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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

**Illinois Community College
District 503**

**Quad-Cities Campus
Moline, Illinois**

**East Campus
Kewanee, Illinois**





Illinois Community College District #503
6600 34th Avenue
Moline, Illinois 61265
www.bhc.edu

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the
Fiscal Year Ended June 30, 2008**

Prepared by:
Finance Department
Jay E. Turney, Vice President for Finance
Leslie T. Anderson, Director of Accounting Services

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October 14, 2008

To the Citizens of Black Hawk College:

The Comprehensive Annual Financial Report of Black Hawk College, Community College District No. 503, for the fiscal year ended June 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission, vision, and goals have been included. In addition, this letter of transmittal should be read in conjunction with the management's discussion and analysis which immediately follows the independent auditor's report and focuses on current activities, accounting changes and currently known facts.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and special reports. The introductory section includes this transmittal letter, a list of principal officials and the College's organizational chart. The financial section includes the report of our independent public accountants, management's discussion and analysis, the basic financial statements, notes to the 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 the Uniform Financial Statements, grants and enrollment audits required by the Illinois Community College Board (ICCB) together with the related auditor's reports, and the Schedule of Expenditures of Federal Awards and the related notes together with the related auditor's reports.

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) and the Illinois Community College Board (ICCB). The financial records of the District 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. The financial statements have been audited by our independent auditors, Lindgren, Callihan, VanOsdol & Co., Ltd. Their report is included as part of this financial presentation.

Mission, Vision, and Goals

The mission of Black Hawk College is to provide the environment and resources for individuals to become lifelong learners.

The vision of the College is to position Black Hawk College as the preferred choice for education and training through total accessibility, quality instructional programs, student-centered services, and strategic alliances. The following goals have been established to aid in the process of accomplishing both the mission and vision of the College:

- Provide the best atmosphere for successful **academic student outcomes**.
- Provide the best atmosphere for continued **career learning**.
- Provide the local and global community with **continuing education and personal and professional development**.
- Operate within the framework of our identified institutional **core values**: Appreciation of diversity, Caring and Compassion, Fairness, Honesty, Integrity, Respect, and Responsibility.
- Provide leadership in **community and economic development** through training, partnerships, and services.

Economic Condition and Outlook

Black Hawk College was established in 1946 and was granted official accreditation by the North Central Association of Colleges and Secondary Schools in March of 1951. Today, Community College District No. 503 is comprised of portions of nine Illinois counties which include: Rock Island, Henry, Mercer, Whiteside, Henderson, Knox, Bureau, Stark, and Marshall.

Black Hawk operates two primary campuses as well as other instructional centers throughout the District and serves a population in excess of 230,000. The College's Quad-Cities Campus is located on 149 wooded acres in Moline, Illinois while the College's East Campus is located on a 102-acre site outside of Kewanee, Illinois.

The average Fall semester head count is 6,347 from fiscal year 2004 to fiscal year 2008. The College continues to experience a decline in total credit hours, which includes both restricted and unrestricted credit hours. The decline in total credit hours from fiscal year 2007 to fiscal year 2008 was 2.98%.

According to the 2000 Census, nearly 50% of workers employed within the district are employed in manufacturing, retail trade, or educational, health and social services industries. The District's principal employers are presented in the statistical section of this report. The Quad Cities area is considered a diverse business region and the long-term economic outlook for the region and the College is viewed as favorable.

Major Initiatives

The 2007-2009 Strategic Plan focuses on three main strategic priorities: Connecting with the Learner, Connecting with the Community, and Connecting Internally. The following objectives have been developed in order to accomplish these strategic priorities:

- Student Success
- Student Satisfaction
- Student Access
- Employment Opportunities
- Partnership agreements
- Workforce Development
- Fiscal Planning
- Recognition and Innovation of faculty and staff
- Collaboration between faculty and staff
- Communication

In addition to these strategic objectives, the College has also undertaken several major operational initiatives. These initiatives include:

- Achieving re-accreditation in 2013
- Increasing employee development opportunities
- Developing an institutional facilities master plan
- Balancing the budget
- Refreshing and enhancing both the information technology and instructional facilities of the College

The College also continues to review its course offerings and implement new programs that meet the above mentioned strategic priorities and better serve the District. For example, the College has recently increased faculty levels in the Nursing department as we continue to see an increase in the need for these programs in the community and a strong demand from the student population. Furthermore, the College recently implemented a new Engineering Technology program focused on emerging energy sources such as wind and geothermal. Finally, the College continues to develop and implement additional online courses each semester to help meet the demand for these courses as well.

Local Economy

Black Hawk College has three primary sources of Operating Funds revenue: Tuition and Fees, State Funding, and Property Taxes.

Tuition and fee revenue account for approximately 40% of the overall revenue received. The College continues to see declines in total credit hours, which includes restricted and unrestricted hours, for both Baccalaureate and ABE/Adult Secondary categories. However, from fiscal year 2007 to fiscal year 2008 the College experienced increases in total credit hours for the Business Occupational and Health Occupational categories. These increases are expected to continue into future years as the demand for health professionals increases further.

State funding continues to be problematic for the College as the level of state funding continues to decline. It is anticipated that funding levels will continue to decline in future years as well.

The ICCB credit hour reimbursement rates have continually declined for three out of the six credit hour categories. These declines have prompted to the College to raise tuition and fee rates as well as cut spending on certain programs.

Property taxes are levied each year for all taxable real property in the District on the basis of the equalized assessed property values (EAV). Assessed values are established by each of the nine respective counties within the district. The subsequent property taxes are billed and collected by each county. Property tax revenue continues to hold relatively stable as equalized assessed values in the District have been increasing steadily over the past several years.

Financial Planning

The College has taken several steps to offset the negative impact of inadequate state funding and declining enrollment. These steps include:

- Cost containment and reduction of departmental budgets
- Greater focus on alternative sources of revenue
- Tuition and fee increases
- Review and redesign of key business processes and technology to improve efficiency
- Completion of an organizational restructuring plan
- Implementation of new programs to strengthen enrollment
- More aggressive curriculum and outreach development

In addition, the College has begun utilizing an annual Financial Plan, presented to the Board of Trustees each January, to ensure focus and attention is given to critical areas in a more efficient manner. This financial planning process is coordinated with the budget preparation process. One outcome of the recent financial planning process was the implementation of a strategy for issuing funding bonds to fund technology and other capital needs every three years. Technology has continued to be an ongoing priority for the College and instructional departments proactively strive to improve and keep the College current with the ever changing infrastructure, instructional delivery systems, and training needs related to technology. The College will also be using these bond proceeds to update instructional equipment and facilities throughout the District.

Internal Controls

Management of the College is responsible for establishing and maintaining effective internal controls to ensure compliance with requirements of laws, regulations, contracts and grants. Internal controls are designed to limit the College's exposure to risks, to safeguard the College's assets from theft or misuse, and to provide adequate documentation for the preparation of the financial statements in conformity with generally accepted accounting principles as well as accounting standards mandated by the ICCB. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of the control should not exceed the expected benefits and estimates and judgments by management are required for the valuation of the costs and benefits.

Budgetary Controls

The College maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the budgeted amount) is established at the fund level. The College maintains an encumbrance accounting system as one technique to accomplish budgetary control. Encumbered amounts lapse at year-end.

Cash Management Policies and Practice

For the purpose of overall investment of excess funds, the College is governed by the Illinois Public Community College Act (Chapter 110, Act 805/3-47). The fiduciary responsibility for said investments is entrusted to the College's Board of Trustees, who has in turn delegated operational responsibility for that function to the treasurer of the College.

In keeping with Board policy, all investments of excess funds are made in a prudent, conservative and secure manner in accordance with the guidelines detailed in Board Policy 4.55, Investment of College Funds. The Treasurer of the College, or designee, must review the cash balances on a daily basis to determine if funds are available for investment. If funds are available, they will be invested according to the following procedure:

1. The various forms of investment will be reviewed to determine the highest yield subject to the provisions of Board policy.
2. The current portfolio will be evaluated for diversification needs and a decision made on the investment(s) to be purchased.
3. If Certificates of Deposit or Time Deposits are to be used, the College will solicit telephone quotes from all interested in-district financial institutions and will invest such funds at the highest rate of return.
4. The College will invest in instruments such as Money Market Accounts, Illinois Public Treasurer's Investment Pool (IPTIP), and Illinois School District Liquid Asset Fund (ISDLAF) to maintain an adequate degree of liquidity.
5. Monthly investment schedules will be provided to the Board.
6. The College will invest funds consistent with all procedures and restrictions included herein using the "prudent man rule" as a guiding principle as well.
7. The Treasurer, or designee, shall have no real or perceived conflict of interest with any financial institution the College is currently using or may utilize in the future. All placements of investments shall be done in an open, fair manner.

Risk Management

The College is self-insured for its health insurance claims. The claims are administered by an external third party administrator. In addition, the College maintains stop loss coverage of \$125,000 specific and \$5,388,897 aggregate with a major insurance carrier for medical and dental claims and stop loss coverage. The College also maintains adequate reserves to cover potential losses and the reserves are reviewed regularly to determine if they are appropriate.

Other Information

- Independent audit State statutes require an annual audit by independent certified public accountants. The accounting firm of Lindgren, Callihan, VanOsdol & Co., Ltd. was selected by the College to perform the fiscal year 2008 audit. The auditor's report on the financial statements and schedules is unqualified and is included in the financial section of this report.
- Acknowledgements We wish to thank the members of the Board of Trustees for their interest and support in conducting the financial operations of the District to the degree of excellence necessary for continuance of operation of the District in a responsible manner.

The timely preparation of the Comprehensive Annual Financial Report was made possible by the continued, dedicated service of Black Hawk College's Accounting Services staff and others connected with the annual audit process. Our sincere appreciation goes out to each individual making contributions in the preparation of this report.

Respectfully submitted,



Dr. R. Gene Gardner
Interim President



Jay E. Turney
Vice President for Finance



Illinois Community College District No. 503

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Interim President



Dr. Rose Campbell
Vice President
for Instruction
and Student Services



Chanda Dowell
Vice President
for East Campus



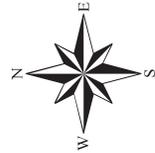
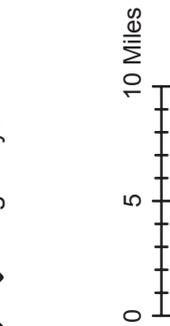
Jay Turney
Vice President
for Finance

Black Hawk College District

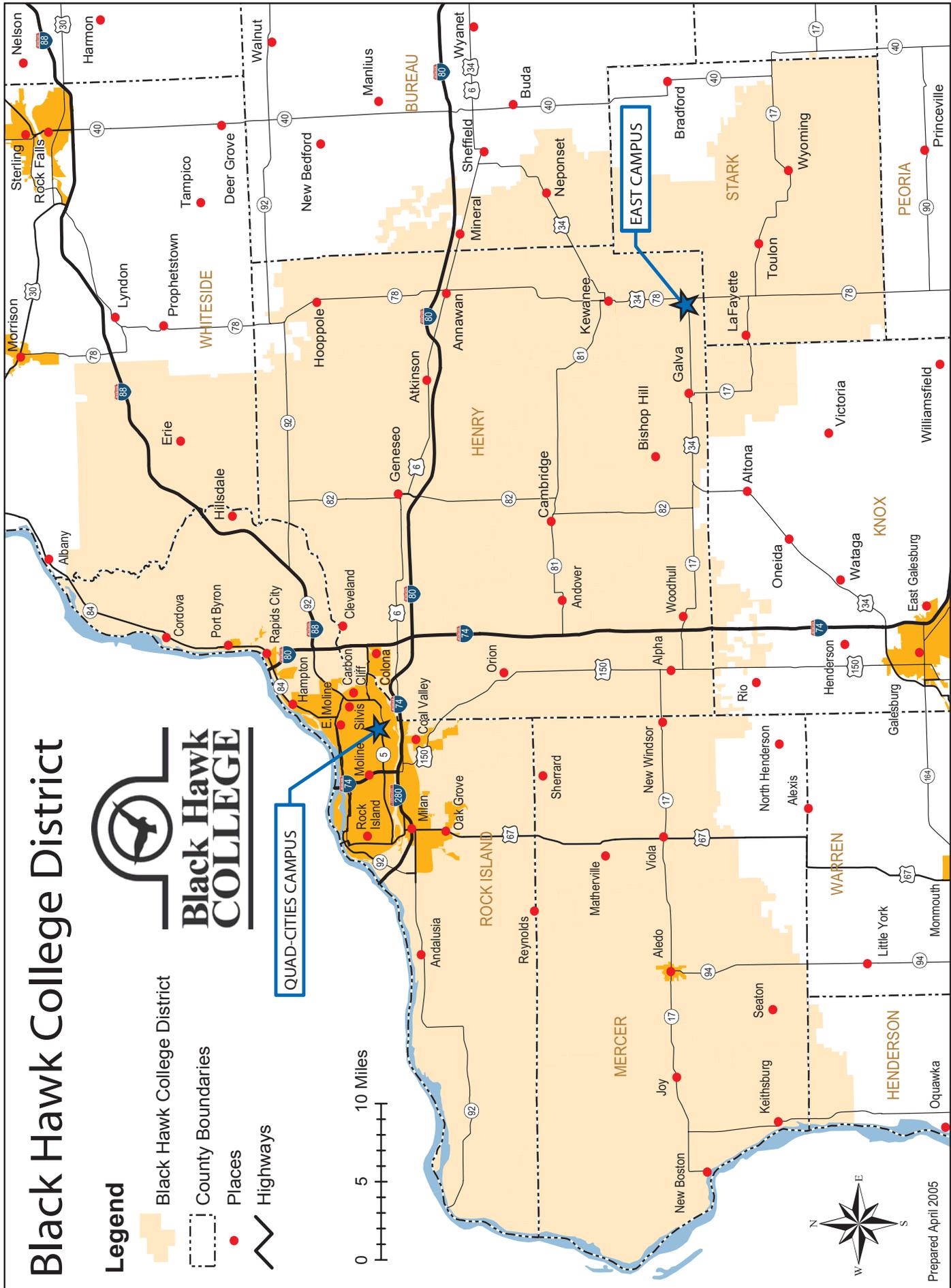


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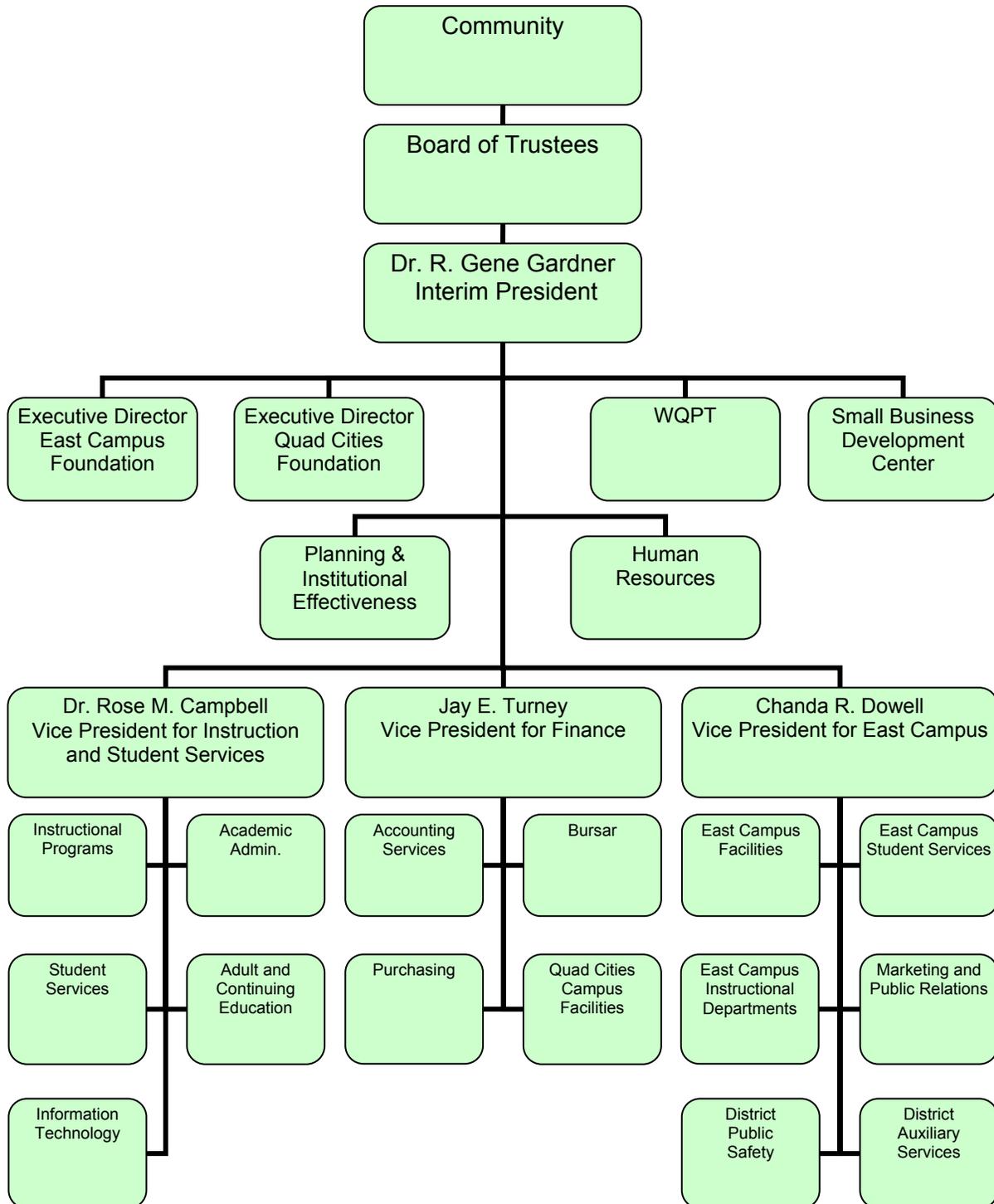
-  Black Hawk College District
-  County Boundaries
-  Places
-  Highways



Prepared April 2005



Organization Chart



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Financial Section

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Independent Auditor's Report

To the Board of Trustees
Black Hawk College
Illinois Community College District #503
Moline, Illinois

We have audited the accompanying basic financial statements of Black Hawk College, Illinois Community College District #503 (College) and its discretely presented component units as of and for the year ended June 30, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Black Hawk College, Illinois Community College District #503 and its discretely presented component units as of June 30, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2008 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 5 through 15 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 audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the Supplemental Information, ICCB Supplemental Information and ICCB Uniform Financial Statements as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sindgen, Cellibon, Van Osdel & Co., P.C.

Freeport, Illinois
September 22, 2008

Management's Discussion and Analysis

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Introduction

This section of Black Hawk College's (College) Comprehensive Annual Financial Report presents Management's Discussion and Analysis of the College's financial activity during the fiscal years ended June 30, 2008 and June 30, 2007. Since this Management's Discussion and Analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Overview of the Basic Financial Statements

The basic financial statements focus on the College as a whole versus traditional presentation by fund types. The College's financial statements are designed to emulate corporate presentation models whereby all of the College's activities are consolidated into one total.

The purpose of the **Statement of Net Assets** is to present the bottom line results of the College. This statement combines and consolidates current financial resources with capital assets. It presents assets, liabilities and net assets at the end of the fiscal year. The Statement of Net Assets requires the classification of assets and liabilities into current and non-current categories. The difference between total assets and total liabilities is reflected in the net assets section which reflects net assets in three broad categories: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are one indicator of the current financial condition of the College, while the change in net assets is one indicator of whether the overall financial condition of the College has improved or deteriorated during the year.

The **Statement of Revenues, Expenses, and Changes in Net Assets** focuses on both the gross costs and the net costs of the College's activities, which are supported mainly by local property taxes, tuition, and state revenues. It presents the revenues, expenses and transfer activities that occurred during the fiscal year. The Statement of Revenues, Expenses, and Changes in Net Assets requires the classification of revenues and expenses as operating and non-operating. Property taxes and state funding are reported as non-operating revenues, for example.

The **Statement of Cash Flows** presents the inflow and outflow of cash collected and disbursed by the College for the fiscal year. It separates the sources and uses of funds by the major categories of operating, capital and related financing, non-capital financing and investing activities. This statement emphasizes the College's dependence on state and local sources by separating them from operating cash flows.

Financial Highlights

For the year ended June 30, 2008, the College recorded total operating revenues of \$12,246,218 and total operating expenses of \$45,514,497. The difference produced an operating loss of \$33,268,279. Net non-operating revenue of \$39,775,924 offsets this loss and results in an overall increase in net assets of \$6,507,645.

Non-operating revenue included local property taxes of \$16,212,834, state grants and contracts of \$14,154,600, federal grants and local contracts of \$7,499,337, and other net miscellaneous revenue of \$1,909,153.

Operating revenue accounted for 23% of the College's total revenue, while non-operating revenues accounted for the other 77% of the College's total revenue. Operating revenue consisted of tuition and fees, net of financial aid allowances, totaling \$6,830,918, auxiliary enterprise revenues totaling \$3,456,655, and other miscellaneous revenue of \$1,958,645. The payment made by the state, on behalf of the College, to the State University Retirement System (SURS) was \$1,954,642 of that total. The comparable contribution by the state to SURS for the fiscal year ended June 30, 2007 was \$1,486,613.

Long-Term Debt

The College issued \$8,600,000 in general obligation bonds in the current fiscal year. The proceeds from this process will be used to increase the Working Cash fund balance as well as fund various capital improvement and technology refresh projects throughout the district. The unused legal debt capacity of the College is currently \$77,475,786, which represents 2.875% of the assessed valuation of the College's district less the \$15,380,000 in outstanding debt. See notes to the financial statements for further information on long-term debt.

Economic Factors

The College has continued to experience reductions in state funding the last several years and that trend is expected to continue. The State of Illinois continues to experience serious difficulties in balancing its budget and further reductions to the College may continue.

The national economy maintains slow growth and this will continue to be impacted by the increased deficits due to cost of the war on terror and the continued volatility with energy prices.

