

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2020 and 2019



Community College District No. 532
Grayslake, Illinois

College  Lake County
Connect to Your Future

**College of Lake County
Community College District No. 532**

Grayslake, Illinois

Comprehensive Annual Financial Report
June 30, 2020 and 2019

Prepared by:

Kenneth C. Gotsch
Vice President, Business Services & Finance/CFO & Treasurer

Constance M. Kravitz, CPA
Controller

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**College of Lake County
Community College District No. 532**

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December 18, 2020

To Members of the Board of Trustees and Residents of Illinois Community College District 532:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the College of Lake County, Community College District No. 532 (the College). It has been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America, as set forth by the Governmental Accounting Standards Board (GASB). State law, as enacted in the Public Community College Act requires Community Colleges to submit audited financial statements with the Illinois Community College Board (ICCB) by December 30th. The report includes the College of Lake County Foundation as a component unit in compliance with GASB Statement No. 39 and GASB Statement No. 61. A more detailed description of the legal entity is contained in the notes to the financial statements in the financial section.

Management assumes full responsibility for both the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal controls it has established for this purpose. Because the costs of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, changes in financial position, and cash flows of the College.

RSM US LLP, a firm of licensed public accountants, has audited the financial statements of the College and has issued an unmodified (“clean”) opinion on the College’s CAFR for the fiscal year ended June 30, 2020. The independent auditor’s report is located at the front of the financial section of the report.

This letter of transmittal should be read in conjunction with the Management’s Discussion and Analysis (MD&A). The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements and focuses on current activities, accounting changes, and currently known facts.

The Fiscal Management Manual of the ICCB provides the framework for accounting codes, appropriate use of funds and ICCB reporting requirements and serves as a handbook for external auditors. The College also maintains its accounts in accordance with guidelines set forth by the Government Finance Officers Association (GFOA), and the National Association of College and University Business Officers (NACUBO). The financial records are maintained on the full accrual basis of accounting, whereby revenues are recorded when earned, and expenses are recorded when incurred.

The College is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including a schedule of expenditures of federal awards, the 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*, the independent auditor's report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Uniform Guidance, and a schedule of findings and questioned costs are included in a separately issued single audit report.

PROFILE OF THE COLLEGE

Established by the citizens of Lake County in 1969 within a framework of the Illinois Master Plan for Higher Education, the College of Lake County is a comprehensive community college dedicated to meeting the post-secondary educational and training needs of individuals within District No. 532. The College of Lake County is accredited by the Higher Learning Commission (HLC) under the Open Pathway model of accreditation and is a member of the North Central Association of Colleges and Schools (NCA). In 2018, the HLC decided to phase out the AQIP Pathway for accreditation due to low participation among regional institutions. As such, CLC was transitioned from the AQIP Pathway to the Open Pathway in fall 2018. Under the Open Pathway, the College is on a 10-year accreditation cycle with requirements to submit self-studies and receive peer reviews at varying points in the cycle. CLC's next reaccreditation visit will occur in 2027-28.

Illinois has 48 community colleges and one multi-community college center in 39 community college districts. The College of Lake County's district is located in Lake County, Illinois, north of Chicago, bordering Cook County on the south, and Lake Michigan on the east, and Wisconsin on the north. In the 2010 census, the population of Lake County reached 704,034 for a 9% increase over the 2000 census level. As of 2019, the Lake County population was estimated to be 701,717. *Economic Modeling Specialists International (EMSI)* projects that Lake County's population will increase to 702,279 by 2029.

The College is recognized by the ICCB and governed by a locally elected seven-member Board of Trustees and one appointed, non-voting (advisory) student representative to ensure accountability. The College employs more than 724 full-time and 1,580 part-time staff members, including administrators, professionals, faculty and adjunct members, specialists, classified members, and student employees.

As a public institution of higher learning, the College of Lake County serves its students and the larger community through its mission, vision, and values of purpose, integrity, excellence, inclusion, unity, and compassion. The College's mission statement is as follows: The College of Lake County is a comprehensive community college committed to equitable high-quality education, cultural enrichment, and partnerships to advance the diverse communities we serve. In 2019 the College developed Strategic Pillars which includes (1) Access and Success for Students, (2) Equity and Inclusion, (3) Teaching and Learning Excellence, (4) Community and Workforce Partnerships, (5) Collaborative Culture, and (6) Strategic Use of Resources.

The College's 50th-anniversary celebration was launched in 2019. The College celebrated with 50 Free Events for 50 Years at one of our three campuses highlighting the College's "Proud Past – Bold Future." All the events were free and open to the public to enjoy. From a community celebration with fireworks to the opening of a 1999 time capsule, Lake County residents were invited to more than 50 free events sponsored by the College of Lake County to celebrate its 50th anniversary. The year-long effort began with the May 18, 2019 commencement ceremony and continued through May 2020.

The College serves Lake County by providing a wide range of liberal arts and career credentials, including developmental education. The College also supports businesses and economic development through incumbent workforce contract training, professional development, seminars, international trade, and small business development.

Beyond academic credentials and workforce training, the College enhances the community by providing personal enrichment and continuing education courses, as well as music, theater, and multicultural events.

The College also strives to ensure that its students are prepared to engage in today's diverse and global society, by offering international, multicultural, and robust student life experiences.

The College is committed to equity in access and success for every student. Thus, the College provides academic support and flexible student services that include advising, counseling, financial aid, and placement. Throughout all of its work, the College maintains academic standards that will lead to competence and encourage the pursuit of excellence.

Through these efforts, the College ensures opportunities for all people, regardless of race, ethnic origin, creed, gender, age, veteran status, sexual orientation, or non-disqualifying disability.

A component unit of the College is the College of Lake County Foundation (the Foundation). The Foundation was established in 1974 to provide resources for projects that are not funded through the regular operating budget of the College, but that support the mission and goals of the College. Funds raised through donations, grants, and benefit events are used to fund scholarships and grants that provide College of Lake County students with opportunities for a better future. Through these efforts, the Foundation strengthens the vitality and well-being of the diverse communities the College and Foundation serves. Essentially all of the Foundation's revenue and expenses are for the benefit of the College. The Foundation is a private, not-for-profit organization that reports its financial results under Financial Accounting Standard Board (FASB) guidance. There are no other potential component units that were excluded from this report.

The College's annual budget is established following Illinois Statutes and the ICCB Fiscal Management Manual. As defined in the Illinois Community College Act (110 ILCS 805/3-20) and the College's Board Policy 105, the Board of Trustees is responsible for preparing and adopting the annual College budget. The College aligns its planning and budget process with the Government Finance Officers Association's best practices in community college budgeting to ensure alignment of resources with student outcomes and continuous improvement.

The process begins with Leadership Council providing input on the planning and budget process, revenue and expense assumptions, framework, and priorities. Unit/Division leaders facilitate preliminary discussions for budget input and priority setting. College Leadership drafts revenue and expenditure assumptions to guide budget framework development. College leadership drafts planning priorities aligned with strategic plan outcomes, budget process, and budget framework. Board of Trustees provides guidance and adopts proposed planning priorities and budget framework in preparation for the development of budget an annual college plan. College Leadership and Finance Department distributes budget process guidelines, planning priorities, and budget framework college-wide. Unit/Division leaders facilitate the college-wide process, submitting budget requests aligned with priorities. Board Committee of the Whole Finance Retreat addresses key short-term and long-term financial planning. College Leadership reviews and prioritizes college-wide capital and operational budget requests in alignment with budget strategy. The draft budget and college plan established. Unit/Division staff modifies input of budget data based on the draft budget. Finance reviews and confirms budget data. Finance and College Leadership finalizes budget book template. College Leadership finalizes the proposed college plan and budget, including major capital projects and operational requests. Proposed budget book and draft college plan shared with Board and college-wide. Board approves and authorizes a public hearing on the budget. Public display of proposed legal budget documents. Revisions to draft college plan and budget as needed. Public hearing held. Board adoption of the legal budget and college plan. The entire budget preparation process encourages input and involvement at all levels of the College.

The annual budget ensures that the College complies with all legal provisions, as defined by state statutes, and the budget is used to set the annual appropriated limits for expenditures approved by the Board of Trustees. The administration, with Board approval, makes transfers between various items if changes are necessary during the year. The level of budgetary control is established for each individual fund, and funds are categorized as follows:

Fund Types	Fund Groups	Fund
Government Fund Types	General	Educational and Operations and Maintenance
	Special Revenue	Audit, Restricted Purpose, Liability Protection and Settlement, Insurance Reserve
	Debt Service	Bond and Interest
	Capital Project	Operations and Maintenance (Restricted)
Proprietary Fund Types	Enterprise	Auxiliary Enterprises
Fiduciary Fund Types	Nonexpendable Trust	Working Cash

An encumbrance accounting system is used to maintain budgetary control. Expenditures are encumbered as they incur; whereas online financial reports track accurate budget balances throughout the year. The financial statements and schedules included in the financial section of this report provide the support that the College meets its responsibilities for sound financial management.

ECONOMIC CONDITION

Local economy. Although primarily a residential area, Lake County is home to some of the largest businesses in Illinois, including AbbVie Inc., Abbott Laboratories, Alight, Discover Financial Services Inc., Advocate Condell Medical Center, Visual Pak, Walgreens Boots Alliance Inc., Baxter Healthcare Corp., CDW Corp., Medline Industries Inc., Pfizer Inc., and Zebra Technologies Corp. Naval Station Great Lakes, the Navy's largest training installation and the home of the Navy's only Boot Camp, with over 20,000 Sailors, Marines, Soldiers and Department of Defense (DoD) civilians who live and work on its 1600-acre campus. In addition, Lake County has tourist attractions such as Gurnee Mills (Simon Property Group), Great Wolf Resorts indoor water resort, and Six Flags Great America, which in 2019 is in the top 20 largest amusement parks in North America in order of attendance.

While the local economy was on an upward trajectory for several years, economic trends for local unemployment and poverty took a swift turn in 2020 due to the impact of the COVID-19 pandemic. Under normal circumstances, increased unemployment tends to have a positive impact on the college's enrollment; however, the pandemic disrupted this trend in fall 2020 during which time the college saw an enrollment decline despite high local unemployment. In 2020, unemployment in Lake County, Illinois increased dramatically from a low of 3.7% in February to a high of 14.7% in April (note: COVID-19 shutdowns began in March). As of August 2020, the start of CLC's fall semester, unemployment was at 8.8% as compared to 3.5% in August 2019. As of the college's official reporting date for the fall semester, however, the number of enrolled college-level students was down 8.3% compared to the prior fall term, which represents the largest fall-to-fall enrollment decline since fall 2014. The impact of this decline was somewhat mitigated, however, due to students enrolling in a larger number of credit hours than in the previous fall, which resulted in the number of attempted credit hours being down a lesser degree (- 6.7%). While the college's enrollment has steadily declined in smaller increments for the past several years, the swift drop in enrollment in fall 2020 was unprecedented and affected community colleges across the country. Fortunately, CLC's declines were less severe than many of its regional and state peers, a finding that is likely attributable to its ongoing efforts to increase student access and success.

Unlike the impact on local unemployment and poverty rates, the effect of COVID-19 on other economic indicators likely may not be realized fully for several years. As of the first half of 2020, the U.S. Bureau of Labor Statistics reports an increase in consumer prices of 1.2%, which is on par with the 1.1% increase in the first half of 2019. Additionally, the Illinois Association of Realtors reports homes prices in Lake County continued to increase in 2020 despite the pandemic, as demonstrated by the increase in median sales price for homes in the county from \$246,000 in 2019 to \$269,900 in the third quarter of 2020 (most recent data available to report). This portends well for the college's revenue from property taxes in the near future though this prospect may be hampered by a decline in the value of new construction in the county in 2020, which is projected to be down 22% from last year.

Although revenue from tuition and fees as well as state and federal funding continues to be uncertain, the College remains focused on providing an affordable quality education to students by continuously looking for ways to increase revenue and cut costs.

Long-term financial planning. The College issues a three-year financial plan, which ensures that the College's financial projections are consistent with the overall vision, strategic plan, master plan, and core values of the institution. The plan will be utilized to identify the priorities, resources, and time frames for preparing budgets and projecting revenues used in financial planning. It will be updated annually to ensure that the College is current with financial trends, enrollment changes, property tax variables, and the needs of the internal and external community that may financially impact the College.

The financial plan includes three years of financial projections, four years of revenue and expense history, and the current year budget totals. The financial plan sets forth a framework for the Board of Trustees and the administration to examine future implications of major financial decisions. The plan is part of the annual planning cycle that integrates college improvement projects with the financial resources necessary to meet strategic planning objectives.

Strategic planning is a systematic and ongoing activity that the College uses to set the College's priorities and allocate resources. The 2024 Strategic Plan is developed through a collaborative process and includes a detailed examination of economic and social trends as well as feedback from the general public and student, community, and employee focus groups. The 2024 Strategic Plan includes mission, vision, and values statements and broad goals, supported by detailed objectives. Each component is intended to help the college better focus on continuously improving its programs and services. The 2024 Strategic Plan also includes CLC's Diversity Statement, Equity Statement, and Inclusion Statement. In 2018, the College completed an environmental scan, the results of which informed the development of the updated institutional four-year 2024 Strategic Plan adopted June 25, 2019. For further information please see http://dept.clcillinois.edu/res/CLCWebsite/Reports/Strategic_Plan.pdf.

The College of Lake County kicked off the FY 2020 to 2025 Campus Master Plan in July 2019. This Master Plan will provide an overall comprehensive plan to align campus facilities with the vision and goals of the College. It will prioritize the College's approach to capital improvements and resource allocation addressing both the College's current and future needs. A Steering Committee has been established to guide the development of the Master Plan.

The Master Plan guiding principles, listed below will inform every Steering Committee decision. These guiding principles are aligned with the College's new 2024 Strategic Plan vision, values, and mission. All decisions made as part of this Master Plan will be filtered through these guiding principles to ensure they are adequately addressing the student, workforce, and community served by the College. The guiding principles are as follows:

1. Be student-centered creating a welcoming and culturally-relevant space that provides a sense of inclusion;
2. Create inspiring collaborative student, staff, and faculty engagement and learning spaces that are flexible
3. Be informed by the broader Lake County community
4. Embrace advanced technology and prepare for emerging technologies
5. Address deferred maintenance needs and consider equitable delivery of programming and services across all campuses

6. Create future-focused spaces to address Lake County's industry 4.0 training needs that reflect real-world work environments
7. Be financially responsible and support the sustainability plan

In addition, the Master Plan treats all locations as one-college carried out across three campuses with equity in access to services and programs that lead to credentials and key industry sectors identified in the 2024 Strategic Plan represented on all campuses. The Master Plan is expected to be completed and presented to the Board of Trustees for approval of the final plan and to establish a strategic financing plan in February 2021.

The prior plan, approved in FY 2013 was funded from \$60 million in bonds issued in September 2013. Total funding for local projects was \$89.7 million, with \$62.2 million in bond funding and \$27.5 million from accumulated fund balance in the Operations and Maintenance (Restricted) Fund.

The College completed a \$20.4 million bond issue in FY 2012 to finance local match for several State approved capital project initiatives through the State's Capital Development Board (CDB) and Department of Commerce and Economic Opportunity (DCEO), including the Lakeshore Campus (LSC) student center, the Grayslake Campus (GLC) Science Building, and Building A classroom renovations. Gym floor and classroom modernization fund project local match came from available prior year operating funds.

Major capital project status is as follows:

- CDB LSC New Student Center Building: The Illinois Legislature previously approved capital funds for the LSC student center with a projected \$47.9 million total cost with the College's share of total project funding at \$12.0 million. The LSC student center initially delayed, received State funding in January 2020. Architects are in the process of updating construction documents. The CDB and the College started construction on the new six-story building to enhance the urban Lakeshore Campus in Waukegan and completion is targeted for fall 2022.
- CDB GLC new Science Building and A Wing classroom renovations: The Science Building is complete and operational since December 2017. The Science Building's Phase III and IV Building A classroom interior renovations began in June 2019 with a total cost of \$30.4 million and the College's match of \$12.8 million has been met.
- CDB Mercury Abatement and New Gym Floor: The Replacement of Gymnasium Flooring and Mercury Abatement Project at Grayslake Campus was completed in November 2019 by the State with an initial projected \$600,000 total cost. The College's share of the project funding was initially \$891,905, but after initial architect design work, it increased to \$1,168,700.
- DCEO Classroom Modernization Grant: The State has also identified Classroom Modernization capital funds for Grayslake and Lakeshore campuses of \$1.1 million with a match of \$266,667. Work is underway.
- CDB Deferred Maintenance Grant: Match funds of \$375,000 has been set aside for the Grayslake's Performing Arts Center roof project that will total \$1.5 million. Work is planned for summer 2021.

- **CDB SLC New Building:** Southlake’s New Classroom Building has been approved capital funds for a total project cost of \$35.6 million, with a College match of \$8.9 million, which has yet to be resourced by the State and College.

Relevant financial policies. The College has an established policy that establishes parameters and provides guidance governing the issuance, management, continuing evaluation of, and reporting on all debt obligations issued by the College of Lake County. This policy, approved by the Board, follows the Illinois Community College Act (Chapter 110 of Illinois Compiled Statutes Act 805/Article IIIA. Bonds). The Vice President for Business Services and Finance/Disclosure Officer, as appointed by the Board of Trustees, is responsible for managing College’s bond disclosure policy, record-keeping policy, and post-issuance compliance matters. In FY 2019, the College’s bond counsel and financial advisor completed a review and recommended updates to the Board’s debt management policy to provide an annual debt report to monitor the College’s infrequently reauthorized property tax levy for capital. The amendments to the Board’s debt management policy is to improve the College’s debt issuance ability, monitoring, and tax and regulatory compliance.

The typical College property and casualty losses are insured through a conventional insurance program, providing coverage for these losses under policies such as workers’ compensation, building, and property insurance, tort liability, school leaders’ professional liability, and a \$20 million umbrella policy that provides excess insurance coverage to extend the basic limits of these policies. A special tax levy authorized by state statute allows the issuance of a property tax to pay for these risks, excluding those with elements for property coverage. To minimize the risk of loss, the College has a Campus Police Department on duty 24 hours, seven days per week, a Health Services Department and an active Safety Committee to review and make recommendations for improving and/or mitigating risk to property, employees, and students.

Major initiatives. The College’s major initiatives include addressing systemic inequities in student access and success in higher education. For example, the Fall 2015 cohort three-year graduation rate for all students was well below peer 35%. In addition, the graduation rate for black students was 20% versus 33% for white students. The College launched its Equity in Student Access & Success Plan FY 2021 to FY 2025 targeting three-year graduation rates for the Fall 2024 cohort at 45% for all student groups. The College joined the Strategic Horizon Network, national Achieving the Dream, and state ILEA coalition of equity in access and success-focused community colleges to support the College’s transformation journey.

In addition, responding to the COVID-19 pandemic, the College quickly mobilized a cross-functional team and the College’s Emergency Operations Plan was implemented. The Emergency Operations Team worked to successfully adopt new instructional and administrative technologies to provide students the supports to successfully complete the Spring 2020 term, assist students with brief summer 2020 term courses, and prepare for the current Fall 2020 term. The Federal CARES Act and State funding were instrumental in supporting critical career readiness. The College plans to take advantage of new student instruction and support tools to improve instructional “new normal” going forward. The fall 2020 semester learning delivery plan incorporated 80% of classes to be delivered in an online modality and the remaining 20% of classes to be delivered in a face to face format or with an on-campus component. The plan for

the Spring 2021 semester incorporates an 85% online modality and 15% of classes to be delivered in a face-to-face format or with an on-campus component.

Semester specific Operations, Learning and Service Delivery Plans and Unit Operational Plan documents were thoughtfully created for summer and fall semester. Work is almost complete on the spring 2021 plan. The College's Emergency Operations Team continues to meet weekly to manage college-wide accountability to the plan, communicate resources and updates about pandemic management, provide ongoing monitoring of scientific data, collect and report campus data, and monitor indicators to determine necessary shifts in learning delivery.

For the Fiscal Year 2021, College of Lake County continues its focus on strategic planning for the future, building on equity planning, strategic partnerships, and opportunities born out of a pandemic crisis.

AWARDS AND ACKNOWLEDGMENTS

GFOA Certificate of Achievement. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to College of Lake County for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the nineteenth consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

GFOA Distinguished Budget Presentation Award. The College of Lake County received the GFOA Distinguished Budget Presentation Award for its annual budget documents for the years ended June 30, 2013, through 2017. In 2018 and 2019 the College applied for and received the Award for Best Practices in Community College Budgeting (a new set of criteria specifically related to community colleges). To receive this award, a community college's budget processes are evaluated based on a number of criteria that focus on alignment of resources towards student achievement focusing on collaboration, communication, and rigorous development, evaluation, and prioritization of strategies to achieve a college's goals and objectives. In addition, the award includes criteria for conveying the results of this budget process through the budget presentation and also utilizing continuous improvement approaches to monitor outcomes.

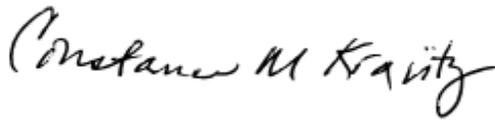
The College did not submit its FY 2021 budget document for consideration to receive the Best Practices in Community College Budgeting award, as we did not feel we were receiving timely feedback. As of September 2020, the Award for Best Practices in Community College Budgeting has been discontinued. Community colleges are eligible to apply to the Distinguished Budget Award and the College may submit again in the future.

Acknowledgments. The CAFR represents the work of several dedicated finance office administrators and staff members. It could not have been completed without the considerable effort of the RSM US LLP audit team, utilizing their extensive professional experience garnered from work with community colleges throughout the State of Illinois and the nation. Credit must also be given to the College Board of Trustees and the College Leadership Team for providing the time and resources required for producing such an extensive report.

