

Institutional Focal Points and Goals

- 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.

The college's board lists which Focal Points and Goals are being achieved by each board agenda item. In making budget decisions, these focuses are kept at the forefront of decision making.

The Budget Process

It is the philosophy of the college that a balanced budget is a fundamental element of financial accountability. Expenditures for a given year should be no greater than projected resources available. Thus, the first step in the budgeting process is development of a comprehensive revenue estimate. This estimate is extracted from the most recent known data and projections from the five-year forecasting model of assumptions used by the budget committee. Revenue projections are refined as the college progresses through the budget process.

Once budget assumptions (salaries with increases, benefits and cost of living increases) for the upcoming year are set, the requests for budget dollars submitted by budget managers are reviewed by the budget committee. Budget managers have reviewed their areas to identify operating priorities. These requests are submitted to the appropriate cabinet officer for support at the meetings of the budget committee. Once priorities for on-going operations have been determined, new initiatives and expanded services are evaluated and prioritized. After evaluating and reviewing the priorities, adjustments are made and a Tentative Budget is made available for public inspection for thirty days. After a thirty day period, a public budget hearing is conducted and a Final Budget is recommended to the Board of Trustees for approval. This process meets the requirements established by State statute.

All college funds are budgeted at the line item level, although the legal adoption is by object and function within each fund. A detailed description of this process is included in the Organizational Section of the complete FY 2007 budget document.

Budget Process and Policy Changes

Each year improvements are made to streamline and automate the budget process further. Fully integrating budgeting with institutional planning has been an important issue for the college. Policies pertaining to budgeting are also discussed within this document.

The regulations and procedures of the college shall provide for a decision-making process involving employee consultation. Faculty shall be consulted in areas such as curriculum, subject matter, faculty evaluation, academic standards and student affairs relating to the aforementioned areas.

Over the last several years, an effort has been made to involve individuals from across the college in the annual planning and budgeting process. Budget managers are given shell budgets including certain assumptions then allowed to develop their specific requests. We have attempted to push the budget development process to the level where the individual planning and later making the expenditure would be the same person. This system provides ownership in the budget as well as accountability and responsibility. Budget managers are required to stay within their approved budgets. It is our belief that this system provides the flexibility to address program needs while assigning responsibility for accurate planning.

After the budget is developed and approved, it is posted to the general ledger, allowing the college to prepare for operation under the approved Final Budget as soon as possible. Budget overspending is not allowed on the computer system without an override from the Chief Financial Officer.

Allocation of Personnel Resources

Carl Sandburg College is committed to its employees. The college dedicates approximately 72% of the operating budget to salaries and benefits. Of this amount 53% is for direct instruction. Student Services personnel costs make up approximately 6% of the operating budget. This critical investment in people equates to a total of 72 full-time and 174 part-time faculty in FY 2006.

With the concentration on meeting the changing needs in our community for a trained workforce, the college continues to search for quality instructional staff. Addressing this need, this budget includes new part-time faculty to teach new programs in Massage Therapy, Nuclear Medicine and Medical Assisting.

An annual salary increase of 4.0%, previously approved in the collective bargaining agreement, is included in this budget. The college will continue to bargain for a rolling contract two years out. Negotiations in the fall of 2005 has furthered our current agreement thru FY 2010.