Comparative Net Assets – Fiscal Years 2008 and 2007

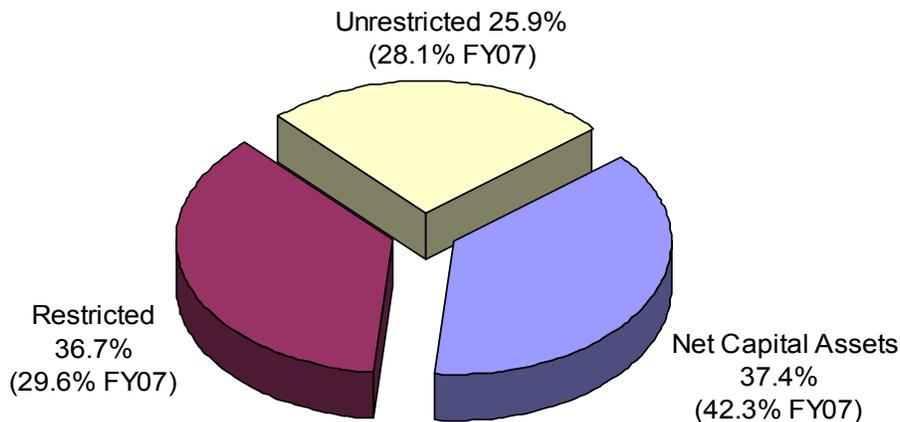
	2008	2007	Increase (Decrease)	Percent Change
Current Assets	\$40,765,048	\$33,307,167	\$ 7,457,881	22.4%
Non-Current Assets	29,808,768	26,819,165	2,989,603	11.1
Total Assets	\$70,573,816	\$60,126,332	\$10,447,484	17.4%
Current Liabilities	\$ 7,226,431	\$ 7,701,728	\$ (475,297)	(6.2)%
Non-Current Liabilities	13,899,911	9,484,775	4,415,136	46.5
Total Liabilities	\$21,126,342	\$17,186,503	\$ 3,939,839	22.9%
Net Assets				
Investment in Capital Assets, net	\$18,504,208	\$18,158,170	\$ 346,038	1.9%
Restricted for: Expendable	18,116,477	12,698,405	5,418,072	42.7
Unrestricted	12,826,789	12,083,254	743,535	6.2
Total Net Assets	\$49,447,474	\$42,939,829	\$ 6,507,645	15.2%

The College had net assets at the beginning of the year totaling \$42,939,829. The net increase in net assets of \$6,507,645 brought the total of net assets at the end of the year to \$49,447,474.

Notable changes in fiscal year 2008 include the significant increases in Current Assets and Non-Current Liabilities as a result of the additional \$8,600,000 in bonds issued this fiscal year. Additionally, Non-Current Assets increased significantly due primarily to the construction of the Community Education Center in Kewanee, Illinois.

This schedule is prepared from the College's Statement of Net Assets, which is presented on a full accrual basis of accounting whereby assets costing \$2,500 or greater are capitalized and depreciated.

Net Assets - Fiscal Year 2008



**Revenues, Expenses & Changes in Net Assets
For the years ending June 30,**

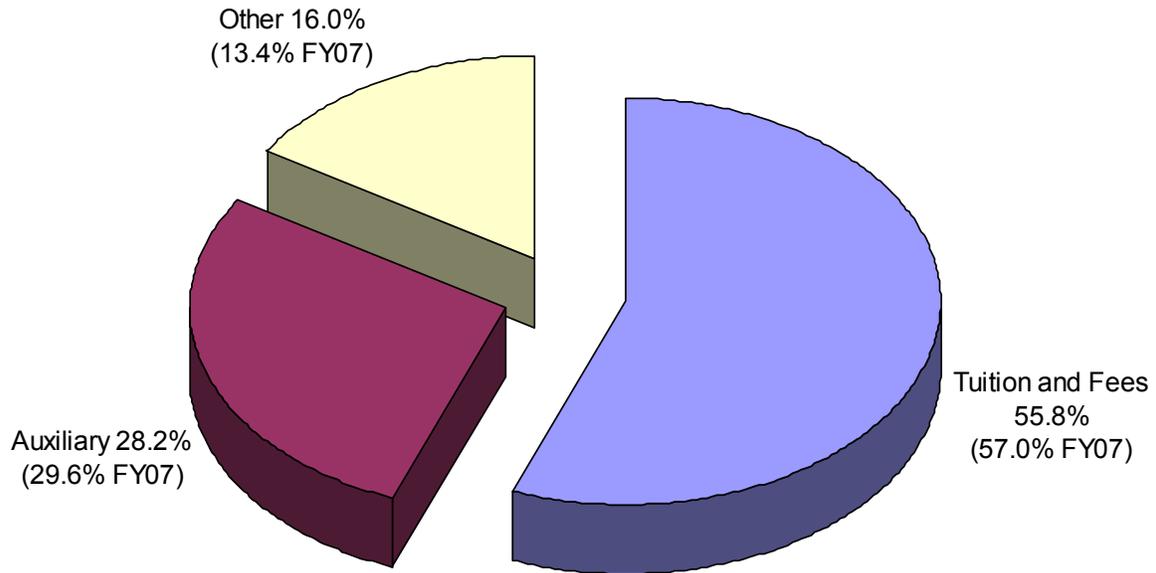
	2008	2007	Increase (Decrease)	Percent Change
Operating Revenue:				
Tuition and Fees	\$ 6,830,918	\$ 6,589,369	\$ 241,549	3.7%
Auxiliary	3,456,655	3,422,932	33,723	1.0
Other	1,958,645	1,553,566	405,079	26.1
Total Operating Revenue	<u>\$ 12,246,218</u>	<u>\$ 11,565,867</u>	<u>\$ 680,351</u>	<u>5.9%</u>
Less: Operating Expenses	45,514,497	45,669,028	(154,531)	(0.3)
Operating Income (Loss)	<u>\$ (33,268,279)</u>	<u>\$ (34,103,161)</u>	<u>\$ (834,882)</u>	<u>(2.4%)</u>
Non-operating Revenue:				
State Grants and Contracts	\$ 14,154,600	\$ 14,370,178	\$ (215,578)	(1.5)%
Federal/Local Grants & Contracts	7,499,337	6,922,766	576,571	8.3
Property Taxes	16,212,834	14,151,090	2,061,744	14.6
Other Income	1,909,153	2,275,539	(366,386)	(16.1)
Total Non-operating Revenue:	<u>\$ 39,775,924</u>	<u>\$ 37,719,573</u>	<u>\$ 2,056,351</u>	<u>5.5%</u>
Increase in Net Assets	6,507,645	3,616,412	2,891,233	79.9
Net Assets, Beginning of Year	42,939,829	39,323,417	3,616,412	9.2
Net Assets, End of Year	<u>\$ 49,447,474</u>	<u>\$ 42,939,829</u>	<u>\$ 6,507,645</u>	<u>15.2%</u>

Operating revenue and expense for fiscal year 2008 were very comparable to fiscal year 2007.

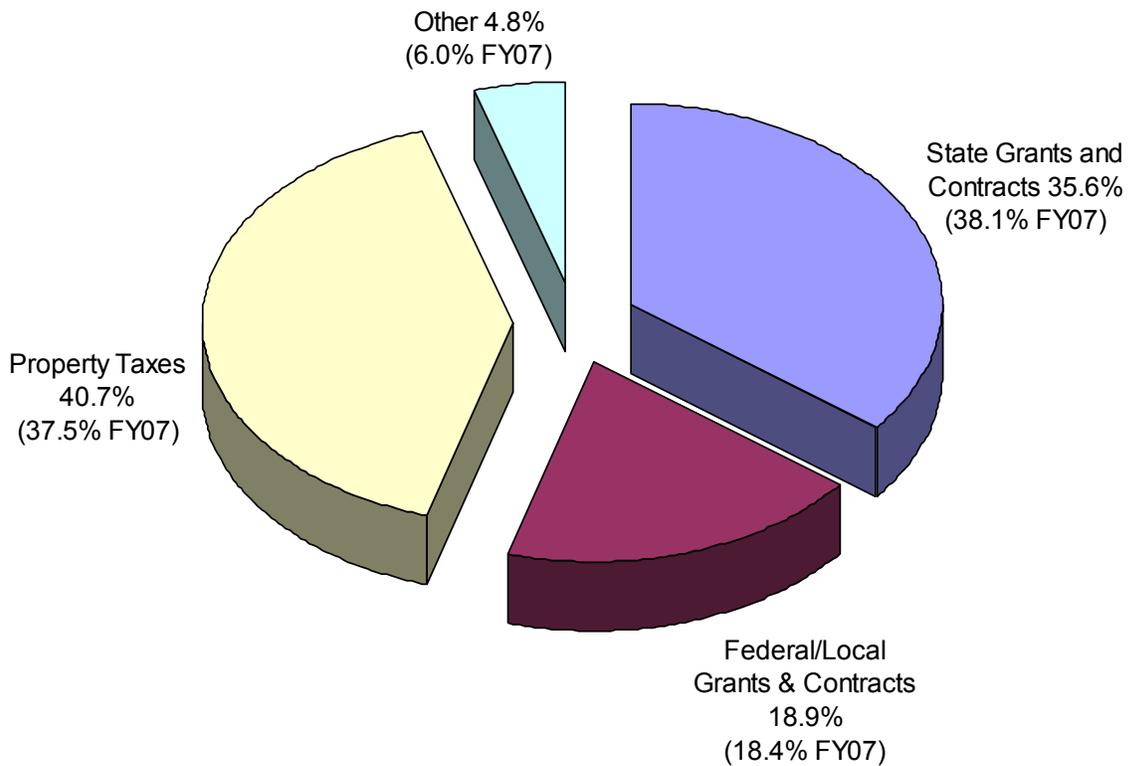
An increase in tuition and fees from fiscal year 2007 of \$241,549, or 3.7%, was accompanied by an increase in the SURS contribution provided by the state as the fiscal year 2008 amount was \$468,029 greater than the fiscal year 2007 amount. As explained in Note 4 in the Notes to Financial Statements, this SURS contribution is shown as an operating revenue and an operating expense by the College. The net increase in operating revenue from fiscal year 2007 was \$680,351 or 5.9%.

Non-operating revenue increased in total by \$2,056,351. The College reflects an increase in local property taxes of \$2,061,744 and an increase of \$576,571 in federal / local grants and contracts. The College's property tax levy increased due to two primary factors. The bond and interest levy, which was new in fiscal year 2005, increased in fiscal year 2008 to cover the principal and interest payments due on the general obligation bonds issued in fiscal years 2005, 2007 and 2008. There was also an increase of 5.2% in the Equalized Assessed Valuation which further contributed to the increase in property tax revenue.

Operating Revenues - Fiscal Year 2008



Non-Operating Revenues - Fiscal Year 2008



**Comparison of Operating Expenses
 Fiscal Years 2008 and 2007**

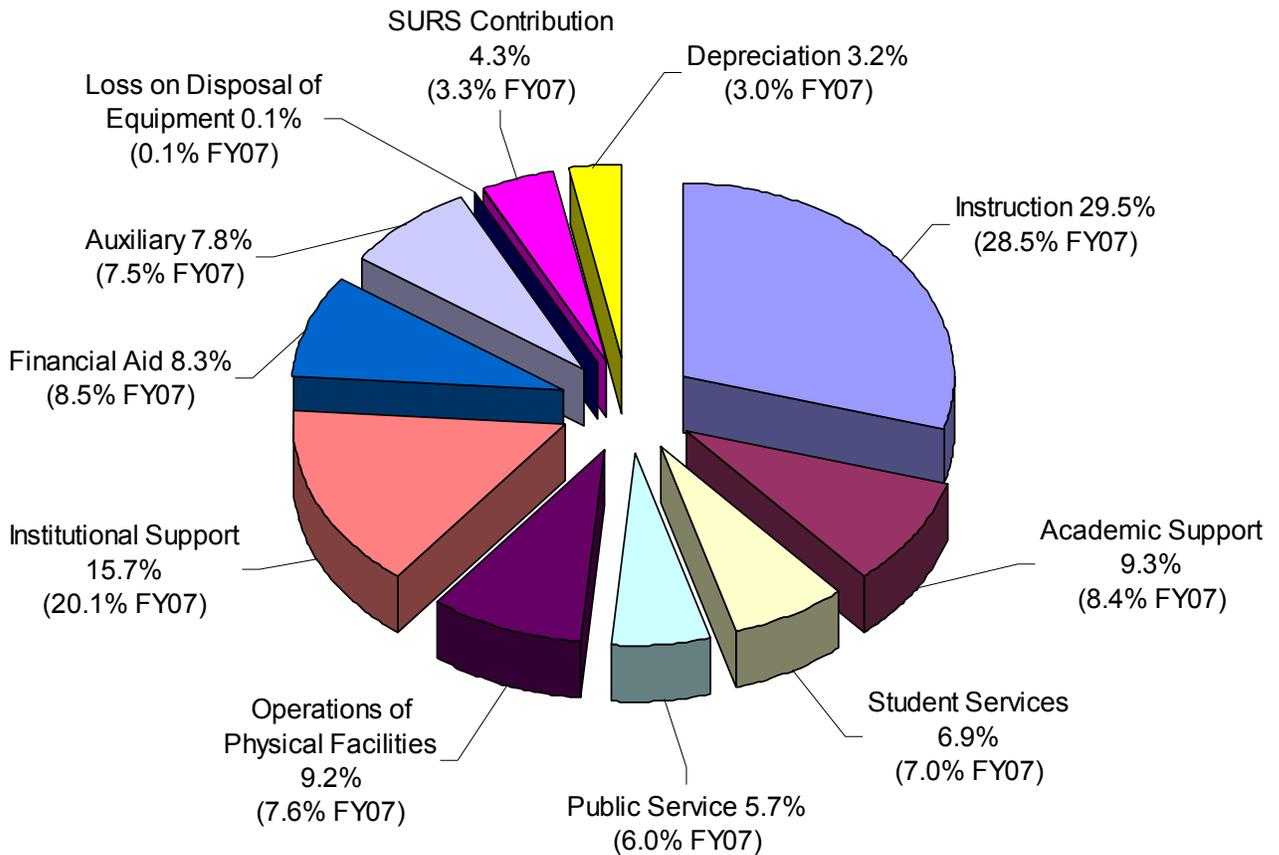
	2008	2007	Increase (Decrease)	Percent Change
Operating Expenses:				
Instruction	\$13,417,138	\$13,002,230	\$ 414,908	3.2%
Academic Support	4,214,199	3,829,341	384,858	10.1
Student Services	3,151,038	3,174,670	(23,632)	(0.7)
Public Service / Continuing Ed.	2,603,870	2,776,572	(172,702)	(6.2)
Operations of physical facilities	4,202,026	3,463,281	738,745	21.3
Institutional Support	7,147,272	9,172,580	(2,025,308)	(22.1)
Financial Aid	3,798,739	3,863,985	(65,246)	(1.7)
Auxiliary	3,567,023	3,480,656	86,367	2.5
Loss on disposal of equipment	5,097	33,979	(28,882)	(85.0)
SURS Contribution provided by State	1,954,642	1,486,613	468,029	31.5
Depreciation	1,453,453	1,385,121	68,332	4.9
Total Operating Expenses:	\$45,514,497	\$45,669,028	\$(154,531)	(.3)%

Operating expenses for fiscal year 2008 decreased slightly from fiscal year 2007. The decrease amounted to \$154,531 or 0.3% over fiscal year 2007.

Total operating expenditures for Instruction, Academic Support, and Operations of physical facilities increased by \$1,538,511 in fiscal year 2008. This increase was offset by a significant decrease in operating expenditures for Institutional Support. The sizable decrease of \$2,025,308 in Institutional Support is primarily due to a \$1 million decrease in Early Retirement Liability expenses from fiscal year 2007 to fiscal year 2008, a \$500,000 decrease in fiscal year 2008 health insurance costs, and the movement of payments made for software licenses to Academic Support from Institutional Support. In addition, a substantial increase in the SURS contribution provided by the state occurred as the fiscal year 2008 amount was \$468,029 greater than the fiscal year 2007 amount. As explained in Note 4 in the Notes to Financial Statements, this SURS contribution is shown as both an operating revenue and an operating expense by the College.

The following graphic illustration shows the operating expenses by program for fiscal year 2008 by percentage of the total with the comparable percentage for fiscal year 2007 in parenthesis. For both years, the largest percentage of College money was spent on Instruction.

Operating Expenses - Fiscal Year 2008



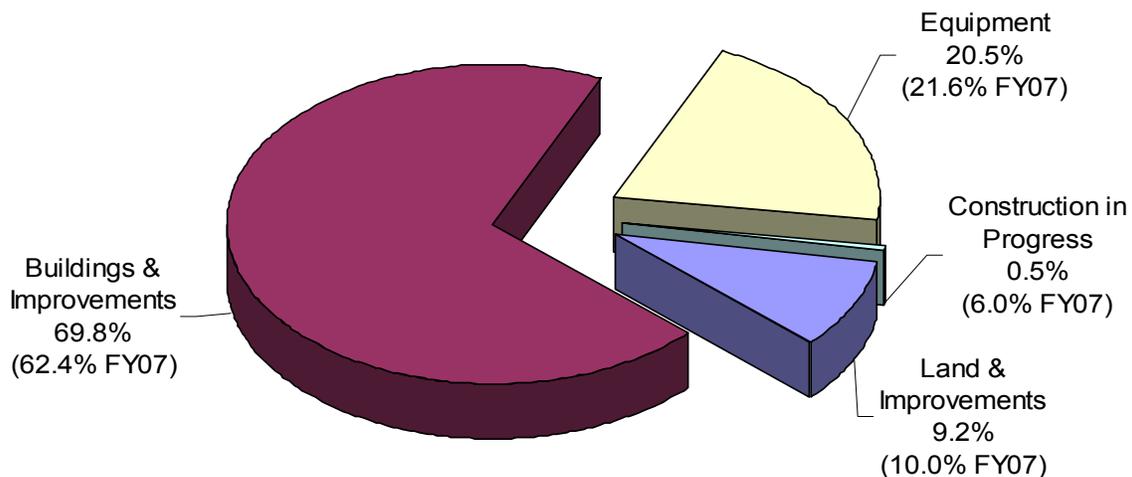
Comparison of Net Capital Assets Fiscal Years 2008 and 2007

Capital Assets	2008	2007	Increase (Decrease)	Percent Change
Land and Improvements	\$ 4,724,056	\$ 4,716,756	\$ 7,300	0.2%
Building and Improvements	35,696,631	29,327,423	6,369,208	21.7
Equipment	10,500,340	10,144,479	355,861	3.5
Construction In Progress	241,129	2,834,892	(2,593,763)	(91.5)
Total Capital Assets	\$51,162,156	\$47,023,550	\$ 4,138,606	8.8%
Less Accumulated Depreciation;	21,353,388	20,204,385	1,149,003	5.7
Net Capital Assets	\$29,808,768	\$26,819,165	\$ 2,989,603	11.1%

As of June 30, 2008, the College has recorded \$51,162,156 invested in capital assets, \$21,353,388 in accumulated depreciation and \$29,808,768 in net capital assets.

Net Capital assets increased \$2,989,603 due to several large construction projects being completed in fiscal year 2008. The two largest construction projects completed in fiscal year 2008 were the construction of the Community Education Center located in Kewanee, Illinois and the Quad Cities Campus boiler system replacement. Various land and building improvements were also completed in fiscal year 2008. Please see the notes to the financial statements for further information regarding Net Capital Assets.

Capital Assets - Fiscal Year 2008



Requests for Information

This financial report is designed to provide the reader with a general overview of Black Hawk College's finances and to show Black Hawk College's accountability for the revenue it receives. If you have questions about this report or need additional information, please contact:

Jay E. Turney
Vice President for Finance
6600 34th Avenue
Moline, IL 61265

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Basic Financial Statements

Black Hawk College
Illinois Community College District #503

Statement of Net Assets
June 30, 2008

	Primary	Component Units		
	Government	Black Hawk College Foundation	Black Hawk East College Foundation	Greater Quad Cities Telecommunications
Assets				
Current Assets:				
Cash and cash equivalents	\$ 27,242,448	\$ 84,425	\$ 102,041	\$ 1,636
Investments	-	1,504,470	1,358,509	1,101,993
Receivables, net of allowance for uncollectibles of \$53,440:				
Property taxes	10,682,597	-	-	-
Federal government claims	404,084	-	-	-
State of Illinois claims	1,175,171	-	-	-
Student tuition and fees	104,639	-	-	-
Other	685,695	5,852	86,001	30,711
Inventory	420,349	-	-	-
Prepaid expenses	50,065	-	-	-
Total current assets	40,765,048	1,594,747	1,546,551	1,134,340
Noncurrent Assets:				
Capital assets:				
Land	4,724,056	-	-	-
Construction in process	241,129	-	-	-
Building, improvements and equipment, net of \$21,353,388 and \$464,391, respectively	24,843,583	-	1,579,279	-
Total capital assets, net of depreciation	29,808,768	-	1,579,279	-
Total noncurrent assets	29,808,768	-	1,579,279	-
Total assets	70,573,816	1,594,747	3,125,830	1,134,340
Liabilities				
Current Liabilities:				
Accounts payable	386,473	7,168	25,286	98,999
Accrued expenditures:				
Payroll	1,008,617	-	-	-
Early retirement	240,597	-	-	-
Accrued vacation	925,441	-	-	-
Other	436,441	-	-	-
Deferred revenues:				
Student tuition and fees	653,751	-	-	-
Other	340,173	-	-	107,933
Notes and bonds due in less than one year	3,170,000	-	26,214	-
Leases payable due in less than one year	24,560	-	-	-
Other liabilities	40,378	-	-	-
Total current liabilities	7,226,431	7,168	51,500	206,932
Noncurrent Liabilities:				
Early retirement	1,689,911	-	-	-
Notes and bonds payable in more than one year	12,210,000	-	930,401	-
Total noncurrent liabilities	13,899,911	-	930,401	-
Total liabilities	21,126,342	7,168	981,901	206,932
Net Assets				
Investment in capital assets, net of related debt	18,504,208	-	-	-
Restricted	18,116,477	1,232,049	898,538	-
Unrestricted	12,826,789	355,530	1,245,391	927,408
Total net assets	\$ 49,447,474	\$ 1,587,579	\$ 2,143,929	\$ 927,408

See Notes to Financial Statements.