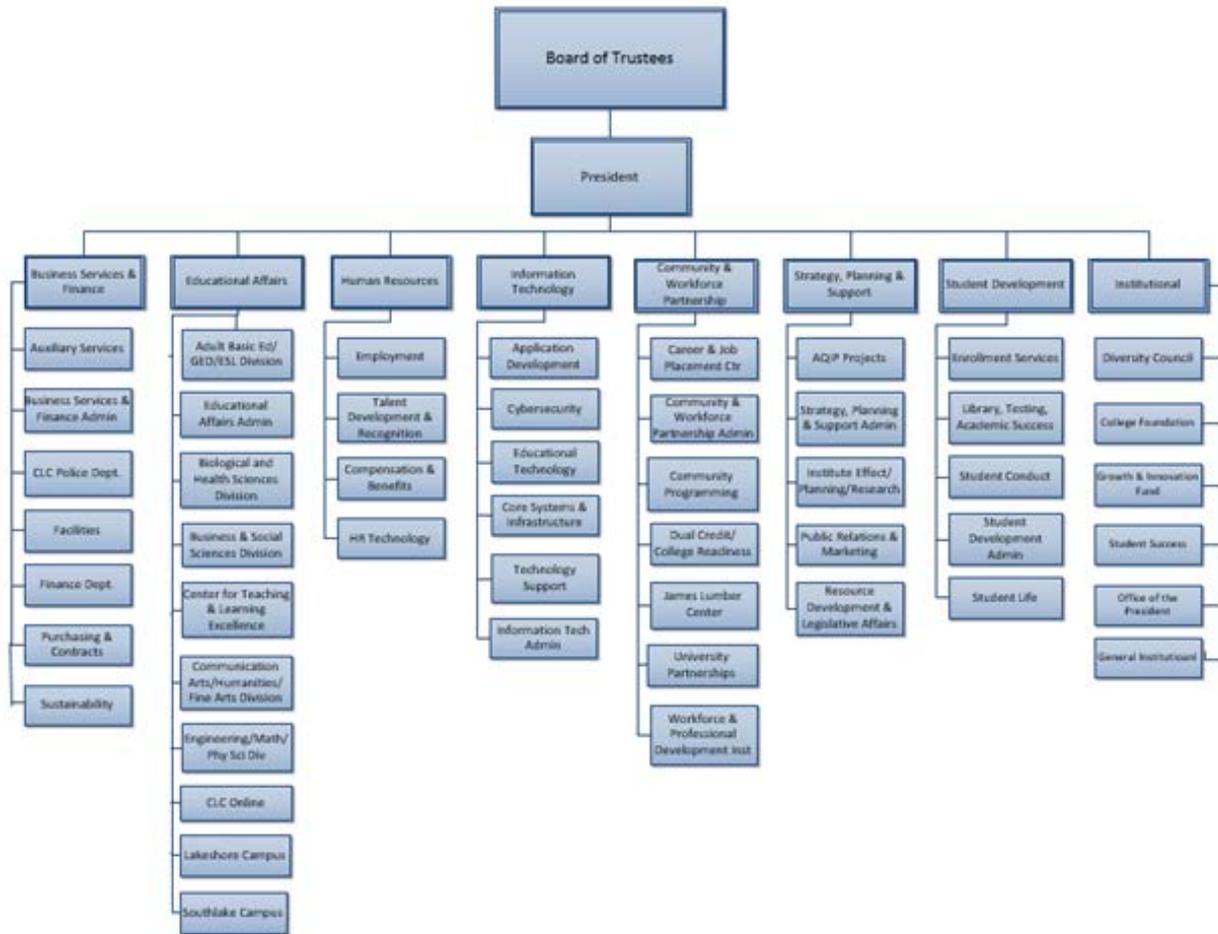
Respectfully submitted,

A handwritten signature in blue ink that reads "Kenneth Gotsch". The signature is written in a cursive style with a large initial "K".

Kenneth Gotsch,
Vice President of Business Services and Finance/CFO

A handwritten signature in black ink that reads "Constance M. Kravitz". The signature is written in a cursive style with a large initial "C".

Constance M. Kravitz, CPA,
Controller



**College of Lake County
Community College District No. 532**

Principal Officials

Year ended June 30, 2020

BOARD OF TRUSTEES

	<u>Position</u>	<u>Term Expires</u>
William M. Griffin, Ed.D.	Chair	2021
Amanda D. Howland	Vice Chair	2021
Richard A. Anderson	Trustee/Secretary	2021
Vaseem Iftekhar	Trustee	2021
Torrie Mark Newsome	Trustee	2021
Julie B. Shroka	Trustee	2023
Matthew J. Stanton	Trustee	2023
Victoria Thoman	Student Trustee	

OFFICERS OF THE COLLEGE OF LAKE COUNTY

Lori Suddick, Ed.D.	President
Derrick Harden	Vice President, Strategy Planning & Support/COS
Sonya Williams, Ed.D.	Vice President, Educational/CAO
Alyssa O'Brien, Ed.D.	Vice President, Community and Workforce Partnerships
Karen Hlavin	Vice President, Student Development
Kenneth C. Gotsch	Vice President, Business Services & Finance/CFO & Treasurer
Sue Fay	Executive Director, Human Resources
Greg Kozak	Chief Information Officer

OFFICIALS ISSUING REPORT

Kenneth C. Gotsch	Vice President, Business Services & Finance/CFO & Treasurer
Constance M. Kravitz	Controller

DIVISION ISSUING REPORT

Business Services & Finance
Finance Department



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**College of Lake County
Illinois**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO



RSM US LLP

Independent Auditor's Report

To the Board of Trustees
College of Lake County
Community College District No. 532
Grayslake, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the College of Lake County, Community College District No. 532, Illinois (the College) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College of Lake County, Community College District No. 532, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As stated in Note 13 to the financial statements, the beginning net position as of July 1, 2018 has been restated to correct an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis (pages 4-13), Schedules of the College's Proportionate Share of the Net Pension and Other Postemployment Benefit (OPEB) Liabilities, Schedule of Contributions, Schedule of Changes in the Total OPEB Liability and Related Ratios, and related notes on pages 57-63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Uniform Financial Statements, as required by the Illinois Community College Board, and the other information, such as the Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Uniform Financial Statements (schedules 1 through 5), as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Uniform Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
December 18, 2020

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2020 and 2019**

This section of the College of Lake County's (the College) Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2020 and 2019. Since this management's discussion and analysis is designed to focus on current activities, resulting changes 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.

Using This Annual Report

The financial statements focus on the College as a whole. This presentation is designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the statements of net position is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short term spendable resources) with capital assets. The statements of revenues, expenses, and changes in net position focus on both the gross costs and the net costs of College activities which are supported mainly by property taxes and by state and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to the students and the public.

Financial Highlights Fiscal Year 2020

Total operating revenues were \$32,947,354 and total operating expenses were \$190,412,251 for the year ended June 30, 2020. The difference produced an operating loss of \$157,464,897.

Net non-operating revenues of \$162,165,950 for the year ended June 30, 2020 offset the operating loss and resulted in an overall increase in net position (before state capital appropriations and capital contributions) of \$4,701,053. Non-operating revenues included local property taxes of \$72,033,390, replacement tax of \$1,268,697, state appropriations of \$67,561,737, federal grants and contracts of \$18,536,382, local grants and contracts of \$1,481,612 and investment income of \$2,933,132; offset by interest expense of \$1,649,000.

Operating revenue accounted for 16.9% of the College's total revenue and non-operating revenue accounted for 83.1% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling \$25,781,476, auxiliary enterprise revenues totaling \$6,954,974, and other operating revenues of \$210,904.

Total net position increased from \$160,579,452 at the beginning of the year (as restated) to \$165,642,800 at the end of the year.

Financial Highlights Fiscal Year 2019

Total operating revenues were \$32,700,425 and total operating expenses were \$174,151,090 (as restated) for the year ended June 30, 2019. The difference produced an operating loss of \$141,450,665.

Net non-operating revenues of \$144,095,940 for the year ended June 30, 2019 offset the operating loss and resulted in an overall increase in net position (before state capital appropriations and capital contributions) of \$2,645,275. Non-operating revenues included local property taxes of \$70,188,736, replacement tax of \$1,173,320, state appropriations of \$56,831,307, federal grants and contracts of \$12,425,833, local grants and contracts of \$1,728,169 and investment income of \$3,349,198; offset by interest expense of \$1,600,623.

Operating revenue accounted for 18.3% of the College's total revenue and non-operating revenue accounted for 81.7% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling \$24,101,837, auxiliary enterprise revenues totaling \$7,807,720, and other operating revenues of \$790,868.

Total net position increased from \$157,897,461 at the beginning of the year (as restated) to \$160,579,452 at the end of the year. See Note 13 of the basic financial statements for information on the restatement of (\$8,942,324) and fiscal year 2019 restatement of \$582,114.

**Management's Discussion and Analysis
June 30, 2020 and 2019**

Overview of the Financial Statements

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the basic financial statements, and required supplementary information.

The financial statements provide both long-term and short-term information about the College's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The College's financial statements are prepared on an accrual basis in conformity with U.S. generally accepted accounting principles (U.S. GAAP) as applicable to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statements of revenues, expenses, and changes in net position.

The statement of net position reports the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position, the difference between the College's total of assets and deferred outflows and the total of liabilities and deferred inflows, is one way to measure the College's financial health or position. An increase in the College's net position during the year is an indicator of the change in assets acquired less assets consumed.

Financial Analysis

Net Position

The College's net position at June 30, 2020, 2019 and 2018 was \$165.6 million, \$160.6 million after restatement of (\$8.4 million), and \$166.8 million, respectively, an increase of \$5.1 million, \$2.7 million and \$20.7 million, respectively. Total assets and deferred outflows of resources were \$357.1 million, \$350.5 million and \$353.2 million, and total liabilities and deferred inflows of resources were \$191.4 million, \$190.0 million and \$186.4 million at June 30, 2020, 2019 and 2018, respectively. The change in net position is an indicator of whether the financial condition has improved or worsened during the year. Assets and liabilities are measured using current values with the exception of capital assets. Capital assets are stated as historical cost, reduced by depreciation.

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2020 and 2019**

A summary of the statements of net position at June 30, 2020, 2019, and 2018 are as follows:

Statements of Net Position			
June 30, (in Thousands)			
	2020	2019	2018
Current assets	\$ 117,449	\$ 117,046	\$ 113,220
Restricted assets	10,990	402	218
Other noncurrent assets	36,245	36,727	42,321
Capital assets, net of depreciation	185,375	191,808	193,309
Total assets	<u>350,059</u>	<u>345,983</u>	<u>349,068</u>
Deferred outflows of resources	6,997	4,554	4,110
Current liabilities	21,424	20,538	24,961
Long-term liabilities	122,944	125,862	122,167
Total liabilities	<u>144,368</u>	<u>146,400</u>	<u>147,128</u>
Deferred inflows of resources	47,045	43,521	39,228
Net position:			
Net investment in capital assets	137,105	137,765	133,659
Restricted	16,839	3,238	2,935
Unrestricted	11,699	19,577	30,228
Total net position	<u>\$ 165,643</u>	<u>\$ 160,580</u>	<u>\$ 166,822</u>

The College had a current ratio of 5.5, 5.7, and 4.5 times at June 30, 2020, 2019 and 2018, respectively. The current ratio is total current assets divided by total current liabilities. For example, at June 30, 2020, for every dollar of current liabilities, the College has \$5.50 in current assets. This ratio is one indicator of the College's ability to pay its debts as they become due.

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the amount of outstanding indebtedness, net of unspent bond proceeds, attributable to the acquisition, construction, or improvement of those assets. The principal liabilities for capital assets are bonds which were used to construct and improve buildings.

Net Position - Fiscal Year 2020 Compared to 2019

Current assets increased by \$.4 million primarily due to an increase in receivables and cash of \$8.3 million offset by a decrease in investments of \$8.0 million.

Deferred outflows increased by \$2.4 million due to change in assets related to post-employment benefits other than pensions (OPEB). Additional information can be found in Notes 1 and 7 in the basic financial statements.

Noncurrent assets increased by \$3.7 million due to an increase in restricted assets of \$10.6 million. Additionally, capital assets decreased by \$6.4 million due to the fact that net capital additions were less than depreciation and deletions during the year.

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2020 and 2019**

Current liabilities increased by \$.9 million primarily due to an increase in accrued expenses of \$1.1 million, which was offset by a decrease in unearned tuition and rent of \$.3 million.

Deferred inflows increased by \$3.5 million due to an increase in deferred property tax revenue of \$.9 million and an increase in credits related to post-employment benefits other than pensions (OPEB) of \$2.6 million. Additional information can be found in Notes 1 and 7 in the basic financial statements.

Noncurrent liabilities decreased \$2.9 million due to bond principal payments of \$5.8 million and other long-term obligations decreased by \$.2 million. The OPEB liability increased \$3.2 million during Fiscal Year 2020.

Net Position - Fiscal Year 2019 Compared to 2018

Current assets decreased by \$3.8 million primarily due to an increase in receivables of \$5.2 million offset by a decrease in cash, cash equivalents and investments of \$1.4 million.

Deferred outflows increased by \$.4 million due to change in assets related to post-employment benefits other than pensions (OPEB). Additional information can be found in Notes 1 and 7 in the basic financial statements.

Noncurrent assets decreased by \$6.9 million due to a decrease in other long-term investments of \$5.4 million. Additionally, capital assets decreased by \$1.5 million due to the fact that net capital additions were less than depreciation and deletions during the year.

Current liabilities decreased by \$4.4 million primarily due to a decrease in accounts payable of \$3.9 million, a decrease in accrued expenses of \$1.5 million which was offset by an increase in unearned tuition and rent of \$.7 million.

Deferred inflows increased by \$4.3 million due to an increase in deferred property tax revenue of \$.9 million and an increase in credits related to post-employment benefits other than pensions (OPEB) of \$3.4 million. Additional information can be found in Notes 1 and 7 in the basic financial statements.

Noncurrent liabilities increased by \$3.7 million due to a restated OPEB liability increase of \$8.4 million and other increase in OPEB liability of \$1.1 million. This was offset by bond principal payments of \$5.4 million and other long-term obligations decreased by \$.3 million.

Changes in Net Position

Summary of the change in net position, total revenues less total expenses, for the years ended June 30, 2020, 2019 and 2018 is as follows:

Changes in Net Position			
Years ended June 30,			
(in thousands)			
	2020	2019	2018
Total revenues	\$ 197,124	\$ 178,452	\$ 192,095
Total expenses	192,061	175,752	171,432
Increase in net position	5,063	2,700	20,663
Net position at the beginning of the year (as previously reported)	-	166,822	205,805
Prior period restatement	-	(8,942)	(59,646)
Net position at the beginning of the year (as restated)	160,580	157,880	146,159
Net position at the end of the year	<u>\$ 165,643</u>	<u>\$ 160,580</u>	<u>\$ 166,822</u>

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2020 and 2019**

Revenues

Summaries of revenues for the years ended June 30, 2020, 2019 and 2018 are as follows:

Revenue Summary Years ended June 30, (in thousands)			
	2020	2019	2018
Operating:			
Student tuition and fees, net	\$ 25,781	\$ 24,102	\$ 23,755
Auxiliary enterprise	6,955	7,808	7,793
Other operations	211	791	1,106
Total operating revenues	32,947	32,701	32,654
Nonoperating:			
Local property taxes	72,033	70,189	68,268
Personal property replacement taxes	1,269	1,173	1,054
State appropriations	67,562	56,831	61,288
Federal and local grants and contracts	20,018	14,154	14,372
Investment income, net	2,933	3,349	867
Total nonoperating revenues	163,815	145,696	145,849
State capital appropriations	349	-	12,433
Capital contributions	13	55	1,159
Total capital contributions	362	55	13,592
Total revenues	\$ 197,124	\$ 178,452	\$ 192,095

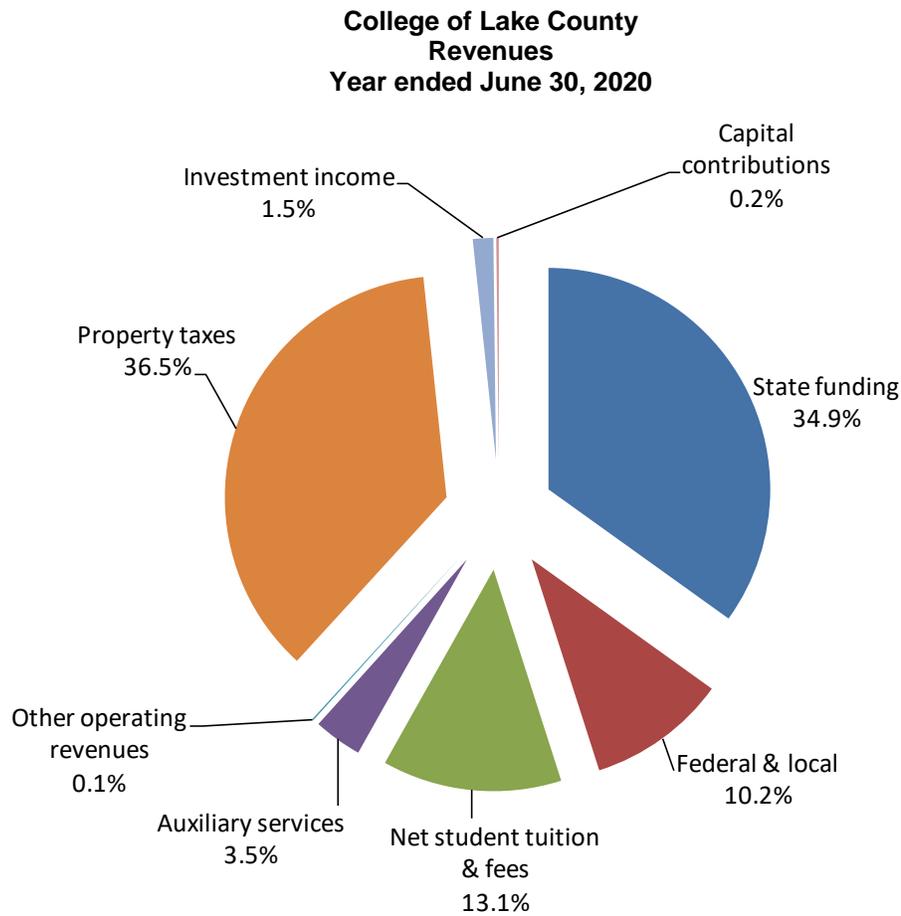
Revenues - Fiscal Year 2020 Compared to 2019

Operating revenue increased by \$.2 million. Student tuition and fees increased by \$1.6 million offset by a decrease in auxiliary and other revenue \$1.4 million. Non-operating revenue increased by \$18.1 million. State appropriations increased by \$10.7 million, Federal and local grants increased by \$5.9 million and property taxes increased by \$1.8 million. Investment income decreased by \$.4 million.

The increase in state appropriations was due to several factors. There was an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state of \$8.3 million. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate. Contribution requirements are established and may be amended by the Illinois General Assembly. There was a new Illinois Workforce Equity Grant of \$1.5 million and an increase in the Illinois Base Operating Grant of \$.7 million. The increase in Federal and local grants was mainly due to CARES Act funding of \$5.0 million. The increase in property tax revenues reflects the combination of the CPI and the assessed value of new construction. The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5 percent, whichever is lower. There was a decrease in the on-behalf payment from the State for postemployment benefits other than pensions of \$.6 million.

Fiscal year 2020 State capital contributions was \$.3 million for the State portion of a new gym floor.

The pie chart on the next page shows all revenue from both operating and non-operating sources. State funding in the pie chart and above includes both capital and noncapital appropriations. The chart shows that property taxes account for the largest percentage of the College's revenue at 36.5%. The next highest sources were state funding of 34.9% and net student tuition and fees at 13.1%.



Revenues - Fiscal Year 2019 Compared to 2018

Operating revenue was similar to prior year revenue. Non-operating revenue decreased by \$.2 million. Investment income increased by \$2.5 million, property taxes increased by \$1.9 million. State appropriations decreased by \$4.4 million and Federal and local grants and contracts decreased by \$.2 million.

Investment income increased as the College changed its investment strategy as permitted by State statute. The increase in property tax revenues reflects the combination of the CPI and the assessed value of new construction. The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5 percent, whichever is lower. The decrease in state appropriations was due to several factors. Fiscal year 2019 included not only fiscal year 2019 appropriations but also fiscal year 2017 appropriations of \$6.6 million in base operating and other grants. There was a decrease in the on-behalf payment from the State for postemployment benefits other than pensions of \$1.3 million. There was an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state of \$3.8 million. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate. Contribution requirements are established and may be amended by the Illinois General Assembly.

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2020 and 2019**

Expenses

Summaries of expenses for the years ended June 30, 2020, 2019 and 2018 are as follows:

Expenses			
Years ended June 30, (in thousands)			
	2020	2019	2018
Instruction	\$ 81,887	\$ 76,045	\$ 75,019
Academic support	6,533	6,489	6,769
Student services	15,789	14,232	13,533
Public service	9,490	7,078	7,662
Institutional support	34,315	30,300	31,350
Operations and maintenance of plant	14,471	15,525	12,445
Financial aid	9,339	6,039	5,970
Depreciation	11,672	11,089	9,587
Auxiliary enterprises	6,916	7,354	7,658
Interest expense	1,649	1,601	1,439
	\$ 192,061	\$ 175,752	\$ 171,432
Total			

Expenses - Fiscal Year 2020 Compared to 2019

Total expenses increased by \$16.3 million. Salaries increased by \$5.5 million. State Universities Retirement Systems of Illinois (SURS) had an increase of contributions made by the State of Illinois that increased the expenses by \$8.3 million, which is offset by an increase in state appropriation revenue. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate.