**FY-2007
BUDGET COMPARISON**

REVENUE

FUND	FY-2007	FY-2006	CHANGE	%
Education	\$ 13,715,682	\$ 14,245,330	\$ (529,648)	-3.72%
O & M	\$ 1,614,619	\$ 1,463,055	\$ 151,564	10.36%
Sub-Total	\$ 15,330,301	\$ 15,708,385	\$ (378,084)	-2.41%
O & M Restricted	\$ 55,980	\$ 2,022,416	\$ (1,966,436)	-97.23%
Bond & Interest	\$ 2,265,652	\$ 2,388,125	\$ (122,473)	-5.13%
Working Cash	\$ 138,000	\$ 121,040	\$ 16,960	14.01%
Liab/Prot/Settlement	\$ 2,074,670	\$ 3,314,484	\$ (1,239,814)	-37.41%
Audit	\$ 59,782	\$ 65,567	\$ (5,785)	-8.82%
Sub-Total	\$ 4,594,084	\$ 7,911,632	\$ (3,317,548)	-41.93%
Auxiliary	\$ 1,006,256	\$ 1,022,545	\$ (16,289)	-1.59%
Quasi-Endowment	\$ 300,229	\$ 293,015	\$ 7,214	2.46%
Sub-Total	\$ 1,306,485	\$ 1,315,560	\$ (9,075)	-0.69%
Totals	\$ 21,230,870	\$ 24,935,577	\$ (3,704,707)	-14.86%

EXPENDITURES

FUND	FY-2007	FY-2006	CHANGE	%
Education	\$ 13,715,682	\$ 14,245,330	\$ (529,648)	-3.72%
O & M	\$ 1,614,619	\$ 1,463,055	\$ 151,564	10.36%
Sub-Total	\$ 15,330,301	\$ 15,708,385	\$ (378,084)	-2.41%
O & M Restricted	\$ 50,000	\$ 2,337,586	\$ (2,287,586)	-97.86%
Bond & Interest	\$ 2,204,347	\$ 3,735,732	\$ (1,531,385)	-40.99%
Working Cash	\$ 233,167	\$ 116,663	\$ 116,504	99.86%
Liab/Prot/Settlement	\$ 2,065,182	\$ 3,327,571	\$ (1,262,389)	-37.94%
Audit	\$ 104,290	\$ 75,510	\$ 28,780	38.11%
Sub-Total	\$ 4,656,986	\$ 9,593,062	\$ (4,936,076)	-51.45%
Auxiliary	\$ 1,005,807	\$ 999,743	\$ 6,064	0.61%
Quasi-Endowment	\$ 472,281	\$ 482,840	\$ (10,559)	-2.19%
Sub-Total	\$ 1,478,088	\$ 1,482,583	\$ (4,495)	-0.30%
Totals	\$ 21,465,375	\$ 26,784,030	\$ (5,318,655)	-19.86%

Financial Summary

Budget Overview

Budgets for all funds are included within the Financial Section. The budget includes total resources of \$21,230,870 and expenditures of \$21,465,375. The General Fund (Education and Operations & Maintenance Funds) includes a total budget of \$15,330,301. The Special Revenue Fund (Audit Fund and Liability, Protection and Settlement Fund) has a total expenditures budget of \$2,169,472. The Debt Service Fund (Bond and Interest Fund) budget is \$2,204,347. The Capital Projects Fund (Operations & Maintenance – Restricted Fund and Quasi-Endowment Fund) reflects a budget of \$522,281. Other Fund types (Auxiliary and Working Cash) have a total budget of \$1,238,974.

The following tables compare FY 2007 and FY 2006 revenue and expenditure budgets for each fund:

Fund	Current Revenue FY 2007 Budget	Prior Revenue FY 2006 Budget	Current vs. prior increase/(decrease)
Education	\$13,715,682	\$14,245,330	\$(529,648)
Operations & Maintenance	1,614,619	1,463,055	151,564
Operations & Maintenance (Restricted)	55,980	2,022,416	(1,966,436)
Bond & Interest	2,265,652	2,388,125	(122,473)
Auxiliary Enterprises	1,006,256	1,022,545	(16,289)
Working Cash	138,000	121,040	16,960
Audit	59,782	65,567	(5,785)
Liability, Protection & Settlement	2,074,670	3,314,484	(1,239,814)
Quasi-Endowment	300,229	293,015	7,214
Total All Funds	\$21,230,870	\$24,935,577	\$(3,704,707)