Black Hawk College
Illinois Community College District #503

Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2008

	Primary	Component Units		
	Government	Black Hawk	Black Hawk	Greater Quad
	Black Hawk	College	East College	Cities Tele-
	College	Foundation	Foundation	communications
Operating Revenues:				
Student tuition and fees, net of scholarship allowances	\$ 6,830,918	\$ -	\$ -	\$ -
Sales, service and rental of facilities and equipment	3,456,655	-	-	-
Tuition chargebacks	(1,702)	-	-	-
SURS contribution provided by state	1,954,642	-	-	-
Other operating revenue	5,705	-	-	747,642
Total operating revenues	12,246,218	-	-	747,642
Operating expenses:				
Instruction	13,417,138	-	-	-
Academic support	4,214,199	-	-	-
Student services	3,151,038	-	-	-
Public service	2,603,870	-	-	782,223
Auxiliary services	3,567,023	-	-	-
Institutional support	7,147,272	175,850	134,104	184,640
Scholarships, student grants and waivers	3,798,739	65,154	75,710	-
SURS contribution provided by state	1,954,642	-	-	-
Operation of physical facilities	4,202,026	-	-	-
Loss on disposal of equipment	5,097	-	-	-
Depreciation and amortization	1,453,453	-	133,273	-
Total operating expenses	45,514,497	241,004	343,087	966,863
Operating (loss)	(33,268,279)	(241,004)	(343,087)	(219,221)
Non-operating revenues (expenses):				
Property taxes	16,212,834	-	-	-
State government sources	14,154,600	-	-	-
Federal government sources	7,499,337	-	-	-
Investment earnings	893,351	(114,684)	(54,169)	47,701
Other sources	1,652,625	174,581	654,440	67,866
Interest expense	(636,823)	-	(64,171)	-
Total non-operating revenues (expenses)	39,775,924	59,897	536,100	115,567
Change in net assets	6,507,645	(181,107)	193,013	(103,654)
Net assets:				
Beginning	42,939,829	1,768,686	1,950,916	1,031,062
Ending	\$ 49,447,474	\$ 1,587,579	\$ 2,143,929	\$ 927,408

See Notes to Financial Statements.

Black Hawk College
Illinois Community College District #503

Statement of Cash Flows
Year Ended June 30, 2008

	Primary	Component Units		
	Government	Black Hawk	Black Hawk	Greater Quad
	Black Hawk	College	East College	Cities Telecom-
	College	Foundation	Foundation	munications
Cash Flows from Operating Activities:				
Tuition and fees	\$ 6,720,575	\$ -	\$ -	\$ -
Payments to employees	(20,098,274)	-	-	-
Payments to suppliers	(23,158,309)	(246,295)	(254,470)	(907,370)
Sales, service, and rental of facilities and equipment	3,391,915	-	-	-
Other receipts (payments), net	(1,030,295)	-	-	810,230
Net cash provided by (used in) operating activities	(34,174,388)	(246,295)	(254,470)	(97,140)
Cash Flows from Non-Capital Financing Activities:				
State and federal grants and contracts	22,138,135	-	-	-
Property taxes	14,852,006	-	-	-
Net cash provided by non-capital financing activities	36,990,141	-	-	-
Cash Flows from Capital and Related Financing Activities:				
Purchases of capital assets	(4,448,153)	-	(338,796)	-
Proceeds from investments	-	1,148,767	674,271	-
Purchases of investments	-	(1,142,594)	(223,316)	(53,898)
Proceeds from debt	8,600,000	-	970,000	-
Principal paid on debt	(1,856,435)	-	(1,504,375)	-
Interest paid on debt	(636,823)	-	(64,171)	-
Other sources	-	182,817	605,888	67,866
Net cash provided by (used in) capital and related financing activities	1,658,589	188,990	119,501	13,968
Cash Flows from Investing Activities, Interest	893,351	62,664	108,507	47,701
Net increase (decrease) in cash	5,367,693	5,359	(26,462)	(35,471)
Cash and cash equivalents:				
Beginning	21,874,755	79,066	128,503	37,107
Ending	\$ 27,242,448	\$ 84,425	\$ 102,041	\$ 1,636
Reconciliation of Operating Loss to Net Cash				
(Used in) Operating Activities:				
Operating loss	\$ (33,268,279)	\$ (241,004)	\$ (343,087)	\$ (219,221)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation and amortization	1,453,453	-	133,273	-
Loss on disposal of equipment	5,097	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in receivables	(138,374)	-	-	8,380
(Increase) decrease in inventory	276,931	-	-	-
(Increase) decrease in prepaid expenses	17,625	-	-	-
Increase (decrease) in accounts payable	(1,157,830)	(5,291)	(44,656)	59,493
Increase (decrease) in accrued expenditures	(295,690)	-	-	-
Increase (decrease) in deferred revenue	(35,007)	-	-	54,208
Increase (decrease) in other liabilities	3,686	-	-	-
Increase (decrease) in payable to Greater Quad Cities Telecommunications	(1,036,000)	-	-	-
Total adjustments	(906,109)	(5,291)	88,617	122,081
Net cash provided by (used in) operating activities	\$ (34,174,388)	\$ (246,295)	\$ (254,470)	\$ (97,140)
Noncash, Capital and Related Financing Activities:				
SURS contribution paid by state	\$ 1,954,642	\$ -	\$ -	\$ -

See Notes to Financial Statements.

**Black Hawk College
Illinois Community College District #503**

**Statement of Fiduciary Net Assets
Voluntary Employees' Benefit Association (VEBA) Health Benefit Plan
June 30, 2008**

Assets	
Cash	\$ 1,952,783
Liabilities , claims payable	452,783
Net Assets , unrestricted	<u>\$ 1,500,000</u>

**Statement of Changes in Fiduciary Net Assets
Voluntary Employees' Benefit Association (VEBA) Health Benefit Plan
Year Ended June 30, 2008**

Additions:	
Employer paid premiums	\$ 4,500,000
Employee paid premiums	529,272
Investment earnings	60,723
Total additions	<u>\$ 5,089,995</u>
Deductions:	
Health and dental claims	3,679,562
Administrative	460,433
Total deductions	<u>\$ 4,139,995</u>
Change in net assets	950,000
Net assets:	
Beginning	550,000
Ending	<u>\$ 1,500,000</u>

See Notes to Financial Statements.

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**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 1. Operation and Significant Accounting Policies

Organization:

Black Hawk College, Illinois Community College District #503 (College) is an Illinois Community College operating under the mandates and guidelines of the Illinois Board of Higher Education and the Illinois Community College Board (ICCB). The College offers a wide range of educational opportunities, including liberal studies, business training, continuing education, and community service programs. The College was organized to provide an excellent, affordable alternative in higher education with campus locations in Moline and Kewanee, Illinois and numerous outreach sites.

Significant Accounting Policies:

Financial Reporting Entity: The College is governed by a seven-member Board of Trustees. Board members are elected through general elections to a six-year term.

During the year ended June 30, 2004, the College implemented Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity* to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College.

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 units, the Black Hawk College Foundation, the Black Hawk East College Foundation, and the Greater Quad Cities Telecommunications Corporation (GQCTC).

The two Foundations are legally separate, tax-exempt component units of the College. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the College in support of its programs. The 17-member boards of the Foundations are self-perpetuating and consist of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundations, the majority of resources, or income thereon, that the Foundations hold and invest are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundations can only be used by, or for the benefit of, the College, the Foundations are considered component units of the College.

During the year ended June 30, 2008, the Black Hawk College Foundation and the Black Hawk East Foundation distributed \$65,154 and \$75,710 respectively, to the College for both restricted and unrestricted purposes.

The Foundations are private-not-for-profit organizations that report their financial results under Financial Accounting Standard Board (FASB) Statements. Most significant to the Foundations' 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 Foundations' financial information in the College's financial reporting entity for these differences.

**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 1. Operation and Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued):

Financial statements for the Black Hawk College Foundation can be obtained by calling the Foundation at 309-796-5302. Financial statements for the Black Hawk East College Foundation can be obtained by calling the Foundation at 309-852-5671.

GQCTC is a legally separate, tax-exempt component unit of the College. GQCTC is an organization which provides oversight and support to Black Hawk College WQPT-TV (WQPT-TV), a department of Black Hawk College. GQCTC solicits funds in the name of and with the approval of WQPT-TV and the College. WQPT has a dual board structure. Governance is provided by the Black Hawk College Board of Trustees, as licensee. WQPT's General Manager reports directly to the College President who in turn reports to the Board of Trustees. Governance is also provided by the GQCTC, an independent 501(c)3 corporation with a 12-member board of directors. Ten board members are selected from the bi-state community based upon interest to serve and ability to further the station's mission. One member represents the College Board of Trustees and the twelfth member, serving as GQCTC secretary, is WQPT's General Manager. All board members serve voluntarily and without compensation. Officer elections are held annually. Board members may serve two consecutive three-year terms. Although the College does not control the timing or amount of receipts from GQCTC, the majority of resources or income thereon, that GQCTC holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by GQCTC can only be used by, or for the benefit of, the College, GQCTC is considered a component unit of the College.

During the year ended June 30, 2008, GQCTC raised and expended \$863,209 and \$966,863, respectively. Financial statements for GQCTC can be obtained by calling GQCTC at 309-796-5052.

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-College transactions have been eliminated. Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenues from grants, state appropriations, and other contributions are 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 the 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.

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies (Continued)

The College has a fiduciary fund type. Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The College has the following fiduciary fund type:

Pension (and other employee benefit) trust fund – is the fund type for the College’s health benefit plan and is accounted for in essentially the same manner as the business-type activities, using the same measurement focus and basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer made a formal commitment to provide the contributions. Claims payable are recognized when due and payable in accordance with the terms of the health plan. The fund accounts for the assets of the Voluntary Employees’ Beneficiary Association (VEBA). The VEBA was established under Section 501(C)(9) of the Internal Revenue Code. The trust provides for payment of health (medical, dental, and vision) claims and health plan administrative and other directly related costs.

Classification of Revenues: Operating revenue include activities that have the characteristics of exchange transactions, such as student tuition and fees and sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as 1) local property taxes, 2) state appropriations, 3) most federal, state and local grants and contracts, and federal appropriations, and 4) gifts and contributions.

Net Assets: Net assets represent the difference between assets and liabilities. “Net assets invested in capital assets, net of related debt”, consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings, used for the acquisition, construction or improvement of those assets. Significant unspent proceeds are reported as restricted. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the College first applies restricted resources.

Use of estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property taxes: Property taxes are recognized as a receivable at the time they are levied and the current taxes receivable represent the 2007 levy. Property tax revenue recorded on the financial statements relates to the 2007 levy. Property taxes are levied each year on all taxable real property in the College District. Property taxes are certified on or before the last Tuesday in December and are attached as an enforceable lien on the property as of the preceding January 1. These taxes become due and collectible in 2008 and are collected by the county collectors in the College District who in turn remit to the College District its respective share. An allowance is provided for uncollectible taxes. Property taxes that are not budgeted for current year operations are shown as deferred revenue.

Student Tuition and Fees: Student tuition and fees include all such items assessed against students for educational and service purposes.

**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies (Continued)

College Bookstores Inventory: Inventories of the College bookstores are stated at the lower of cost (first-in, first-out) or market (net realizable value).

Compensated Absences: Vacation leave is accrued as a liability as it is earned. Sick leave benefits are not payable upon retirement or termination.

Capital Assets: Capital assets are defined by the College as assets with an initial, individual cost of \$2,500 or more and an initial useful life of one year or greater. Assets are recorded at historical cost if purchased or constructed. 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 the life of the asset are not capitalized.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

	<u>Years</u>
Buildings and improvements	50
Land and improvements	50
Equipment	4 - 10

The College's collection of works of art, library books, and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved, and subject to College policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Investments: Investments are stated at fair value.

Tax Status: The College is a not-for-profit institution organized and existing under the laws of the State of Illinois and has nontaxable status under the Internal Revenue Code.

Cash and Cash Equivalents: For purposes of reporting cash flows, the College considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounting Pronouncements: The College is applying all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as following all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 2. Cash and Investments

Under provision of the College's investment policy, the College may invest in any type of security allowed by law as set out in Illinois Compiled Statutes. A summary of allowable securities follows:

- Bonds, notes, certificates of indebtedness, treasury bills, or other securities, which are guaranteed by the full faith and credit of the United States of America.
- Bonds, notes debentures, or other similar obligations of the United States of America or its agencies.
- Interest-bearing savings account, interest-bearing certificates of deposit, or interest-bearing time deposits, or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act and only those insured by the Federal Deposit Insurance Corporation (FDIC).
- Short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000.
- Short-term discount obligations of the Federal National Mortgage Association or in shares or other forms of security legally issuable by savings and loan associations incorporated under the laws of the State of Illinois or any other state or under the laws of the United States and only in those savings and loan associations insured by the FDIC.
- Money market mutual funds whose portfolios consist of government securities or agreements to repurchase such obligations.
- Illinois School District Liquid Asset Fund.
- Illinois State Funds Money Market Fund.
- Funds managed, operated and administered by a bank provided that the public agency has an undivided interest in the assets of the fund.
- Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986.
- Dividends-bearing share accounts, share certificate accounts of a credit union with its principal office located in Illinois and insured by applicable law.
- Funds managed, operated, and administered by a bank.

**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

At June 30, 2008, the College's cash and cash equivalents balances are as follows:

Depository accounts, checking and certificates of deposit	\$27,231,048
Petty cash	<u>11,400</u>
Total cash and cash equivalents	27,242,448
Fiduciary fund, depository accounts for VEBA	<u>1,952,783</u>
Total cash and cash equivalents	<u>\$29,195,231</u>
Less: Petty cash	<u>11,400</u>
Total carrying amount of deposits	<u>\$29,183,831</u>

As of June 30, 2008, the carrying amount of the College's deposits totaled \$29,183,831, with a bank balance of \$30,556,413. Of the \$30,556,413 bank balance, \$30,556,413 was covered by federal depository insurance or collateral held by the College's agent in the College's name. The College has no foreign currency risk for deposits at year end.

**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 3. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2008, is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 760,862	\$ -	\$ -	\$ 760,862
Construction in process	2,834,892	3,652,858	(6,246,621)	241,129
Total capital assets not being depreciated	3,595,754	3,652,858	(6,246,621)	1,001,991
Capital assets being depreciated:				
Buildings and improvements	29,327,423	6,369,208	-	35,696,631
Land improvements	3,955,894	7,300	-	3,963,194
Equipment	10,144,479	665,408	(309,547)	10,500,340
Total capital assets being depreciated	43,427,796	7,041,916	(309,547)	50,160,165
Less accumulated depreciation for:				
Buildings and improvements	12,295,733	649,587	-	12,945,320
Land improvements	333,038	79,192	-	412,230
Equipment	7,575,614	724,674	(304,450)	7,995,838
Total accumulated depreciation	20,204,385	1,453,453	(304,450)	21,353,388
Total capital assets being depreciated, net	23,223,411	5,588,463	(5,097)	28,806,777
Total capital assets, net	\$26,819,165	\$9,241,321	\$(6,251,718)	\$29,808,768

Note 4. Retirement Plan

Plan Description:

Black Hawk 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, IL 61820 or by calling 1-800-275-7877.

**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 4. Retirement Plan (Continued)

Funding Policy:

Plan members are required to contribute 8.0% 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 12.88% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ended June 30, 2008, 2007, and 2006 were \$187,084, \$148,397, and \$151,648, respectively, equal to the required contributions for each year. The employer contributions made by the State of Illinois on behalf of the College to SURS were \$1,954,642, \$1,486,613 and \$1,021,967 for the years ended June 30, 2008, 2007, and 2006, respectively. These amounts are included as both revenue and expense of the College.

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008, are as follows:

	Balance July 1, 2007	Additions	Repayments	Balance June 30, 2008	Due Within One Year
Capital leases payable	\$ 60,995	\$ -	\$ (36,435)	\$ 24,560	\$ 24,560
Bonds payable	8,600,000	8,600,000	(1,820,000)	15,380,000	3,170,000
Accrued vacation	853,875	596,699	(525,133)	925,441	925,441
Early retirement	2,533,645	-	(603,137)	1,930,508	240,597
	<u>\$12,048,515</u>	<u>\$9,196,699</u>	<u>\$(2,984,705)</u>	<u>\$18,260,509</u>	<u>\$4,360,598</u>

Capital Leases Payable: Capital lease obligations represent various vehicles and computer equipment with equal annual payments and fixed interest rates ranging from 5.85% to 6.9%. The final maturity date is June 3, 2009. The obligations are secured by the equipment leased.

The annual debt service requirements to maturity, including principal and interest, for capital leases as of June 30, 2008, are as follows:

Year ending June 30:	
2009	\$24,739
Less amount representing interest	<u>(179)</u>
	<u>\$24,560</u>

**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 5. Long-Term Liabilities (Continued)

Operating Leases: The College has various operating leases to cover equipment and facilities. Of the \$754,759 in total operating leases, \$675,387 covers leases for WQPT-TV. WQPT-TV leases space for broadcasting operations and two communication towers under separate operating leases. Minimum lease and rental commitments are \$2,400 per month through February 2023, \$2,799 per month through January 2010 and \$1,230 per month through August 2011, respectively. The College also leases space at the Illinois Employment & Training Center for \$7,826 per month through February 2009. Lease expense for the year ended June 30, 2008 was \$172,160.

The annual requirements for operating leases as of June 30, 2008, are as follows:

Year ending June 30:	
2008	\$171,060
2009	139,756
2010	63,153
2011	43,560
2012	30,030
2013 - 2017	144,000
2018 - 2022	144,000
2023	<u>19,200</u>
Total operating leases	<u>\$754,759</u>

General Obligation Community College Bonds, Series 2004: On November 10, 2004 the College issued \$5,300,000 in General Obligation Bonds to refund \$5,300,000 in short-term debt certificates. The debt certificates were issued and received by the College on July 14, 2004. The purpose of issuing these debt certificates was to use the proceeds to expand and renovate facilities throughout the College and to expand and upgrade the College's technology infrastructure and acquire and implement additional software to assist in the College's service and effectiveness. Principal and interest payments on the General Obligation Bonds are to be paid annually on December 1 with the final payment on December 1, 2009. Interest only payments are due June 1 of each year beginning June 1, 2006. Interest rates range from 2.0% to 4.0% over the life of the bonds.

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds as of June 30, 2008, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2009	\$1,265,000	\$74,613	\$1,339,613
2010	<u>1,315,000</u>	<u>24,656</u>	<u>1,339,656</u>
Total	<u>\$2,580,000</u>	<u>\$99,269</u>	<u>\$2,679,269</u>

General Obligation Community College Bonds, Series 2006: On November 9, 2006 the College issued \$4,800,000 in General Obligation Bonds to refund \$4,800,000 in short-term debt certificates. The debt certificates were issued and received by the College on July 14, 2006. The purpose of issuing these debt certificates was to temporarily increase funding levels throughout the College. Principal and interest payments on the General Obligation Bonds are to be paid annually on December 1 with the final payment on December 1, 2009. Interest only payments are due June 1 of each year beginning June 1, 2008. Interest rates range from 2.0% to 4.0% over the life of the bonds.

**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 5. Long-Term Liabilities (Continued)

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds as of June 30, 2008, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2009	\$1,700,000	\$238,675	\$1,938,675
2010	<u>2,500,000</u>	<u>89,375</u>	<u>2,589,375</u>
Total	<u>\$4,200,000</u>	<u>\$328,050</u>	<u>\$4,528,050</u>

General Obligation Community College Bonds, Series 2008: On January 29, 2008 the College issued \$8,600,000 in General Obligation Bonds. \$4,100,000 of the amount will be used to increase the Working Cash Fund Balance. The remaining \$4,500,000 will be used for various Operation and Maintenance Projects at the College, which includes a new Community Education Center in Kewanee. Principal and interest payments on the General Obligation Bonds are to be paid annually on December 1 with the final payment on December 1, 2011. Interest only payments are due June 1 of each year. Interest rates range from 3.5% to 4.0% over the life of the bonds.

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds as of June 30, 2008, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2009	\$ 205,000	\$ 458,015	\$ 663,015
2010	1,250,000	310,985	1,560,985
2011	4,145,000	202,845	4,347,845
2012	<u>3,000,000</u>	<u>60,000</u>	<u>3,060,000</u>
Total	<u>\$8,600,000</u>	<u>\$1,031,845</u>	<u>\$9,631,845</u>

The College is subject to a debt limitation of 2.875% of its assessed valuation of \$3,229,766,461. As of June 30, 2008 the College had \$77,475,786 of remaining legal debt margin.

Note 6. Early Retirement and Voluntary Separation Plans

The College has offered a number of voluntary separation and early retirement incentive plans (plans) covering individuals of specified employee groups who met stated age and service retirements. The plans generally provided benefits at the time of employee separation based upon combinations of employee age, years of continuous service, and salary. In addition, the plans provide health, vision, and dental insurance; certain of the plans also offer life insurance benefits. The length of coverage varies from five years following the date of separation, up to the life of the separated participant. Some plans require retiree co-payment. Currently 75 participants are covered under the various voluntary separation and early retirement plans. Costs related to these plans are funded on a pay-as-you-go basis. The assumptions used in calculating the liability were a decreasing health care trend rate of 6.5% to 4.0%. The recorded liability for these plans is \$1,930,508 as of June 30, 2008.

Note 7. Restatement of Beginning Fund Balances

Beginning of the year fund balances were adjusted in the amount of \$2,382,054 to reflect the modified accrual basis of accounting for early retirement liability balances not payable with current financial resources.

**Black Hawk College
Illinois Community College District #503**

Notes to Financial Statements

Note 8. Risk Management and Insurance

The College is exposed to various risks of loss related to tort, theft, damage to or the destruction of assets, errors and omissions, injuries to employees, and natural disasters. Those risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Beginning October 2000, the College began self insuring for employee medical, dental, and vision coverage and then established the Voluntary Employees' Beneficiary Association (VEBA) on July 1, 2002. Self insurance is in effect up to an aggregate stop/loss of approximately \$5,600,000 with a \$125,000 per covered person stop/loss amount. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop/loss amount. All claim handling procedures are performed by an independent claims administrator.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. The changes in the aggregate liabilities for claims for the years ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Liability for unpaid claims, July 1	\$ 534,809	\$ 801,877
Claims and changes in estimates	3,679,562	4,906,666
Claim payments	<u>(3,761,588)</u>	<u>(5,173,734)</u>
Liability for unpaid claims, June 30	<u>\$ 452,783</u>	<u>\$ 534,809</u>

Note 9. Commitments

The College has received a number of federal and state grants for specific purposes which are subject to review and audit by grantor agencies. Such audits may result in requests for reimbursement to granting agencies for expenditures disallowed under the terms of the grants. Based upon prior experience, the College management believes that such disallowances, if any, will not be material.