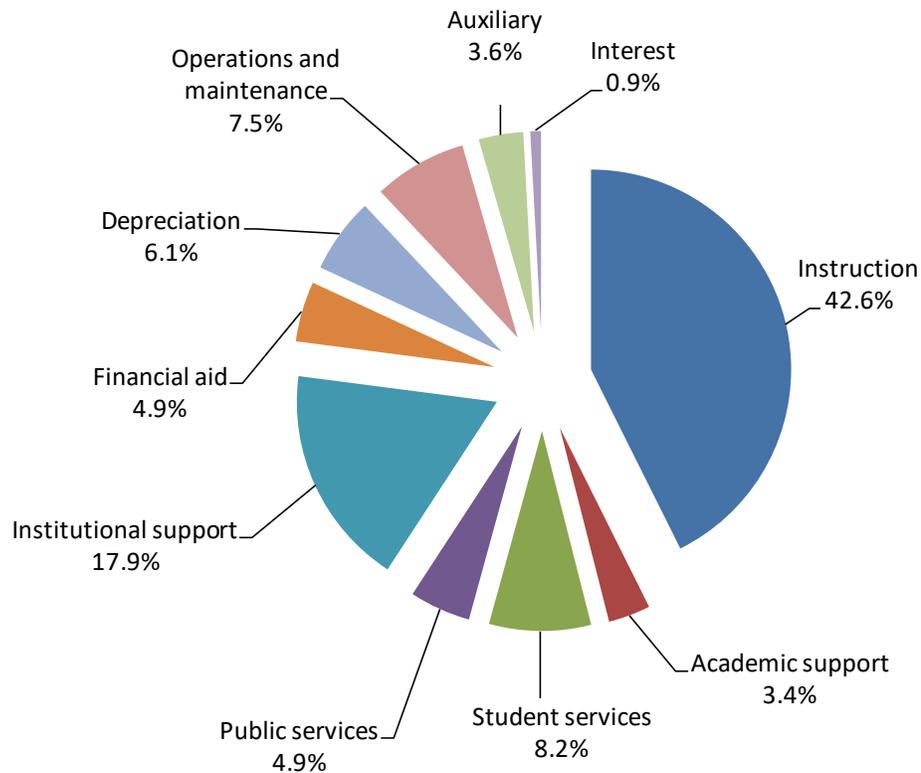
Post-retirement benefits other than pensions (OPEB) had a decrease of \$.3 million for the State's College Insurance Program (CIP) and an additional on behalf payment from the State for CIP OPEB, which decreased by \$1.1 million, which is offset by a decrease in state appropriation revenue. The College Plan OPEB expense was similar to the prior year expense.

Depreciation increased by \$.6 million due to the increase in assets placed in service as several of the Master Plan projects were placed in service during Fiscal Year 2019.

Operating Expenses

The pie chart on the next page shows the operating expenses as a percentage of total operating expenses. Direct services to students accounted for 67.6% of total operating expenses. Direct services to students include instruction at 42.6%, academic support at 3.4%, student services at 8.2%, public services at 4.9%, financial aid at 4.9%, and auxiliary enterprises at 3.6%. Indirect services to students accounted for 32.4% of total expenses. Indirect services to students include operations and maintenance at 7.5%, institutional support at 17.9%, depreciation at 6.1% and interest at .9%.

College of Lake County
Operating Expenses
Year ended June 30, 2020



Expenses - Fiscal Year 2019 Compared to 2018

Total expenses increased by \$4.9 million. Salaries increased by \$4.3 million, of which \$2 million was a reclassification of benefits to salaries. State Universities Retirement Systems of Illinois (SURS) had an increase of contributions made by the State of Illinois that increased the expenses by \$3.8 million, which is offset by an increase in state appropriation revenue. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate.

Post-retirement benefits other than pensions (OPEB) had a decrease of \$1.9 million for the State's College Insurance Program (CIP) and a decrease of \$.3 million for the College Plan. This also required reporting an additional on behalf payment from the State for CIP OPEB, which decreased by \$1.3 million, which is offset by a decrease in state appropriation revenue.

Depreciation increased by \$1.5 million due to the increase in assets placed in service as several of the Master Plan projects were placed in service during Fiscal Year 2019 and mid-way through Fiscal Year 2018.

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2020 and 2019**

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, 2019 and 2018, the College investment in capital assets totaled \$304.2 million, \$299.1 million and \$289.6 million, respectively. Capital assets, net of accumulated depreciation of \$118.8 million, \$107.3 million and \$96.3 million, totaled \$185.4 million, \$191.8 million and \$193.3 million, respectively.

Capital Assets			
Years ended June 30, (in thousands)			
	2020	2019	2018
Capital assets:			
Construction in progress	\$ 2,361	\$ 1,610	\$ 4,295
Land	12,488	12,488	12,488
Capitalized collections	1,220	1,206	1,041
Land improvements	13,366	13,265	13,158
Buildings and improvements	228,874	227,403	217,928
Furniture and equipment	45,845	43,092	40,735
	<hr/>	<hr/>	<hr/>
Total capital assets	304,154	299,064	289,645
Less accumulated depreciation	<hr/> 118,779	<hr/> 107,256	<hr/> 96,336
Capital assets, net	<hr/> <u>\$ 185,375</u>	<hr/> <u>\$ 191,808</u>	<hr/> <u>\$ 193,309</u>

Construction Projects

Major construction projects in progress as part of the College's master plan as of June 30, 2020 included:

- Lakeshore Student Services Center and Bookstore

The total cost of construction in progress as of June 30, 2020 was \$2.4 million.

Capital Asset Additions (being depreciated)

Capital assets added during fiscal year 2020 include:

- Engineering and related processes training equipment
- Additional on Grayslake library renovation
- Classroom audio visual equipment

The total cost of capital asset additions (being depreciated) in fiscal year 2020 was \$4.5 million.

More detailed information on capital asset activity can be found in Note 3 to the basic financial statements.

Debt Payments

For the years ended June 30, 2020, 2019 and 2018, the College paid \$5.6 million, \$5.4 million and \$5.5 million, respectively, in principal on bonds and certificates of indebtedness. More detailed information on long-term debt activity can be found in Note 5 in the basic financial statements.

Future Outlook

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could potentially have a negative impact to the College's financial position. The related financial impact and duration of this event cannot be reasonably estimated at this time.

Contacting The College's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to: Finance Department, College of Lake County, 19351 West Washington Street, Grayslake, IL 60030-1198.

College of Lake County
Community College District No. 532

Statements of Net Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (notes 1 and 2)	\$ 49,176,426	\$ 48,823,104
Investments (note 2)	19,672,493	27,702,937
Receivables:		
Property taxes, net of allowance of \$361,277 in 2020 and \$351,637 in 2019	41,738,254	35,613,077
Government claims	1,564,134	187,725
Tuition, net of allowance of \$2,410,764 in 2020 and \$2,419,337 in 2019	2,578,484	2,221,315
Other	1,629,434	1,549,869
Inventories	825,011	792,164
Prepaid expenses	264,827	156,388
Total current assets	<u>117,449,063</u>	<u>117,046,579</u>
Noncurrent assets:		
Restricted cash and cash equivalents (notes 1 and 2)	10,989,529	401,660
Other long-term investments (note 2)	36,244,746	36,726,780
Capital assets, not being depreciated (note 3)	16,069,151	15,303,552
Capital assets being depreciated, net (note 3)	169,306,133	176,504,502
Total noncurrent assets	<u>232,609,559</u>	<u>228,936,494</u>
Total assets	<u>350,058,622</u>	<u>345,983,073</u>
Deferred outflows of resources (note 1)	<u>6,996,893</u>	<u>4,554,448</u>
Liabilities		
Current liabilities:		
Accounts payable	3,129,869	3,376,749
Accrued expenses (note 4)	7,216,382	6,091,852
Tuition refunds payable	110,182	124,349
Unearned tuition and rent	3,284,612	3,571,022
Current portion of long-term obligations (note 5)	5,860,000	5,630,000
Amounts held in custody for others	973,251	878,501
Other current liabilities	849,437	866,142
Total current liabilities	<u>21,423,733</u>	<u>20,538,615</u>
Noncurrent liabilities:		
Long-term obligations (notes 5 and 7)	122,284,266	125,181,907
Unearned rent revenue (note 10)	660,000	680,000
Total noncurrent liabilities	<u>122,944,266</u>	<u>125,861,907</u>
Total liabilities	<u>144,367,999</u>	<u>146,400,522</u>
Deferred inflows of resources (note 1)	<u>47,044,716</u>	<u>43,557,547</u>
Net Position		
Net investment in capital assets	137,105,005	137,765,063
Restricted for:		
Debt service	1,798,466	1,766,833
Capital projects	10,989,529	401,660
Other	4,051,178	1,069,392
Unrestricted	11,698,622	19,576,504
Total net position	<u>\$ 165,642,800</u>	<u>\$ 160,579,452</u>

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Student tuition and fees	\$ 33,848,321	\$ 32,575,340
Less scholarship allowances	<u>(8,066,845)</u>	<u>(8,473,503)</u>
Net student tuition and fees	25,781,476	24,101,837
Auxiliary enterprises	6,954,974	7,807,720
Other operations	<u>210,904</u>	<u>790,868</u>
Total operating revenues	<u>32,947,354</u>	<u>32,700,425</u>
Operating expenses:		
Education and general:		
Instruction	81,887,559	76,045,064
Academic support	6,532,572	6,489,262
Student services	15,789,163	14,231,942
Public service	9,490,378	7,077,855
Institutional support	34,314,871	30,299,698
Operations and maintenance of plant	14,470,925	15,525,058
Financial aid	9,339,131	6,038,694
Depreciation	11,671,615	11,089,342
Auxiliary enterprises	<u>6,916,037</u>	<u>7,354,175</u>
Total operating expenses	<u>190,412,251</u>	<u>174,151,090</u>
Operating loss	<u>(157,464,897)</u>	<u>(141,450,665)</u>
Nonoperating revenues (expenses):		
Local property taxes	72,033,390	70,188,736
Personal property replacement tax	1,268,697	1,173,320
State appropriations	67,561,737	56,831,307
Federal grants and contracts	18,536,382	12,425,833
Local grants and contracts	1,481,612	1,728,169
Investment income	2,933,132	3,349,198
Interest expense	<u>(1,649,000)</u>	<u>(1,600,623)</u>
Total nonoperating revenues (expenses), net	<u>162,165,950</u>	<u>144,095,940</u>
Increase before capital contributions	4,701,053	2,645,275
State capital appropriations	348,795	-
Capital contributions	<u>13,500</u>	<u>54,716</u>
Total capital contributions	<u>362,295</u>	<u>54,716</u>
Increase in net position	5,063,348	2,699,991
Net position at the beginning of the year (as previously reported)	160,579,452	166,821,785
Prior period restatement (note 13)	<u>-</u>	<u>(8,942,324)</u>
Net position at the beginning of the year (as restated)	<u>160,579,452</u>	<u>157,879,461</u>
Net position at the end of the year	<u>\$ 165,642,800</u>	<u>\$ 160,579,452</u>

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Tuition and fees	\$ 25,218,480	\$ 24,983,876
Payments to suppliers	(45,287,785)	(46,565,798)
Payments to employees	(75,456,391)	(70,598,814)
Auxiliary enterprise charges	6,954,974	7,807,720
Other	203,241	688,997
Net cash used in operating activities	<u>(88,367,481)</u>	<u>(83,684,019)</u>
Cash flows from noncapital financing activities:		
Local property taxes	66,776,293	65,513,173
Personal property replacement tax	1,275,520	1,165,248
State appropriations	13,580,290	10,841,475
Federal grants and contracts	17,241,369	12,508,959
Local grants and contracts	1,481,612	1,717,731
Net cash provided by noncapital financing activities	<u>100,355,084</u>	<u>91,746,586</u>
Cash flows from capital and related financing activities:		
Principal paid on debt	(5,630,000)	(5,415,000)
Interest paid on debt	(1,807,975)	(1,996,235)
Purchases of capital assets	(5,150,762)	(10,711,064)
Net cash used in capital and related financing activities	<u>(12,588,737)</u>	<u>(18,122,299)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	82,738,257	105,052,207
Purchases of investments	(73,437,594)	(79,463,825)
Interest on investments	2,241,662	2,191,409
Net cash provided by investing activities	<u>11,542,325</u>	<u>27,779,791</u>
Net increase in cash and cash equivalents	10,941,191	17,720,059
Cash and cash equivalents, beginning of year	<u>49,224,764</u>	<u>31,504,705</u>
Cash and cash equivalents, end of year	<u>\$ 60,165,955</u>	<u>\$ 49,224,764</u>
Reconciliation to Statements of Net Position:		
Unrestricted cash and cash equivalent	\$ 49,176,426	\$ 48,823,104
Restricted cash and cash equivalents	10,989,529	401,660
Total cash and cash equivalents	<u>\$ 60,165,955</u>	<u>\$ 49,224,764</u>

(Continued)

College of Lake County
Community College District No. 532

Statements of Cash Flows (Continued)
 Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	\$ (157,464,897)	\$ (141,450,665)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	11,671,615	11,089,342
On-behalf expense for pension system payment	51,108,420	42,532,826
On-behalf expense for OPEB system payment	2,528,009	3,651,638
Net College OPEB related deferred outflows	(320,584)	(474,913)
Net CIP OPEB related deferred outflows/inflows	445,844	2,960,662
Changes in assets and liabilities:		
Receivables (net)	(303,189)	309,629
Inventories and prepaid expenses	(141,286)	(16,906)
Accounts payable	(246,880)	(3,909,337)
Accrued expenses	4,583,832	894,456
Other current liabilities	(36,705)	24,294
Amounts held in custody for others	94,750	20,915
Deferred tuition and fees	(286,410)	684,040
	<u>\$ (88,367,481)</u>	<u>\$ (83,684,019)</u>

Supplemental schedule of noncash capital and related financing activities:

Capital contributions	\$ 13,500	\$ 54,716
State capital appropriations	348,795	-
Gain/loss on investments	788,185	1,030,599

See accompanying notes to basic financial statements.

**College of Lake County
Community College District No. 532**

Component Unit – College of Lake County Foundation
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 651,544	\$ 260,769
Pledges receivables	131,502	45,300
Other receivables	15,000	41,211
Investments	4,481,421	4,043,976
	<u>4,481,421</u>	<u>4,043,976</u>
Total assets	<u>\$ 5,279,467</u>	<u>\$ 4,391,256</u>
Liabilities		
Accounts payable	\$ 1,905	\$ 30,939
Grants and scholarships payable	12,872	44,728
Deferred revenue	2,500	25,000
	<u>17,277</u>	<u>100,667</u>
Total liabilities	<u>17,277</u>	<u>100,667</u>
Net Assets		
Assets without donor restrictions:		
Undesignated	805,710	687,795
Assets with donor restrictions:		
Perpetual in nature	1,619,700	1,581,901
Purpose restrictions	2,836,780	2,020,893
	<u>4,456,480</u>	<u>3,602,794</u>
Total net assets	<u>5,262,190</u>	<u>4,290,589</u>
Total liabilities and net assets	<u>\$ 5,279,467</u>	<u>\$ 4,391,256</u>

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Component Unit – College of Lake County Foundation
 Statements of Activities
 Years Ended June 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at June 30, 2018	\$ 622,056	\$ 3,848,297	\$ 4,470,353
Public support and revenue:			
Contributions and gifts	149,708	433,357	583,065
Special events revenue	295,832	-	295,832
Less: cost of direct benefits to donors	(51,081)	-	(51,081)
Donated services	753,435	-	753,435
Other noncash donations	107,148	-	107,148
Net assets released from restrictions	817,665	(817,665)	-
Total public support	2,072,707	(384,308)	1,688,399
Other income:			
Investment income	129,390	143,805	273,195
Total other income	129,390	143,805	273,195
Total public support and revenue	2,202,097	(240,503)	1,961,594
Expenses:			
Program services:			
Grants and scholarships	1,334,313	-	1,334,313
Noncash donations to College of Lake County	107,148	-	107,148
Supporting services:			
Management and general	235,880	-	235,880
Travel/meeting	15,931	-	15,931
Fundraising	448,086	-	448,086
Total expenses	2,141,358	-	2,141,358
Increase (decrease) in net assets before other item	60,739	(240,503)	(179,764)
Other item:			
Change in donor designation	5,000	(5,000)	-
Increase (decrease) in net assets	65,739	(245,503)	(179,764)
Net assets at June 30, 2019	687,795	3,602,794	4,290,589
Public support and revenue:			
Contributions and gifts	236,259	1,344,134	1,580,393
Special events revenue	182,415	-	182,415
Donated services	763,243	-	763,243
Other noncash donations	34,839	-	34,839
Net assets released from restrictions	635,956	(635,956)	-
Total public support	1,852,712	708,178	2,560,890
Other income:			
Investment income	111,281	157,058	268,339
Total other income	111,281	157,058	268,339
Total public support and revenue	1,963,993	865,236	2,829,229
Expenses:			
Program services:			
Grants and scholarships	1,128,877	-	1,128,877
Noncash donations to College of Lake County	34,839	-	34,839
Supporting services:			
Management and general	243,409	-	243,409
Travel/meeting	18,765	-	18,765
Fundraising	431,738	-	431,738
Total expenses	1,857,628	-	1,857,628
Increase in net assets before other item	106,365	865,236	971,601
Other item:			
Change in donor designation	11,550	(11,550)	-
Increase in net assets	117,915	853,686	971,601
Net assets at June 30, 2020	\$ 805,710	\$ 4,456,480	\$ 5,262,190

See accompanying notes to basic financial statements.

Notes to Basic Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Organization: College of Lake County, Community College District No. 532 (the College), established in 1969 under the Illinois Public Community College Act, provides postsecondary educational and training for individuals within District 532. The Board of Trustees is elected by the residents of the District and is responsible for establishing the policies and procedures by which the College is governed.

Reporting entity: The accompanying financial statements include all accounts and transactions of the College and its discretely presented component unit, the College of Lake County Foundation (the Foundation).

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Financial benefit or burden is created if any one of the following relationships exists:

1. The primary government is legally entitled to or can otherwise access the component unit's resources.
2. The primary government is legally required or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the component unit.
3. The primary government is obligated in some manner for the other component unit's debt.

The Foundation acts primarily as a fund raising organization to supplement the resources that are available to the College in support of its programs. The Foundation's board is independent of the College. While the College does not control when or the amount it receives from the Foundation, the majority of the Foundation's assets are restricted by donors for the College's scholarships and programs. Therefore, as the College ultimately has access to these resources, the Foundation is considered a component unit of the College.

Basis of accounting: 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-entity transactions have been eliminated.

Nonexchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; 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. Revenue 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 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 Basic Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: Cash includes petty cash on hand and deposits in the College's bank accounts. The College considers money market accounts, savings accounts and any highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments are reported at fair value. External investment pools are reported at net asset value based on amortized cost, which approximates fair value. Illinois Portfolio, IIT class and Illinois Trust – Illinois TERM series are external investment pools. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in the carrying value of investments, resulting in realized and unrealized gains or losses, are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term that could materially affect the amounts reported in the statement of net position and in the statement of revenues, expenses, and changes in net position.

Receivables: Receivables include (1) property taxes, net of allowance, (2) government claims associated with state and federal funding, (3) tuition and fees, net of allowance and (4) other receivable balances associated with accounts receivable from vendors, traffic court tuition, and accrued interest.

Inventories: Inventories are reported at the lower of cost or market on the FIFO (first-in, first-out) basis. Inventories represent items held for resale by the College's auxiliary enterprises.

Restricted cash: Cash that is externally restricted to make debt service payments, or to purchase or construct capital or other noncurrent assets, is classified as noncurrent assets in the statements of net position.

Capital assets: Capital assets are reported at cost at the date of acquisition. Donated capital assets, donated works of art and similar items (capitalized collections) and capital assets received in a service concession arrangement, if any, are reported at acquisition value. For movable property, the College's capitalization policy includes all items with a unit cost of \$5,000 or more, or computer assets with a unit cost of \$500 or more, and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The College capitalizes interest related to construction in progress on self-constructed capital assets. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Capital assets are depreciated using the straight-line method over the estimated useful life of the assets, generally 15 to 50 years for buildings and building improvements, 15 to 25 years for depreciable land improvements, 3 years for computer equipment, and 5 to 20 years for all other furniture and equipment. Land and capitalized collections are not depreciated.

Accrued expenses: Included in accrued expenses are compensated absences for vacation. In the event of job termination, an employee is reimbursed for an accumulated maximum number of vacation days, which range from 40 to 52 days, depending on the classification of the employee. Vacation days earned in one vacation year may not be carried forward beyond the end of the following year. Therefore, the entire accrued vacation liability on the statement of net position is considered a current liability. See Note 4 for further information on accrued expenses.

Premiums, discounts, and issuance costs: Bond premiums are deferred and amortized over the life of the bonds using the sum of the bonds outstanding method, which approximates the effective interest method. Long-term obligations (general obligation bonds) are reported net of the applicable bond premium. Bond issuance costs are expensed at the time the debt is issued.

Notes to Basic Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Deferred outflows of resources: Deferred outflows are a consumption of net assets by the College that is applicable to a future reporting period, and should be reported as having a similar impact on net position as assets.

Pension payments related to federal grants and made subsequent to the pension liability measurement date are considered to be deferred outflows. See Note 6 for further discussion of the College's deferred outflows of resources.

Changes in assumptions and differences between expected and actual experience of the College's other postemployment benefit plan made subsequent to the pension liability measurement date are considered to be deferred outflows. See Note 7 for further discussion of the College's deferred outflows of resources.

Changes in proportion and differences between employer contributions and share of contributions of the College's allocation of the State of Illinois' College Insurance Program (CIP) other postemployment benefit (OPEB) plan made subsequent to the pension liability measurement date are considered to be deferred outflows. See Note 7 for further discussion of the College's deferred outflows of resources.

Loss on refunding of the College's bonds are reported as deferred outflows of resources. The loss is amortized over the life of the debt using the straight-line method.