Fund	Current Expenses FY 2007 Budget	Prior Expenses FY 2006 Budget	Current vs. Prior Increase/(Decrease)
Education	\$13,715,682	\$14,245,330	\$(529,648)
Operations & Maintenance	1,614,619	1,463,055	151,564
Operations & Maintenance (Restricted)	50,000	2,337,586	(2,287,586)
Bond & Interest	2,204,347	3,735,732	(1,531,385)
Auxiliary Enterprises	1,005,807	999,743	6,064
Working Cash	233,167	116,663	116,504
Audit	104,290	75,510	28,780
Liability, Protection & Settlement	2,065,182	3,327,571	(1,262,389)
Quasi-Endowment	472,281	482,840	(10,559)
Total All Funds	\$21,465,375	\$26,784,030	(5,318,655)

Fund	Current Fund Balance FY 2007 Estimated	Prior Fund Balance FY 2006 Estimated	Current vs. Prior Increase/(Decrease)
Education	\$986,008	\$986,008	0
Operations & Maintenance	389,285	389,285	0
Operations & Maintenance (Restricted)	(778,478)	(784,458)	5,980
Bond & Interest	475,701	414,396	61,305
Auxiliary Enterprises	7,734	7,285	449
Working Cash	3,932,737	4,027,904	(95,167)
Audit	(113,495)	(68,987)	(44,508)
Liability, Protection & Settlement	3,639,953	3,630,465	9,488
Quasi-Endowment	6,092,209	6,264,261	(172,052)
Total All Funds	14,631,654	14,866,159	(234,505)

As shown above, the total expenditure budget decreases in comparison with the prior year. This is in an effort to remain balanced with decreasing revenues. Local revenue is projected to decline as the College sees equalized assessed valuations (EAV) of the district decrease with the loss of industry and Bulletin 810 changing the valuation of farmland. Tuition revenue is also projected to decrease as displaced workers have completed their education and are reentering the workforce. Capital projects have been completed depleting the bond proceeds.

The decreased expenditures are the result of projecting expenses based on actual expenses of prior years and known expenditure increases/decreases. The rolling salary agreement in effect through FY 2010 allows the College to project known salary increases. As medical costs continue to soar, the administration, in an effort to operate knowing maximum costs, changed the employee health insurance to a wholly funded plan. Talent grants for students have been budgeted based on prior actual figures as revenue and expense. No significant capital projects are planned for FY 2007 allowing the College an opportunity to evaluate future needs. The refinancing of and paying off of bonds has also decreased our expenditures for FY 2007.

Revenue within each fund is classified according to source: Local Sources, State Sources, Tuition and Fees, and Other Sources (includes Transfers In). The table below illustrates revenue sources by fund for the FY 2007 Budget. Fund balance appropriations are not included.

Fund	Local Govt. Sources	State Govt. Sources	Federal Govt. Sources	Tuition And Fees	Other Sources	Total
Education	\$2,416,974	\$5,884,778		\$5,101,117	\$312,813	\$13,715,682
Operations & Maint.	605,594	305,556		277,324	426,145	1,614,619
Operations & Maint. (Restricted)					55,980	55,980
Bond & Interest	2,255,352				10,300	2,265,652
Auxiliary Enterprises			25,000	218,294	762,962	1,006,256
Working Cash					138,000	138,000
Audit	59,602				180	59,782
Liability, Protection & Settlement	1,683,170				391,500	2,074,670
Quasi-Endowment					300,229	300,229
Total	\$7,020,692	\$6,190,334	\$25,000	\$5,596,735	\$2,398,109	\$21,230,870

Expenditures by fund and function for the FY 2007 budget are presented below.

Function	Instruction	Academic Support	Student Services	Public Service	Institutional Support	Operations & Maintenance	Other	Total
Fund								
Education	\$7,144,083	\$369,599	\$1,384,453	\$248,208	\$4,569,339			\$13,715,682
Operations & Maint.					276,705	1,337,914		\$1,614,619
Operations & Maint. (Restricted)					50,000			\$50,000
Bond & Interest					2,204,347			2,204,347
Auxiliary Enterprises							1,005,807	1,005,807
Working Cash							233,167	233,167
Audit					104,290			104,290
Liability, Protection & Settlement					2,060,182		5,000	2,065,182
Quasi-Endowment					1,060		471,221	472,281
Total	\$7,144,083	\$369,599	\$1,384,453	\$248,208	\$9,265,923	\$1,337,914	\$1,715,195	\$21,465,375