Note 10. Liability, Protection, & Settlement Fund Expenditures

Black Hawk College had the following Liability, Protection, & Settlement Fund expenditures for the year ended June 30, 2008:

Security & safety related salaries and benefits	\$ 661,018
Risk management & loss prevention	297,276
Insurance	793,570
Legal services	55,924
Security and safety related	<u>130,475</u>
Total Liability, Protection & Settlement Fund expenditures	<u>\$1,938,263</u>

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Supplemental Information

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**Black Hawk College
Illinois Community College District #503**

**Reconciliation of the Combining Balance Sheet
to the Statement of Net Assets**

Fund Balances - All Fund Types	\$ 42,908,655
50% of the 2007 tax levy recognized in FY 2008	<u>8,071,830</u>
Long-term portion of early retirement liability	<u>(1,689,911)</u>
Summer 2008 revenue recognized in FY 2008	223,505
Summer 2008 expense recognized in FY 2008	<u>(66,605)</u>
	<u>156,900</u>
Net Assets of Statement of Net Assets	<u><u>\$ 49,447,474</u></u>

**Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Revenues, Expenses, and Changes in Net Assets**

Net Increase in Fund Balances	\$ 4,750,850
Reduction in student tuition and fees	(6,531,069)
Reduction in financial aid	<u>6,531,069</u>
Net Effect	<u>-</u>
Additions to buildings and equipment, current funds	4,448,153
Expended for capital assets	<u>(4,448,153)</u>
Net Effect	<u>-</u>
Long-term debt issued	(8,600,000)
Long-term debt retired	1,856,435
Additions to general long-term debt fund	<u>6,743,565</u>
Net Effect	<u>-</u>
Reduction in long-term early retirement liability	<u>692,143</u>
50% of the 2007 tax levy recognized in FY 2008	8,071,830
50% of the 2006 tax levy recognized in FY 2007	<u>(7,035,521)</u>
Net Effect	<u>1,036,309</u>
Summer 2007 revenue recognized in FY 2007	(196,523)
Summer 2007 expense recognized in FY 2007	67,966
Summer 2008 revenue recognized in FY 2008	223,505
Summer 2008 expense recognized in FY 2008	<u>(66,605)</u>
Net Effect	<u>28,343</u>
Change in Net Assets	<u><u>\$ 6,507,645</u></u>

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

Black Hawk College
Illinois Community College District #503

Combining Balance Sheet
June 30, 2008

Assets	Education Fund	Operations & Maintenance Fund	Auxiliary Enterprises Fund	Restricted Purposes Funds	Audit Fund
Cash and cash equivalents	\$ 4,704,777	\$ -	\$ 2,025	\$ 1,916,115	\$ 87,326
Receivables, net of allowance for uncollectibles:					
Property Taxes	3,384,824	1,977,771	-	-	55,372
Federal government claims	-	-	-	404,084	-
State government claims	874,479	75,733	-	224,959	-
Student tuition and fees	98,829	-	5,810	-	-
Other	65,813	194	463,695	155,993	-
Due from other funds	2,250,778	79,875	772	402,610	-
Inventory	-	-	420,349	-	-
Prepaid expenses	103,711	-	-	12,959	-
Capital assets:					
Land	-	-	-	-	-
Construction in process	-	-	-	-	-
Building, improvements and equipment net of \$21,353,388 depreciation	-	-	-	-	-
Total assets	<u>\$ 11,483,211</u>	<u>\$ 2,133,573</u>	<u>\$ 892,651</u>	<u>\$ 3,116,720</u>	<u>\$ 142,698</u>
Liabilities and Fund Balance					
Accounts payable	\$ 97,025	\$ 91,005	\$ 8,582	\$ 109,195	\$ -
Accrued expenses					
Payroll	937,820	19,200	5,403	42,792	-
Early retirement	238,661	1,936	-	-	-
Accrued vacation	780,975	67,857	32,538	-	-
Other	2,789	1,697	514	7,993	3,301
Due to other funds	395,250	751,729	964,875	519,723	-
Deferred revenue					
Property taxes	2,557,591	1,494,414	-	-	41,840
Student tuition and fees	723,974	-	12,680	140,602	-
Other	4,032	-	330	269,995	-
Other liabilities	21,047	19,331	-	-	-
Bonds payable	-	-	-	-	-
Leases payable	-	-	-	-	-
Total liabilities	<u>5,759,164</u>	<u>2,447,169</u>	<u>1,024,922</u>	<u>1,090,300</u>	<u>45,141</u>
Fund balance					
Restricted	-	-	-	2,026,420	97,557
Unrestricted	5,724,047	(313,596)	(132,271)	-	-
Total fund balance	<u>5,724,047</u>	<u>(313,596)</u>	<u>(132,271)</u>	<u>2,026,420</u>	<u>97,557</u>
Total liabilities and fund balance	<u>\$ 11,483,211</u>	<u>\$ 2,133,573</u>	<u>\$ 892,651</u>	<u>\$ 3,116,720</u>	<u>\$ 142,698</u>

See Note to Supplemental Information.

Liability, Protection, and Settlement Fund	Working Cash Fund	Bond & Interest Fund	Operations & Maintenance Restricted	Investment in Plant Fund	General Long Term Debt Fund	Total
\$ 583,345	\$ 11,413,980	\$ 1,304,697	\$ 7,230,183	\$ -	\$ -	\$ 27,242,448
1,588,759	-	2,611,019	1,064,852	-	-	10,682,597
-	-	-	-	-	-	404,084
-	-	-	-	-	-	1,175,171
-	-	-	-	-	-	104,639
-	-	-	-	-	-	685,695
2,809	-	-	-	-	-	2,736,844
-	-	-	-	-	-	420,349
-	-	-	-	-	-	116,670
-	-	-	-	4,724,056	-	4,724,056
-	-	-	-	241,129	-	241,129
-	-	-	-	24,843,583	-	24,843,583
\$ 2,174,913	\$ 11,413,980	\$ 3,915,716	\$ 8,295,035	\$ 29,808,768	\$ -	\$ 73,377,265
\$ 13,132	\$ -	\$ -	\$ 67,534	\$ -	\$ -	\$ 386,473
3,402	-	-	-	-	-	1,008,617
-	-	-	-	-	-	240,597
44,071	-	-	-	-	-	925,441
7,901	-	177,546	234,700	-	-	436,441
76,574	-	-	28,693	-	-	2,736,844
1,200,475	-	1,972,901	804,609	-	-	8,071,830
-	-	-	-	-	-	877,256
-	-	-	65,816	-	-	340,173
-	-	-	-	-	-	40,378
-	-	-	-	-	15,380,000	15,380,000
-	-	-	-	-	24,560	24,560
1,345,555	-	2,150,447	1,201,352	-	15,404,560	30,468,610
829,358	10,194,190	1,765,269	7,093,683	-	(3,890,000)	18,116,477
-	1,219,790	-	-	29,808,768	(11,514,560)	24,792,178
829,358	11,413,980	1,765,269	7,093,683	29,808,768	(15,404,560)	42,908,655
\$ 2,174,913	\$ 11,413,980	\$ 3,915,716	\$ 8,295,035	\$ 29,808,768	\$ -	\$ 73,377,265

Black Hawk College
Illinois Community College District #503

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2008

	Education Fund	Operations and Maintenance Fund	Auxiliary Fund	Restricted Funds	Audit Fund
Revenues:					
Local governmental sources					
Property taxes	\$ 5,057,170	\$ 2,954,545	\$ -	\$ -	\$ 76,157
Tuition chargeback	(1,702)	-	-	-	-
Other	-	-	-	5,705	-
Total local government sources	5,055,468	2,954,545	-	5,705	76,157
State governmental sources	9,577,303	814,180	-	3,739,575	-
Federal governmental sources	57,231	-	-	7,442,106	-
Student tuition and fees	11,982,184	95,162	233,254	351,705	-
Sales, services and rental of facilities and equipment	631,322	175,522	3,234,537	87,974	-
Investment earnings	189,172	-	-	68,577	-
Other sources	22,224	25,487	94,907	1,423,325	-
Additions to buildings and equipment, current funds	-	-	-	-	-
Payment of long-term debt	-	-	-	-	-
SURS contribution provided by state	-	-	-	1,954,642	-
Total revenues	27,514,904	4,064,896	3,562,698	15,073,609	76,157
Expenditures:					
Instruction	12,848,964	-	-	681,260	-
Academic support	3,035,611	-	-	1,215,942	-
Student services	2,148,194	-	-	1,007,428	-
Public services	563,244	-	-	2,111,698	-
Institutional support	5,665,745	-	-	270,284	56,500
Auxiliary services	-	-	3,528,921	38,362	-
Scholarships, student grants, and waivers	2,589,367	-	-	7,740,441	-
SURS contribution provided by state	-	-	-	1,954,642	-
Depreciation	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-
Operation of physical facilities	-	3,517,973	-	140,007	-
Total expenditures	26,851,125	3,517,973	3,528,921	15,160,064	56,500
Excess (deficiency) of revenues over expenditures	663,779	546,923	33,777	(86,455)	19,657
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Bond premium (discount)	-	-	-	-	-
Operating transfers in	1,600,000	-	-	52,787	-
Operating transfers out	(52,787)	-	-	(1,692,000)	-
Total other financing sources (uses)	1,547,213	-	-	(1,639,213)	-
Excess (deficiency) of revenues and other financing resources over expenditures and other financing uses	2,210,992	546,923	33,777	(1,725,668)	19,657
Fund balance					
Beginning, as restated	3,513,055	(860,519)	(166,048)	3,752,088	77,900
Ending	\$ 5,724,047	\$ (313,596)	\$ (132,271)	\$ 2,026,420	\$ 97,557

See Note to Supplemental Information.

Liability, Protection, and Settlement Fund	Working Cash Fund	Bond & Interest Fund	Operations & Maintenance Restricted	Investment in Plant Fund	General Long Term Debt Fund	Total
\$ 2,301,799	\$ -	\$ 3,214,755	\$ 1,572,099	\$ -	\$ -	\$ 15,176,525
-	-	-	-	-	-	(1,702)
-	-	-	-	-	-	5,705
2,301,799	-	3,214,755	1,572,099	-	-	15,180,528
-	-	-	23,542	-	-	14,154,600
-	-	-	-	-	-	7,499,337
-	-	-	-	-	-	12,662,305
-	-	-	-	-	-	4,129,355
-	351,588	31,313	252,701	-	-	893,351
-	-	-	-	-	-	1,565,943
-	-	-	-	4,448,153	-	4,448,153
-	-	-	-	-	1,856,435	1,856,435
-	-	-	-	-	-	1,954,642
2,301,799	351,588	3,246,068	1,848,342	4,448,153	1,856,435	64,344,649
-	-	-	-	-	-	13,530,224
-	-	-	-	-	-	4,251,553
-	-	-	-	-	-	3,155,622
-	-	-	-	-	-	2,674,942
1,196,139	-	2,403,474	1,078,716	-	-	10,670,858
-	-	-	-	-	-	3,567,283
-	-	-	-	-	-	10,329,808
-	-	-	-	-	-	1,954,642
-	-	-	-	1,453,453	-	1,453,453
-	-	-	-	5,097	-	5,097
742,124	-	-	3,686,895	-	-	8,086,999
1,938,263	-	2,403,474	4,765,611	1,458,550	-	59,680,481
363,536	351,588	842,594	(2,917,269)	2,989,603	1,856,435	4,664,168
-	4,100,000	-	4,500,000	-	(8,600,000)	-
-	(56,540)	-	143,222	-	-	86,682
-	-	92,000	-	-	-	1,744,787
-	-	-	-	-	-	(1,744,787)
-	4,043,460	92,000	4,643,222	-	(8,600,000)	86,682
363,536	4,395,048	934,594	1,725,953	2,989,603	(6,743,565)	4,750,850
465,822	7,018,932	830,675	5,367,730	26,819,165	(8,660,995)	38,157,805
\$ 829,358	\$ 11,413,980	\$ 1,765,269	\$ 7,093,683	\$ 29,808,768	\$ (15,404,560)	\$ 42,908,655

**Black Hawk College
Illinois Community College District #503**

Notes to Supplemental Information

Note 1. Summary of Significant Accounting Policies

Fund Accounting: In order to ensure observance of limitations and restrictions placed on the use of available resources, the accounts are maintained in accordance with the principles of fund accounting as promulgated in the *ICCB Fiscal Management Manual*. Financial statements by fund, required by the ICCB, are included as supplementary information. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

Note 2. Restatement of Beginning Fund Balances

Beginning of the year fund balances were adjusted in the amount of \$2,382,054 to reflect the modified accrual basis of accounting for early retirement liability balances not payable with current financial resources.

Statistical Section (Unaudited)

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Statistical Narrative

This section of the College's comprehensive annual financial report presents detailed statistical information as a context for understanding information in the financial statements, note disclosures, and required supplementary information in relation to the overall financial health of the institution.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the College's most significant local revenue sources, tuition and fees and property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.

Operating Information

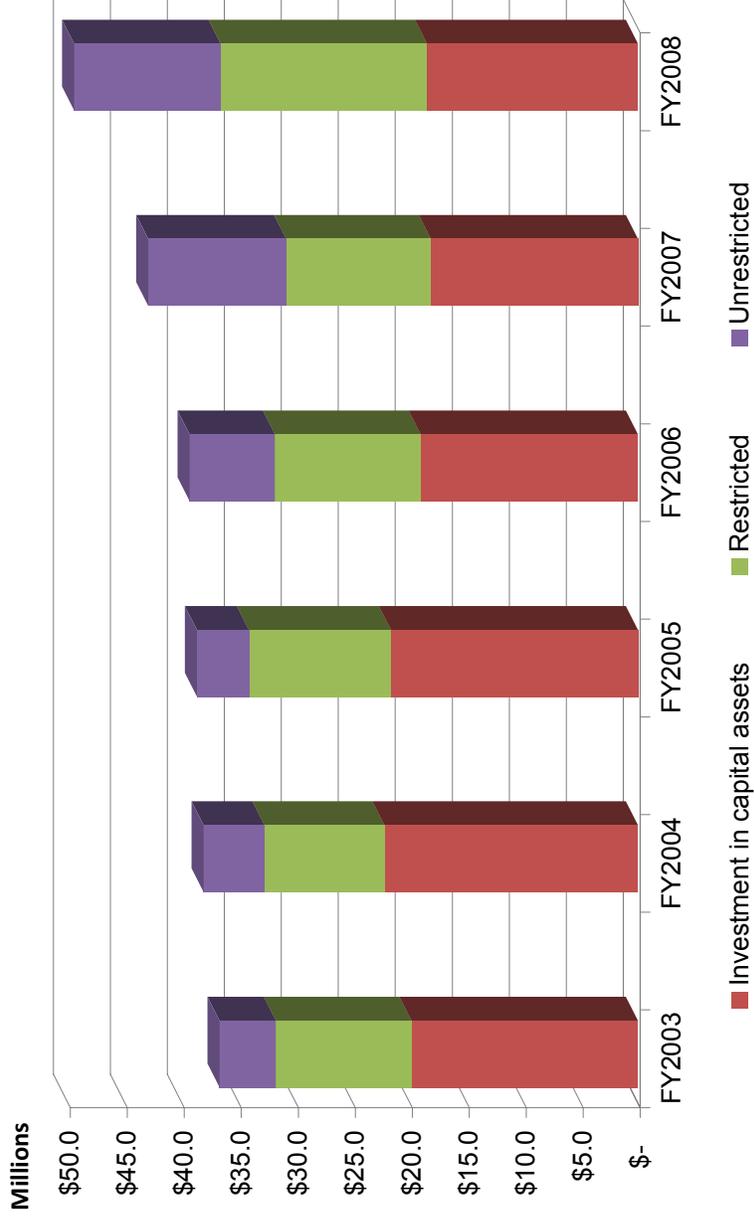
These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The College implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**Black Hawk College
Illinois Community College District No. 503**

**Schedule of Net Assets by Component
FY2003 through FY2008**

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Investment in capital assets, net of related debt	\$ 19,869,807	\$ 22,247,545	\$ 21,663,203	\$ 19,064,372	\$ 18,158,170	\$ 18,504,208
Restricted	11,885,335	10,521,353	12,468,851	12,776,417	12,698,405	18,116,477
Unrestricted	4,929,472	5,314,174	4,547,818	7,482,628	12,083,254	12,826,789
Total net assets	\$ 36,684,614	\$ 38,083,072	\$ 38,679,872	\$ 39,323,417	\$ 42,939,829	\$ 49,447,474



Note: GASB 34 implemented in FY2003. Data presented is from that point forward for comparative purposes.
Source: College audited financial statements.

**Black Hawk College
Illinois Community College District No. 503**

**Schedule of Changes in Net Assets
FY2003 through FY2008**

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Operating Revenues:						
Student tuition and fees, net of allowance	\$ 4,746,980	\$ 4,926,478	\$ 5,836,757	\$ 6,473,972	\$ 6,589,369	\$ 6,830,918
Sales, service, and rental of facilities	3,343,748	3,304,371	3,462,532	3,410,705	3,422,932	3,456,655
Tuition Chargeback	43,005	65,881	43,451	39,822	38,421	(1,702)
SURS contribution provided by state	1,783,758	11,448,455	1,739,529	1,021,967	1,486,613	1,954,642
Other operating revenue	5,245	7,500	4,760	7,638	28,532	5,705
Total operating revenue	<u>9,922,736</u>	<u>19,752,685</u>	<u>11,087,029</u>	<u>10,954,104</u>	<u>11,565,867</u>	<u>12,246,218</u>
Operating expenses:						
Instruction	12,108,507	12,436,718	12,904,624	12,881,139	13,002,230	13,417,138
Academic support	3,323,628	3,427,233	3,414,267	3,477,715	3,829,341	4,214,199
Student services	3,609,389	3,149,025	3,233,551	3,418,731	3,174,670	3,151,038
Public service	4,183,386	3,125,843	3,018,143	3,025,891	2,776,572	2,603,870
Auxiliary services	3,522,521	3,521,670	3,907,782	3,715,320	3,480,656	3,567,023
Institutional support	6,732,660	7,292,833	7,285,564	8,373,692	9,172,580	7,147,272
Scholarships, student grants and waivers	4,511,437	4,157,168	4,238,687	3,908,098	3,863,985	3,798,739
SURS contribution provided by state	1,783,758	11,448,455	1,739,529	1,021,967	1,486,613	1,954,642
Operation of physical facilities	3,306,069	3,800,309	3,951,142	3,572,762	3,463,281	4,202,026
Loss on disposal of equipment	63,067	21,632	41,307	3,516	33,979	5,097
Depreciation	1,187,279	1,202,194	1,289,155	1,361,306	1,385,121	1,453,453
Total operating expenses	<u>44,331,701</u>	<u>53,583,080</u>	<u>45,023,751</u>	<u>44,760,137</u>	<u>45,669,028</u>	<u>45,514,497</u>
Operating (loss)	<u>(34,408,965)</u>	<u>(33,830,395)</u>	<u>(33,936,722)</u>	<u>(33,806,033)</u>	<u>(34,103,161)</u>	<u>(33,268,279)</u>
Non-operating revenues (expense)						
Property taxes	10,110,571	10,721,008	11,403,125	12,280,184	14,151,090	16,212,834
State government sources	16,667,736	14,756,792	13,876,740	13,523,521	14,370,178	14,154,600
Federal government sources	7,572,422	7,908,014	7,661,777	7,090,387	6,922,766	7,499,337
Investment earnings	566,729	441,356	556,738	710,851	1,076,367	893,351
Other sources	2,047,401	1,392,612	1,185,602	1,101,164	1,681,982	1,652,625
Interest expense	(4,050)	(3,796)	(150,460)	(256,529)	(482,810)	(636,823)
Total non-operating revenues (expenses)	<u>36,960,809</u>	<u>35,215,986</u>	<u>34,533,522</u>	<u>34,449,578</u>	<u>37,719,573</u>	<u>39,775,924</u>
Income before contributions	2,551,844	1,385,591	596,800	643,545	3,616,412	6,507,645
Capital contributions - facilities donation	360,000	-	-	-	-	-
Change in net assets	<u>2,911,844</u>	<u>1,385,591</u>	<u>596,800</u>	<u>643,545</u>	<u>3,616,412</u>	<u>6,507,645</u>
Net assets:						
Beginning	33,772,770	36,697,481	38,083,072	38,679,872	39,323,417	42,939,829
Ending	<u>\$ 36,684,614</u>	<u>\$ 38,083,072</u>	<u>\$ 38,679,872</u>	<u>\$ 39,323,417</u>	<u>\$ 42,939,829</u>	<u>\$ 49,447,474</u>

Notes:

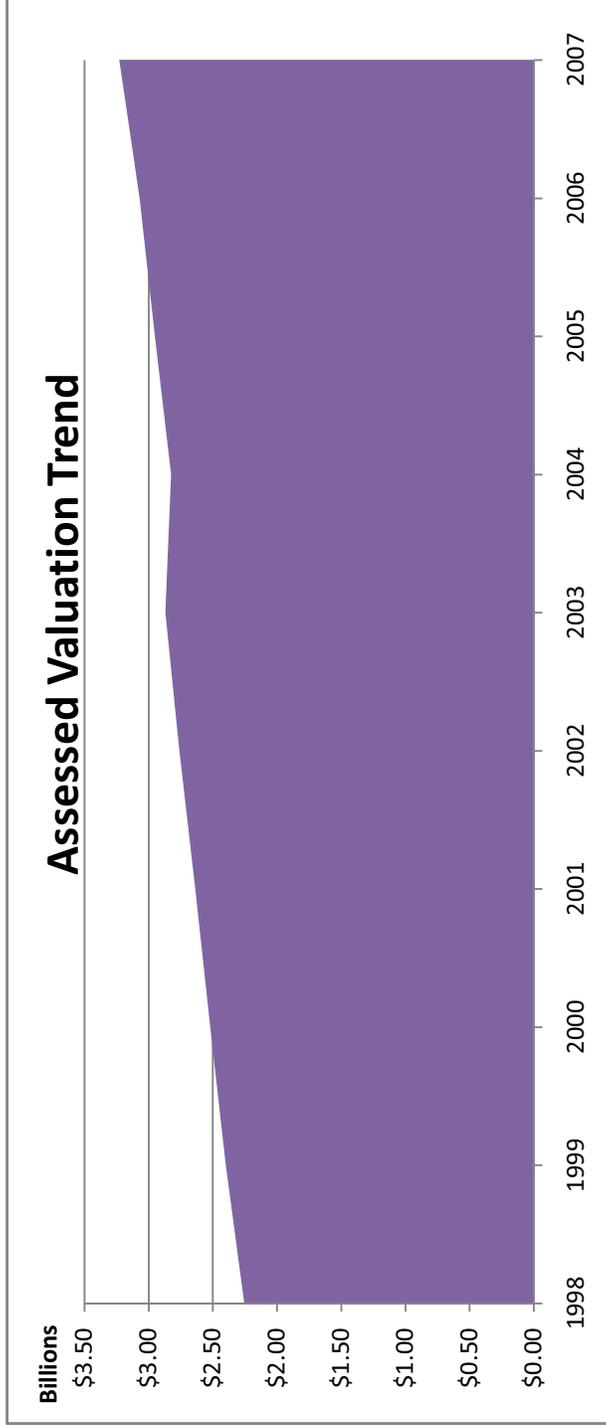
1. FY2003 beginning net assets restated to comply with GASB 34
2. FY2004 beginning net assets restated
3. For consistency and comparability purposes the information presented above limited to fiscal years in which GASB 34 was applied.