Deferred Outflows of Resources are summarized below:

Deferred Outflows of Resources	2020	2019
Deferred charges - College OPEB plan	\$ 1,058,693	462,766
Deferred charges - CIP OPEB plan	4,914,891	3,016,989
Subtotal - deferred outflows of pension-related resources	5,973,584	3,479,755
Deferred grant-related pension contributions	135,983	123,611
Deferred refunding cost	887,326	951,082
Total deferred outflows of resources	\$ 6,996,893	\$ 4,554,448

Unearned revenues and deferred inflows of resources: Deferred inflows are acquisitions of net position that are applicable to a future reporting period, and should be reported as having a similar impact on net position as liabilities.

Property tax revenues levied for the subsequent fiscal year are considered to be deferred inflows. Unearned revenues include (1) amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that are related to the subsequent accounting period, (2) amounts received from grant and contract sponsors that have not yet been earned, and (3) building rentals received in advance.

Changes in assumptions, differences between expected and actual experience and net difference between projected and actual investment earnings on plan investments of the College's CIP plan and contributions made subsequent to the OPEB liability measurement date are considered to be deferred inflows. See Note 7 for further discussion of the College's deferred inflows of resources.

Deferred Inflows of Resources are summarized below:

Deferred Inflows of Resources	2020	2019
Deferred property tax revenue	\$ 36,134,247	\$ 35,266,167
Deferred credits - College OPEB plan	311,692	36,349
Deferred credits - CIP OPEB plan	10,598,777	8,255,031
Total deferred inflows of resources	\$ 47,044,716	\$ 43,557,547

Notes to Basic Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Noncurrent liabilities: Noncurrent liabilities include (1) principal amounts of bond obligations with maturities greater than one year, (2) net post-employment benefit obligations and (3) a portion of unearned rental revenue.

Pensions: The net pension liability, deferred outflows and inflows of resources related to pensions, contributions and pension expense have been determined on the same basis as they are determined and reported by SURS. See Note 6 for additional discussion.

Postemployment benefits other than pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of CIP and additions to/deductions from CIP's fiduciary net position have been determined on the same basis as they are reported by CIP. For this purpose, CIP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net position: The College's net position is classified as follows:

Net Investment in Capital Assets

This represents the College's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations (net of unspent bond proceeds) related to acquisition, construction, or improvement of those capital assets.

Restricted Net Position

Restricted net position includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or through enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the College's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted Net Position

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

The Board of Trustees has designated the following amounts of the College's unrestricted net position for the future payment of OPEB costs and claims:

Fiscal Year 2018	\$ 2,400,000
Fiscal Year 2019	2,400,000
Fiscal Year 2020	2,400,000
	<u>\$ 7,200,000</u>

Classification of revenues: The College classifies its revenues as either operating or nonoperating in the statements of revenues, expenses, and changes in net position according to the following criteria:

Operating Revenue

Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, and (2) sales and services of auxiliary enterprises.

Notes to Basic Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Nonoperating Revenue

Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as (1) local property taxes, (2) state appropriations, (3) most federal, state, and local grants and contracts and federal appropriations, (4) gifts and contributions and (5) investment income.

Classification of expenses: The College classifies all expenses as operating in the statements of revenues, expenses, and changes in net position, except for interest expense which is classified as nonoperating.

Property taxes: The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the entities their respective share of the collections. Taxes levied in one year become due and payable in two installments on June 1 and September 1 of the following year.

Taxes must be levied by the fourth Tuesday in December of the levy year. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

In accordance with a College Board resolution, 50 percent of the property taxes extended for the 2019 tax year are recorded as revenue in the fiscal year ended June 30, 2020. The remaining revenue related to the 2019 tax year extension has been deferred and will be recorded as revenue in fiscal year 2021. Based upon collection histories, the College records real property taxes at approximately 100 percent of the extended levy.

Eliminations: Interfund activities between the College and its auxiliary enterprise are eliminated for purposes of preparing the statements of revenues, expenses, and changes in net position, and the statements of net position.

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

Pending accounting pronouncements:

In May 2020, the GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which defers the effective date of several pronouncements. The dates reflected in each listed pronouncement is the extended effective date.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the College beginning with its year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Notes to Basic Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

GASB Statement No. 87, *Leases*, will be effective for the College beginning with its year ended June 30, 2022. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*, will be effective for the College beginning with its year ended June 30, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, will be effective for the College beginning with its year ended June 30, 2021. This Statement improves financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously were reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the College beginning with its year ended June 30, 2023. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

GASB Statement No. 92, *Omnibus 2020*, will be effective for the College beginning with its year ended June 30, 2022. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will be effective for the College beginning with its year ended June 30, 2022. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the College with its year ended June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for the College with its year ended June 30, 2023. The primary objectives of this Statement are to (1) define a SBITA; (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA.

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will be effective for the College with its year ended June 30, 2022. The primary objective of this Statement is to result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans.

Subsequent Events: On November 30, 2020, the College issued Taxable Debt Certificate, Series 2020 in the maximum principal amount of \$10 million in order to repair and replace roofs and acquire, renovate and equip an advanced technology center. The certificate will become due and payable on November 30, 2022.

On September 22, 2020, the Board of Trustees approved a resolution authorizing the purchase and acquisition of an Advanced Technology Center (ATC) building for \$4.9M. The building is expected to be purchased at the end of December 2020. The Series 2020, Taxable Debt Certificates will be used to fund the acquisition.

Note 2. Deposits and Investments

As of June 30, 2020 and 2019, the College had the following cash, cash equivalents and investments:

	2020	2019
	Carrying Value	
Cash and cash equivalents:		
Cash accounts	\$ 19,590,143	\$ 10,756,601
Restricted accounts - money market	10,989,529	401,660
Illinois Trust IIIT Class	29,586,283	36,025,290
Certificates of deposit	-	2,041,213
Total cash and cash equivalents	<u>60,165,955</u>	<u>49,224,764</u>
Investments:		
Certificates of deposit	3,172,106	4,931,858
Illinois TERM	1,250,000	-
U.S. Treasury Bond/Note	10,527,652	23,378,203
U.S. Agency Collat. Mortgage Obligation	3,998,360	3,400,989
U.S. Agency Bond/Note	7,802,582	8,935,473
U.S. Mortgage-Backed Security	2,327,099	2,488,239
Commercial Paper	12,492,616	9,721,917
Supra-National Agency Bond/Note	892,154	2,573,942
Corporate Note	10,057,718	7,510,647
Private Placement Bond	206,601	-
Municipal Bond/Note	3,190,351	1,488,449
Total investments	<u>55,917,239</u>	<u>64,429,717</u>
Total cash, cash equivalents and investments	<u>\$ 116,083,194</u>	<u>\$ 113,654,481</u>
Current assets:		
Cash and cash equivalents	\$ 49,176,426	\$ 48,823,104
Investments	19,672,493	27,702,937
Noncurrent assets:		
Restricted cash and cash equivalents	10,989,529	401,660
Other long-term investments	36,244,746	36,726,780
Total cash, cash equivalents and investments	<u>\$ 116,083,194</u>	<u>\$ 113,654,481</u>

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

As of June 30, 2020 and 2019, the College's investments had the following maturities:

	2020 Maturities				Total
	Less than 1 year	1 to 5 years	6 to 10 years	Greater than 10 years	
Certificates of deposit	\$ 3,172,106	\$ -	\$ -	\$ -	\$ 3,172,106
Illinois TERM	1,250,000	-	-	-	1,250,000
U.S. Treasury Bond/Note	-	10,527,652	-	-	10,527,652
U.S. Agency Collat. Mortgage Obligation	195,429	2,660,538	1,041,363	101,030	3,998,360
U.S. Agency Bond/Note	384,363	7,418,219	-	-	7,802,582
U.S. Mortgage-Backed Security	-	-	1,400,114	926,985	2,327,099
Commercial Paper	12,492,616	-	-	-	12,492,616
Supra-National Agency Bond/Note	-	892,154	-	-	892,154
Corporate Note	1,143,069	8,914,649	-	-	10,057,718
Private Placement Bond	-	206,601	-	-	206,601
Municipal Bond/Note	1,034,910	2,155,441	-	-	3,190,351
Total investments	\$ 19,672,493	\$ 32,775,254	\$ 2,441,477	\$ 1,028,015	\$ 55,917,239

	2019 Maturities				Total
	Less than 1 year	1 to 5 years	6 to 10 years	Greater than 10 years	
Certificates of deposit	\$ 4,480,615	\$ 451,243	\$ -	\$ -	\$ 4,931,858
U.S. Treasury Bond/Note	9,006,727	14,371,476	-	-	23,378,203
U.S. Agency Collat. Mortgage Obligation	442,787	2,958,202	-	-	3,400,989
U.S. Agency Bond/Note	4,050,891	4,884,582	-	-	8,935,473
U.S. Mortgage-Backed Security	-	386,155	1,056,579	1,045,505	2,488,239
Commercial Paper	9,721,917	-	-	-	9,721,917
Supra-National Agency Bond/Note	-	2,573,942	-	-	2,573,942
Corporate Note	-	7,510,647	-	-	7,510,647
Municipal Bond/Note	-	1,488,449	-	-	1,488,449
Total investments	\$ 27,702,937	\$ 34,624,696	\$ 1,056,579	\$ 1,045,505	\$ 64,429,717

Interest Rate Risk. Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The College's investment policy does not limit the maturities of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that the College will not recover its investments due to the ability of the counterparty to fulfill its obligation. Illinois statutes authorize the College to invest in obligations of the U.S. Treasury and U.S. Agencies, interest-bearing savings accounts, interest-bearing time deposits, money market mutual funds registered under the Investment Company Act of 1940 (limited to U.S. Government obligations), shares issued by savings and loan associations (provided the investments are insured by the Federal Savings and Loan Insurance Corporation (FSLIC)), short-term discount obligations issued by the Federal National Mortgage Association, share accounts of certain credit unions, investments in the Illinois School District Liquid Asset Fund, and certain repurchase agreements.

The College is also authorized to invest in short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if such obligations are rated at the time of purchase within the three highest classifications established by two or more standard rating services, the obligations mature within 270 days, no more than 1/3 of the total average balances from all funds available at the end of each month is invested in such obligations at any time and such purchases do not exceed 10% of a corporation's outstanding obligations. Investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation (FDIC).

The College's investment policy specifically prohibits investment in derivative products.

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Credit ratings for the College's investments in debt securities as described by Standard & Poor's and Moody's at June 30, 2020 (excluding investments in U.S. Treasuries and FDIC Insured Bank Certificates of Deposit which are not considered to have credit risk) are as follows:

Investment Type	Disclosure Rating for Debt Securities (S&P/Moody's) (As a percentage of total fair value for debt securities)					
	AAA/Aaa	A-1+/P-1	A-1/P-1	AA+/Aaa	AA-/Aa3	
U.S. Agency Collat. Mortgage Obligation	0%	0%	0%	100%	0%	
U.S. Agency Bond/Note	0%	0%	0%	100%	0%	
U.S. Mortgage-Backed Security	0%	0%	0%	100%	0%	
Commercial Paper	0%	16%	84%	0%	0%	
Supra-National Agency Bond/Note	100%	0%	0%	0%	0%	
Certificates of Deposit	0%	0%	100%	0%	0%	
Private Placement Bond	0%	0%	0%	0%	100%	

Due to the mix of corporate notes, the ratings for those are listing below:

S&P/Moody's	Percent of total fair value for Corporate Notes	Percent of total fair value for Municipal
AAA/Aa1	0%	15%
AA+/Aaa	0%	6%
AA+/Aa1	4%	12%
AA/Aa1	2%	10%
AA/Aa2	3%	10%
AA/A1	0%	0%
AA-/Aa2	0%	16%
AA-/Aa3	0%	0%
AA-/A1	7%	0%
AA-/A2	2%	0%
A+/A1	15%	0%
A+/A2	3%	0%
A+/A3	1%	0%
A/A1	6%	3%
A/A2	14%	0%
A/A3	6%	0%
A-/A1	2%	0%
A-/A2	13%	0%
A-/A3	8%	0%
BBB+/A3	12%	0%
BBB-/Baa2	2%	0%
NR/Aa1	0%	28%

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The College is considered to have a concentration of credit risk if its investment in any one single issuer is greater than 5 percent of the total fixed income investments. At June 30, 2020, the College held \$3,973,780 in a single corporate note, which represents 5% of the investment portfolio. At June 30, 2019, the College held \$3,973,780 in a single commercial paper, which represents 6.2% of the investment portfolio. The College's investment policy states that the total investment in any one corporation cannot be more than 5% of the overall portfolio, which includes certain cash equivalents. Thus, while these investments are greater than 5% of the investment balance, it is not a violation of the College's investment policy, which looks at all invested funds.

Custodial Credit Risk. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2020 and 2019, the bank balance of the College's deposits with financial institutions were all fully collateralized and insured. There were no investments exposed to custodial credit risk.

GASB Statement No. 72, *Fair Value Measurement and Application*, provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets that are not active; or using other inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities and credit spreads or market-corroborated inputs
- Level 3 inputs are significant unobservable inputs

Investments measured at fair value on a recurring basis as of June 30, 2020 are summarized below:

Investment	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
U.S. Treasury Bond/Note	\$ 10,527,652	\$ -	\$ -
U.S. Agency Collat. Mortgage Obligation	3,998,360	3,998,360	-
U.S. Agency Bond/Note	7,802,582	7,802,582	-
U.S. Mortgage-Backed Security	2,327,099	2,327,099	-
Commercial Paper	12,492,616	12,492,616	-
Supra-National Agency Bond/Note	892,154	892,154	-
Corporate Note	10,057,718	10,057,718	-
Private Placement Bond	206,601	206,601	-
Municipal Bond/Note	3,190,351	3,190,351	-
Total	\$ 51,495,133	\$ 40,967,481	\$ -

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Investments measured at fair value on a recurring basis as of June 30, 2019 are summarized below:

Investment	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
U.S. Treasury Bond/Note	\$ 23,378,203	\$ 23,378,203	\$ -
U.S. Agency Collat. Mortgage Obligation	3,400,989	-	3,400,989
U.S. Agency Bond/Note	8,935,473	-	8,935,473
U.S. Mortgage-Backed Security	2,488,239	-	2,488,239
Commercial Paper	9,721,917	-	9,721,917
Supra-National Agency Bond/Note	2,573,942	-	2,573,942
Corporate Note	7,510,647	-	7,510,647
Municipal Bond/Note	1,488,449	-	1,488,449
Total	\$ 59,497,859	\$ 23,378,203	\$ 36,119,656

The College has cash equivalents and investments as of June 30, 2020 and 2019 measured at amortized cost or net asset value (NAV) based on amortized cost as follows:

	2020	2019
Illinois Trust IIIT Class	\$ 29,586,283	\$ 36,025,290
Participating certificates of deposit	3,172,106	6,973,071
Illinois TERM	1,250,000	-
	\$ 34,008,389	\$ 42,998,361

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Construction in progress	\$ 1,609,356	\$ 852,213	\$ 100,114	\$ 2,361,455
Land	12,487,877	-	-	12,487,877
Capitalized collections	1,206,319	13,500	-	1,219,819
Total capital assets not being depreciated	<u>15,303,552</u>	<u>865,713</u>	<u>100,114</u>	<u>16,069,151</u>
Capital assets being depreciated:				
Land improvements	13,265,047	101,391	-	13,366,438
Buildings and improvements	227,403,218	1,470,834	-	228,874,052
Furniture and equipment	43,091,954	2,901,021	148,439	45,844,536
Total capital assets being depreciated	<u>283,760,219</u>	<u>4,473,246</u>	<u>148,439</u>	<u>288,085,026</u>
Less accumulated depreciation:				
Land improvements	7,345,899	673,506	-	8,019,405
Buildings and improvements	72,760,676	7,552,789	-	80,313,465
Furniture and equipment	27,149,142	3,445,320	148,439	30,446,023
Total accumulated depreciation	<u>107,255,717</u>	<u>11,671,615</u>	<u>148,439</u>	<u>118,778,893</u>
Total capital assets being depreciated, net	<u>176,504,502</u>	<u>(7,198,369)</u>	<u>-</u>	<u>169,306,133</u>
Total capital assets, net	<u>\$ 191,808,054</u>	<u>\$ (6,332,656)</u>	<u>\$ 100,114</u>	<u>\$ 185,375,284</u>

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Construction in progress	\$ 4,295,169	\$ 4,396,863	\$ 7,082,676	\$ 1,609,356
Land	12,487,877	-	-	12,487,877
Capitalized collections	1,041,319	165,000	-	1,206,319
Total capital assets not being depreciated	<u>17,824,365</u>	<u>4,561,863</u>	<u>7,082,676</u>	<u>15,303,552</u>
Capital assets being depreciated:				
Land improvements	13,158,124	106,923	-	13,265,047
Buildings and improvements	217,928,494	9,474,724	-	227,403,218
Furniture and equipment	40,734,754	2,538,871	181,671	43,091,954
Total capital assets being depreciated	<u>271,821,372</u>	<u>12,120,518</u>	<u>181,671</u>	<u>283,760,219</u>
Less accumulated depreciation:				
Land improvements	6,689,715	656,184	-	7,345,899
Buildings and improvements	65,387,972	7,372,704	-	72,760,676
Furniture and equipment	24,258,728	3,060,454	170,040	27,149,142
Total accumulated depreciation	<u>96,336,415</u>	<u>11,089,342</u>	<u>170,040</u>	<u>107,255,717</u>
Total capital assets being depreciated, net	<u>175,484,957</u>	<u>1,031,176</u>	<u>11,631</u>	<u>176,504,502</u>
Total capital assets, net	<u>\$ 193,309,322</u>	<u>\$ 5,593,039</u>	<u>\$ 7,094,307</u>	<u>\$ 191,808,054</u>

Note 4. Accrued Expenses

Accrued expenses consisted of the following at June 30:

	2020	2019
Accrued payroll and benefits	\$ 2,947,299	\$ 2,678,333
Accrued vacation	2,795,591	2,187,433
Accrued construction retainage	104,730	378,942
Accrued health insurance claims	612,596	456,383
Accrued workers' compensation claims	394,228	166,183
Accrued expenses - other	361,938	224,578
Total accrued expenses	<u>\$ 7,216,382</u>	<u>\$ 6,091,852</u>

Notes to Basic Financial Statements

Note 5. Long-Term Obligations

The College has the following outstanding bonds payable as of June 30, 2020 and 2019:

General Obligation Limited Tax Bonds, Series 2012 with a yield of 2.00% to 3.00% depending on the date of serial maturity through 2027. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the College lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was \$19,850,000. The College received a premium of \$654,118 and paid issue costs of \$62,865. The principal balance at June 30, 2020 and 2019 was \$11,840,000 and \$13,290,000, respectively.

General Obligation Limited Tax Bonds, Series 2013A with a yield of 2% to 4% depending on the date of serial maturity through 2024. The certificates are general obligations of the College both as to principal and interest from the funds of the College lawfully available for payments. The original liability upon issuance was \$31,690,000. The College received a premium of \$2,076,140 and paid issue costs of \$326,140. The principal balance at June 30, 2020 and 2019 was \$14,965,000 and \$19,030,000, respectively.

General Obligation Refunding Bonds, Series 2017 with a yield of 3.1% through 2034. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the College lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was \$22,325,000. The College received no premium, nor incurred any discount and paid issue costs of \$121,275. The bonds were issued as an advanced refunding of the Series 2013B General Obligation Limited Tax Bonds. The principal balance at June 30, 2020 and 2019 was \$22,010,000 and \$22,125,000, respectively.

Defeasance of Debt – December 21, 2017

On December 21, 2017, the College defeased the General Obligation Limited Tax Bonds Series 2013B by placing the proceeds of the General Obligation Refunding Bonds Series 2017 in an irrevocable trust to provide for all future debt service payments on the old bonds. The escrow agent is not authorized to substitute assets that are not essentially risk-free in the trust portfolio. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. For the years ended June 30, 2020 and 2019, \$0 and \$21,045,000 of bonds outstanding are considered defeased.

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

Changes in long-term obligations during the year ended June 30, 2020 were as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year
General obligation bonds:					
Par	\$ 54,445,000	\$ -	\$ 5,630,000	\$ 48,815,000	\$ 5,860,000
Premium	549,072	-	206,467	342,605	-
Total general obligation bonds, net	54,994,072	-	5,836,467	49,157,605	5,860,000
Postemployment benefits:					
College Plan	18,088,287	378,234	-	18,466,521	-
CIP plan	57,729,548	2,790,592	-	60,520,140	-
Total postemployment benefits	75,817,835	3,168,826	-	78,986,661	-
	<u>\$ 130,811,907</u>	<u>\$ 3,168,826</u>	<u>\$ 5,836,467</u>	<u>\$ 128,144,266</u>	<u>\$ 5,860,000</u>

Changes in long-term obligations during the year ended June 30, 2019 were as follows (refer to Note 13 for information regarding the restatement of postemployment benefits):

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Amounts Due Within One Year
General obligation bonds:					
Par	\$ 59,860,000	\$ -	\$ 5,415,000	\$ 54,445,000	\$ 5,630,000
Premium	804,874	-	255,802	549,072	-
Total general obligation bonds, net	60,664,874	-	5,670,802	54,994,072	5,630,000
Postemployment benefits					
College Plan, as restated	17,922,784	165,503	-	18,088,287	-
CIP plan	56,835,882	893,666	-	57,729,548	-
Total postemployment benefits	74,758,666	1,059,169	-	75,817,835	-
	<u>\$ 135,423,540</u>	<u>\$ 1,059,169</u>	<u>\$ 5,670,802</u>	<u>\$ 130,811,907</u>	<u>\$ 5,630,000</u>

The following is a schedule of the future debt service payments for general obligation bonds as of June 30, 2020:

Year ending June 30:	Principal	Interest	Total
2021	\$ 5,860,000	\$ 1,604,585	\$ 7,464,585
2022	6,105,000	1,385,320	7,490,320
2023	6,365,000	1,156,850	7,521,850
2024	6,630,000	918,825	7,548,825
2025	3,435,000	706,800	4,141,800
2026-2030	12,325,000	2,191,685	14,516,685
2031-2034	8,095,000	637,205	8,732,205
	<u>\$ 48,815,000</u>	<u>\$ 8,601,270</u>	<u>\$ 57,416,270</u>

Notes to Basic Financial Statements

Note 6. Defined Benefit Pension Plans

General Information about the Pension Plan

Plan Description. The College of Lake County contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) 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 state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2019 can be found in SURS CAFR's Notes to the Financial Statements.