Significant Financial and Demographic Changes

The most critical issues facing the college in the near future are enrollment, property tax base changes and state budget cuts. With the significant changes in unemployment rates from plant closings the past two years, we anticipated a decreased enrollment in FY 2006 and 2007 and stabilization in FY 2008 and beyond. The property tax base is anticipated to drop off as plant closings effect the housing market. This compounds the already present 10% per year annual decline in farmland assessments and Bulletin 810 allowing an even greater decline in farmland based on soil types for FY 2007. Add to this the fact that the state anticipates a deficit over the next fiscal year and you have the third component of significant financial and demographic changes.

Future Outlook

The college is financially stable and fiscally sound. We have done the right things at the right times. We've refunded long-term debt to take advantage of the lowest interest rate in decades. We've placed significant Working Cash Fund bond proceeds in investments to earn interest available to other funds for cash flow needs. We've implemented a policy whereby all funds short of cash for operations will borrow from the Working Cash Fund. We've placed \$5 million in the Strategic Technology Endowment Fund (STEF) to refresh technology and implement the conversion to the new Access software environment. SMART V bond proceeds adds \$682,300 additional funds to the STEF fund for future Access software and Xerox costs as well as to grow the fund with interest on these additional deposits.

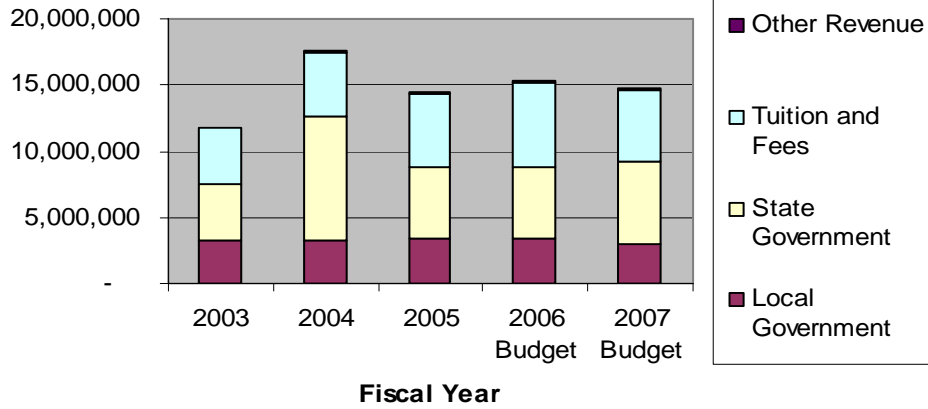
College staff members are working to look inward at efficiencies. The College contracted with Bridger to look at the efficiencies of our indirect costs in FY 2005. We are working on five-year assumptions in long-range planning. The college updates the facilities Master Plan every five years. The Master Plan was last completed in 2003 and is currently being reevaluated in FY 2006 by Phillip Swager and Associates. It is one of the tools the college uses to grow and assess its facilities in an orderly manner as part of a comprehensive planning process.

Informational Summary

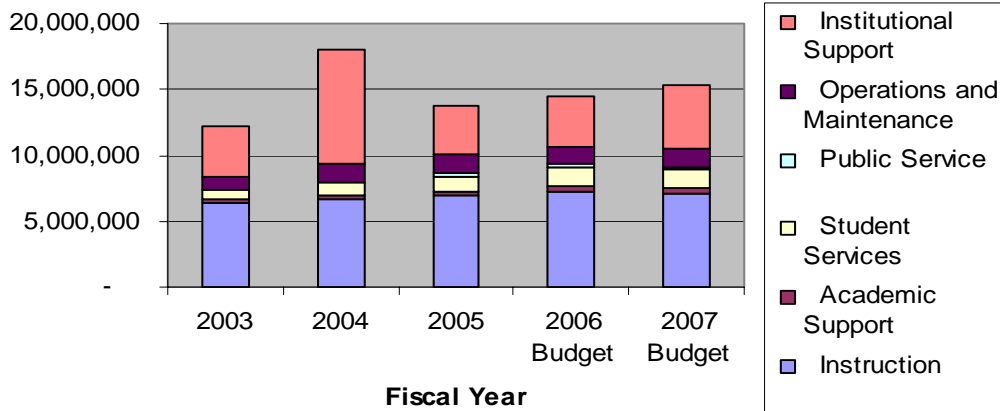
Presented here is a summary of our projection of future revenues and expenditures as well as a historical view of Carl Sandburg College's financial position. The focus of this section is specific to the College's Operating or General Funds (Education and Operations and Maintenance Funds).