Source: Black Hawk College Audited Financial Statements

**Black Hawk College
Illinois Community College District No. 503**

Assessed and Estimated Actual Value of Taxable Property (Unaudited)
Tax Levy Years 1998 through 2007

Levy year	Assessed Valuation	Estimated Actual Value
1998	\$ 2,256,883,720	\$ 6,771,328,293
1999	2,399,528,915	7,199,306,676
2000	2,520,355,598	7,561,822,976
2001	2,638,073,392	7,915,011,677
2002	2,761,970,857	8,286,741,245
2003	2,870,452,838	8,612,219,736
2004	2,826,046,435	8,478,987,204
2005	2,951,380,890	8,855,028,173
2006	3,071,201,593	9,214,526,232
2007	3,229,766,461	9,690,268,410



Notes:

1. Assessed value is computed by various county's clerks offices and is equal to approximately one-third of the estimated actual value.
2. The tax levy for 2007 is the most current information available

Sources: Bureau, Henderson, Henry, Knox, Marshall, Mercer, Rock Island, Stark, and Whiteside County Clerk's Office

**Black Hawk College
Illinois Community College District No. 503**

Property Tax Extensions and Collections (Unaudited)
FY1999 through FY2008

Levy Year	Fiscal Year	Assessed Valuation	Tax Rate	Taxes Extended	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percent of Extension		Amount	Percent of Extension
1998	1999	\$ 2,256,883,720	0.3597	\$ 8,118,011	\$ 2,723,036	33.54%	\$ 5,357,745	\$ 8,080,781	99.54%
1999	2000	2,399,528,915	0.3407	8,175,195	2,702,109	33.05%	5,442,766	8,144,875	99.63%
2000	2001	2,520,355,598	0.3381	8,521,323	2,884,750	33.85%	5,605,057	8,489,807	99.63%
2001	2002	2,638,073,392	0.3663	9,663,262	3,156,505	32.67%	6,469,016	9,625,521	99.61%
2002	2003	2,761,970,857	0.3671	10,139,195	1,925,971	19.00%	8,191,425	10,117,396	99.79%
2003	2004	2,870,452,838	0.3740	10,735,493	3,328,077	31.00%	7,447,042	10,775,119	100.37%
2004	2005	2,826,046,435	0.4021	11,352,291	3,828,809	33.73%	7,563,578	11,392,387	100.35%
2005	2006	2,951,380,890	0.4145	12,233,474	4,143,408	33.87%	8,087,207	12,230,615	99.98%
2006	2007	3,071,201,593	0.4579	14,063,032	4,678,917	33.27%	9,365,085	14,044,002	99.86%
2007	2008	3,229,766,461	0.5016	16,200,510	5,464,473	33.73%	-	5,464,473	33.73%

Notes:

1. Property taxes which are measurable and available are recognized as revenue. Property taxes which are measurable but not available are deferred and recognized as revenue as they become available.
2. The tax levy for 2007 is the most current information available.
3. The tax rates reported for the College are blended rates based on the total taxes and the total assessed valuations for all counties combined.
4. The tax rate fluctuates from year to year primarily due to the debt service requirements for General Obligation bonds.
5. Due to differences in the computational methods followed by the nine counties, portions of each of which are within the District's boundaries, there may be slight differences between the final levy amounts extended by the counties and those used for financial statement purposes.

Sources: Bureau, Henderson, Henry, Knox, Marshall, Mercer, Rock Island, Stark, and Whiteside County Clerk's Office

Black Hawk College
Illinois Community College District No. 503

Representative Tax Rates (Unaudited)
 Tax Years 1998 through 2007

Taxing Districts	Tax Year 1998	Tax Year 1999	Tax Year 2000	Tax Year 2001	Tax Year 2002	Tax Year 2003	Tax Year 2004	Tax Year 2005	Tax Year 2006	Tax Year 2007
Black Hawk College No. 503	\$ 0.3597	\$ 0.3407	\$ 0.3381	\$ 0.3663	\$ 0.3671	\$ 0.3740	\$ 0.4021	\$ 0.4145	\$ 0.4579	\$ 0.5016
Rock Island County	0.6392	0.7100	0.7410	0.8000	0.7850	0.7746	0.8040	0.7976	0.7956	0.7890
South Moline Township	0.0978	0.0806	0.0690	0.0370	0.0690	0.0656	0.0692	0.0700	0.1412	0.1416
Road & Bridge - South Moline Township	0.0165	0.0156	0.0131	0.0068	0.0054	0.0050	0.0052	0.0054	0.0058	0.0061
Road & Bridge - City of Moline	0.0101	0.0098	0.0083	0.0042	0.0040	0.0042	0.0044	0.0044	0.0042	0.0041
South Moline Township Cemetery	0.0020	0.0018	0.0014	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
City of Moline	1.8014	1.9372	1.8864	1.9004	1.8930	1.8988	1.9116	1.9594	1.9646	2.0062
School District No. 40	5.3534	5.3318	5.2996	5.3090	5.2536	5.2612	5.1108	5.1508	5.1152	5.0586
Metropolitan Airport Authority	0.0440	0.0418	0.0396	0.0672	0.0630	0.0714	0.0750	0.0718	0.0726	0.0716
Metropolitan Transit Authority	0.1408	0.1354	0.1348	0.1332	0.1322	0.1448	0.1646	0.1652	0.1754	0.1742
Total	\$ 8.4649	\$ 8.6047	\$ 8.5313	\$ 8.6243	\$ 8.5725	\$ 8.5998	\$ 8.5471	\$ 8.6393	\$ 8.7327	\$ 8.7532

Note: The above table is a representative tax rate for a District property owner in Rock Island County living in the City of Moline. (Per \$100 Equalized Assessed Valuation)
 Source: Rock Island County Clerk's Office

Taxing Districts	Tax Year 1998	Tax Year 1999	Tax Year 2000	Tax Year 2001	Tax Year 2002	Tax Year 2003	Tax Year 2004	Tax Year 2005	Tax Year 2006	Tax Year 2007
Black Hawk College No. 503	\$ 0.3597	\$ 0.3407	\$ 0.3381	\$ 0.3663	\$ 0.3671	\$ 0.3740	\$ 0.4021	\$ 0.4181	\$ 0.4578	\$ 0.5023
Henry County	0.7323	0.7149	0.7627	0.7950	0.8291	0.8869	0.9280	0.9439	0.9026	0.9069
Kewanee Township	0.2044	0.1249	0.1226	0.1187	0.1154	0.1769	0.2054	0.2113	0.1978	0.1756
Kewanee Township Road District	0.2037	0.2027	0.2004	0.2251	0.2217	0.2222	0.2227	0.2207	0.2188	0.2084
City of Kewanee	2.6805	2.5388	2.4737	2.2860	2.2501	2.3196	2.5402	2.5760	2.1251	2.7294
Kewanee Park District	0.9832	1.0251	0.9955	0.9445	0.9654	0.9993	1.1338	1.0752	1.1009	1.0474
Kewanee Library District	0.4261	0.4992	0.5437	0.4678	0.5511	0.5834	0.6336	0.6395	0.6362	0.6862
Kewanee Airport	0.0201	0.0189	0.0177	0.0158	0.0137	0.0136	0.0163	0.0145	0.0139	0.0128
Unity School District No. 229	4.2475	4.2734	4.0714	4.0127	3.9368	4.0955	4.3047	4.2700	4.4177	4.4650
Total	\$ 9.8575	\$ 9.7386	\$ 9.5258	\$ 9.2319	\$ 9.2504	\$ 9.6714	\$ 10.3868	\$ 10.3692	\$ 10.0708	\$ 10.7340

Note: The above table is a representative tax rate for a District property owner in Henry County living in the City of Kewanee. (Per \$100 Equalized Assessed Valuation)
 Source: Henry County Clerk's Office

**Black Hawk College
Illinois Community College District No. 503**

Principal Taxpayers (Unaudited)
Most recent Year and Five Years Ago

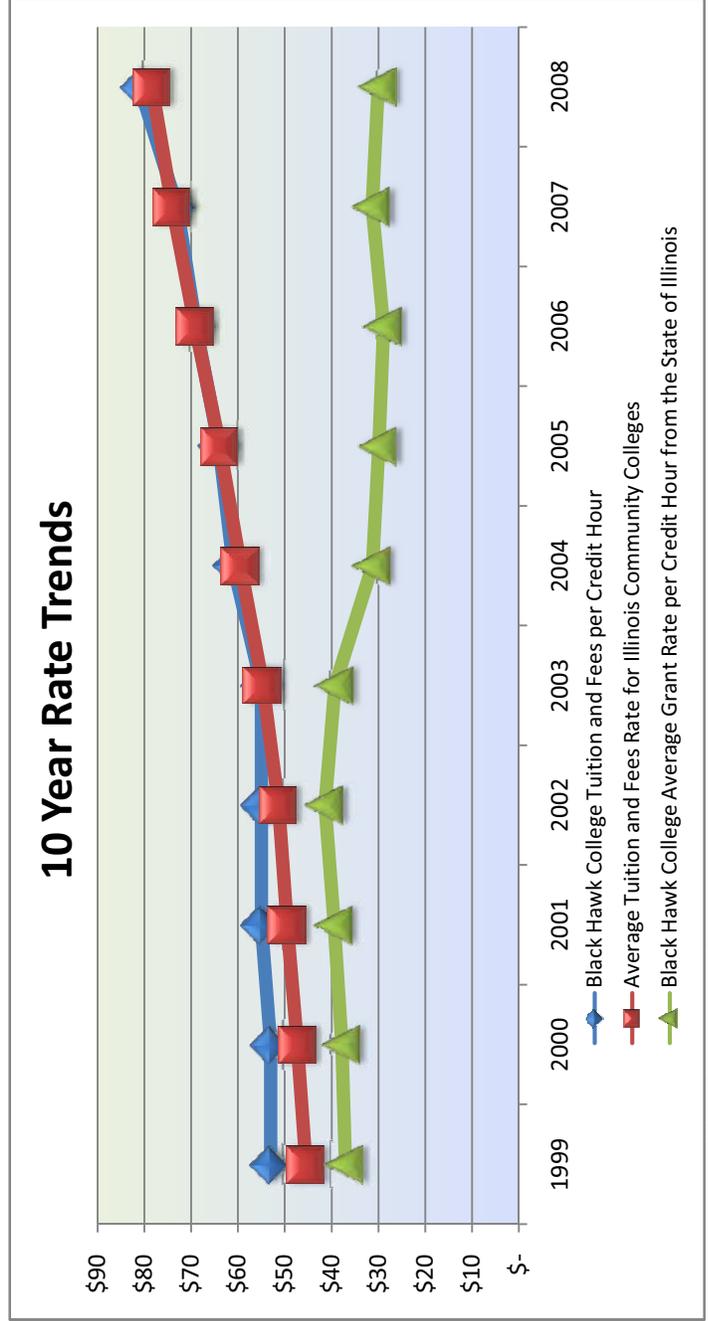
	2003				2007			
Taxpayer	Equalized Assessed Valuation	Rank	Percent of District's EAV	Taxpayer	Equalized Assessed Valuation	Rank	Percent of District's EAV	
Commonwealth Edison	\$ 76,107,947	1	2.65%	Commonwealth Edison	\$ 100,000,000	1	3.26%	
Deere and Company	38,140,142	2	1.33%	Deere and Company	28,201,538	2	0.92%	
SDG Macerich Properties	18,281,760	3	0.64%	SDG Macerich Properties	20,898,790	3	0.68%	
J. I. Case	5,704,594	4	0.20%	Modern Woodmen of America	8,910,669	4	0.29%	
Minnesota Mining & Manufacturing	5,213,237	5	0.18%	Geneva Management Service	6,168,892	5	0.20%	
Pioneer Hi-Bred	5,148,559	6	0.18%	Walmart Stores	5,712,545	6	0.19%	
Thoms-Proestler Company	4,816,290	7	0.17%	Pioneer Hi-Bred	5,683,219	7	0.19%	
Barjan Products LLC	4,425,893	8	0.15%	Thoms-Proestler Company	5,370,572	5	0.17%	
Cordova Energy	4,331,206	9	0.15%	Barjan Products LLC	4,811,002	9	0.16%	
Tyson Foods	4,130,478	10	0.14%	Cordova Energy	4,431,430	10	0.14%	
	<u>\$ 170,430,584</u>		<u>5.94%</u>		<u>\$ 194,374,157</u>		<u>6.33%</u>	

Source: Office of the County Clerk for Rock Island, Henry, Knox, Whiteside, Bureau, Mercer, Henderson, Stark, and Marshall

**Black Hawk College
Illinois Community College District No. 503**

Mandatory Tuition and Fees (Unaudited)
FY1999 through FY2008

Fiscal Year	Black Hawk College Tuition and Fees per Credit Hour	Average Tuition and Fees Rate for Illinois Community Colleges	Black Hawk College Average Grant Rate per Credit Hour from the State of Illinois	Black Hawk College Total Unrestricted and Restricted Credit Hours
1999	\$53.00	\$45.49	\$37.06	148,517
2000	53.00	47.31	37.81	145,420
2001	55.00	49.53	39.44	141,054
2002	55.00	51.32	41.40	145,370
2003	55.00	54.64	39.31	144,077
2004	61.00	59.45	31.33	144,359
2005	64.00	63.92	29.94	144,087
2006	69.00	69.11	28.94	140,900
2007	73.00	74.04	31.36	132,392
2008	81.00	78.36	30.08	128,450



Source: College records and ICCB Tuition and Fee data.

**Black Hawk College
Illinois Community College District No. 503**

Ratio of Outstanding Debt by Type (Unaudited)
FY1999 through FY2008

Fiscal Year	General Obligation Bonds	Installment Contracts	Total Outstanding Debt	Estimated Actual Taxable Property Value	Percentage of Actual Value	Total Outstanding Debt Per Capita	
						Outstanding Debt Per Capita	Outstanding Debt Per Capita
1999	\$ -	\$ 369,589	\$ 369,589	\$ 6,771,328,293	0.005%	\$	1.40
2000	-	294,699	294,699	7,199,306,676	0.004%		1.12
2001	-	215,323	215,323	7,561,822,976	0.003%		0.82
2002	-	131,193	131,193	7,915,011,677	0.002%		0.50
2003	-	45,000	45,000	8,286,741,245	0.001%		0.17
2004	-	89,538	89,538	8,612,219,736	0.001%		0.34
2005	5,300,000	143,375	5,443,375	8,478,987,204	0.064%		20.63
2006	4,800,000	103,393	4,903,393	8,855,028,173	0.055%		18.59
2007	8,600,000	60,995	8,660,995	9,214,526,232	0.094%		32.83
2008	15,380,000	24,560	15,404,560	9,690,268,410	0.159%		58.39

Notes:

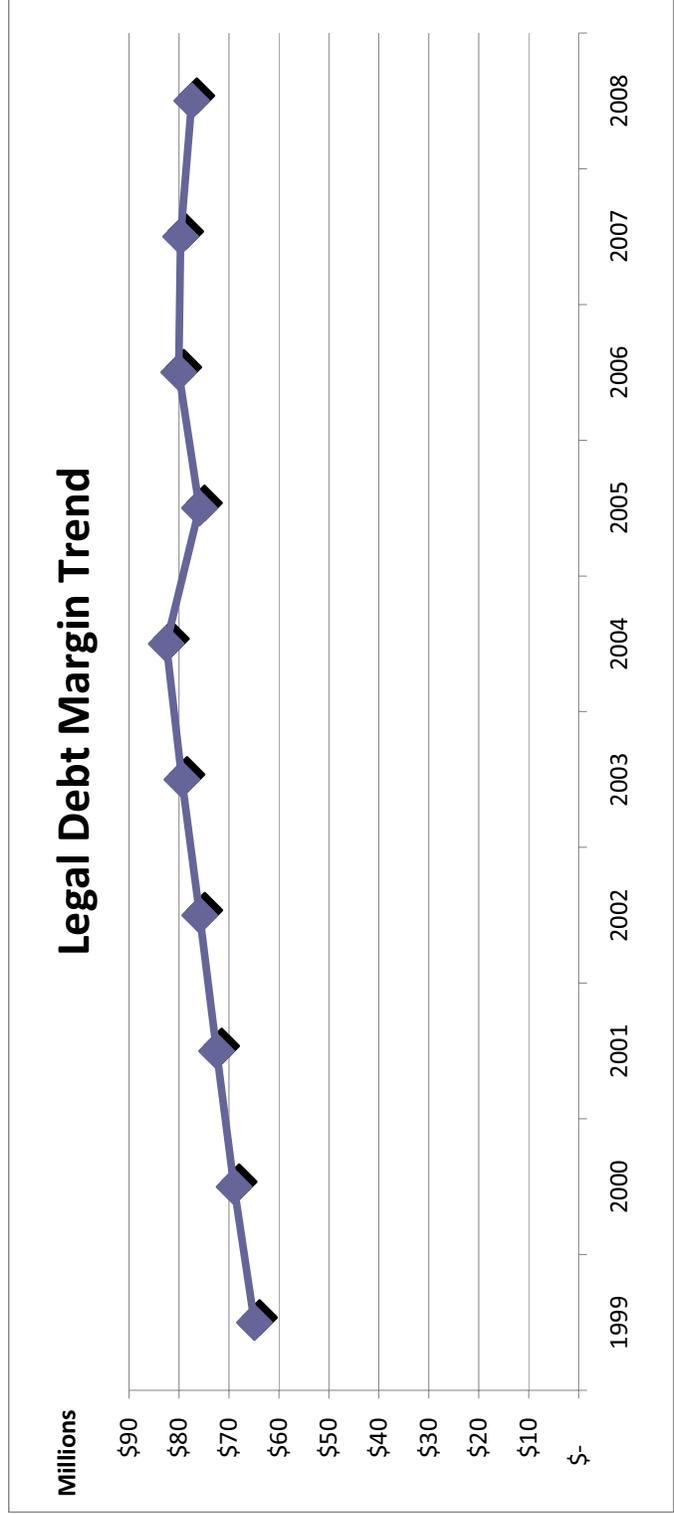
1. Details of the College's outstanding debt can be found in the notes to the financial statements.
2. Total Outstanding Debt Per Capita is calculated by using the 2000 U.S. Census population for each of the nine counties, included either in part or whole, in the district adjusted by the percentage of each counties population located within the district.
3. Estimated Actual Taxable Property Value is based on property located within the district only.

Sources: College Records, County Clerk Offices, and the 2000 U.S. Census

**Black Hawk College
Illinois Community College District No. 503**

Computation of Legal Debt Margin (Unaudited)
FY1999 through FY2008

Fiscal Year	Assessed Value	Debt Limit: 2.875% of Assessed Value	Less applicable Debt: General Obligation Bonds	Legal Debt Margin
1999	\$ 2,256,883,720	\$ 64,885,407	\$ -	\$ 64,885,407
2000	2,399,528,915	68,986,456	-	68,986,456
2001	2,520,355,598	72,460,223	-	72,460,223
2002	2,638,073,392	75,844,610	-	75,844,610
2003	2,761,970,857	79,406,662	-	79,406,662
2004	2,870,452,838	82,525,519	-	82,525,519
2005	2,826,046,435	81,248,835	5,300,000	75,948,835
2006	2,951,380,890	84,852,201	4,800,000	80,052,201
2007	3,071,201,593	88,297,046	8,600,000	79,697,046
2008	3,229,766,461	92,855,786	15,380,000	77,475,786



Sources: Bureau, Henderson, Henry, Knox, Marshall, Mercer, Rock Island, Stark and Whiteside County Clerk's Office and College records

**Black Hawk College
Illinois Community College District No. 503**

Schedule of Bond Coverage (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Property Taxes Collected	Interest Earned	Net Revenue Available for Debt Service	2004 Bonds		2006 Bonds		2008 Bonds		Total	Coverage Ratio
				Principal	Interest	Principal	Interest	Principal	Interest		
1999	-	-	-	-	-	-	-	-	-	-	N/A
2000	-	-	-	-	-	-	-	-	-	-	N/A
2001	-	-	-	-	-	-	-	-	-	-	N/A
2002	-	-	-	-	-	-	-	-	-	-	N/A
2003	-	-	-	-	-	-	-	-	-	-	N/A
2004	-	-	-	-	-	-	-	-	-	-	N/A
2005	732,435	284	732,719	-	111,000	-	-	-	-	111,000	660.11%
2006	1,150,348	9,695	1,160,043	500,000	147,645	-	-	-	-	647,645	179.12%
2007	1,800,339	18,863	1,819,202	1,000,000	157,513	-	319,333	-	-	1,476,846	123.18%
2008	3,214,755	31,313	3,246,068	1,220,000	115,539	600,000	323,597	-	144,337	2,403,473	135.06%

Note: The General Obligation Bonds are repaid from property taxes collected and interest earned accounted for in the Bond and Interest Fund.