Contributions. The State is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2019 and 2020, respectively, was 12.29% and 13.02% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the State's General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

For financial reporting purposes, the State and participating employers are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the College) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The College recognizes its proportionate share of the State's pension expense relative to the College's employees as non-operating revenue and pension expense, with the expense further allocated to the related function by employees.

Notes to Basic Financial Statements

Note 6. Defined Benefit Pension Plans (Continued)

Pension Liabilities, Expense, and Deferred Outflows of Resources Related to Pensions

Net Pension Liability

The net pension liability was measured as of June 30, 2019. At June 30, 2019, SURS reported a net pension liability (NPL) of \$28,720,071,173.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the NPL to be recognized for College as of the measurement date is \$0 due to the special funding situation described above. The proportionate share of the State's NPL associated with the College is \$474,426,856. This amount is not recognized in the College's financial statements. The NPL and total pension liability as of June 30, 2019, was determined based on the June 30, 2018 actuarial valuation roll forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pension contributions made to SURS during fiscal year 2019 as compared to the total actual reported pension contributions of all employers.

Pension Expense

At June 30, 2019, SURS reported a collective net pension expense of \$3,094,666,252.

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense are the actual reported pension contributions made to SURS during fiscal years 2020 and 2019. As a result, College recognized revenue and pension expense of \$51,120,792 and \$42,532,826 from this special funding situation as State appropriations for the fiscal years ended June 30, 2020 and 2019, respectively.

Deferral of Fiscal Year 2020 Pension Expense

Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. The College paid \$135,983 and \$123,611 in federal, trust or grant contributions for the fiscal years ended June 30, 2020 and 2019, respectively. These contributions were made subsequent to the pension liability measurement date of June 30, 2019 and 2018, and are recognized as deferred outflows of resources as of June 30, 2020 and 2019.

Assumptions and Other Inputs

Actuarial Assumptions. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2018. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.25 to 12.25 percent, including inflation
Investment rate of return	6.75 percent beginning with the actuarial valuation as of June 30, 2018

Mortality rates were based on the RP2014 White Collar, gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

Notes to Basic Financial Statements

Note 6. Defined Benefit Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary.

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.25%
Private Equity	6%	8.65%
Non-U.S. Equity	19%	6.75%
Global Equity	8%	6.25%
Fixed Income	19%	1.85%
Treasury-Inflation Protected Securities	4%	1.20%
Emerging Market Debt	3%	4.00%
Real Estate REITS	4%	5.70%
Direct Real Estate	6%	4.85%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	1%	7.00%
Total	<u>100%</u>	<u>4.80%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Return		<u>7.55%</u>

Discount Rate. A single discount rate of 6.59% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.13% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS' funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Additional information regarding the SURS basic financial statements including the plan's net position can be found in the SURS' CAFR by accessing the website at www.SURS.org.

Notes to Basic Financial Statements

Note 7. Postemployment Benefits Other Than Pensions

The College participates in two OPEB plans, the State of Illinois' Community College Health Insurance Program (CIP) and an OPEB plan provided by the College. Total expenses associated for these plans associated with the net pension liabilities are as follows for the years ending June 30:

	2020	2019
CIP OPEB plan expense	\$ 3,530,612	\$ 3,854,328
less: deferred outflows	(294,176)	(287,661)
CIP OPEB on-behalf plan expense	2,528,009	3,651,638
College OPEB plan expense	969,471	889,915
Total OPEB plans' expense	<u>\$ 6,733,916</u>	<u>\$ 8,108,220</u>

State of Illinois' Community College Health Insurance Program (CIP)

Plan Description: The College participates in the State of Illinois' Community College Health Insurance Program (CIP), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the state. The benefits, employer, employee, retiree and state contributions are dictated by ILCS through the State Group Insurance Act of 1971 (the Act) and can only be changed by the Illinois General Assembly. Separate financial statements, including required supplementary information, may be obtained from the Department of Healthcare and Family Services, 201 South Grand Avenue East, Springfield, Illinois 62763.

Benefits Provided: CIP provides health, vision and dental benefits to retired staff and dependent beneficiaries of participating community colleges. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits.

Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

Contributions: The Act requires every active contributor (employee) of SURS to contribute 0.5% of covered payroll and every community college district to contribute 0.5% of covered payroll. Retirees pay a premium for coverage that is also determined by ILCS. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires the state to make an annual appropriation to CIP to cover any expected expenditures in excess of the contributions by active employees, employers and retirees. The result is pay as you go financing of the plan. The employee contributions to the Plan for the years ending June 30, 2020, 2019, and 2018 were \$294,176, \$287,661, and \$267,410, respectively. The College contributions were equal to the required contributions for each year.

Notes to Basic Financial Statements

Note 7. Postemployment Benefits Other Than Pensions (Continued)

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2019, the College reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided for the College. The State's support and total are for disclosure purposes only. The OPEB proportionate shares are as follows:

Employer's proportionate share of the collective net OPEB liability	\$ 60,520,140
The portion of the State's proportionate share amount of the collective net OPEB liability associated with the employer	60,520,118
Total CIP net collective OPEB liability associated with the employer	<u>\$ 121,040,258</u>

The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to June 30, 2019. The College's proportion of the net OPEB liability was based on the College's actual contributions to the OPEB plan relative to the projected contributions of all participating Colleges and the State of Illinois, statutorily determined. At June 30, 2019 and 2018, the College's proportions were 3.204598 percent and 3.062167 percent, respectively.

For the year ended June 30, 2020, the College recognized OPEB revenue of \$2,528,009 and OPEB expense of \$6,058,621 for support provided by the State. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 709,288	\$ 1,279,865
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,911,427	884,374
Net difference between projected and actual investment earnings	-	2,673
Changes of assumptions	-	8,431,865
Total deferred amounts to be recognized in expense in future periods	4,620,715	10,598,777
Employer contributions subsequent to the measurement date	294,176	-
	<u>\$ 4,914,891</u>	<u>\$ 10,598,777</u>

Notes to Basic Financial Statements

Note 7. Postemployment Benefits Other Than Pensions (Continued)

The College reported \$294,176 as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability for the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CIP will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:

2021	\$ (1,578,068)
2022	(1,578,068)
2023	(1,577,914)
2024	(1,018,845)
2025	(225,167)
	<u>\$ (5,978,062)</u>

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019 the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary rate increases	3.25%
Investment rate of return	0.00%
Healthcare cost trend rates	8.00-9.00% trending to 4.50-4.90%
Asset valuation method	Market Value

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant Table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2014 to June 30, 2017.

The following OPEB-related assumption changes were made since the June 30, 2017 OPEB actuarial valuation date:

- The discount rate was changed from 3.62 percent at June 30, 2018 to 3.13 percent at June 30, 2019;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2018, projected plan cost for plan year-end June 30, 2019, premium changes through plan year-end 2019, and expectation of future trend increases after June 30, 2019;
- The Excise Tax trend rate adjustment was updated based on available premium and enrollment information as of June 30, 2019;
- Per capita claim costs for plan year ended June 30, 2019 were updated based on projected claims and enrollment experience through June 30, 2019, and updated premium rates through plan year 2020; and
- Healthcare plan participation rates by plan were updated based on observed experience.

The long-term expected rate of return assumption was set to zero. As such, ranges of expected future real rates of return by asset class were not developed.

Notes to Basic Financial Statements

Note 7. Postemployment Benefits Other Than Pensions (Continued)

Discount Rate: Since CIP is financed on a pay-as-you-go basis, a long-term rate of return was not used and the discount rate used to measure the total OPEB liability was the 20-year general obligation bond index rate (source was Fidelity Index's 20-year municipal GO AA Index). The discount rate as of June 30, 2019 was 3.13 percent, which was an decrease from the June 30, 2018 rate of 3.62 percent. The projection of cash flows used to determine the discount rate assumed that employee, employer, and State contributions would be made at the current statutorily-required rates. Based on those assumptions, CIP's fiduciary net position was not projected to be sufficient to make projected OPEB payments for current active and inactive employees beyond the current year.

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Single Discount Rate: The following is a sensitivity analysis of the OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the OPEB liability of the College calculated using the discount rate of 3.13% as well as what the College's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13%) or 1 percentage point higher (4.13%) than the current rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Employer's proportionate share of the collective net OPEB liability	\$ 69,461,129	\$ 60,520,140	\$ 52,931,426

The table below presents the College's OPEB liability, calculated using the healthcare cost trend rates as well as what the College's OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.0% in 2020 decreasing to an ultimate trend rate of 4.90% in 2027, for non-Medicare coverage, and 9.0% in 2020 decreasing to an ultimate trend rate of 4.50% in 2029 for Medicare coverage.

	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Employer's proportionate share of the collective net OPEB liability	\$ 50,228,022	\$ 60,520,140	\$ 74,120,554

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.90% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2029 for Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.90% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2029 for Medicare coverage.

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CIP financial report.

Payable to the OPEB Plan: The College had no outstanding contributions payable to the CIP plan for the year ended June 30, 2020.

Notes to Basic Financial Statements

Note 7. Postemployment Benefits Other Than Pensions (Continued)

College of Lake County Single Employer Defined Benefit Postemployment Benefit Healthcare Plan – GASB 75

Plan Description: The College also provides postemployment healthcare benefits (OPEB) to retired employees through a single-employer defined benefit plan (the Plan). The benefit, benefit levels, employee contributions, and employer contributions are governed by the College and can be amended by the College through its personnel manual and union contracts. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a separate report.

Benefits Provided: The College provides pre- and post-Medicare post-retirement health insurance to retirees. To be eligible for benefits, the employee must be continuously employed by the College on or before December 1, 2011, have at least 15 years of service with the College, and qualify for retirement under the State University Retirement System. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the College's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

Employees Covered by Benefit Terms: As of June 30 2020, the following employees were covered by the benefit terms:

Active employees	352
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees currently receiving benefits	388
Total	740

Funding Policy: The College is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement. During the year ended June 30, 2020, the College contributed \$807,901 to the Plan.

Total OPEB Liability: The College's total OPEB liability of \$18,466,521 was measured as of June 30, 2020, and was determined by a rollforward from an actuarial valuation as of July 1, 2017, the most recent actuarial valuation date.

Actuarial Assumptions: The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary rate increase	2.50%
Discount rate	2.21%
Healthcare cost trend rates	3.30-9.08% for 2020 decreasing to an ultimate rate of 5.00% for 2031 and later years. Medicare Part B Premium of 3.8% per year.
Retirees' share of benefit-related costs	Same as healthcare trend

Since the College Plan is financed on a pay-as-you-go basis, a long-term rate of return was not used and the discount rate used to measure the total OPEB liability was a 20-year general obligation bond index rate. The discount rate was based on the Bond Buyer 20-Bond GO Index. The beginning of year rate is 3.50% and end of year rate is 2.21%.

Mortality rates were based on the RP-2014 with White Collar Adjustment and MP-2017 Improvement Tables, weighted per SURS Experience Study Report dated February 26, 2018.

Notes to Basic Financial Statements

Note 7. Postemployment Benefits Other Than Pensions (Continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019, as restated	\$ 18,088,287
Changes for the year:	
Service cost	130,195
Interest	612,131
Changes of benefit terms	-
Differences by expected and actual experience	(369,557)
Changes in assumptions or other inputs	917,286
Benefit payments	(911,821)
Other changes	-
Net changes	<u>378,234</u>
Balance as of June 30, 2020	<u>\$ 18,466,521</u>

Changes in assumptions reflect that the discount rate was changed to comply with the GASB Statement No. 75 standard. These changes also reflect that rates of retirement, withdrawal, and disability were changed to those in the State Universities Retirement System of Illinois Actuarial Valuation Report as of June 30, 2018.

Sensitivity of the total OPEB liability to changes in the discount rate. The following is a sensitivity analysis of the OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the OPEB liability of the College calculated using the discount rate of 2.21% as well as what the College's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 20,858,390	\$ 18,466,521	\$ 16,543,240

The table below presents the College's OPEB liability, calculated using the healthcare cost trend rates as well as what the College's OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates for non-Medicare coverage are 3.30% in 2020 increasing to an ultimate trend rate of 5.00% in 2029 for PPO/HMO Plans and 9.08% in 2020 decreasing to an ultimate trend rate of 5.00% in 2029 for CIP Plans. The key trend rates for Medicare coverage are 4.81% in 2020 decreasing to an ultimate trend rate of 3.80% in 2029 for Medicare Part A and 6.72% decreasing to an ultimate trend rate of 3.80% in 2029 for Medicare Part B.

	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Total OPEB liability	\$ 17,481,228	\$ 18,466,521	\$ 19,624,026

Notes to Basic Financial Statements

Note 7. Postemployment Benefits Other Than Pensions (Continued)

(a) One percentage point decrease in healthcare trend rates for non-Medicare coverage are 2.30% in 2020 increasing to an ultimate trend rate of 4.0% in 2029 for PPO/HMO Plans and 8.08% decreasing to an ultimate trend rate of 4.0% in 2029 for CIP Plans. For Medicare coverage, 3.81% in 2020 decreasing to an ultimate trend rate of 2.80% in 2029 for Medicare Part A and 5.72% in 2020 decreasing to an ultimate trend rate of 2.80% in 2029 for Medicare Part B.

(b) One percentage point increase in healthcare trend rates for non-Medicare coverage are 4.30% in 2020 increasing to an ultimate trend rate of 6.0% in 2029 for PPO/HMO Plans and 10.08% decreasing to an ultimate trend rate of 6.0% in 2029 for CIP Plans. For Medicare coverage, 5.81% in 2020 decreasing to an ultimate trend rate of 4.80% in 2029 for Medicare Part A and 7.72% in 2020 decreasing to an ultimate trend rate of 4.80% in 2029 for Medicare Part B.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:
For the year ended June 30, 2020, the College recognized OPEB expense of \$969,471. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 285,838
Changes of assumptions	1,058,693	25,854
Total deferred amounts to be recognized in expense in future periods	<u>\$ 1,058,693</u>	<u>\$ 311,692</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30:</u>	
2021	\$ 227,145
2022	227,145
2023	232,776
2024	59,935
2025	-
	<u>\$ 747,001</u>

Notes to Basic Financial Statements

Note 8. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The College carries commercial insurance coverage related to these potential risks and believes coverages are adequate to cover such risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The College maintains a self-insured plan to cover health and dental benefits and workers' compensation for its employees through third-party administrators. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported, net of the stop loss that is specific to each type of coverage. This liability is the College's best estimate based on available information and is expected to be paid within the next fiscal year. Changes in the College's liability for employee health and workers' compensation claims for the years ended June 30, 2020, 2019, and 2018, are as follows:

	2020	2019	2018
Claims payable – beginning of year	\$ 622,566	\$ 997,590	\$ 731,112
Claims and other expenses incurred	12,538,198	11,315,420	11,537,685
Claims paid	(12,153,940)	(11,690,444)	(11,271,207)
Claims payable – end of year	<u>\$ 1,006,824</u>	<u>\$ 622,566</u>	<u>\$ 997,590</u>

Note 9. Contingent Liabilities

The College's legal advisor estimates that potential claims not covered by insurance would not materially affect the financial statements or is unable to estimate the effect on the financial statements.

Note 10. Operating Lease Commitments

The College purchased a building in Waukegan, Illinois to house the University Center, an Illinois not-for-profit corporation. The University Center rents approximately 30 percent of the building in perpetuity for \$1,000,000, which was prepaid in full. The University Center has the right of first refusal to additional space as it becomes available and will pay current market rates for any additional space leased. The College is amortizing the prepayment to income over the term of the lease (estimated to be 50 years). Lease income recognized during each of the years ended June 30, 2020 and 2019 was \$20,000. Unearned revenue related to the lease was \$680,000 and \$700,000 at June 30, 2020 and 2019, respectively.

Note 11. Commitments

The College has committed to the construction of student services and adult education facilities at its Lakeshore campus totaling \$10,486,306 as of June 30, 2020. Costs were funded through the issuance of public debt. See Note 5 for further discussion of long-term obligations of the College.

The College has committed to a roof project totaling \$375,000 as of June 30, 2020.

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 12. Expenses by Natural Classification

Expenses are reported in the statements of revenues, expenses, and changes in net position by functional classification. The College's operating expenses by natural classification for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Natural classification of total expenses:		
Salaries	\$ 76,333,515	\$ 70,837,053
Benefits	69,842,209	61,770,824
Contractual services	7,529,651	7,754,113
Materials and supplies	7,462,747	8,056,959
Travel and meetings	847,626	1,033,459
Fixed charges	2,260,188	2,077,892
Utilities	2,512,170	2,466,581
Interest	1,649,000	1,600,623
Depreciation	11,671,615	11,089,342
Other	11,952,530	9,064,867
Total expenses	<u>\$ 192,061,251</u>	<u>\$ 175,751,713</u>

The totals above differ from the statements of revenues, expenses, and changes in net position operating expenses amount by the amount of interest expense which is classified as nonoperating.

Note 13. Prior Period Restatement

The College's net position has been restated as of July 1, 2018. This resulted from a correction of an error in the evaluation of retiree benefit caps that relate to the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for other postemployment benefits (including medical insurance, dental insurance, and/or long-term care coverage) that are provided to employees through the College's Plan. See Note 7 for additional information about this plan. Beginning net position was restated as follows:

Net Position, June 30, 2018		\$ 166,821,785
Net OPEB liability under College Plan (GASB 75) as revalued	\$ (17,922,784)	
Net OPEB liability under College Plan (GASB 75) as originally stated	9,381,880	
Deferred inflow of resources - change in assumptions as revalued	(46,844)	
Deferred outflow of resources - change in assumptions as originally stated	<u>(354,576)</u>	
Restatement		<u>(8,942,324)</u>
Net Position as restated, June 30, 2018		157,879,461
Increase in net position June 30, 2019 as originally reported	\$ 2,117,877	
Net OPEB liability under College Plan (GASB 75) adjustment as revalued	136,048	
Deferred inflow of resources - change in assumptions adjustment as revalued	10,495	
Deferred outflow of resources - change in assumptions adjustment as revalued	<u>435,571</u>	
Restatement		<u>582,114</u>
Increase in net position June 30, 2019 as restated		2,699,991
Net Position as restated, June 30, 2019		<u>\$ 160,579,452</u>

Notes to Basic Financial Statements

Note 14. Component Unit

The Foundation's notes to the Financial Statements were as follows:

Nature of Activities and Significant Accounting Policies

Organization: College of Lake County Foundation (the Foundation) was established in 1974 for the purpose of providing resources for projects that are not funded through the regular operating budget of the College of Lake County, Community College District No. 532 (the College), but that support the mission and goals of the College. Funds raised through donations, grants and benefit events are used to fund scholarships and grants that provide College of Lake County students an opportunity for a better future. Through these efforts, the Foundation strengthens the vitality and well-being of the diverse communities the College and Foundation serves. Essentially all of the Foundation's revenue and expenses are for the benefit of the College. The Foundation is a private, not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) guidance.

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14*, the Foundation is reported as a component unit of the College in the College's separately issued financial statements. The College has determined it would be misleading to not include the Foundation as a discretely presented component unit.

Basis of presentation: The financial statements of the Foundation have been prepared on the accrual basis of accounting. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes in accordance with activities or objectives specified by the donor. Separate accounts are maintained for each fund and all financial transactions are recorded and reported by fund group.

For external reporting purposes, however, the Foundation's financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met either by the actions of the Foundation or the passage of time. These items include pledges for which restrictions have not been met such as time restrictions. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity (primarily, gifts for endowment) and only the income be made available for program purposes (i.e., scholarships) or general operations of the College.

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Expiration of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Notes to Basic Financial Statements

Note 14. Component Unit (Continued)

Current year changes initiated by donors to prior year donor restriction classifications are shown as "Change in donor designation" on the statements of activities.

Cash and cash equivalents: Cash equivalents consist of cash and highly liquid short-term investments including money market account deposits with an original maturity of three months or less from the date of purchase.

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Investments: Investments are reported at fair value. The fair value of investments is provided by the investment custodians. Fair value is based on quoted market prices.

Investment income, gains and losses, and any investment-related expenses are recorded as changes in assets without donor restrictions in the statement of activities unless their use is restricted by explicit donor stipulations or law. In the absence of donor stipulations or law to the contrary, losses on the investments of donor restricted endowment funds are recognized as reductions of assets with donor restrictions.

Beneficial interest in trusts: During fiscal year 2018, the Foundation was designated as the beneficiary of assets held in a charitable remainder trust administered by another trustee. These assets were restricted as an endowment by the donors and recognized as a contribution with donor restriction revenue and an asset for the present value of the estimated future benefits to be received when the trust assets are distributed.

Grants and scholarships payable: Grants and scholarships payable are recorded in connection with amounts due to specified individuals or organizations.

Donated goods and services: The Foundation receives donated materials, stock and other noncash items which are recorded as contributions at their estimated fair value on the date of receipt.

The Foundation receives donated services consisting of audit and accounting services, Foundation personnel time and other operating support from the College without charge. These amounts are included in unrestricted contributions and expenses in the statements of activities.

Contributions: Contributions, including unconditional pledges, are recognized in the appropriate category of net assets in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted and recorded at the present value using a rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges is recognized based on historical experience, as necessary. No allowance for uncollectible pledges was recognized for the years ended June 30, 2020 or 2019.

Deferred revenue: Deferred revenue represents special event revenues that have not yet been earned.

Notes to Basic Financial Statements

Note 14. Component Unit (Continued)

Tax status: The Foundation has received a determination letter from the Internal Revenue Service indicating it is a tax-exempt organization as provided in Section 501(c)(3) of the Internal Revenue Code of 1986 and, except for taxes related to unrelated business income, is exempt from federal and state income taxes.