The projections have been developed from historical trends and conservative assumptions developed by college staff. Revenue projections are based on known student enrollments and take into consideration current economic factors and enrollment management activities designed to increase enrollments. Tax revenues are based on the most recent tax levies derived from known equalized assessed valuations. The assessed valuations are projected on historic trends as adjusted for local economic conditions and potential development within our district. Other state revenue is projected to decrease and/or flatten over the near future except for the SURS contribution which will increase in relation to increasing salaries.

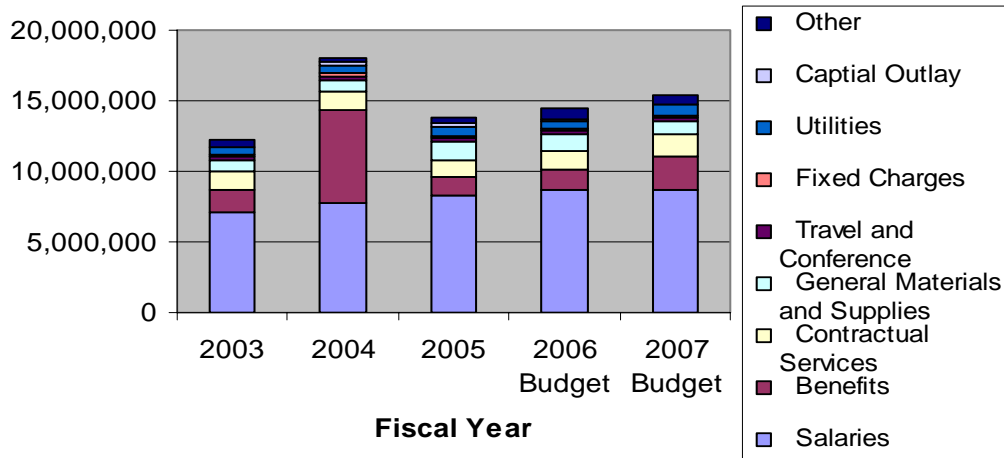
Historical General Fund Revenue by Source



Historical General Fund Expenditures by Program



Historical General Fund Expenditures by Object



Carl Sandburg College
Projected Operating Revenues
Fiscal Years 2007 - 2010

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:				
Local Revenue Sources				
Local Property Taxes	2,997,997	3,057,957	3,149,696	3,275,683
CABI	15,000	15,000	15,000	15,000
Chargebacks	0	0	0	0
Subtotal Local Revenue Sources	<u>3,012,997</u>	<u>3,072,957</u>	<u>3,164,696</u>	<u>3,290,683</u>
State Revenue Sources				
ICCB Credit Hour Grant	2,374,079	2,350,340	2,326,840	2,326,840
ICCB Equalization Grant	2,597,835	2,571,860	2,546,140	2,546,140
ICCB Small College Grant	60,000	59,400	58,810	58,810
ICCB Square Footage Grant	26,926	26,660	26,390	26,390
ISBE Vocational Ed.	80,000	79,200	78,410	78,410
Replacement Taxes	156,900	160,040	164,840	169,790
SURS	904,165	940,330	977,940	1,017,060
Subtotal State Revenue Sources	<u>6,199,905</u>	<u>6,187,830</u>	<u>6,179,370</u>	<u>6,223,440</u>
Tuition and Fees				
Tuition	4,650,517	4,836,540	5,030,000	5,231,200
Fees	727,924	742,480	757,330	772,480
Subtotal Tuition and Fees	<u>5,378,441</u>	<u>5,579,020</u>	<u>5,787,330</u>	<u>6,003,680</u>
Other Sources of Revenue				
Interest Income	12,200	15,250	15,250	15,250
Dept. of Corrections	0	0	0	0
Building Rentals	12,000	12,000	12,000	12,000
Other Income	714,758	547,500	547,500	547,500
Subtotal of Other Sources	<u>738,958</u>	<u>574,750</u>	<u>574,750</u>	<u>574,750</u>
Total Revenue	<u><u>15,330,301</u></u>	<u><u>15,414,557</u></u>	<u><u>15,706,146</u></u>	<u><u>16,092,553</u></u>