Source: College records

**Black Hawk College
Illinois Community College District No. 503**

Direct and Overlapping General Obligation Bonded Debt (Unaudited)
Henry and Rock Island Counties Only
(Which represents 89.19% of the Equalized Assessed Value of the District)

Issuing Taxing Districts	Amount of Outstanding Bonds	Applicable to District	
		Estimated Percentage	Amount
Henry County	\$ -	99.530%	\$ -
Rock Island County	9,940,000	100.000%	9,940,000
Metropolitan Airport Authority	-	100.000%	-
Anawan Township	-	100.000%	-
Atkinson Township	-	100.000%	-
Village of Cambridge	-	100.000%	-
Village of Carbon Cliff	20,000	100.000%	20,000
Village of Coal Valley	50,000	100.000%	50,000
City of Colona	-	100.000%	-
Village of Cordova	-	100.000%	-
City of East Moline	225,000	100.000%	225,000
City of Galva	125,000	100.000%	125,000
City of Geneseo	-	100.000%	-
Village of Hampton	-	100.000%	-
City of Kewanee	872,887	100.000%	872,887
City of Moline	86,670,000	100.000%	86,670,000
City of Rock Island	19,880,000	100.000%	19,880,000
City of Silvis	4,020,000	100.000%	4,020,000
Carbon Cliff Special Service Area #3	345,000	100.000%	345,000
Moline Special Service Area #3	970,000	100.000%	970,000
Silvis Special Service Area #1	2,005,000	100.000%	2,005,000
Coal Valley Fire District	730,000	100.000%	730,000
(Hammond) Henry Hospital District	-	100.000%	-
Illini Hospital (Ambulance) District	-	100.000%	-
Kewanee Library District	450,000	98.987%	445,442
Geneseo Park District	673,750	100.000%	673,750
Kewanee Park District	455,000	100.000%	455,000
Community Unit School District #1	3,400,000	73.081%	2,484,754
School District #29	500,000	100.000%	500,000

**Black Hawk College
Illinois Community College District No. 503**

Direct and Overlapping General Obligation Bonded Debt (Unaudited) (Continued)
Henry and Rock Island Counties Only
(Which represents 89.19% of the Equalized Assessed Value of the District)

Issuing Taxing Districts	Amount of Outstanding Bonds	Applicable to District	
		Estimated Percentage	Amount
High School District #30	1,155,000	100.000%	1,155,000
School District #36	1,785,000	100.000%	1,785,000
School District #37	7,883,264 ⁵	100.000%	7,883,264
Community Unit School District #40	12,400,000	100.000%	12,400,000
School District #41	21,300,000	100.000%	21,300,000
Community Unit School District #100 (Riverdale)	570,000	100.000%	570,000
Community Unit School District #100 (Stark)	7,179,000	0.089%	6,389
School District #190	1,400,000	100.000%	1,400,000
Community Unit School District #200	5,835,263 ⁵	30.038%	1,752,796
Community Unit School District #203	500,000	4.753%	23,765
Community Unit School District #223	5,607,023 ⁵	100.000%	5,607,023
Community Unit School District #224	470,000	91.853%	431,709
Community Unit School District #225	3,135,000	92.205%	2,890,627
Community Unit School District #227	23,270 ⁶	100.000%	23,270
Community Unit School District #228	9,855,000	99.999%	9,854,901
Community Unit School District #229	1,854,756 ⁶	100.000%	1,854,756
Community Unit School District #230	605,000	97.470%	589,694
Community Unit School District #300	2,130,000	98.236%	2,092,427
Total Overlapping General Obligation Bonded Debt			\$ 202,032,454

Notes:

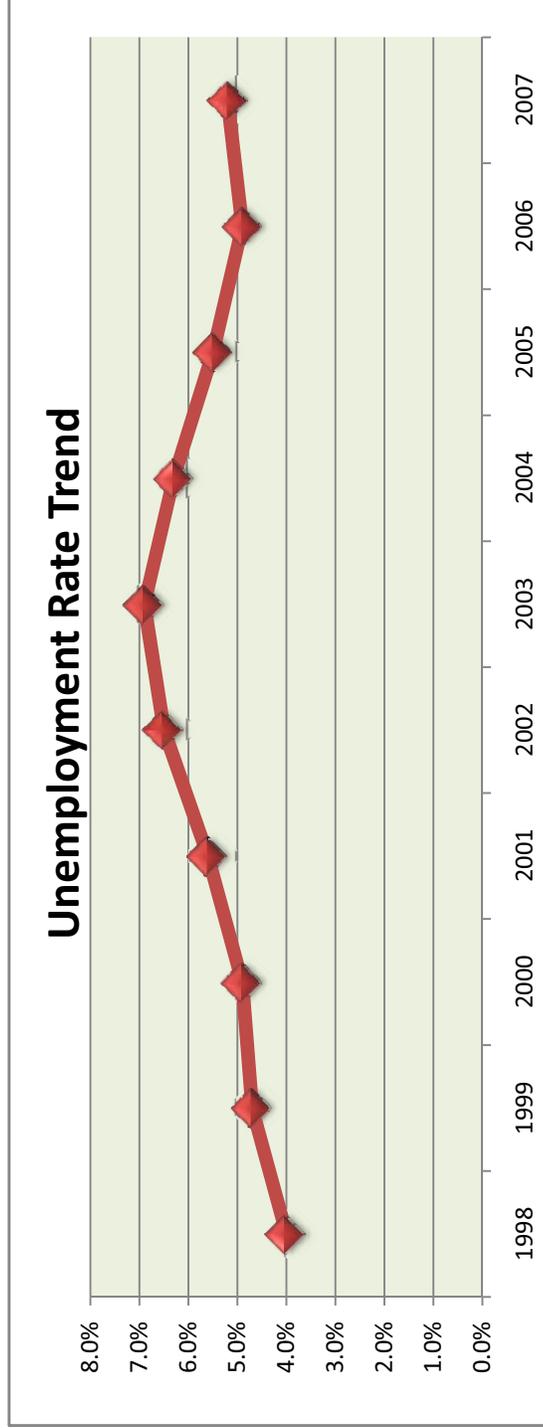
1. Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds that are expected to be paid from sources other than general taxation.
2. Includes Public Building Commission debt applicable to the County and secured by lease rentals payable from ad valorem taxes levied on all taxable property within the County.
3. Excludes lease agreements and installment contracts.
4. Includes self-supporting bonds that are expected to be abated annually.
5. Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.
6. Includes principal amounts of an outstanding loan with the Illinois Environmental Protection Agency.
7. Information presented is as of October 2007.

Sources: Offices of the County Clerks of Henry and Rock Island Counties, Illinois

**Black Hawk College
Illinois Community College District No. 503**

Demographic and Economic Statistics (Unaudited)
Calendar Years 1998 through 2007

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
1998	397,100	\$ 9,626,589	23,554	4.0%
1999	397,000	9,584,700	23,532	4.7%
2000	396,068	10,072,538	24,867	4.9%
2001	395,159	10,102,968	25,303	5.6%
2002	393,798	10,158,211	25,178	6.5%
2003	392,315	10,619,685	26,525	6.9%
2004	391,549	11,089,571	28,129	6.3%
2005	391,171	11,130,144	27,773	5.5%
2006	389,768	11,652,337	29,127	4.9%
2007	386,191	N/A	N/A	5.2%



Notes:

1. Population reported above is the total population for all nine counties
2. Per Capita Personal Income is average of nine counties
3. N/A = Information Not Available at time of report

Sources: U.S. Department of Commerce Bureau of Economic Analysis

**Black Hawk College
Illinois Community College District No. 503**

Principal Employers (Unaudited)
Current Year and Five Years Ago

Rock Island County			
2003		2007	
Employer	Product/Service	Employer	Product/Service
Deere & Co.	Construction and agricultural equipment	Rock Island Arsenal	Defense Manufacturing
Rock Island Arsenal	Defense Manufacturing	Deere & Co.	Construction and agricultural equipment
Trinity Regional Health System	Health care system	Trinity Regional Health System	Health care system
Case Corporation	Agriculture & Industrial equipment	John Deere Harvester Works	Construction and agricultural equipment
John Deere Harvester Works	Construction and agricultural equipment	John Deere Seeding Group	Planting equipment
John Deere Seeding Group	Planting equipment	Case Corporation	Agriculture & Industrial equipment
Community Unit School District #40	Moline school district	Export Packaging (XPAC)	Supply chain management and logistics
MidAmerican Energy Co.	Utility/Energy delivery	MidAmerican Energy Co.	Utility/Energy delivery
Export Packaging (XPAC)	Supply chain management and logistics	Community Unit School District #40	Moline school district
US Army Corps of Engineers	National Security	US Army Corps of Engineers	National Security
	Employees		Employees
	6,200		6,680
	6,000		6,240
	3,600		4,300
	2,500		2,400
	2,300		1,918
	1,000		1,600
	1,000		1,065
	990		1,060
	975		992
	950		900

City of Kewanee			
2003		2007	
Employer	Product/Service	Employer	Product/Service
Great Dane Trailers	Manufactures semi-truck trailers	Great Dane Trailers	Manufactures semi-truck trailers
Kewanee Hospital	Hospital	Kewanee Hospital	Hospital
Exceller Sheepskin & Leather Coat Co.	Manufactures leather products	Bomag Americas	Soil and asphalt compactors
Compaction America	Manufactures self-propelled compactors	Wal-Mart	Retail
Kewanee Corp.	Manufactures metal doors & frames	Exceller Sheepskin & Leather Coat Co.	Manufactures leather products
	Employees		Employees
	500		500
	400		436
	200		300
	150		200
	100		110

Sources: Illinois Department of Commerce and Economic Opportunity
2004 Harris Illinois Business Service Directory and 2004 Harris Illinois Industrial Directory
2007 MNI Illinois Services Directory and 2007 MNI Illinois Manufacturers Directory

**Black Hawk College
Illinois Community College District No. 503**

Faculty and Staff Headcount (Unaudited)
FY2000 through FY2008

	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008
Faculty									
Full-time	142.00	139.00	139.00	140.00	138.00	137.00	134.00	138.00	140.00
Part-time	226.00	192.00	208.00	204.00	211.00	227.00	220.00	215.00	186.00
Administrators									
Full-time	11.00	8.00	9.00	9.00	9.00	10.00	9.00	8.00	6.00
Part-time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Professional Staff									
Full-time	127.00	146.00	150.00	156.00	145.00	139.00	149.00	151.00	157.00
Part-time	0.00	3.00	2.00	2.00	2.00	0.00	2.00	2.00	2.00
Classified Staff									
Full-time	117.00	103.00	101.00	96.00	104.00	105.00	88.00	87.00	84.00
Part-time	133.00	118.00	102.00	112.00	100.00	97.00	98.00	86.00	80.00
Total Employees									
Full-time	397.00	396.00	399.00	401.00	396.00	391.00	380.00	384.00	387.00
Part-time	359.00	313.00	312.00	318.00	313.00	324.00	320.00	303.00	269.00
	<u>756.00</u>	<u>709.00</u>	<u>711.00</u>	<u>719.00</u>	<u>709.00</u>	<u>715.00</u>	<u>700.00</u>	<u>687.00</u>	<u>656.00</u>

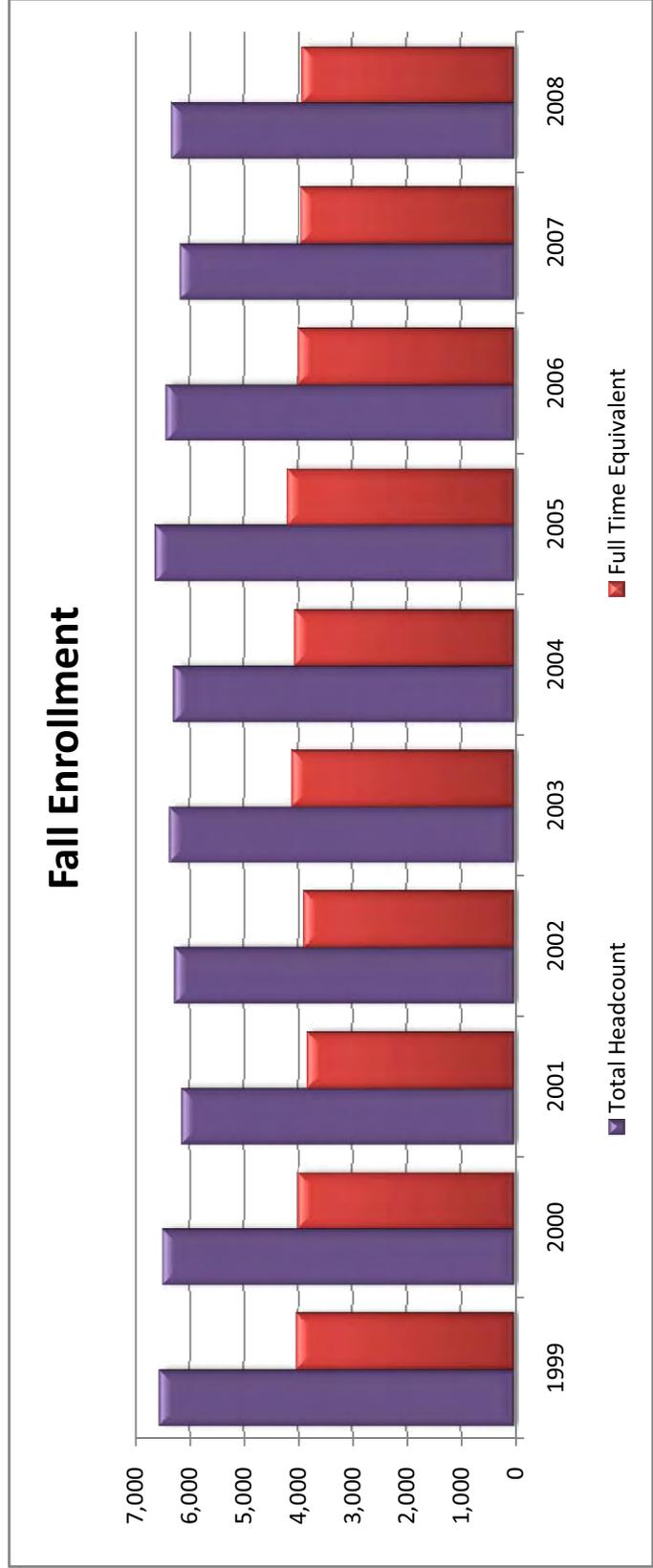
Note: College records only available for FY2000 and forward.

Source: ICCB Salary Survey C1 Report

**Black Hawk College
Illinois Community College District No. 503**

Student Enrollment Demographic Statistics (Unaudited)
FY1999 through FY2008

Fiscal Year	Fall Enrollment		Gender		Attendance		Enrollment Status			Age Average	
	Full Time Equivalent	Total Headcount	Male	Female	Full Time	Part Time	Continuing Student	New Student	Transfer Student		Readmit Student
1999	4,015	6,536	2,565	3,971	2,971	3,565	3,574	1,715	88	1,159	27.6
2000	3,980	6,473	2,630	3,843	2,908	3,565	3,494	1,867	85	1,027	27.7
2001	3,810	6,118	2,518	3,600	2,765	3,353	3,411	1,645	60	1,002	27.3
2002	3,880	6,248	2,509	3,739	2,878	3,370	3,441	1,672	37	1,098	27.4
2003	4,081	6,350	2,531	3,819	3,069	3,281	3,531	1,680	26	1,113	26.6
2004	4,044	6,266	2,509	3,757	3,092	3,174	3,578	1,479	125	1,084	26.4
2005	4,175	6,600	2,544	4,056	3,138	3,462	3,610	1,511	323	1,155	27.4
2006	3,975	6,407	2,511	3,896	2,940	3,467	3,505	1,467	327	1,108	27.3
2007	3,932	6,151	2,386	3,765	2,953	3,198	3,297	1,286	295	1,273	26.9
2008	3,905	6,311	2,539	3,772	2,884	3,427	3,288	1,458	334	1,231	26.6

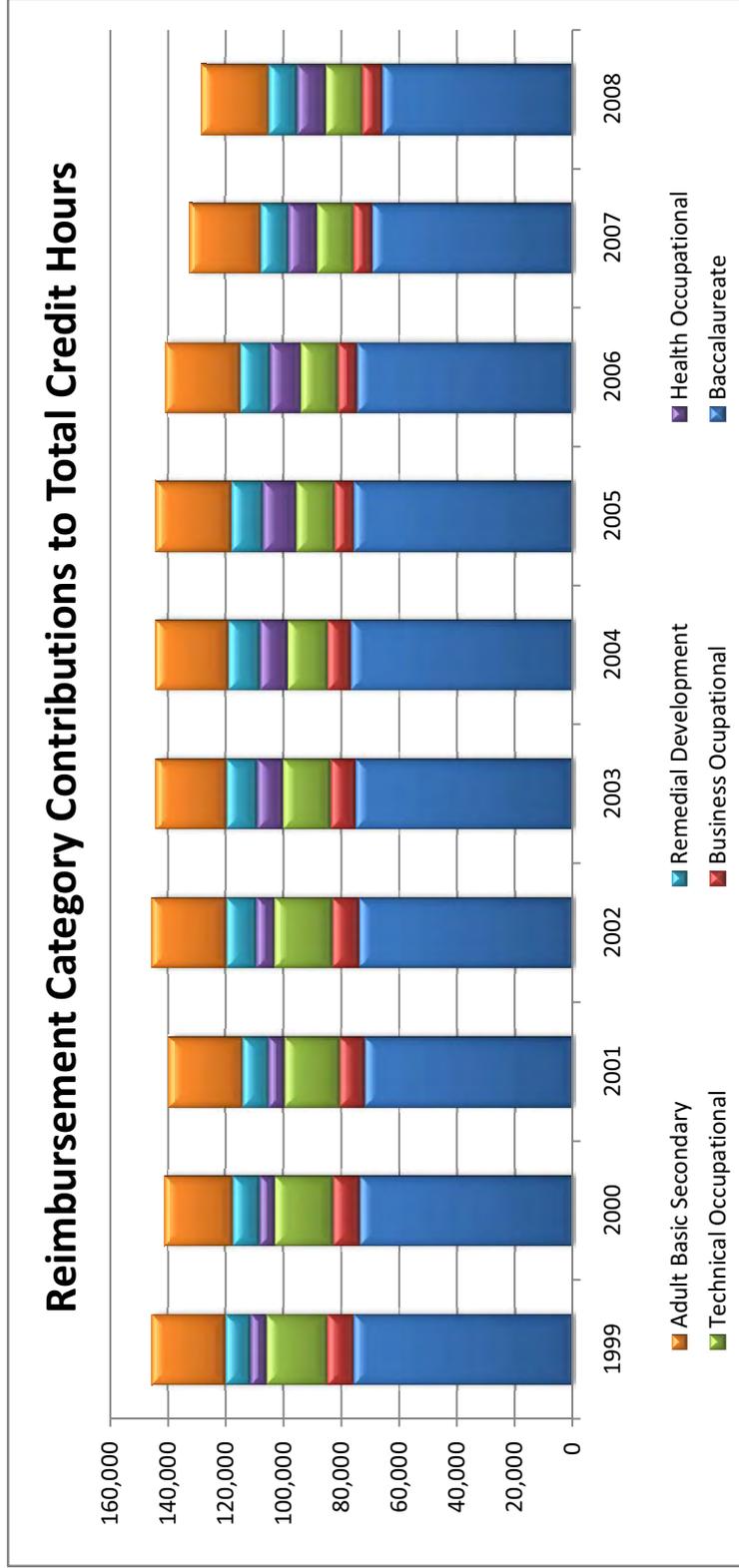


Source: ICCB E1 Report

**Black Hawk College
Illinois Community College District No. 503**

Credit Hours Eligible for Funding by Illinois Community College Board Reimbursement Categories (Unaudited)
FY1999 through FY2008

Category	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% Change 1999 vs. 2008
Baccalaureate	75,777.6	73,768.8	71,848.6	73,818.7	75,102.3	76,770.2	75,552.4	74,557.5	69,337.3	65,866.3	-13.08%
Business Occupational	9,085.4	9,076.3	8,673.4	9,353.1	8,648.8	8,215.0	6,757.8	6,536.8	6,368.6	6,976.0	-23.22%
Technical Occupational	21,106.0	20,198.8	18,995.7	19,948.5	16,524.3	13,792.1	13,310.7	12,766.0	12,550.4	12,516.8	-40.70%
Health Occupational	5,309.4	5,224.0	5,429.1	6,273.5	8,683.7	9,574.8	11,326.3	10,540.9	9,888.6	10,025.6	88.83%
Remedial Development	8,663.9	9,220.0	9,111.8	10,274.0	10,779.0	10,906.0	10,935.0	10,305.0	9,587.0	9,670.0	11.61%
Adult Basic Secondary	25,477.7	23,566.1	25,352.1	25,701.7	24,338.9	25,100.5	26,205.1	26,193.7	24,660.5	23,395.0	-8.17%
Total	145,420.0	141,054.0	139,410.7	145,369.5	144,077.0	144,358.6	144,087.3	140,899.9	132,392.4	128,449.7	-11.67%



Note: Total credit hours includes both restricted and unrestricted credit hours.