The Foundation may recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be substantiated on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business income tax (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities during the period covered by these financial statements.

The Foundation files information and income tax returns in the U.S. federal jurisdiction and the state of Illinois.

Functional expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include salaries & benefits, printing & postage, technology, travel & meetings and other, which are allocated on the basis of estimates of time and effort.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Accounting pronouncement adopted: In 2020, the Foundation adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The adoption of this pronouncement did not have a material impact on the Foundation's financial statements.

In 2020, the Foundation adopted ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU affect any entity that is required, under existing GAAP, to make disclosures about recurring or nonrecurring fair value measurements. The adoption of this pronouncement did not have a material impact on the Foundation's financial statements.

New accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 one year making it effective as of July 1, 2020 for the Foundation. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on its financial statements.

Notes to Basic Financial Statements

Note 14. Component Unit (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2014-09 one year making it effective as of July 1, 2022 for the Foundation.

Subsequent events: As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact investment values temporarily. Other financial impacts could occur though such potential impact is unknown at this time.

The Foundation's management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis through December 18, 2020, the date the financial statements were available to be issued.

Availability and Liquidity

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions for grants and scholarships. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund grants and scholarships. In addition, the Foundation receives support without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions and contributions with donor restrictions for current grants and scholarships to be available to meet cash needs for general expenditures. General expenditures include grants and scholarships, administrative and general expenses and fundraising expenses. The Foundation also receives donated services from the College, as described in the *Donated goods and services* paragraphs, to meet general expenditures. Those amounts are not reflected in the following table.

Notes to Basic Financial Statements

Note 14. Component Unit (Continued)

Cash and other financial assets available within one year at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 651,544	\$ 260,769
Pledges receivable	131,502	45,300
Other receivables	15,000	41,211
Investments	<u>4,481,421</u>	<u>4,043,976</u>
Financial assets at year-end	<u>5,279,467</u>	<u>4,391,256</u>
Less amounts not available to be used within one year:		
Donor restricted endowments	1,601,750	1,558,652
Other portion of long-term investments functioning as endowment and not available for operations	723,936	423,936
Reserves directed by Foundation Board		
Assets without donor restrictions	302,710	220,295
Assets with donor restrictions	295,179	285,849
Amounts not available to spend currently due to donor criteria/restrictions	886,200	599,288
Pledges receivable due after one year	<u>65,000</u>	<u>31,800</u>
	<u>3,874,775</u>	<u>3,119,820</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,404,692</u>	<u>\$ 1,271,436</u>

Fair Value Measurements

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

FASB establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs where the valuations are derived from other methodologies. There were no Level 3 investments as of June 30, 2020 or June 30, 2019.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Notes to Basic Financial Statements

Note 14. Component Unit (Continued)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	(Level 1)	(Level 2)	(Level 3)
Assets at June 30, 2020:			
Multi-managed domestic equity	\$ -	\$ 1,359,096	\$ -
Multi-managed international equity	-	677,612	-
Multi-managed fixed income	-	2,434,113	-
	<u>\$ -</u>	<u>\$ 4,470,821</u>	<u>\$ -</u>
Assets at June 30, 2019:			
Multi-managed domestic equity	\$ -	\$ 1,357,606	\$ -
Multi-managed international equity	-	735,569	-
Multi-managed fixed income	-	1,938,788	-
	<u>\$ -</u>	<u>\$ 4,031,963</u>	<u>\$ -</u>

The Foundation did not have any transfers between any levels of the fair value hierarchy during the years ended June 30, 2020 or 2019. The Foundation's policy for determining transfers between levels occurs at the end of the reporting period when circumstances in the underlying valuation criteria change and result in transfer between levels.

Investments

The cost and fair value of the Foundation's investments at June 30, 2020 and 2019 are as follows:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Multi-managed domestic equity	\$ 1,221,171	\$ 1,359,096	\$ 1,256,284	\$ 1,357,606
Multi-managed international equity	696,293	677,612	757,108	735,569
Multi-managed fixed income	2,333,811	2,434,113	1,868,807	1,938,788
Temporarily uninvested cash	10,600	10,600	12,013	12,013
	<u>\$ 4,261,875</u>	<u>\$ 4,481,421</u>	<u>\$ 3,894,212</u>	<u>\$ 4,043,976</u>

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 14. Component Unit (Continued)

Investment return for the years ended June 30, 2020 and 2019, was as follows:

	2020	2019
Return on investments:		
Interest and dividends	\$ 96,013	\$ 87,225
Realized gain on sale of investments	102,544	17,222
Investment income	198,557	104,447
Unrealized gain (loss) on investments	69,782	168,748
Total return on investments	<u>\$ 268,339</u>	<u>\$ 273,195</u>

The various investments in stocks, securities and mutual funds are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Foundation.

Pledges Receivable

Pledges receivable consisted of the following at June 30, 2020:

Due in one year or less	\$ 69,002
Due between one and five years	65,000
Unconditional promises to give	134,002
Less: Allowance for uncollectibles	(2,500)
Total pledges receivable - net	<u>\$ 131,502</u>

Approximately 61% of pledges receivable were attributable to two donors at June 30, 2020. Collectability of the pledges is considered to be reasonably assured and there is no present value discount recorded as of June 30, 2020 or 2019. An allowance for uncollectible pledges of \$2,500 and \$0 was recognized for the years ended June 30, 2020 or 2019, respectively.

Restrictions on Net Assets

The Foundation reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, assets with donor restrictions are reclassified to assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

During fiscal years 2020 and 2019, \$635,956 and \$817,665, respectively, were released from net assets with donor restrictions and used for the following purposes:

	2020	2019
Scholarships for students of the College	\$ 418,024	\$ 709,980
Grants benefitting the College	217,932	107,685
	<u>\$ 635,956</u>	<u>\$ 817,665</u>

Notes to Basic Financial Statements

Note 14. Component Unit (Continued)

The Foundation's assets with donor restrictions consists of donor-restricted endowment funds that are perpetual in nature and assets that must meet a specific purpose (criteria). These assets will be used as follows:

	2020	2019
<u>Perpetual in nature:</u>		
Scholarships for students of the College	\$ 1,383,743	\$ 1,365,944
Grants benefitting the College	235,957	215,957
	<u>1,619,700</u>	<u>1,581,901</u>
<u>Purpose restrictions:</u>		
Scholarships for students of the College	2,752,322	1,952,409
Grants benefitting the College	84,458	68,484
	<u>2,836,780</u>	<u>2,020,893</u>
Total assets with donor restrictions	<u>\$ 4,456,480</u>	<u>\$ 3,602,794</u>

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. There were no funds designated by the Board of Directors to function as endowments as of June 30, 2020 and 2019.

During fiscal year 2016, the Board of Directors established a policy to create a board-designated endowment fund within the unrestricted net assets to which future gains (losses) on unrestricted investments will be posted. This designation will then not impact the amount of funding available for College programs and scholarships.

Interpretation of Relevant Law: The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation.

Notes to Basic Financial Statements

Note 14. Component Unit (Continued)

Changes in endowment net assets with donor restrictions for the years ended June 30 are as follows:

	2020	2019
Net assets, beginning of year	\$ 2,097,987	\$ 2,026,932
Investment return:		
Investment income, net of fees	97,232	99,694
New gifts	33,522	49,422
Change in classification of donor restrictions	(7,500)	(5,000)
Appropriation for expenditure	(60,540)	(73,061)
Net assets, end of year	<u>\$ 2,160,701</u>	<u>\$ 2,097,987</u>

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to achieve a balanced return of current income and modest growth of principal. The Foundation expects its endowment funds, over time, to provide an average rate of return that meets or exceeds the market index, or blended market index, that is selected and agreed upon by the Foundation board that mostly corresponds to the investment objectives, while assuming an overall level of risk which is consistent with the risk associated with the selected benchmark. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Donor-Restricted Funds with Deficiencies: From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments for the years ended June 30, 2020 and 2019.

Spending Policy: The Foundation's board attempts to balance the Foundation's shorter-term grant making obligations with its goal to provide grants into perpetuity and, therefore, designed a spending policy which is flexible. The Foundation board set a spending target equal to 3-5 percent of the average of the previous three years ending market values of participated funds. Donations may have additional restrictions that result in less than the spending target being spent. Donor-restricted principal, unless otherwise directed by the donor, shall not be disbursed.

Donated Goods and Services

The Foundation has various noncash transactions with the College and other third parties as described below:

i) Donated Services

As described in the *Nature of activities and significant accounting policies* section, the Foundation receives donated services and other operating support from the College. For the years ended June 30, 2020 and 2019, donated service revenue and related expenses with the College were approximately \$763,243 and \$753,435, respectively.

Notes to Basic Financial Statements

Note 14. Component Unit (Continued)

ii) Donated Securities

The Foundation received stock donations of \$16,390 and \$31,268 for the years ended June 30, 2020 and 2019, respectively.

iii) Other Noncash Donations

The Foundation receives various noncash donations, mostly equipment and supplies, from outside sources. These materials are then distributed to the College for use in its various programs. For the years ended June 30, 2020 and 2019, noncash donation revenue and related expenses were approximately \$34,839 and \$107,148, respectively.

Required Supplementary Information

**College of Lake County
Community College District No. 532**

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability - SURS Pension Plan - GASB 68

For the fiscal year ending*	2020	2019	2018	2017	2016	2015
College's proportion percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
College's proportionate amount of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the College	442,920,938	435,486,283	409,201,081	396,192,850	358,337,760	345,012,299
Total	\$442,920,938	\$435,486,283	\$ 409,201,081	\$ 396,192,850	\$ 358,337,760	\$ 345,012,299
College's covered payroll	\$ 59,713,364	\$ 56,607,275	\$ 56,720,116	\$ 55,108,575	\$ 54,907,365	\$ 57,471,457
College's proportionate share of the net pension liability as a percentage of its covered payroll	741.75%	769.31%	721.44%	718.93%	652.62%	600.32%
Plan fiduciary net position as a percentage of the total pension liability	40.71%	41.27%	42.04%	39.57%	42.37%	44.39%

**The amounts presented for each fiscal year were determined as of the prior fiscal year-end.*

Note to Schedule

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

College of Lake County
Community College District No. 532

Required Supplementary Information

Schedule of College Contributions - SURS Pension Plan - GASB 68

For the fiscal year ending	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 135,983	\$ 123,611	\$ 121,959	\$ 121,581	\$ 144,948	\$ 225,318	\$ 204,318	\$ 217,455	\$ 158,916	\$ 113,891
Contributions in relation to the contractually required contribution	(135,983)	(123,611)	(121,959)	(121,581)	(144,948)	(225,318)	(204,318)	(217,455)	(158,916)	(113,891)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 60,865,637	\$ 59,713,364	\$ 56,607,275	\$ 56,720,116	\$ 55,108,575	\$ 54,907,365	\$ 57,471,457	\$ 57,415,228	\$ 58,129,259	\$ 53,677,576
Contributions as a percentage of covered payroll	0.22%	0.21%	0.22%	0.21%	0.26%	0.41%	0.36%	0.38%	0.27%	0.21%

College of Lake County
Community College District No. 532

Schedule of Changes in the College's Total OPEB Liability and Related Ratios
College Plan - GASB 75

For the fiscal year ending	2020	2019	2018
Total OPEB liability			
Service cost	\$ 130,195	\$ 116,499	\$ 124,271
Interest on total OPEB liability	612,131	670,353	638,090
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(369,557)	-	-
Changes of assumptions or other inputs	917,286	576,324	(57,339)
Benefit payments	(911,821)	(1,197,673)	(1,201,999)
Net change in total OPEB liability	378,234	165,503	(496,977)
Total OPEB liability - beginning	18,088,287	17,922,784	18,419,761
Total OPEB liability - ending	\$18,466,521	\$18,088,287	\$ 17,922,784
Covered-employee payroll	\$32,048,345	\$32,734,614	\$ 33,547,455
Total OPEB liability as a percentage of covered-employee payroll	57.62%	55.26%	53.43%

Notes to Schedules

Change of Assumptions: Changes of assumptions and other inputs reflect that the discount rate was changed to 2.21% from 2.79% to comply with GASB Statement No. 75. Changes in assumptions also reflect the changes in mortality rate, turnover rate and retire rate.

Covered-employee payroll is based on total covered payroll for the postretirement plan members during the fiscal year.

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.

**College of Lake County
Community College District No. 532**

**Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability
Community College Health Insurance Program - GASB 75**

For the fiscal year ending*	2020	2019	2018	2017
Employer's proportion of the collective net OPEB liability	3.204598%	3.062167%	3.116623%	2.961604%
Employer's proportionate share of the collective net OPEB liability	\$ 60,520,140	\$ 57,729,548	\$ 56,835,882	\$ 53,899,845
The portion of the State's proportionate share amount of the collective net OPEB liability associated with the employer	60,520,118	57,729,509	56,087,349	56,158,988
Total	\$ 121,040,258	\$ 115,459,057	\$ 112,923,231	\$ 110,058,833
Employee covered payroll	\$ 57,714,148	\$ 53,482,032	\$ 54,077,972	\$ 53,683,264
Collective net OPEB liability as a percentage of the employee covered payroll	104.9%	107.9%	105.1%	100.4%
Plan fiduciary net position as a percentage of the total pension liability	-3.54%	-3.54%	-2.87%	n/a

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

Note to Schedule

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75. Information on employee covered payroll for all 10 years can be found in the schedule of employer contributions.

College of Lake County
Community College District No. 532

Schedule of Employer Contributions
Community College Health Insurance Program - GASB 75

For the fiscal year ending	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily-required contribution	\$ 294,176	\$ 287,661	\$ 267,410	\$ 270,390	\$ 268,416	\$ 263,511	\$ 268,863	\$ 263,828	\$ 263,414	\$ 243,780
Contributions in relation to the statutorily-required contribution	(294,176)	(287,661)	(267,410)	(270,390)	(268,416)	(263,511)	(268,863)	(263,828)	(263,414)	(243,780)
Contribution (excess) deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's employee covered payroll	\$ 58,803,521	\$ 57,714,148	\$ 53,482,032	\$ 54,077,972	\$ 53,683,264	\$ 52,702,160	\$ 53,772,584	\$ 52,765,600	\$ 52,682,896	\$ 48,755,926
Contributions as a percentage of employee covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Notes to Required Supplementary Information
For the Year Ended June 30, 2020

Note 1. SURS Pension Plan

Changes of benefit terms. There were no benefit changes recognized in the total pension liability as of June 30, 2019.

Changes of assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of the following new assumptions as of June 30, 2018:

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumptions to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

Special Funding Situation. For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. The State is responsible for the collective net pension liability of the plan with the exception of federal, trust or grant contributions made by the College that are recognized as deferred outflows of resources. Participating employers are considered employer contributing entities.

Notes to Required Supplementary Information
For the Year Ended June 30, 2020

Note 2. Community College Health Insurance Plan

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Sponsor's Fiscal Year End	June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on a pay-as-you go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2019, contribution rates are 0.50% of pay for active members, 0.50% of pay for community colleges and 0.50% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
Asset Valuation Method	Market value
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation
Inflation	2.25%
Salary Increases	Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2019 actuarial valuation of SURS.
Mortality	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2017.
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2019 based on premium increases. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to and ultimate trend of 4.50%. Additional trend rate of 0.40% is added to non-Medicare cost on and after 2022 to account for the Excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

**College of Lake County
Community College District No. 532**

Statistical Section Summary

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

Contents	Tables
Financial Trends These tables contain information to help the reader understand and assess how the College's financial position and operations have changed over time.	1 - 2
Revenue Capacity These tables contain information to help the reader understand and assess the College's most significant local revenue source, property taxes.	3 - 6
Debt Capacity These tables present information to help the reader understand and assess the College's debt burden and its ability to issue additional debt.	7 - 9
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.	10 - 12
Operating Information These tables provide information about the College's operations and resources to assist the reader with understanding the College's economic condition.	13 - 15

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Net Position by Component (Unaudited)

Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net investment in capital assets	\$ 137,105,005	\$ 137,765,063	\$ 133,659,285	\$ 110,606,958	\$ 93,242,840	\$ 96,082,639	\$ 94,812,636	\$ 90,264,397	\$ 89,840,672	\$ 88,244,604
Restricted for:										
Debt service	1,798,466	1,766,833	1,742,884	1,699,027	1,663,859	1,639,557	1,477,210	1,357,332	1,163,008	3,821,509
Capital projects	10,989,529	401,660	218,533	198,883	1,469,753	12,548,437	7,493,234	1,631,704	1,914,268	754,227
Other	4,051,178	1,069,392	972,947	981,553	856,651	617,430	790,910	904,521	289,439	698,222
Unrestricted	<u>11,698,622</u>	<u>19,576,504</u>	<u>21,285,812</u>	<u>92,318,940</u>	<u>98,938,193</u>	<u>79,048,204</u>	<u>72,184,158</u>	<u>73,118,295</u>	<u>62,925,272</u>	<u>53,903,877</u>
Total net position	<u>\$ 165,642,800</u>	<u>\$ 160,579,452</u>	<u>\$ 157,879,461</u>	<u>\$ 205,805,361</u>	<u>\$ 196,171,296</u>	<u>\$ 189,936,267</u>	<u>\$ 176,758,148</u>	<u>\$ 167,276,249</u>	<u>\$ 156,132,659</u>	<u>\$ 147,422,439</u>

Source: College's Annual Financial Statements.

Table 2

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Changes in Net Position (Unaudited)

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating revenues:										
Student tuition and fees	\$ 33,848,321	\$ 32,575,340	\$ 33,337,717	\$ 33,337,854	\$ 31,874,294	\$ 31,146,347	\$ 31,049,548	\$ 32,039,591	\$ 31,571,415	\$ 31,341,476
Less scholarship allowances	(8,066,845)	(8,473,503)	(9,582,422)	(6,324,730)	(7,171,782)	(7,117,501)	(7,092,007)	(7,735,180)	(8,199,350)	(7,585,139)
Net student tuition and fees	25,781,476	24,101,837	23,755,295	27,013,124	24,702,512	24,028,846	23,957,541	24,304,411	23,372,065	23,756,337
Auxiliary enterprises	6,954,974	7,807,720	7,792,791	8,381,236	9,459,100	10,071,648	10,061,743	10,409,564	10,757,207	10,713,481
Other operations	210,904	790,868	1,106,003	1,531,002	1,051,736	1,087,468	1,472,404	1,482,587	1,173,803	1,478,186
Total operating revenues	32,947,354	32,700,425	32,654,089	36,925,362	35,213,348	35,187,962	35,491,688	36,196,562	35,303,075	35,948,004
Operating expenses:										
Education and general:										
Instruction	81,887,559	76,045,064	75,018,758	68,660,469	62,300,046	57,017,699	57,226,921	56,918,482	51,721,715	48,268,132
Academic support	6,532,572	6,489,262	6,769,502	6,294,811	6,235,402	5,732,988	5,051,720	5,377,091	5,368,352	5,464,060
Student services	15,789,163	14,231,942	13,532,836	12,132,575	10,710,983	10,615,904	10,302,808	9,977,245	9,108,675	8,136,053
Public service	9,490,378	7,077,855	7,662,649	6,803,924	8,774,300	10,657,857	12,527,397	13,578,437	8,686,815	7,575,936
Institutional support	34,314,871	30,299,698	31,349,783	26,829,298	28,289,814	27,282,833	26,795,577	25,889,885	24,459,148	21,841,211
Operations and maintenance of plant	14,470,925	15,525,058	12,445,257	10,918,085	10,755,620	10,981,649	10,849,289	10,175,688	9,501,273	8,897,716
Financial aid	9,339,131	6,038,694	5,969,760	5,003,653	4,856,633	5,741,816	7,246,038	6,325,221	6,626,759	6,587,783
Depreciation	11,671,615	11,089,342	9,586,974	7,503,136	5,338,718	5,096,492	4,830,835	4,441,546	4,334,200	4,245,907
Loss on disposition of assets	-	-	-	423,435	-	-	-	-	-	-
Auxiliary enterprises	6,916,037	7,354,175	7,657,860	7,719,970	9,009,866	10,059,357	11,015,661	11,400,549	11,635,549	10,728,709
Total operating expenses	190,412,251	174,151,090	169,993,379	152,289,356	146,271,382	143,186,595	145,846,246	144,084,144	131,442,486	121,745,507
Operating loss	(157,464,897)	(141,450,665)	(137,339,290)	(115,363,994)	(111,058,034)	(107,998,633)	(110,354,558)	(107,887,582)	(96,139,411)	(85,797,503)
Nonoperating revenues (expenses):										
Local property taxes	72,033,390	70,188,736	68,268,042	66,976,264	66,153,206	64,961,915	63,591,948	62,139,690	60,194,469	58,363,768
Personal property replacement tax	1,268,697	1,173,320	1,054,387	1,280,857	1,159,689	1,266,744	1,177,861	1,164,330	1,139,553	1,238,741
State appropriations	67,561,737	56,831,307	61,287,667	44,951,735	34,646,252	37,894,602	34,341,721	34,600,754	27,664,030	24,581,121
Federal grants and contracts	18,536,382	12,425,833	13,006,462	11,361,992	13,867,176	16,509,843	19,782,912	20,173,020	15,385,348	14,874,344
Local grants and contracts	1,481,612	1,728,169	1,365,480	1,167,546	1,255,820	845,458	916,302	865,085	911,393	951,778
Investment income	2,933,132	3,349,198	866,590	534,166	407,757	326,129	238,692	126,529	91,810	109,959
Interest expense	(1,649,000)	(1,600,623)	(1,438,766)	(1,274,501)	(196,847)	(627,939)	(212,979)	(637,083)	(536,972)	(422,128)
Net nonoperating revenues	162,165,950	144,095,940	144,409,862	124,998,059	117,293,053	121,176,752	119,836,457	118,432,325	104,849,631	99,697,583
Increase before capital contributions	4,701,053	2,645,275	7,070,572	9,634,065	6,235,029	13,178,119	9,481,899	10,544,743	8,710,220	13,900,080
Capital appropriations	362,295	54,716	13,592,627	-	-	-	-	685,416	-	-
Increase in net position	\$ 5,063,348	\$ 2,699,991	\$ 20,663,199	\$ 9,634,065	\$ 6,235,029	\$ 13,178,119	\$ 9,481,899	\$ 11,230,159	\$ 8,710,220	\$ 13,900,080

*GASB Statement No. 75 was implemented in 2018

**Certain figures in 2014 and 2013 have been restated as a result of the implementation of GASB Statement No. 68

Source: College's Annual Financial Statements.