**Carl Sandburg College
Projected Operating Expenditures
Fiscal Years 2007 - 2010**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
By Program				
Instruction	7,107,091	7,270,892	7,434,214	7,603,524
Academic Support	352,560	360,690	368,790	377,190
Student Services	1,429,000	1,461,940	1,494,780	1,528,820
Public Service	227,210	232,450	237,670	243,080
Operations and Maintenance	1,206,490	1,234,300	1,262,030	1,290,770
Institutional Support	5,007,950	5,123,380	5,238,470	5,357,780
Total Expenditures	<u>15,330,301</u>	<u>15,683,652</u>	<u>16,035,954</u>	<u>16,401,164</u>
By Object				
Salaries	8,658,970	9,005,330	9,365,540	9,740,160
Benefits	2,386,985	2,458,590	2,532,350	2,608,320
Contractual Services	1,537,704	1,537,700	1,537,700	1,537,700
General Materials and Supplies	933,735	861,152	779,484	694,114
Travel and Conference	239,823	239,820	239,820	239,820
Fixed Charges	148,736	148,740	148,740	148,740
Utilities	797,257	805,230	805,230	805,230
Capital Outlay	54,377	54,380	54,380	54,380
Other	572,714	572,710	572,710	572,710
Total Expenditures	<u>15,330,301</u>	<u>15,683,652</u>	<u>16,035,954</u>	<u>16,401,174</u>

Adjustments have been made for Access software purchases out of the Materials and Supplies accounts.

Expenditures shown for the college's General Fund are presented by program area and by object. Projections are based on the current collective bargaining agreement, historical trends adjusted for inflation and anticipated economic forces. Expenditure increases have an effective 2% increase annually.

Additional narratives are presented within the Information Section of the complete FY 2007 budget document.

Student Enrollment Trends

We serve a diverse group of students. In the fall of 2004, the College enrolled 3,575 students, with an average age of 31 years. Women represented 64 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 total credit hours over the last six years.

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Fall College enrollment	3220	3341	3441	3554	3575	3260
Annual Full-time equivalents	1661	1781	1999	2251	2392	2443
Continuing Education Credit Hours	1586	1406	1440	1167	1282	1378
<u>Total Annual Credit Hours</u>	49830	53430	59970	67530	71760	73314

The College has the resources required to serve student enrollment. We have demonstrated our ability to serve the increasing enrollments due to dislocated workers but also acknowledge this will not continue as those students complete their education and reenter to workforce.

Tax Base Trends

Economic conditions in the communities served by Carl Sandburg College District 518 are such that many industries have moved from the area. We are also faced with the majority of our district being comprised of farmland. Bulletin 810 has caused concern due to not knowing what the potential impact will be on the district's EAV. Due to these factors, we anticipated a revenue decrease in FY 2007. The loss of industry has affected our tax base; however future possibilities for the community look promising and we anticipate increases in FY 2008-2010.