Source: College Audited Financial Statements

**Black Hawk College
Illinois Community College District No. 503**

Schedule of Capital Assets - Instructional Facilities Information (Unaudited)
FY1999 through FY2008

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Buildings - Permanent	17	17	17	17	17	17	18	18	18	19
Total Acres	263.0	263.0	267.8	267.8	267.8	267.8	267.8	267.8	267.8	271.9
Net Assignable Square Feet:										
Classrooms and general use	38,970	39,670	69,728	72,983	72,883	69,068	75,921	76,868	76,251	78,107
Laboratory	67,248	67,248	83,616	90,156	65,897	89,396	85,299	83,439	97,016	130,693
Office	39,183	39,183	63,151	59,175	60,074	59,130	60,466	61,044	60,553	63,293
Study	32,757	32,757	29,132	26,216	22,530	24,480	24,864	24,864	24,307	24,944
Special Use (Athletics, PE)	56,239	56,239	89,586	56,040	84,539	64,297	65,833	66,073	45,448	64,778
General Use (Theater)	39,556	37,321	40,361	39,022	37,901	37,346	37,652	37,305	36,882	36,254
Support functions	27,848	27,848	24,190	32,619	33,569	32,420	32,444	32,035	31,274	30,099
Total	301,801	300,266	399,764	376,211	377,393	376,137	382,479	381,628	371,731	428,168

Parking capacity:

On campus parking spots	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,920
Acres	19	19	20	20	20	20	20	20	20	21

Source: Illinois Community College Board (ICCB) Data and Characteristics book, Tables V-1 and V-4

**Black Hawk College
Community College District No. 503**

Miscellaneous Statistics (Unaudited)
June 30, 2008

Year Founded 1946

District Data
Population (approximation) 230,000

Communities served include:

Aledo	Cordova	LaFayette	Reynolds
Alpha	East Moline	Matherville	Rock Island
Andalusia	Erie	Milan	Seaton
Andover	Galva	Mineral	Sherrard
Annawan	Geneseo	Moline	Silvis
Atkinson	Hampton	Neponset	Toulon
Bishop Hill	Hillsdale	New Boston	Viola
Cambridge	Hoophole	New Windsor	Woodhull
Carbon Cliff	Joy	Orion	Wyoming
Coal Valley	Keithsburg	Port Byron	
Colona	Kewanee	Rapids City	

Accreditation

The Higher Learning Commission
(Formerly North Central Association of Colleges and Schools)
Next accreditation visit 2013

Degree and Certificates Awarded in Fiscal Year 2008

Associate in Arts	243
Associate in Science	47
Associate in Liberal Studies	6
Associate in Applied Science	137
Certificates	116

Source: College records

ICCB Supplemental Information

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**Black Hawk College
Illinois Community College District #503**

Equalized Assessed Valuations and Tax Collections

	Tax Levy Year		
	2007	2006	2005
Equalized assessed valuations:			
Bureau County	\$ 17,628,542	\$ 16,918,621	\$ 16,973,904
Henderson County	1,698,174	1,591,177	1,398,043
Henry County	695,623,326	656,536,725	625,801,917
Knox County	9,122,842	8,684,903	9,038,900
Marshall County	70,150	46,296	45,445
Mercer County	196,770,241	185,434,646	173,762,781
Rock Island County	2,190,307,542	2,088,112,573	2,008,795,332
Stark County	72,073,858	69,196,271	71,304,662
Whiteside County	46,471,786	44,680,381	44,259,906
	<u>\$ 3,229,766,461</u>	<u>\$ 3,071,201,593</u>	<u>\$ 2,951,380,890</u>
Tax rates (per \$100 of assessed valuation):			
Education Fund	0.1200	0.1200	0.1200
Operations and Maintenance Fund	0.0700	0.0700	0.0700
Bond and Interest Fund	0.1226	0.0796	0.0390
Liability, Protection, and Settlement Fund	0.0746	0.0706	0.0716
Audit Fund	0.0026	0.0022	0.0024
Operations and Maintenance, restricted	0.0500	0.0492	0.0500
Equity	0.0618	0.0663	0.0615
	<u>0.5016</u>	<u>0.4579</u>	<u>0.4145</u>
Tax extensions:			
Education Fund	\$ 5,133,198	\$ 5,030,968	\$ 4,926,578
Operations and Maintenance Fund	2,999,355	2,840,523	2,496,145
Bond and Interest Fund	3,959,694	2,444,676	1,151,039
Liability, Protection, and Settlement Fund	2,409,406	2,168,268	2,113,189
Audit Fund	83,974	67,566	70,833
Operations and Maintenance, restricted	1,614,883	1,511,031	1,475,690
	<u>\$ 16,200,510</u>	<u>\$ 14,063,032</u>	<u>\$ 12,233,474</u>
Less tax collections (cumulative through June 30, 2008):			
Education Fund	\$ 1,731,441	\$ 5,182,639	\$ 4,925,426
Operations and Maintenance Fund	1,011,690	2,660,846	2,495,561
Bond and Interest Fund	1,335,615	2,448,220	1,150,770
Liability, Protection, and Settlement Fund	812,699	2,171,411	2,112,695
Audit Fund	28,325	67,664	70,817
Operations and Maintenance, restricted	544,704	1,513,222	1,475,346
	<u>\$ 5,464,474</u>	<u>\$ 14,044,002</u>	<u>\$ 12,230,615</u>
Tax extensions:			
Tax receivable	\$ 10,736,036	\$ -	\$ -
Written off	-	-	-
Allowance for uncollectible taxes	(53,439)	-	-
	<u>\$ 10,682,597</u>	<u>\$ -</u>	<u>\$ -</u>
Taxes receivable:			
Education Fund	3,384,824	\$ -	\$ -
Operations and Maintenance Fund	1,977,771	-	-
Bond and Interest Fund	2,611,019	-	-
Liability, Protection, and Settlement Fund	1,588,759	-	-
Audit Fund	55,372	-	-
Operations and Maintenance, restricted	1,064,852	-	-
	<u>\$ 10,682,597</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage of extensions collected	<u>33.73%</u>	<u>99.86%</u>	<u>99.98%</u>

**Black Hawk College
Illinois Community College District #503**

Schedule of Legal Debt Margin

Legal Debt Margin

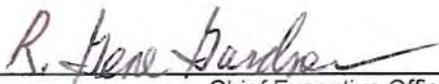
Assessed valuation, 2007 levy	\$ 3,229,766,461
Debt limit, 2.875% of assessed valuation	\$ 92,855,786
Bonded indebtedness	<u>(15,380,000)</u>
Legal debt margin	<u>\$ 77,475,786</u>

Black Hawk College
 Illinois Community College District #503

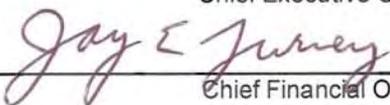
Certification of Chargeback Reimbursement for Fiscal Year 2009 (Unaudited)

All Fiscal Year 2008 Noncapital Audited Operating
 Expenditures from the Following Funds

1 Education Fund	\$ 26,792,123
2 Operations and Maintenance Fund	3,478,763
3 Operations and Maintenance Fund - restricted	-
4 Bond and Interest Fund	2,403,474
5 Public Building Commission Rental Fund	-
6 Restricted Purposes Fund	13,024,949
7 Audit Fund	56,500
8 Liability, Protection, and Settlement Fund	1,938,263
9 Auxiliary Enterprises Fund (Subsidy Only)	-
	<hr/>
10 Total noncapital expenditures	\$ 47,694,072
11 Depreciation on capital outlay expenditures (equipment, buildings and fixed equipment paid) from sources other than state and federal funds	<hr/> 1,076,033
12 Total costs included (line 10 plus line 11)	<hr/>48,770,105
13 Total certified semester credit hours for FY 2008	<hr/> 128,449.70
14 Per capital cost (line 12 divided by line 13)	<hr/>379.68
15 All fiscal year 2008 state and federal operating grants for noncapital expenditures, except ICCB grants	<hr/> 10,225,965
16 Fiscal year 2008 state and federal grants per semester credit hour (line 15 divided by line 13)	<hr/> 79.61
17 District's average ICCB grant rate (excluding equalization grants) for fiscal year 2009	<hr/> 30.51
18 District's student tuition and fee rate per semester credit hour for fiscal year 2009	<hr/> 84.50
19 Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17 and 18)	<hr/> \$ 185.06 <hr/>

Approved: 
 Chief Executive Officer

Date: 9/30/08

Approved: 
 Chief Financial Officer

Date: 9/30/08

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ICCB Uniform Financial Statements

The Uniform Financial Statements are required by the Illinois Community College Board for the purpose of providing consistent audited data for every community college district. Regardless of the basis of accounting used for a College's balance sheet and statement of revenues and expenditures, the Uniform Financial Statements are completed using the modified accrual basis of accounting prescribed by the NCGA Statement No. 1 and related interpretations.

The Uniform Financial Statements include the following:

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

Black Hawk College
Illinois Community College District #503

Uniform Financial Statement No. 1 - All Funds Summary
Year ended June 30, 2008

	Education Fund	Operation and Maintenance Fund	Bond & Interest Fund
Fund balance (deficit), beginning of year as restated	\$ 3,513,055	\$ (860,519)	\$ 830,675
Revenues:			
Local tax revenue	5,057,170	2,954,545	3,214,755
All other local revenue	(1,702)	-	-
ICCB grants	8,172,765	658,120	-
All other state revenue	1,404,538	156,060	-
Federal revenue	57,231	-	-
Student tuition and fees	11,982,184	95,162	-
All other revenue	842,718	201,009	31,313
Total revenues	27,514,904	4,064,896	3,246,068
Expenditures:			
Instruction	12,848,964	-	-
Academic support	3,035,611	-	-
Student services	2,148,194	-	-
Public service	563,244	-	-
Auxiliary services	-	-	-
Operations and maintenance	-	3,517,973	-
Institutional support	5,665,745	-	2,403,474
Scholarships, student grants and waivers	2,589,367	-	-
Total expenditures	26,851,125	3,517,973	2,403,474
Net transfers	1,547,213	-	92,000
Fund balance (deficit), end of year	\$ 5,724,047	\$ (313,596)	\$ 1,765,269

Operations and Maintenance - Restricted	Auxiliary Enterprises Fund	Restricted Purpose Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
\$ 5,367,730	\$ (166,048)	\$ 3,752,088	\$ 7,018,932	\$ 77,900	\$ 465,822	\$ 19,999,635
1,572,099	-	-	-	76,157	2,301,799	15,176,525
4,643,222	-	5,705	4,043,460	-	-	8,690,685
23,542	-	861,451	-	-	-	9,715,878
-	-	2,878,124	-	-	-	4,438,722
-	-	7,442,106	-	-	-	7,499,337
-	233,254	351,705	-	-	-	12,662,305
252,701	3,329,444	1,579,876	351,588	-	-	6,588,649
6,491,564	3,562,698	13,118,967	4,395,048	76,157	2,301,799	64,772,101
-	-	681,260	-	-	-	13,530,224
-	-	1,215,942	-	-	-	4,251,553
-	-	1,007,428	-	-	-	3,155,622
-	-	2,111,698	-	-	-	2,674,942
-	3,528,921	38,362	-	-	-	3,567,283
3,686,895	-	140,007	-	-	742,124	8,086,999
1,078,716	-	270,284	-	56,500	1,196,139	10,670,858
-	-	7,740,441	-	-	-	10,329,808
4,765,611	3,528,921	13,205,422	-	56,500	1,938,263	56,267,289
-	-	(1,639,213)	-	-	-	-
\$ 7,093,683	\$ (132,271)	\$ 2,026,420	\$ 11,413,980	\$ 97,557	\$ 829,358	\$ 28,504,447

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**Black Hawk College
Illinois Community College District #503**

**Uniform Financial Statement No. 2 - Summary of Fixed Assets and Debt
Year ended June 30, 2008**

	Fixed Asset/Debt July 1, 2007	Additions	Deletions	Fixed Asset/Debt June 30, 2008
Fixed Assets:				
Land	\$ 4,716,756	\$ 7,300	\$ -	\$ 4,724,056
Building and improvements	29,327,423	6,369,208	-	35,696,631
Equipment	10,144,479	665,408	(309,547)	10,500,340
Other	2,834,892	3,652,858	(6,246,621)	241,129
	<u>47,023,550</u>	<u>10,694,774</u>	<u>(6,556,168)</u>	<u>51,162,156</u>
Accumulated depreciation	(20,204,385)	(1,453,453)	304,450	(21,353,388)
Total fixed assets	<u>\$ 26,819,165</u>	<u>\$ 9,241,321</u>	<u>\$ (6,251,718)</u>	<u>\$ 29,808,768</u>
 Fixed Debt:				
Other fixed liabilities	\$ 60,995	\$ -	\$ (36,435)	\$ 24,560
Bonds payable	8,600,000	8,600,000	(1,820,000)	15,380,000
Total fixed debt	<u>\$ 8,660,995</u>	<u>\$ 8,600,000</u>	<u>\$ (1,856,435)</u>	<u>\$ 15,404,560</u>

Black Hawk College
Illinois Community College District #503

Uniform Financial Statement No. 3 - Operating Fund Revenues and Expenditures
Year ended June 30, 2008

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenue by source:			
Local government:			
Local taxes	\$ 5,057,170	\$ 2,954,545	\$ 8,011,715
Chargeback revenue	(1,702)	-	(1,702)
Other local revenue	-	-	-
	5,055,468	2,954,545	8,010,013
State government:			
ICCB credit hour grants	3,533,736	658,120	4,191,856
ICCB equalization grants	4,471,972	-	4,471,972
ICCB - Career and Technical Education	167,057	-	167,057
Corporate personal property replacement tax	1,404,538	156,060	1,560,598
	9,577,303	814,180	10,391,483
Federal government:			
Department of Education	32,968	-	32,968
Department of Health and Human Services	-	-	-
Other	24,263	-	24,263
	57,231	-	57,231
Student tuition and fees:			
Tuition	11,120,629	-	11,120,629
Fees	861,555	95,162	956,717
	11,982,184	95,162	12,077,346
Other sources:			
Sales and service fees	579,112	6,558	585,670
Facilities revenue	52,210	168,965	221,175
Investment revenue	189,172	-	189,172
Other	22,224	25,486	47,710
	842,718	201,009	1,043,727
Total revenues	27,514,904	4,064,896	31,579,800
Less nonoperating item, tuition chargeback revenue	(1,702)	-	(1,702)
Adjusted revenues	\$ 27,516,606	\$ 4,064,896	\$ 31,581,502

Black Hawk College
Illinois Community College District #503

Uniform Financial Statement No. 3 - Operating Fund Revenues and Expenditures (Continued)
Year ended June 30, 2008

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures by program:			
Instruction	\$ 12,848,964	\$ -	\$ 12,848,964
Academic support	3,035,611	-	3,035,611
Student services	2,148,194	-	2,148,194
Public service	563,244	-	563,244
Operations and maintenance	-	3,517,973	3,517,973
Institutional support	5,665,745	-	5,665,745
Scholarships, student grants and waivers	2,589,367	-	2,589,367
Total expenditures	26,851,125	3,517,973	30,369,098
Less nonoperating item, tuition chargeback	21,064	-	21,064
Transfers, net	(1,547,213)	-	(1,547,213)
Adjusted expenditures	\$ 25,282,848	\$ 3,517,973	\$ 28,800,821
By object:			
Salaries	\$ 18,364,682	\$ 1,399,430	\$ 19,764,112
Employee benefits	3,214,707	438,568	3,653,275
Contractual services	1,020,004	274,664	1,294,668
General materials and supplies	1,270,555	238,173	1,508,728
Conference and meeting expenses	188,471	5,403	193,874
Fixed charges	45,931	149,542	195,473
Utilities	43,626	1,012,193	1,055,819
Capital outlay	11,300	-	11,300
Other	2,691,849	-	2,691,849
Total expenditures	26,851,125	3,517,973	30,369,098
Less nonoperating item, tuition chargeback	21,064	-	21,064
Transfers, net	(1,547,213)	-	(1,547,213)
Adjusted expenditures	\$ 25,282,848	\$ 3,517,973	\$ 28,800,821

Black Hawk College
Illinois Community College District #503

Uniform Financial Statement No. 4 - Restricted Purposes Fund Revenues and Expenditures
Year ended June 30, 2008

Revenues by source:	
Local government	\$ 5,705
State government:	
ICCB:	
Workforce Development Component	73,841
P-16 Initiative	44,141
Adult Education and Family Literacy	663,689
Early School Leaver	48,073
State Program Improvement	22,828
Tech Prep Support	8,879
Illinois State Board of Education:	
Truancy and Alternative Education	254,359
Grow Your Own Grant	21,843
Pre-School for All	17,502
Other	777
Illinois Department of Labor, Displaced Homemakers Program	95,610
Illinois Secretary of State:	
Literacy is for Everyone	65,000
Family Literacy Connections - Kewanee FY06 and FY07 Grants	35,000
Family Literacy Connections - Moline	35,000
Family Literacy Connections - East Moline	35,000
State Comptroller's Office, Public Broadcasting Grant	146,507
Illinois Board of Higher Education - Innovation Grant, Nursing Improvement, Mentoring Online	17,530
Illinois Department of Commerce and Economic Opportunity:	
Digital Divide	37,562
Science Lab Renovation	44,265
Illinois Student Assistance Center	2,029,970
Other	42,199
Total state government	3,739,575
Federal government:	
Department of Education	
Student Aid Programs:	
Federal Work Study (FWS)	158,358
Pell Grant	5,130,486
Academic Competitiveness	76,125
Supplemental Educational Opportunity Grant (SEOG)	123,840
Carl D. Perkins Vocational and Applied Technology Program	489,355
Special Student Services	308,240
Adult Education and Family Literacy, Federal Basic Program	330,145
Adult Education English Language/Civics	48,209
Other Department of Education	41,548
Department of Labor	
EARN and TEAM	126,743
Innovate Now	10,000
Joined by a River/Logistics	95,804
Welding Program	50,000

Black Hawk College
Illinois Community College District #503

Uniform Financial Statement No. 4 - Restricted Purposes Fund Revenues and Expenditures (Continued)
Year ended June 30, 2008

Revenues by source (Continued):

Federal government (Continued):

Federal Child and Adult Care Food Program	6,451
Department of Defense	70,153
Small Business Administration	151,276
Housing and Urban Development	209,270
Other Federal	16,103
Total federal government	7,442,106

Other sources:

Investment income	68,577
Gifts from donors for scholarships	271,174
Corporation for Public Broadcasting	872,242
Student Fees	351,705
Other	367,883
Total other	1,931,581
Total Restricted Purposes Fund Revenues	\$ 13,118,967

Expenditures by program:

Instruction	\$ 681,260
Academic support	1,215,942
Student services	1,007,428
Public service/continuing education	2,111,698
Auxiliary services	38,362
Operations and maintenance	140,007
Institutional support	270,284
Scholarships, student grants and waivers	7,740,441
Total expenditures by program	\$ 13,205,422

Expenditures by object:

Salaries	\$ 2,634,621
Employee benefits	752,615
Contractual services	960,081
General materials and supplies	536,934
Conference and meeting expenses	116,333
Fixed charges	84,192
Utilities	15,097
Capital outlay	267,386
Other	7,838,163
Total expenditures by object	\$ 13,205,422

Black Hawk College
Illinois Community College District #503

Uniform Financial Statement No. 5 - Expenditures by Activity - Current Funds
Year ended June 30, 2008

Instruction	\$ 13,530,224
Academic support:	
Library center	652,345
Instructional materials center	63,911
Educational materials center	3,943
Academic computing support	841,907
Academic administration and planning	2,506,187
Other	183,260
Total academic support	4,251,553
Student services:	
Admissions and records	432,055
Counseling and career guidance	911,295
Financial aid administration	648,774
Social and cultural development	221,010
Other	942,488
Total student services	3,155,622
Public service/continuing education:	
Community education	374,075
Customized training (instructional)	524,476
Community services	604,429
Other	1,171,962
Total public service/continuing education	2,674,942
Auxiliary services	3,567,280
Operations and maintenance of plant:	
Maintenance	931,638
Custodial services	901,574
Grounds	384,783
Campus security	742,125
Utilities	1,034,035
Administration	405,950
Total operations and maintenance	4,400,105
Institutional support:	
Executive office	1,093,202
Fiscal operations	1,012,565
Community relations	1,187,592
Administrative support services	904,367
Board of Trustees	24,816
General institution	1,607,358
Administrative data processing	146,795
Other	1,211,974
Total institutional support	7,188,669
Scholarships, student grants and waivers	10,329,809
Total current funds expenditures	\$ 49,098,204

**Black Hawk College
Illinois Community College District #503**

**Reconciliation of the Combining Balance Sheet to the Uniform Financial Statements
Year ended June 30, 2008**

Fund Balances - Uniform Financial Statements	\$ 28,504,447
Capital assets in the Investment in Plant Fund	29,808,768
Long-term debt in the General Long Term Debt Fund	<u>(15,404,560)</u>
Fund Balances - All Fund Types	<u>\$ 42,908,655</u>

**Reconciliation of the Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Uniform Financial Statements
Year ended June 30, 2008**

Change in Fund Balances - Uniform Financial Statements	\$ 8,504,812
Additions to buildings and equipment	4,448,153
Depreciation and loss of disposal of assets	<u>(1,458,550)</u>
Net Effect	<u>2,989,603</u>
Payment on long-term debt	1,856,435
Issuance of long-term debt	<u>(8,600,000)</u>
Net Effect	<u>(6,743,565)</u>
SURS revenue provided by state	1,954,642
SURS expenditure provided by state	<u>(1,954,642)</u>
Net Effect	<u>-</u>
Change in Fund Balances - All Fund Types	<u>\$ 4,750,850</u>

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ICCB State Grants Financial Compliance Section

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**Independent Auditor's Report
On Workforce Development, P-16 Initiative,
Adult Education and Family Literacy, ICCB
State Program Improvement, Early School
Leaver Program, ADA Access for All and
ICCB Tech Prep Support Grants**

To the Board of Trustees
Black Hawk College
Illinois Community College District #503
Moline, Illinois

We have audited the balance sheets of the Workforce Development, P-16 Initiative Grant, Adult Education and Family Literacy, ICCB State Program Improvement, Early School Leaver Program, ADA Access For All, and ICCB Tech Prep Support Grants of Black Hawk College, Illinois Community College District #503 as of June 30, 2008, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of Black Hawk College 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 guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Black Hawk College and the State of Illinois and Illinois Community College Board. We believe that our audit provides a reasonable basis for our opinion.

With respect to the compliance tests performed, the results of those procedures disclosed no material instances of noncompliance with the provisions of the agreements.

In our opinion, such financial statements referred to above present fairly, in all material respects, the financial position of the Workforce Development, P-16 Initiative Grant, Adult Education and Family Literacy, ICCB State Program Improvement, Early School Leaver Program, ADA Access For All, and ICCB Tech Prep Support Grants of Black Hawk College, Illinois Community College District #503 as of June 30, 2008, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United State of America.