Table 3

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Assessed Value and Estimated Actual Value of Taxable Property (Unaudited)
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Levy Year	Residential Property	Commercial Property	Industrial Property	Farm & Other Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2020	2019	\$ 20,587,233,421	\$ 4,127,785,289	\$ 1,038,989,785	\$ 173,381,722	\$ 25,927,390,217	0.282	\$ 77,782,170,651	33.33 %
2019	2018	20,165,580,283	3,914,091,856	1,015,593,123	178,673,420	25,273,938,682	0.282	75,821,816,046	33.33
2018	2017	19,732,823,101	3,816,875,479	990,872,787	170,685,275	24,711,256,642	0.281	74,133,769,926	33.33
2017	2016	18,858,676,470	3,660,173,211	962,532,649	165,258,554	23,646,640,884	0.285	70,939,922,652	33.33
2016	2015	17,691,329,830	3,474,770,039	920,970,005	154,174,058	22,241,243,932	0.299	66,723,731,796	33.33
2015	2014	16,965,816,311	3,447,636,200	918,230,490	149,873,143	21,481,556,144	0.306	64,444,668,432	33.33
2014	2013	17,214,391,095	3,481,459,284	938,486,166	146,943,115	21,781,279,660	0.296	65,343,838,980	33.33
2013	2012	18,472,931,866	3,625,601,381	974,610,494	145,725,403	23,218,869,144	0.272	69,656,607,432	33.33
2012	2011	20,373,987,923	3,818,085,918	1,020,867,520	156,248,304	25,369,189,665	0.240	76,107,568,995	33.33
2011	2010	22,224,909,605	3,844,218,020	1,027,794,240	158,160,815	27,255,082,680	0.218	81,765,248,040	33.33

Note: Lake County assesses property at approximately 33 1/3% of actual value. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$100 of assessed value.

Note: Property taxes are levied each calendar year on all taxable real property in the College's district. Taxes levied in one year become due and payable in two installments on June 1 and September 1 during the following levy year. Taxes must be levied by the fourth Tuesday in December for the following year. The levy becomes an enforceable lien against the property as of January 1 immediately following the levy year.

Source: Lake County Clerk's Office.

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Years

(rate per \$100 of assessed value)

	Year Taxes are Payable									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
College direct rates										
Bonds	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.008	\$ 0.008	\$ 0.008	\$ 0.007	\$ 0.006
Educational	0.215	0.216	0.214	0.218	0.229	0.234	0.226	0.207	0.180	0.148
Operation & maintenance	0.057	0.057	0.057	0.058	0.061	0.062	0.060	0.055	0.051	0.062
Tort judgement & liability insurance	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002
Total direct rate	<u>\$ 0.282</u>	<u>\$ 0.282</u>	<u>\$ 0.281</u>	<u>\$ 0.285</u>	<u>\$ 0.299</u>	<u>\$ 0.306</u>	<u>\$ 0.296</u>	<u>\$ 0.272</u>	<u>\$ 0.240</u>	<u>\$ 0.218</u>
Lake County rate	0.597	0.612	0.622	0.632	0.663	0.682	0.663	0.608	0.554	0.505
Lake County Forest Preserves rate	0.180	0.182	0.187	0.193	0.208	0.210	0.218	0.212	0.201	0.198
Elementary School rates	1.472 - 4.577	1.391 - 7.728	1.355 - 8.702	1.367 - 9.150	1.429 - 9.829	1.453 - 9.799	1.424 - 8.762	1.322-7.302	1.186-5.818	1.095-4.879
Unit School rates	4.396 - 7.058	4.395 - 8.790	4.372 - 9.08	4.437 - 9.598	4.468 - 10.430	4.697 - 10.380	4.607 - 9.418	4.292-10.136	3.661-8.175	3.438-6.921
High School rates	1.375 - 4.291	1.336 - 4.420	1.314 - 4.876	1.329 - 5.060	11.409 - 5.396	1.448 - 5.539	1.420 - 5.228	1.322-4.556	1.191-3.824	1.101-3.497
Township rates	0.015 - 4.587	0.035 - 0.808	0.034 - 0.421	0.034 - 0.465	0.037 - 0.508	0.039 - 0.533	0.027 - 0.490	0.025-0.434	0.033-0.397	0.033-0.372
Sanitary District rates	0.050 - 0.217	0.050 - 0.222	0.050 - 0.232	0.000 - 0.856	0.000 - 0.250	0.000 - 0.250	0.000 - 0.250	0.000-0.250	0.000-0.241	0.000-0.216
Park District rates	0.029 - 1.057	0.411 - 1.090	0.416 - 1.119	0.029 - 1.186	0.031 - 1.322	0.000 - 1.298	0.000 - 1.260	0.000-1.101	0.000-0.897	0.000-0.767
Library District rates	0.223 - 0.574	0.218 - 0.623	0.217 - 0.642	0.220 - 0.680	0.225 - 0.709	0.231 - 0.719	0.228 - 0.656	0.213-0.581	0.185-0.475	0.170-0.450
Fire District rates	0.140 - 1.057	0.144 - 1.111	0.093 - 1.475	0.116 - 1.207	0.123 - 1.296	0.128 - 1.294	0.126 - 1.093	0.071-0.988	0.129-0.875	0.111-0.754
City & Village rates	0.015 - 4.587	0.015 - 5.617	0.015 - 5.735	0.016 - 6.170	0.170 - 6.515	0.000 - 5.535	0.000 - 4.963	0.000-3.854	0.000-3.511	0.000-2.954
Special Service Area rates	0.158 - 6.210	0.057 - 10.526	0.012 - 2.487	0.102 - 7.384	0.104 - 8.276	0.032 - 8.080	0.015 - 8.235	0.033-7.933	0.013-7.314	0.013-15.414

Overlapping rates are presented for years where information is readily available.

Overlapping rates are those of local and county governments that apply to property owners within the College's District. Not all overlapping rates apply to all property owners.

Annual property tax extensions may only be increased by a percentage based on the consumer price index and new construction within the District. Increases above that amount require passage of a referendum by a majority vote of District residents.

Source: Lake County Clerk

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Principal Property Tax Payers (Unaudited)

Current Levy Year and Nine Years Ago

Taxpayer	Levy Year 2019			Levy Year 2010		
	Taxable Assessed Value ^{(a) (b)}	Rank	Percentage of Total District Taxable Assessed Value ^(a)	Taxable Assessed Value ^{(a) (b)}	Rank	Percentage of Total District Taxable Assessed Value ^(a)
Abbott Manufacturing, Inc.	\$ 129,767,566	1	0.50 %	\$ 172,165,508	1	0.66 %
Gurnee Mills (The Mills Corp)	52,292,399	2	0.20	58,643,290	2	0.23
TR Deerfield Office LLC	34,015,033	3	0.13	-		-
Takeda Pharmaceuticals North America	31,190,256	4	0.12	-		-
Discover Properties LLC	29,319,248	5	0.11	46,459,156	3	0.18
Kemper Lakes Business Center	27,258,264	6	0.11	-		-
Abbvie Inc	27,202,352	7	0.10	-		-
Hawthorn LP	25,975,277	8	0.10	-		-
Lasalle National Bank	24,983,491	9	0.10	-		-
Waukegan Illinois Hospital Co LLC	23,863,434	10	0.09	-		-
Van Vlissingen & Co.	-		-	44,123,599	4	0.17
Midwest Family Housing LLC	-		-	36,150,251	5	0.14
Marvin F Poer & Company	-		-	35,047,824	6	0.14
JBC Funds Parkway North LLC	-		-	33,531,318	7	0.13
Hewitt Properties III, LLC	-		-	32,435,564	8	0.13
Baxter Healthcare Corp	-		-	31,477,196	9	0.12
Long Ridge Office Portfolio LP	-		-	30,353,449	10	0.12
	<u>\$ 405,867,320</u>		<u>1.57 %</u>	<u>\$ 520,387,155</u>		<u>2.01 %</u>

^(a) Includes only the parcels with equalized assessed valuations of over \$5,000,000.

^(b) The amounts and corresponding percentages are the result of a consolidation of information available through the Lake County Clerk's Office and may omit some tax parcels as a result of multiple parcel listings for various taxpayers.

Source: Lake County Clerk's Office

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**
Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Levy Year	Taxes Levied for the Fiscal Year	Collected within the calendar year of the levy		Collections in Subsequent Years ^(a)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2020	2019	\$ 72,991,048	\$ 31,042,418	42.53 %	\$ 40,881,077	\$ 71,923,495	98.54 %
2019	2018	71,235,607	35,293,993	49.55	-	35,293,992	49.55
2018	2017	69,349,671	39,041,580	56.30	30,095,695	69,137,275	99.69
2017	2016	67,483,966	34,447,030	51.04	32,756,824	67,203,854	99.58
2016	2015	66,587,615	33,717,350	50.64	32,702,485	66,419,835	99.75
2015	2014	65,748,169	33,275,974	50.61	32,252,571	65,528,545	99.67
2014	2013	64,472,588	32,508,420	50.42	31,729,184	64,237,603	99.64
2013	2012	63,155,324	31,623,830	50.07	31,216,239	62,840,069	99.50
2012	2011	60,886,055	30,513,839	50.12	30,287,991	60,801,830	99.86
2011	2010	59,416,080	29,491,153	49.63	29,788,508	59,279,661	99.77

Note: Property taxes are levied each calendar year on all taxable real property in the College's district. Taxes levied in one year become due and payable in two installments on June 1 and September 1 during the following levy year. Taxes must be levied by the fourth Tuesday in December for the following year. The levy becomes an enforceable lien against the property as of January 1 immediately following the levy year.

^(a) Prior year taxes collected are immaterial and not reported to the College by year.

Source: Lake County Treasurer's Office

Table 7

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**
Ratios of Outstanding Debt by Type (Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Obligation Limited Tax Funding Bonds	General Obligation Limited Tax Debt Certificates	Capital Appreciation Limited Tax Bonds	General Obligation Bonds - Alternate Revenue Source	Unamortized Premium	Discount on Capital Appreciation Bonds	Total Outstanding Debt	Percentage of Taxable Assessed Value of Property^(a)	Per FTE Student Count^(b)
2020	\$ 48,815,000	\$ -	\$ -	\$ -	\$ 342,605	\$ -	\$ 49,157,605	0.282%	9,975
2019	54,445,000	-	-	-	549,072	-	54,994,072	0.282%	8,019
2018	59,860,000	-	-	-	804,874	-	60,664,874	0.281%	8,163
2017	63,765,000	305,000	-	-	1,341,415	-	65,411,415	0.285%	8,208
2016	68,660,000	605,000	-	-	1,725,715	-	70,990,715	0.299%	8,365
2015	73,420,000	900,000	-	-	2,148,846	-	76,468,846	0.306%	8,422
2014	77,990,000	1,185,000	-	-	2,544,400	-	81,719,400	0.296%	9,463
2013	20,535,000	1,470,000	-	-	593,202	-	22,598,202	0.272%	9,551
2012	21,500,000	1,735,000	-	-	656,875	-	23,891,875	0.240%	9,498
2011	6,920,000	2,515,000	-	-	89,657	-	9,524,657	0.218%	9,975

Note: Details regarding the College's outstanding debt can be found in the notes to the financial statements.

^(a) See Table 3 for Taxable Assessed Value of Property.

^(b) See Table 11 for FTE Student Count.

Table 8

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Ratios of General Bonded Debt Outstanding (Unaudited)

Last Ten Fiscal Years

<u>Fiscal year</u>	<u>Total Outstanding Debt</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Population</u>	<u>Percentage of Taxable Assessed Value of Property^(a)</u>	<u>Net Bonded Debt Per Capita</u>
2020	\$ 49,157,605	\$ 1,798,466	\$ 47,359,139	696,535	0.282%	\$ 67.99
2019	54,994,072	1,766,833	53,227,239	705,456	0.282%	75.95
2018	60,664,874	1,742,886	58,921,988	703,520	0.281%	83.75
2017	65,411,415	1,699,029	63,712,386	703,047	0.285%	90.62
2016	70,990,715	1,663,861	69,326,854	703,910	0.299%	98.49
2015	76,468,846	1,639,556	74,829,290	705,186	0.306%	106.11
2014	81,719,400	1,477,210	80,242,190	703,019	0.296%	114.14
2013	22,598,202	1,357,333	21,240,869	702,120	0.272%	30.25
2012	23,891,875	1,163,008	22,728,867	706,222	0.240%	32.18
2011	9,524,657	3,821,509	5,703,148	703,462	0.218%	8.11

^(a) See Table 3 for Taxable Assessed Value of Property.

Source: College records – Department of Institutional Research
Lake County Clerk's Office

Table 9

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Levy Year	Assessed Valuation	Bond Debt Limit*	Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2020	2019	\$ 25,927,390,217	\$ 745,412,469	\$ 49,157,605	\$ 696,254,864	6.59%
2019	2018	25,273,938,682	726,625,737	54,994,072	671,631,665	7.57%
2018	2017	24,711,256,642	710,448,628	60,664,874	649,783,754	8.54%
2017	2016	23,646,640,884	679,840,925	65,411,415	614,429,510	9.62%
2016	2015	22,241,243,932	639,435,763	70,990,715	568,445,048	11.10%
2015	2014	21,481,556,144	617,594,739	76,468,846	541,125,893	12.38%
2014	2013	21,781,279,660	626,211,790	81,719,400	544,492,390	13.05%
2013	2012	23,218,869,144	667,542,488	22,598,202	644,944,286	3.39%
2012	2011	25,369,189,665	729,364,203	23,891,875	705,472,328	3.28%
2011	2010	27,255,082,680	783,583,627	9,524,657	774,058,970	1.22%
2010	2009	28,662,732,212	824,053,551	11,326,862	812,726,689	1.37%

*2.875% of assessed value (from the Illinois Compiled Statutes 50 ILCS 405/1).

Table 10

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Student Enrollment Demographic Statistics (Unaudited)

Last Ten Fiscal Years

Fall Term	Enrollment		Gender		Attendance		Enrollment Status			In-District Residency	Average Age
	Headcount	FTE	Male	Female	Full-time	Part-time	New	Continuing	Returning		
2019	13,743	9,975	6,205	7,538	4,140	9,603	3,487	7,177	3,079	95%	27.5
2018	14,193	8,019	6,401	7,792	4,164	10,029	3,471	7,424	3,298	95%	27.7
2017	14,590	8,163	6,619	7,971	4,222	10,368	3,058	7,438	4,094	95%	27.6
2016	14,768	8,208	6,683	8,085	4,324	10,444	3,677	7,670	3,421	99%	27.5
2015	14,964	8,365	6,837	8,127	4,292	10,672	3,572	7,937	3,455	94%	27.5
2014	15,410	8,422	6,972	8,438	4,303	11,107	3,539	8,121	3,012	94%	27.8
2013	17,685	9,463	7,934	9,751	4,764	12,921	4,862	8,966	3,667	94%	28.7
2012	17,577	9,551	7,870	9,707	4,945	12,632	4,341	9,199	3,854	95%	28.7
2011	17,389	9,498	7,707	9,682	5,212	12,177	4,376	9,125	2,883	95%	28.9
2010	18,091	9,975	7,895	10,088	5,678	12,413	4,966	10,028	3,097	94%	28.7

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Reimbursable Claimed Hours (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Baccalaureate	Business	Technical	Health	Remedial	Adult Basic Secondary Education	Total
2020	157,377	8,878	19,981	14,002	12,697	20,562	233,495
2019	152,718	7,962	18,316	13,543	19,072	20,578	232,189
2018	153,874	8,406	19,903	13,951	21,309	23,627	241,070
2017	154,732	8,842	20,946	14,048	22,189	23,578	244,335
2016	155,020	9,321	21,730	14,870	23,108	23,410	247,458
2015	158,496	10,116	23,135	14,704	25,700	21,454	253,603
2014	165,651	12,265	25,892	15,790	26,523	22,480	268,600
2013	172,530	14,357	26,764	17,988	26,434	34,650	292,723
2012	174,623	16,055	27,180	19,353	26,284	32,579	296,074
2011	175,907	16,931	27,620	19,749	26,098	34,632	300,936

Amounts are based on midterm enrollment.

Table 12

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Principal Employers (Unaudited)

Current Year and Nine Years Ago

Employer	2019			2010		
	Employees ^(a)	Rank	Percentage of Total County	Employees ^(a)	Rank	Percentage of Total County
Abbott Laboratories	11,000	1	3.03%			
Aon Corp	9,000	2	2.48%	15,700	2	4.25%
Abbvie Inc	4,000	3	1.10%			
Discover Financial Svc	2,976	4	0.82%	3,500	6	0.95%
Advocate Health Care	2,333	5	0.64%			
Visual Pak	2,000	6	0.55%			
Baxter Healthcare Corp	1,900	7	0.52%	46,000	4	12.46%
Walgreens Boots Alliance Inc	1,900	7	0.52%			
CDW Corporation	1,800	8	0.50%	2,800	9	0.76%
Medline Industries Inc	1,600	9	0.44%			
Pfizer Inc	1,600	9	0.44%			
Zebra Technologies Corp	1,500	10	0.41%			
Department of the Navy	-		-	25,000	1	6.77%
Hewitt Associates, LLC	-		-	6,000	3	1.63%
Motorola Inc	-		-	4,000	5	1.08%
HSBC, Inc	-		-	3,100	7	0.84%
County of Lake	-		-	2,800	8	0.76%
Condell Health Network	-		-	2,500	10	0.68%
	<u>41,609</u>		<u>11.46%</u>	<u>111,400</u>		<u>30.70%</u>

(a) Civilian only.

Source: Lake County Partners

** Due to COVID-19, this information could not be updated at this time. This is a duplication of last year's table.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Operating Information and Employees (Unaudited)

Last Ten Fiscal Years

Year founded: 1969

Accreditation:
Higher Learning Commission (HLC) 1974, 1979, 1985, 1986, 1996 (every 10 years)
HLC-Academic Quality Improvement Program 2017 Reaffirmation of Accreditation

Population in District 2019 estimate (note 1): 696,535
Percentage change from 2017 census estimate 0.61%

Employment in District (note 2):
Labor force, civilian (June 2019) 362,760
Unemployment rate (June 2019) 9.2%

Communities in District (note 3):

Antioch	Fox River Grove	Island Lake	Lincolnshire	Port Barrington	Volo
Bannockburn	Grayslake	Kildeer	Lindenhurst	Riverwoods	Wadsworth
Barrington	Green Oaks	Lake Barrington	Long Grove	Round Lake	Wauconda
Barrington Hills	Gurnee	Lake Bluff	Mettawa	Round Lake Beach	Waukegan
Beach Park	Hainesville	Lake Forest	Mundelein	Round Lake Heights	Wheeling
Buffalo Grove	Hawthorn Woods	Lake Villa	North Barrington	Round Lake Park	Winthrop Harbor
Deer Park	Highland Park	Lake Zurich	North Chicago	Third Lake	Zion
Deerfield	Highwood	Lakemoor	Old Mill Creek	Tower Lakes	
Fox Lake	Indian Creek	Libertyville	Park City	Vernon Hills	

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Enrollment (Fall Semester, based on 10th day enrollment) (note 4):										
Total headcount	13,743	14,194	14,590	14,768	14,964	15,410	17,685	17,577	17,389	18,091
Percent change	-3.18%	-2.71%	-1.21%	-1.31%	-2.89%	-12.86%	0.61%	1.08%	-3.88%	-0.01%
Total student semester hours	117,740	120,288	122,477	123,131	125,468	126,344	141,940	143,283	142,475	149,623
Total FTE semester hours	7,849	8,019	8,165	8,209	8,365	8,423	9,463	9,552	9,498	9,975
Percent change	-2.12%	-1.79%	-0.54%	-1.86%	-0.69%	-10.99%	-0.93%	0.57%	-4.78%	0.55%
Total seats taken	34,988	35,389	36,071	36,178	38,874	37,064	44,709	45,014	44,721	46,940
Percent change	-1.13%	-1.89%	-0.30%	-6.94%	4.88%	-17.10%	-0.68%	0.66%	-4.73%	-0.94%

Degrees and certificates awarded (note 5):

A.A., A.S., and A.E.S.	1045	1030	1084	1105	1042	975	995	1,254	823	706
A.A.S.	370	380	380	350	433	408	391	533	429	377
A.F.A./A.P.	1	5	0	4	1	4	4	6	1	2
Certificates	1727	1605	1721	1561	1900	2337	2,210	4,467	876	926
Total, degrees/certificates	3143	3020	3185	3020	3376	3724	3,600	6,260	2,129	2,011

College Workforce (Fall semester) (note 6):

Faculty/academic support	927	878	872	841	866	807	951	1,014	1,027	976
Administrators	61	59	56	51	58	60	60	67	66	59
Prof./Tech.	279	250	241	244	238	251	247	260	227	196
Clerical	128	99	135	145	144	138	150	174	165	160
Maintenance and others	111	119	114	115	118	124	127	131	125	141
% Women*	60%	60%	60%	61%	60%	61%	61%	63%	63%	59%
% Minorities*	33%	31%	31%	29%	29%	30%	28%	32%	30%	21%

* Excludes part-time faculty

Certain information above is presented only for those years where readily available.