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

EAV supporting our fiscal year:

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1,263,325,190	1,281,448,552	1,305,749,681	1,233,728,849	1,219,782,213

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

<u>Fund Type</u>	<u>Maximum Authority</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Current:						
Education	0.1989	0.2015	0.1989	0.2054	0.2057	0.2021
Operations and Maintenance	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Liability, Protection and Settlement	none	0.1191	0.1095	0.1010	0.0872	0.0680
Audit	0.0050	0.0050	0.0050	0.0041	0.0041	0.0023
Working Cash	none	0.0000	0.0000	0.0000	0.0000	0.0000
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
Plant:						
Operations and Maintenance (Restricted) - Life Safety	0.0500	0.0000	0.0000	0.0000	0.0071	0.0087
Total		0.5759	0.5530	0.5139	0.5042	0.4808

Personnel Resources

The College continues to evaluate positions and responsibilities in order to maintain an effective and efficient learning process. The following table indicates the consistency in the number of faculty and staff over the past several years.

Carl Sandburg College Personnel Resource Allocation FTE Employees 2001-2006

	2001-02	2002-03	2003-04	2004-05	2005-06
FACULTY:					
Full-Time	74	75	77	75	72
Part-Time	174	175	155	163	174
Subtotal	248	250	232	238	246
ADMINISTRATIVE					
Full-Time	22	24	26	28	28
Part-Time	0	0	0	0	0
Subtotal	22	24	26	28	28
MID-MANAGEMENT					
Full-Time	39	47	44	107	91
Part-Time	2	3	3	29	6
Subtotal	41	50	47	136	97
CLASSIFIED STAFF					
Full-Time	83	89	90	58	55
Part-Time	8	11	8	15	4
Subtotal	91	100	98	73	59
GRAND TOTAL	402	424	403	475	430

Debt Administration

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. Legally, the college is not allowed to have debt in excess of 2.875% of the District's EAV, or an estimated \$35,067,739. The current long-term debt of the college is \$27,997,713. Therefore, the amount of debt available to be issued is the difference between these two numbers or the legal debt margin of \$7,071,026. During the next year, it is anticipated that the college will issue no new debt.

Year Ending June 30,	General Obligation Bonds	Capital Lease Obligations	Compensat ed Absences	Total Principal	Interest	Total Principal & Interest
2006	975,000	120,447	181,876	1,277,323	1,263,723	2,541,046
2007	1,035,000	131,511	90,938	1,257,449	1,198,063	2,455,512
2008	1,285,000	131,806	-	1,416,806	1,137,496	2,554,302
2009	1,485,000	133,422	-	1,618,422	1,069,682	2,688,104
2010	1,705,000	105,902	-	1,810,902	989,870	2,800,772
2011-2015	10,300,000	296,811	-	10,596,811	3,552,887	14,149,698
2016-2020	10,020,000	-	-	10,020,000	953,343	10,973,343
Total	26,805,000	919,899	272,814	27,997,713	10,165,064	38,162,777

Performance

Carl Sandburg College strives to meet the needs of the students and the community. Annually the College conducts a follow up survey of all Occupational Program graduates as required by the Illinois Community College Board. Our percentage of responses continues to exceed the required 20% by the ICCB.

The College currently utilizes the Classroom Assessment Techniques Instrument (CATS). This activity is part of the Assessment Plan which is approved by the North Central Association.

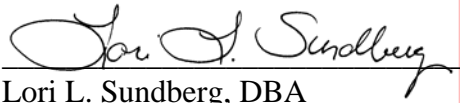
Recently the Student Opinion Survey (ACT) was administered for a second time on a district wide basis. This survey will now be conducted every other year to allow the Retention Committee to analyze the data and facilitate improvements.

Carl Sandburg College transfer students have achieved consistent academic performance at their transfer colleges and universities.

Acknowledgments:

We would like to express our appreciation to the Board of Trustees for their continued interest in planning and conducting the fiscal operations of the college in a responsible and accountable manner.

Respectfully submitted,

A handwritten signature in black ink, reading "Lori L. Sundberg", written over a horizontal line. A vertical red line is positioned to the right of the signature.

Lori L. Sundberg, DBA
Vice President of Administrative Services

A handwritten signature in black ink, reading "Lisa Blake", written over a horizontal line. A vertical red line is positioned to the right of the signature.

Lisa Blake
Chief Financial Officer