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

Freeport, Illinois
September 22, 2008

**Black Hawk College
Illinois Community College District #503**

**Workforce Development Grant Program
Balance Sheet
June 30, 2008**

Assets	<u>\$ -</u>
Liabilities	<u>\$ -</u>
Fund balance	<u>\$ -</u>

**Workforce Development Grant Program
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2008**

	Business & Industry
Revenues, state sources	<u>\$ 73,841</u>
Expenditures:	
Salaries	57,001
Employee benefits	15,557
Advertising	<u>1,283</u>
Total expenditures	<u>73,841</u>
Excess of revenue over (under) expenditures	<u>-</u>
Fund balance:	
Beginning, July 1, 2007	-
Ending, June 30, 2008	<u>\$ -</u>

See Note to Financial Statements - Grant Programs.

**Black Hawk College
Illinois Community College District #503**

**Workforce Development Grant Program
ICCB Compliance Statement
Year Ended June 30, 2008**

	General	Operation of Workforce Development Office	Total
Expenditures:			
Salaries, benefits, advertising	\$ 73,841	\$ -	\$ 73,841

See Note to Financial Statements - Grant Programs.

**Black Hawk College
Illinois Community College District #503**

**P-16 Initiative Grant Program
Balance Sheet
June 30, 2008**

Assets	\$ -
Liabilities	\$ -
Fund balance	-
	\$ -

**P-16 Initiative Grant Program
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2008**

Revenues, state sources	\$ 44,141
Expenditures, other, tuition and fees	44,141
Revenues over (under) expenditures	-
Fund balance:	
Beginning, July 1, 2007	-
Ending, June 30, 2008	\$ -

See Note to Financial Statements - Grant Programs.

**Black Hawk College
Illinois Community College District #503**

**Adult Education and Family Literacy Grant Program
Balance Sheet
June 30, 2008**

	State Basic	Public Aid	Performance	Total
Assets				
Cash	\$ 31,137	\$ 14,977	\$ 10,923	\$ 57,037
Due from other funds	357	130	-	487
Total assets	\$ 31,494	\$ 15,107	\$ 10,923	\$ 57,524
Liabilities				
Accounts payable	\$ 975	\$ 3,757	\$ 2,427	\$ 7,159
Accrued salaries	7,313	-	-	7,313
Due to other funds	23,206	11,350	8,496	43,052
Total liabilities	\$ 31,494	\$ 15,107	\$ 10,923	\$ 57,524
Fund balance				
Reserved for encumbrances	-	-	-	-
Total fund balance	\$ -	\$ -	\$ -	\$ -

**Adult Education and Family Literacy Grant Program
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2008**

	State Basic	Public Aid	Performance	Total
Revenues, state sources	\$ 314,207	\$ 158,640	\$ 190,842	\$ 663,689
Expenditures:				
Current year's grant:				
Instruction	176,709	75,198	-	251,907
Social work services	-	-	-	-
Guidance services	43,829	36,941	11,972	92,742
Assessment and testing	5,319	13,377	4,822	23,518
Transportation	-	-	4,500	4,500
Literacy services	-	-	-	-
Improvement of Instructional Services	4,378	1,760	3,071	9,209
General administration	16,704	5,511	-	22,215
Workforce coordination	1,720	-	-	1,720
Data and information services	42,418	14,509	158,162	215,089
Operation of plant services	23,130	11,344	8,315	42,789
Total expenditures	314,207	158,640	190,842	663,689
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Fund balance:				
Beginning, July 1, 2007				-
Ending, June 30, 2008				\$ -

See Note to Financial Statements - Grant Programs.

**Black Hawk College
Illinois Community College District #503**

**ICCB Compliance Statement for the State Adult Education and Family Literacy Restricted Funds
Expenditure Amounts and Percentages for ICCB Grant Funds Only
Year Ended June 30, 2008**

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	176,709	56.24%
General Administration (9% Maximum Allowed)	16,704	5.32%

State Public Assistance	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	75,198	47.40%
General Administration (9% Maximum Allowed)	5,511	3.47%

State Performance	Audited Expenditure Amount	Actual Expenditure Percentage
General Administration (9% Maximum Allowed)	-	0.00%

**Black Hawk College
Illinois Community College District #503**

**ICCB State Program Improvement
Balance Sheet
June 30, 2008**

Assets, cash	<u>\$ 22,552</u>
Liabilities, accounts payable	<u>\$ 12,347</u>
Fund balance - Encumbered	<u>10,205</u>
	<u>\$ 22,552</u>

**ICCB State Program Improvement
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2008**

Revenues, state sources	<u>\$ 22,828</u>
Expenditures:	
Materials and supplies	3,898
Equipment	<u>8,725</u>
Total expenditures	<u>12,623</u>
Revenues over (under) expenditures	10,205
Fund balance:	
Beginning, July 1, 2007	-
Ending, June 30, 2008	<u>\$ 10,205</u>

See Note to Financial Statements - Grant Programs.

**Black Hawk College
Illinois Community College District #503**

**ICCB Tech Prep Support
Balance Sheet
June 30, 2008**

Assets, cash	<u>\$ 924</u>
Liabilities	
Accounts payable	\$ 540
Accrued payroll	<u>384</u>
Total liabilities	<u>924</u>
Fund balance	-
	<u>\$ 924</u>

**ICCB Tech Prep Support
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2008**

Revenues, state sources	<u>\$ 8,879</u>
Expenditures:	
Salaries	1,411
Benefits	61
Materials and supplies	3,508
Travel	<u>3,898</u>
Total expenditures	<u>8,879</u>
Revenues over (under) expenditures	-
Fund balance:	
Beginning, July 1, 2007	-
Ending, June 30, 2008	<u>\$ -</u>

See Note to Financial Statements - Grant Programs.

**Black Hawk College
Illinois Community College District #503**

**Early School Leaver Program
Balance Sheet
June 30, 2008**

Assets	
Cash	\$ 420
	<u>420</u>
Liabilities , accounts payable	\$ 420
	<u>420</u>
Fund balance	-
	<u>\$ -</u>

**Early School Leaver Program
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2008**

Revenues, state sources	\$ 48,073
Expenditures:	
Salaries	33,155
Benefits	13,853
Supplies and Materials	420
Travel	645
	<u>48,073</u>
Total expenditures	<u>48,073</u>
Revenues over (under) expenditures	-
Fund balance:	
Beginning, July 1, 2007	-
Ending, June 30, 2008	<u>\$ -</u>

See Note to Financial Statements - Grant Programs.

**Black Hawk College
Illinois Community College District #503**

**ADA Access for All
Balance Sheet
June 30, 2008**

Assets	\$ -
Liabilities	\$ -
Fund balance	-
	\$ -

**ADA Access for All
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2008**

Revenues, state sources	\$ 23,542
Expenditures:	
Contractual Services	23,542
Revenues over (under) expenditures	-
Fund balance:	
Beginning, July 1, 2007	-
Ending, June 30, 2008	\$ -

See Note to Financial Statements - Grant Programs.

Note to Financial Statements -Grant Programs

Note 1. Summary of Significant Accounting Policies

General:

The accompanying statements include only those transactions resulting from the Workforce Development, P-16 Initiative Grant, Adult Education and Family Literacy, ICCB State Program Improvement, Early School Leaver Program, ICCB Tech Prep Support, and ADA Access For All Grants. The transactions for the first six grants have been accounted for in the Restricted Purposes Fund. The transactions for the ADA Access For All has been accounted for in the Operations & Maintenance Restricted Fund.

Basis of Accounting:

The statements have been prepared on the modified accrual basis of accounting as defined in the Illinois Community College Board's *Fiscal Management Manual*. Expenditures include all accounts payable representing liabilities for good and services actually received as of June 30, 2008. Funds obligated for goods and services prior to June 30, but 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, 2008.

Capital Assets:

Capital asset purchases are recorded as capital outlay expenditures and are not capitalized.

Encumbrances:

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

Background Information on State Grant Activity

Unrestricted Grants

Base Operating Grants: General operating funds provided to colleges upon credit enrollment with a small portion of the allocation based upon gross square footage of space at the College.

Small College Grants: Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. Intended to help small colleges pay for some of the “fixed costs” of operating a smaller institution.

Equalization Grants: Grants provided to institutions with less than the statewide average local tax dollars available per full-time equivalent student.

Restricted Grants/Special Initiatives

Workforce Development Grant - Business/Industry Services – Provides funding for a business/industry center at every college to provide a variety of employment training and business services outside of the classroom.

P-16 Initiative Grants – Grant funding is intended to allow community colleges to address the need to strengthen student preparation within the P-16 education spectrum by 1) expanding their service to high school students desiring to take college-level classes prior to receiving their high school diploma to accelerate their college coursework (formerly know as the Accelerated College Enrollment Grant) and 2) implementing and/or expanding programs and services that relate to teacher preparation (certification) and professional development (recertification). The intent is to allow colleges to enhance or expand current activities.

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

Early School Leaver - Provides funding for high school dropouts between the ages of 16 and 21 who want to complete the secondary level of education and participate in work-site learning experiences related to career choices. Only those youth who demonstrate a willingness to meet both goals and who are able to benefit from such a program are selected.

ADA Access for All – Provides funding to allow for increased accessibility for students, staff, and faculty and to help bring the College into compliance with the Illinois Accessibility Code and the Environmental Barriers Act.

Student Success Grants -Grant funding is intended to provide needed supplemental services to assist students in developing the academic skills necessary to remedy or correct educational deficiencies to allow the attainment of college educational goals. The students to be served by the Student Success Grant are those students with social, economic, physical, or developmental disabilities, and/or academic deficiencies that make it difficult for such a student to adapt to a college environment. Colleges will designate which of their students are eligible for services through the Student Success Grant as determined by college assessment procedures and instruments selected by the colleges.

Background Information on State Grant Activity

Statewide Initiatives

Special Incentive Grants: A new request to provide flexible funding for unique initiatives needed in the community college system. The grants will be awarded on a Request for Proposal basis and will focus on higher education priorities such as accessibility, affordability, productivity, partnerships, quality, and responsiveness. In addition, a significant proportion of the dollars available will focus on improving the available of qualified information technology employees in the State of Illinois.

Lincoln's Challenge Grants: Funding for a military style boot camp for at-risk teenagers who have not completed high school. After successfully completing the program, students are eligible to receive a scholarship to attend a community college.

Other Grants: These other grants are additional contractual grants provided for special or specific system-related initiatives. These grants are supported by signed contracts between the College and the State of Illinois. A brief description of each grant should be included in this section. A description of the grants supported by grant agreements may be found in the appendix of the grant agreement governing these grants.

Restricted Adult Education Grants/State

State Basic: Grant awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and over or persons under the age of 21 and not otherwise in attendance in public school for the purpose of providing adults in the community, and other instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high schools and for Americanization and General Education Development Review classes. Included in this grant are funds for support services, such as student transportation and childcare facilities or provision.

Public Assistance: Grant awarded to Adult Education and Family Literacy providers to pay for any fees, books, and materials incurred in the program for students who are identified as recipients of public assistance.

Performance: Grant awarded to Adult Education and Family Literacy providers based on performance outcomes.

**Black Hawk College
Illinois Community College District #503**

**Schedule of Findings and Questioned Costs for Certain State Grants Summary
Year Ended June 30, 2008**

Comment - We noted instances where the College was unable to locate midterm reports so an accurate count of students in attendance at midterm was not available.

**Black Hawk College
Illinois Community College District #503**

**Summary Schedule of Prior Year Findings and Questioned Costs for Certain State Grants
Year Ended June 30, 2008**

Comment - We noted instances where the College was unable to locate midterm reports so an accurate count of students in attendance at midterm was not available.

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**Independent Auditor's Report
On the Schedule of Enrollment Data and
Other Bases Upon Which Claims are Filed
And Reconciliation of Semester Credit Hours**

To the Board of Trustees
Black Hawk College
Illinois Community College District #503
Moline, Illinois

We have audited the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed and Reconciliation of Semester Credit Hours of Black Hawk College, Illinois Community College District #503 for the year ended June 30, 2008. These schedules are the responsibility of the College's Management. Our responsibility is to express an opinion on the schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the guidelines of the Illinois Community College Board's Fiscal Management Manual . Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the schedules including auditing procedures prescribed by the Fiscal Management Manual for verification of the student enrollments and other bases upon which claims were filed with the Illinois Community College Board. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed and Reconciliation of Semester Credit Hours presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed and the reconciliation of semester credit hours of Black Hawk College, Illinois Community College District #503 for the year ended June 30, 2008, in conformity with the regulations of the Illinois Community College Board.

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

Freeport, Illinois
September 22, 2008

**Black Hawk College
Illinois Community College District #503**

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed for the Year Ended June 30, 2008

Categories Notes 1 and 2	Total Semester Credit Hours by Term (In-District and Out of District Reimbursable)							
	Summer		Fall		Spring		(Note 3) Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	6,027.0	-	31,305.2	-	28,534.1	-	65,866.3	-
Business Occupational	535.5	-	3,082.1	227.8	3,084.2	46.4	6,701.8	274.2
Technical Occupational	983.2	-	5,856.9	-	5,676.7	-	12,516.8	-
Health Occupational	744.4	-	5,264.2	-	4,017.0	-	10,025.6	-
Remedial Developmental	601.0	-	5,463.0	-	3,606.0	-	9,670.0	-
Adult Basic/Secondary Education	3,647.6	-	-	10,227.5	7,719.0	1,800.9	11,366.6	12,028.4
Total	12,538.7	-	50,971.4	10,455.3	52,637.0	1,847.3	116,147.1	12,302.6

Note 1) Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements.
 Note 2) Restricted credit hours are supported with more than 50% of restricted sources of funding.
 Note 3) Total of unrestricted and restricted should equal the S-3 record totals.

	Attending In-District	Attending Out-of-District on Chargeback or a Cooperative/Contractual Agreement	Total
Semester Credit Hours	122,985.6	147.0	123,132.6
	Dual Credit	Dual Enrollment	
Reimbursable Semester Credit Hours (All terms)	3,742.5	383.0	
District Prior Year Equalized Assessed Valuation			3,229,766,461

The District Has No Correctional Semester Credit Hours This Year.

Approved: *R. Gene Gardner*
 Chief Executive Officer

Approved: *Jay E. Jurney*
 Chief Financial Officer

**Black Hawk College
Illinois Community College District #503**

Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2008

Categories	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	65,866.3	65,866.3	-	-	-	-
Business Occupational	6,701.8	6,701.8	-	274.2	274.2	-
Technical Occupational	12,516.8	12,516.8	-	-	-	-
Health Occupational	10,025.6	10,025.6	-	-	-	-
Remedial Developmental	9,670.0	9,670.0	-	-	-	-
Adult Basic/Secondary Ed.	11,366.6	11,366.6	-	12,028.4	12,028.4	-
Total	116,147.1	116,147.1	-	12,302.6	12,302.6	-

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

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB (Unrestricted and Restricted)	Difference
In-District Resident	122,985.60	122,985.6	-
Out-of-District on Chargeback or Contractual Agreement	147.00	147.0	-
Dual Credit	3,742.50	3,742.5	-
Dual Enrollment	383.00	383.0	-

The District Has No Correctional Semester Credit Hours This Year.

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SUMMARY OF STUDENT RESIDENCY VERIFICATION PROCESS

Residence is defined in the College catalog as the place where the student lives and which is the student's true home. Residency is determined at the time of application for admission. Students who change their residency after applying must verify their residency. Proof of residency is verified by any of the following:

1. An Illinois driver's license and/or vehicle registration
2. A voter registration card
3. Payment of property taxes in the Black Hawk College District #503
4. Full-time employment in Black Hawk College District #503
5. Other documents that are not self serving

The residency of the student determines tuition rates assessed. Tuition rates assessed for students considered in-district are lower than tuition rates for those students who are considered out-of-district.

Copies of the proof and certification of residency forms are kept on file and residency compliance is periodically audited by the Office of Institutional Planning and Effectiveness. It is the student's responsibility to provide proof of residency and maintain compliance with the residency requirements of the College.

**Black Hawk College
Illinois Community College District #503**

**Summary of Assessed Valuations
Most Recent Three Years**

Tax Levy Year	Equalized Assessed Valuation
2007	\$ 3,229,766,461
2006	3,071,201,593
2005	2,951,380,890

Federal Financial Compliance Section

**Black Hawk College
Illinois Community College District #503**

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Direct programs:			
Student financial aid – cluster:			
Federal PELL Grant Program	84.063		\$5,130,486
Federal Academic Competitiveness Grant	84.063		76,125
Federal Supplemental Educational Opportunity Grants	84.007		123,840
Federal Family Education Loans	84.032		2,296,888
Federal Work-Study Program	84.033		<u>158,358</u>
Total student financial aid			<u>7,785,697</u>
TRIO-Student Support Services (01)	84.042	P042A060709	43,286
TRIO-Student Support Services (02)	84.042	P042A060709	264,954
Total direct programs			<u>\$8,093,937</u>
Pass-through programs from:			
Adult Education State Grant Program (FY08 Federal Basic)	84.002A	2008-50301	330,146
Adult Education State Grant Program (EL Civics)	84.002A	2008-50301	48,209
Vocational Education (FY07 Perkins)	84.048	CTE50307	9,118
Vocational Education (FY08 Perkins)	84.048	CTE50308	452,704
Vocational Education (FY07 Perkins Tech Prep Support)	84.048	TPS50307	275
Vocational Education (Perkins Post Secondary Performance)	84.048	CTEL08503	2,000
Vocational Education (Perkins Continuous Quality Improv.)	84.048	CTEL08503	9,991
Vocational Education (Perkins Innovation Grant/Strand III)	84.048	CTEL08503	7,999
Vocational Education (BHC Sauk CTE Reg. Collaboration)	84.048	RC5-503	<u>3,768</u>
Total pass-through programs from Illinois Community College Board			<u>864,210</u>
IL Center for Specialized Prof. Support - Illinois State University:			
Vocational Education (Perkins New Look Project)	84.048	RSP#06D300.04	<u>3,500</u>
Total U.S. Department of Education			<u>\$8,961,647</u>
U.S. Department of Housing and Urban Development:	14.246	B-00-SP-IL-0125	\$209,270
U.S. Veterans' Administration			16,103

Black Hawk College
Illinois Community College District #503

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Defense			
Pass-through programs from:			
Illinois Department of Commerce and Economic Opportunity, Procurement Technical Assistance Center	12.002	06-601119	16,066
Procurement Technical Assistance Center	12.002	07-611119	<u>54,087</u>
			70,153
Small Business Administration:			
Pass-through programs from:			
Illinois Department of Commerce and Economic Opportunity, Small Business Development Center/ITC	59.037	07-181119	80,000
Illinois Department of Commerce and Community Affairs, Small Business Development Center/ITC	59.037	08-561119	<u>71,276</u>
			<u>151,276</u>
U.S. Department of Labor:			
Pass-through programs from:			
State of Illinois Department of Employment WIA – Hire Expectations and Employment Advancement	17.262	N/A	126,744
WIA – Innovate Now	17.258	IN50307	2,700
WIA – Innovate Now	17.259	IN50307	2,900
WIA – Innovate Now	17.260	IN50307	4,400
WIA – Federal Workforce Grant - Welding	17.267	05-113093	50,000
Eastern Iowa Community College District WIA – Joined by a River: Logistics Programming in the QC	17.269	CB-15932-07-60-1-A-19	<u>95,804</u>
			282,548
U.S. Department of Agriculture:			
Pass-through program from:			
Illinois State Board of Education Child & Adult Food Program	10.558	2007-4226-49-081- 5030-51-00	1,469
Illinois State Board of Education Child & Adult Food Program	10.558	2008-4226-49-081- 5030-51-00	<u>4,982</u>
			<u>6,451</u>
Total expenditures of federal awards			<u>\$9,697,448</u>

See Note to Schedule of Expenditures of Federal Awards.

**Black Hawk College
Illinois Community College District #503**

**Note to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008**

Note 1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Black Hawk College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**Independent Auditor's Report
on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Trustees
Black Hawk College
Illinois Community College District #503
Moline, Illinois

We have audited the basic financial statements of Black Hawk College, Illinois Community College District #503 (College) as of and for the year ended June 30, 2008 and have issued our report thereon dated September 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2008-2 to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government

Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2008-1.

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

Lindgren, Callihan, Von Osdeck & Co., Ltd.

Freeport, Illinois
September 22, 2008

**Black Hawk College
Illinois Community College District #503**

**Schedule of Findings and Questioned Costs
June 30, 2008**

	Comment	Corrective Action or Other Explanation
2008 - 1	We noted instances where the College was unable to locate midterm reports so an accurate count of students in attendance at midterm was not available.	A process to account for all mid-term rosters has been implemented as of July 1, 2008.
2008 - 2	College personnel have the ability to delete transactions within their software system.	A process has been implemented to record all data deleted from the system until the ability for users to delete data can be restricted. The College is currently reviewing the action necessary to limit the ability of users to delete data from the system.



**Independent Auditor's Report
On Compliance with Requirements Applicable to
Each Major Program and Internal Control over
Compliance in Accordance with OMB Circular A-133**

To the Board of Trustees
Black Hawk College
Illinois Community College District #503
Moline, Illinois

Compliance

We have audited the compliance of Black Hawk College, Illinois Community College District #503 (College) with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

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

Freeport, Illinois
September 22, 2008

**Black Hawk College
Illinois Community College District #503**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2008**

I. Summary of Independent Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- * Material weakness identified? Yes X No
- * Significant deficiency identified that is not considered to be a material weakness X Yes No

Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiency identified that is not considered to be a material weakness Yes X None reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes X No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.007	Federal Supplemental Educational Opportunity Grant
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063	Federal PELL Grant Program

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low risk auditee? X Yes No

**Black Hawk College
Illinois Community College District #503**

**Schedule of Findings and Questioned Costs
Year Ending June 30, 2008**

II. Findings Relating to the Basic Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiencies in Internal Control

The audit disclosed no matters involving internal control over financial reporting and its operations that are considered to be material weaknesses.

B. Compliance Findings

The audit disclosed no instances of noncompliance which are material to the basic financial statements of Black Hawk College as of and for the year ended June 30, 2008.

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Administering Federal Awards

None

B. Compliance Findings

None

**Black Hawk College
Illinois Community College District #503**

**Corrective Action Plan
Year Ending June 30, 2008**

N/A

**Black Hawk College
Illinois Community College District #503**

**Summary Schedule of Prior Audit Findings
June 30, 2008**

Comment	Status	Corrective Action or Other Explanation
None		