Notes:

1. From Lake County Quick Facts, US Census Bureau 2020 estimate.
2. From Local Area Unemployment Statistics (Lake County, IL), IDES, Not Seasonally Adjusted.
3. From Lake County Planning, Building and Development website.
4. From College of Lake County Institutional Effectiveness, Research and Planning, Fact Files.
5. From College of Lake County Office of Institutional Effectiveness, Research and Planning, Graduate Extract Files. In FY13, auto-awarding was started; the number of graduates for FY13 will be much higher than prior years as a result.
6. From Illinois Community College Board CI (Faculty, Staff, and Salary) Datafile.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532
 Capital Asset Statistics by Facility (Unaudited)
 Last Ten Fiscal Years

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Grayslake Campus-purchased 1968										
Size of campus (acres) ^(a)	270.7	270.7	270.7	270.7	270.7	270.7	270.0	223.4	223.4	223.4
Gross square footage ^(b)	854,432	854,432	854,432	812,432	790,702	789,082	789,082	789,082	789,082	789,082
Square footage rented ^(c)	5,000	5,000	5,000	5,000	5,000	5,000	20,000	20,000	20,000	20,000
Number of classrooms ^(h)	100	100	100	100	100	100	97	97	97	97
Number of laboratories ^(h)	107	107	107	99	99	99	94	94	94	94
Lakeshore Campus-purchased 1979/1995										
Size of campus (acres) ^(f)	2.8	2.8	2.8	2.8	2.8	2.8	1.7	1.4	1.4	0.7
Gross square footage ^(g)	76,153	76,153	76,153	71,599	71,599	71,599	71,599	71,599	71,599	71,599
Number of classrooms ^(h)	13	13	13	13	13	13	14	14	14	14
Number of laboratories ^(h)	18	18	18	18	18	18	7	7	7	7
Southlake Center-purchased 1997										
Size of campus (acres) ^(d)	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Gross square footage ⁽ⁱ⁾	68,803	68,803	68,803	68,803	66,269	66,269	66,269	66,269	66,269	66,269
Number of classrooms ^(h)	16	16	16	16	16	16	20	20	20	20
Number of laboratories ^(h)	13	13	13	13	12	12	8	8	8	8
1 North Genesse-purchased 2002^(e)										
Size of campus (acres)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Gross square footage	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660
Square footage rented ^(c)	19,330	19,330	19,330	19,330	19,330	19,330	19,330	19,330	19,330	19,330
Number of classrooms available	11	11	11	11	11	11	11	11	11	11
Number of laboratories available	1	1	1	1	1	1	1	1	1	1

^(a) 2003: Land transferred to Village of Grayslake for Fire Station. 2010: IDOT road expansion

^(b) 2005: Technology Building addition. 2010: Disposal of buildings 2, 3 and pole barn. 2017: Café Willow and infilled courtyard. 2018: Science building addition.

^(c) The College no longer rents to the Lake County Job Center, however the Lake County Regional Board of Education is still onsite.

^(d) 2006: Land transferred to Village of Vernon Hills for future road development.

^(e) Building renovated before occupancy began July 1, 2004.

^(f) 2015 Parking Garage purchased at the Lakeshore Campus, but is not heated.

^(g) Lakeshore Parking Garage is not heated, so no additional square footage is added. 2018: 128 W. Madison (Campus Police)

^(h) Information based on Spring 2015 Term from 25Live.

⁽ⁱ⁾ Southlake Chemistry lab

Source: College of Lake County Facilities Department

**College of Lake County
Community College District No. 532**

Certification of Chargeback Reimbursement
Fiscal Year 2020
Year Ended June 30, 2020

All fiscal year 2020 noncapital audited operating expenditures from the following funds:

1. Education Fund
2. Operations and Maintenance Fund
3. Operations and Maintenance Fund (Restricted)
4. Bond and Interest Fund
5. Public Building Commission Rental Fund
6. Restricted Purposes Fund
7. Audit Fund
8. Liability, Protection, and Settlement Fund
9. Auxiliary Enterprise Fund (Subsidy Only)
10. Total noncapital audited expenditures
11. Plus depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds
12. Total costs included
13. Total certified semester credit hours for FY 2020
14. Per capita cost
15. All FY 2019 state and federal operating grants for noncapital expenditures, except ICCB grants
16. Less FY 2018 state and federal grants per semester credit hour
17. Less each district's average ICCB grant rate for fiscal year 2019
18. Less each district's student tuition per semester credit hour for fiscal year 2021
19. Equals charge-back reimbursement per semester credit hour

Approved:  12/18/2020
Vice President of Business Services and Finance/CFO Date

Approved:  12/18/2020
President Date

College of Lake County
Community College District No. 532

All Funds Summary
Uniform Financial Statement Number 1
Year Ended June 30, 2020

	Education Fund	O & M Fund	O & M Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Agency Fund	Audit Fund	Liability Protection and Settlement Funds	Insurance Reserve Fund	Total
Fund balance (deficit) at June 30, 2019	\$ 36,201,380	\$ 5,803,196	\$ 37,472,789	\$ 1,766,833	\$ 2,051,902	\$ 1,829,199	\$ 17,669,320	\$ 878,502	\$ 34,407	\$ 5,397	\$ 1,185,813	\$ 104,898,738
Revenues:												
Local tax revenue	56,325,884	14,647,079	2,916,128	1,849,391	-	-	-	-	-	479,735	-	76,218,217
All other local revenue	-	-	-	-	-	402,607	-	-	-	-	-	402,607
ICCB grants	8,376,800	-	-	-	-	2,945,917	-	-	-	-	-	11,322,717
All other state revenue	-	-	-	-	-	2,590,218	-	-	-	-	-	2,590,218
Federal revenue	-	-	-	-	-	18,536,383	-	-	-	-	-	18,536,383
Student tuition and fees	29,918,867	-	-	-	-	2,494,938	-	821,920	-	-	-	33,235,725
All other revenue	1,481,353	387,277	766,573	-	7,635,634	1,509,317	692,647	-	-	-	45,113	12,517,914
Total revenues	96,102,904	15,034,356	3,682,701	1,849,391	7,635,634	28,479,380	692,647	821,920	-	479,735	45,113	154,823,781
Expenditures:												
Instruction	42,487,137	-	-	-	-	-	-	-	-	-	-	42,487,137
Academic support	3,336,687	-	-	-	-	811,427	-	-	-	-	-	4,148,114
Student services	8,659,353	-	-	-	-	-	-	727,170	-	-	-	9,386,523
Public service	1,363,923	-	-	-	2,584,329	6,784,450	-	-	-	-	-	10,732,702
Auxiliary services	-	-	-	-	5,274,243	-	-	-	-	-	-	5,274,243
Operations and maintenance	1,924,015	6,802,843	-	-	-	-	-	-	-	-	-	8,726,858
Institutional support	27,963,337	2,647,324	13,015,219	1,817,758	-	-	-	-	143,765	911,687	-	46,499,090
Scholarships and student grants	339,995	-	24,264	-	62,905	18,062,079	-	-	-	-	-	18,489,243
Total expenditures	86,074,447	9,450,167	13,039,483	1,817,758	7,921,477	25,657,956	-	727,170	143,765	911,687	-	145,743,910
Other financing sources (uses):												
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Net transfers	(9,304,889)	(5,000,279)	15,378,537	-	(863,245)	144,537	(724,818)	-	145,000	225,157	-	-
Total other financing sources (uses)	(9,304,889)	(5,000,279)	15,378,537	-	(863,245)	144,537	(724,818)	-	145,000	225,157	-	-
Fund balance (deficit) at June 30, 2020	\$ 36,924,948	\$ 6,387,106	\$ 43,494,544	\$ 1,798,466	\$ 902,814	\$ 4,795,160	\$ 17,637,149	\$ 973,252	\$ 35,642	\$ (201,398)	\$ 1,230,926	\$ 113,978,609

College of Lake County
Community College District No. 532
Reconciliation of the Uniform Financial Statement Number 1
to the Statement of Net Position
June 30, 2020

Total fund balances - Uniform Financial Statement Number 1	\$ 113,978,609
Amounts reported in the basic financial statements for net position are different because:	
Capital assets used in College activities are not current financial resources and therefore are not reported in the uniform financial statements.	185,375,284
Pension contributions made after the actuarial measurement date are considered expenditures in the uniform financial statements but are deferred outflows of resources in the basic financial statements.	135,983
OPEB contributions made after the actuarial measurement date are considered expenditures in the uniform financial statements but are deferred outflows of resources in the basic financial statements.	294,176
Unamortized refunding cost is considered a deferred outflow of resources in the basic financial statements; however, they are not recorded in the uniform financial statements.	887,326
Changes in assumptions, experiences and other calculations are reported as deferred outflows/inflows in the basic financial statements; however, they are not recorded in the uniform financial statements.	(5,231,061)
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in uniform financial statements:	
These liabilities consist of:	
General obligation bonds	(49,157,605)
Post-employment benefits	(78,986,661)
Amounts held in trust for others	(973,251)
Unearned rent	(680,000)
	<hr/>
Net position - Statement of Net Position	<u>\$ 165,642,800</u>

College of Lake County
Community College District No. 532
Reconciliation of the Uniform Financial Statement Number 1
to the Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020

Net change in fund balances—Uniform Financial Statement Number 1 \$ 9,079,871

Amounts reported for the general purpose Statement of Revenues, Expenses, and Changes in Net Position are different because:

The uniform financial statements report capital outlays as expenditures paid while the basic financial statements report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital contributions	362,295	
Capital outlays	4,876,550	
Depreciation expense	<u>(11,671,615)</u>	(6,432,770)

Net book value of disposal of capital assets are not reported in the uniform financial statements.

Contributions to pension funds are recognized as expenditures when paid to the pension fund on the uniform financial statements. These expenditures are recorded on the basic financial statements based on the annual service cost, corresponding with the most recent actuarial valuation year. This is the difference between these amounts. 12,372

Contributions to the OPEB plan are recognized as expenditures when paid to the plan on the uniform financial statements. These expenditures are recorded on the basic financial statements based on the annual service cost, corresponding with the most recent actuarial valuation year. This is the difference between these amounts. 6,515

Some revenue and expenses reported in the uniform financial statements are the use of current financial resources to reduce long term liabilities reported on the basic financial statements.

These activities consist of:

Bonds payable, including amortization of bond premiums	5,836,467	
Amortization of loss of refunding	(63,756)	
Post-employment benefits	(3,300,601)	
Amounts held in trust for others	(94,750)	
Unearned rent	<u>20,000</u>	

Increase in net position - Statement of Revenues, Expenses, and Changes in Net Position \$ 5,063,348

College of Lake County
Community College District No. 532

Summary of Capital Assets and Debt
 Uniform Financial Statement Number 2
 Year Ended June 30, 2020

	Capital Asset/ Debt Account Groups June 30, 2019	Additions	Deletions	Capital Asset/ Debt Account Groups June 30, 2020
Fixed assets:				
Sites and improvements	\$ 25,752,924	\$ 101,391	\$ -	\$ 25,854,315
Buildings, additions, and improvements	227,403,218	1,470,834	-	228,874,052
Capitalized collections	1,206,319	13,500	-	1,219,819
Construction work in progress	1,609,356	852,213	(100,114)	2,361,455
Equipment, furniture, and machinery	43,091,954	2,901,021	(148,439)	45,844,536
Fixed assets	<u>299,063,771</u>	<u>5,338,959</u>	<u>(248,553)</u>	<u>304,154,177</u>
Accumulated depreciation	<u>(107,255,717)</u>	<u>(11,671,615)</u>	<u>148,439</u>	<u>(118,778,893)</u>
Net fixed assets	<u><u>\$ 191,808,054</u></u>	<u><u>\$ (6,332,656)</u></u>	<u><u>\$ (100,114)</u></u>	<u><u>\$ 185,375,284</u></u>
Fixed debt:				
Bonds payable	<u>\$ 54,445,000</u>	<u>\$ -</u>	<u>\$ (5,630,000)</u>	<u>\$ 48,815,000</u>
Total fixed liabilities	<u><u>\$ 54,445,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,630,000)</u></u>	<u><u>\$ 48,815,000</u></u>

The College has no tax anticipation warrants or notes outstanding at June 30, 2020.

College of Lake County
Community College District No. 532

Operating Funds Revenues and Expenditures
 Uniform Financial Statement Number 3
 Year Ended June 30, 2020

	Education Fund	O&M Fund	Total Operating
Operating revenues by source:			
Local government:			
Current taxes	\$ 55,057,186	\$ 14,647,079	\$ 69,704,265
Charge-back revenue	1,268,698	-	1,268,698
Total local government	<u>56,325,884</u>	<u>14,647,079</u>	<u>70,972,963</u>
State government:			
ICCB credit hour grants	7,838,950	-	7,838,950
Vocational education and other	537,850	-	537,850
Total state government	<u>8,376,800</u>	<u>-</u>	<u>8,376,800</u>
Student tuition and fees:			
Tuition and fees	29,918,867	-	29,918,867
Total student tuition and fees	<u>29,918,867</u>	<u>-</u>	<u>29,918,867</u>
Other sources:			
Investment revenue	1,445,925	-	1,445,925
Other	35,428	387,278	422,706
Transfers	724,818	-	724,818
Total other sources	<u>2,206,171</u>	<u>387,278</u>	<u>2,593,449</u>
Total revenue	<u>96,827,722</u>	<u>15,034,357</u>	<u>111,862,079</u>
Less nonoperating items*:			
Tuition charge-back revenue	-	-	-
Transfers from nonoperating funds	724,818	-	724,818
Adjusted revenue	<u>\$ 96,102,904</u>	<u>\$ 15,034,357</u>	<u>\$ 111,137,261</u>

College of Lake County
Community College District No. 532

Operating Funds Revenues and Expenditures
 Uniform Financial Statement Number 3 (Continued)
 Year Ended June 30, 2020

	Education Fund	O&M Fund	Total Operating
Operating expenditures:			
Instruction	\$ 42,487,137	\$ -	\$ 42,487,137
Academic support	3,336,687	-	3,336,687
Student services	8,659,353	-	8,659,353
Public service	1,363,923	-	1,363,923
Operations and maintenance	1,924,015	6,802,843	8,726,858
Institutional support	27,963,337	2,647,324	30,610,661
Scholarships and student grants	339,995	-	339,995
Transfers	10,029,708	5,000,279	15,029,987
Total operating expenditures by program	96,104,155	14,450,446	110,554,601
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	10,029,708	5,000,279	15,029,987
Adjusted expenditures	<u>\$ 86,074,447</u>	<u>\$ 9,450,167</u>	<u>\$ 95,524,614</u>
By object:			
Salaries	\$ 63,962,423	\$ 3,542,646	\$ 67,505,069
Employee benefits	9,803,625	1,434,396	11,238,021
Contractual services	3,863,165	809,724	4,672,889
General materials and supplies	2,962,816	186,085	3,148,901
Conference and meetings	669,902	2,114	672,016
Fixed charges	1,163,429	797,958	1,961,387
Utilities	48,747	2,463,423	2,512,170
Capital outlay	823,828	201,345	1,025,173
Other	2,776,512	12,476	2,788,988
Transfers	10,029,708	5,000,279	15,029,987
Total operating expenditures by object	96,104,155	14,450,446	110,554,601
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	10,029,708	5,000,279	15,029,987
Adjusted expenditures	<u>\$ 86,074,447</u>	<u>\$ 9,450,167</u>	<u>\$ 95,524,614</u>

* Intercollegiate revenues and expenses that do not generate related local college credit hours are subtracted to allow for statewide comparisons.

College of Lake County
Community College District No. 532

Restricted Purposes Fund Revenues and Expenditures
 Uniform Financial Statement Number 4
 Year Ended June 30, 2020

	Restricted Purposes Fund
<hr/>	
Revenue by source:	
Local government:	
Other local government	\$ 402,607
Total local government	<u>402,607</u>
State government:	
ICCB – State Adult Education Grant	449,098
ICCB – State Basic and Performance Revenue Grant	826,357
ICCB – Preschool for All	1,670,462
Other	2,590,218
Total state government	<u>5,536,135</u>
Federal government:	
U.S. Department of Education	17,694,927
Other	841,456
Total federal government	<u>18,536,383</u>
Student tuition and fees:	
Tuition and fees	<u>2,494,938</u>
Other sources:	
Other	1,509,317
Total other sources	<u>1,509,317</u>
Total restricted purposes fund revenues	<u><u>\$ 28,479,380</u></u>

College of Lake County
Community College District No. 532

Restricted Purposes Fund Revenues and Expenditures
 Uniform Financial Statement Number 4 (Continued)
 Year Ended June 30, 2020

	Restricted Purposes Fund
<hr/>	
Restricted purposes fund expenditures, by program:	
Public services	\$ 6,784,450
Academic support	811,427
Scholarships and student grants	<u>18,062,079</u>
Total restricted purposes fund expenditures, by program	<u><u>\$ 25,657,956</u></u>
Restricted purposes fund expenditures, by object:	
Salaries	\$ 6,594,077
Employee benefits	405,715
Contractual services	232,704
General materials and supplies	514,893
Travel and conference/meetings	85,775
Fixed charges	76,746
Capital outlay	279,123
Other	<u>17,468,923</u>
Total restricted purposes fund expenditures, by object	<u><u>\$ 25,657,956</u></u>

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
 Uniform Financial Statement Number 5
 Year Ended June 30, 2020

Instruction:	
Instructional programs	<u>\$ 42,487,137</u>
Academic support:	
Library center	1,727,572
Academic computing support	81,233
Other	2,339,309
Total academic support	<u>4,148,114</u>
Student services:	
Admission and records	833,794
Counseling and career services	3,456,380
Financial aid administration	848,414
Other	3,520,765
Total student services	<u>8,659,353</u>
Public service:	
Community education	7,352,930
Community services	821,052
Other	2,558,720
Total public services	<u>10,732,702</u>
Auxiliary services	<u>5,274,243</u>
Operations and maintenance:	
Maintenance	1,556,565
Custodial services	1,889,248
Grounds	570,676
Transportation	57,741
Utilities	2,153,135
Administration	503,697
Other	1,995,796
Total operations and maintenance	<u>\$ 8,726,858</u>

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
 Uniform Financial Statement Number 5 (Continued)
 Year Ended June 30, 2020

Institutional support:	
Executive management	\$ 1,190,155
Fiscal operations	1,107,664
Community relations	2,665,650
Administrative support	1,817,613
Board of trustees	316,529
General institutional	17,800,633
Institutional research	760,034
Administrative data processing	6,007,835
Total institutional support	<u>31,666,113</u>
Scholarships, student grants, and waivers	<u>18,464,979</u>
Total current funds expenditures	<u><u>\$ 130,159,499</u></u>

* Current Funds include Education, Operations and Maintenance, Auxiliary Enterprises, Restricted Purposes, Audit, Liability Protection and Settlement Funds

Independent Auditor's Report on Audits of Grant Program Financial Statements

To the Board of Trustees
College of Lake County
Community College District No. 532
Grayslake, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the State Adult Education Grant (State Basic and State Performance), the Workforce Equity Initiative Grant, the Innovative Bridge and Transition Grant, and the Transitional Instruction Math and English Grant (the Grant Programs) of the College of Lake County, Community College District No. 532, Illinois (the College) as of and for the year ended June 30, 2020, and the related notes to the Illinois Community College Board (ICCB) State grants financial statements, which collectively comprise the College's grant program financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these grant program financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College's State Adult Education Grant (State Basic and State Performance), the Workforce Equity Initiative Grant, the Innovative Bridge and Transition Grant, and the Transitional Instruction Math and English Grant as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The grant program financial statements present only the Grant Programs referred to above and do not purport to, and do not present fairly the financial position of the College as of June 30, 2020, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the grant program financial statements of the College. The ICCB Compliance Statement on page 96 is presented for purposes of additional analysis and is not a required part of the grant program financial statements.

The ICCB Compliance Statement on page 96 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the grant program financial statements. Such information has been subjected to the auditing procedures applied in the audit of the grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statement on page 96 is fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of the College's internal control over financial reporting of the grant programs and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
December 18, 2020

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

To the Board of Trustees
College of Lake County
Community College District No. 532
Grayslake, Illinois

We have audited, 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 the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the State Adult Education Grant (State Basic and State Performance), the Workforce Equity Initiative Grant, the Innovative Bridge and Transition Grant, and the Transitional Instruction Math and English (the Grant Programs) of the College of Lake County, Community College District No. 532, Illinois (the College) as of and for the year ended June 30, 2020, and the related notes to the Illinois Community College Board (ICCB) State grants financial statements, and have issued our report thereon dated December 18, 2020. The grant programs financial statements present only the Grant Programs referred to above and do not purport to, and do not, present the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the grant program financial statements, we considered the College's internal control over financial reporting (internal control) as a basis of designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the grant program financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
December 18, 2020

**College of Lake County
Community College District No. 532**

State Adult Education Grant
Balance Sheet
June 30, 2020

	State Basic	State Performance	Total
Assets			
Cash	\$ -	\$ -	\$ -
Accounts receivable	42,938	25,516	68,454
 Total assets	<u>\$ 42,938</u>	<u>\$ 25,516</u>	<u>\$ 68,454</u>
Liabilities and Fund Balance			
Liabilities			
Due to other funds	\$ 42,938	\$ 25,516	\$ 68,454
Total liabilities	42,938	25,516	68,454
Fund balance	-	-	-
 Total liabilities and fund balance	<u>\$ 42,938</u>	<u>\$ 25,516</u>	<u>\$ 68,454</u>

See accompanying notes to ICCB State Grants financial statements.

**College of Lake County
Community College District No. 532**

State Adult Education Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2020

	State Basic	State Performance	Total
Revenues:			
State sources	\$ 571,202	\$ 255,155	\$ 826,357
Expenditures – by program:			
Instructional and student services:			
Instruction	334,769	31,286	366,055
Social work services	-	-	-
Guidance services	61,584	-	61,584
Assistive and adaptive equipment	-	-	-
Assessment and testing	90,126	122,108	212,234
Student transportation services	-	-	-
Literacy services	219	51,250	51,469
Child care services	-	-	-
Total instructional and student services	<u>486,698</u>	<u>204,644</u>	<u>691,342</u>
Program support:			
Improvement of instructional services	-	-	-
General administration	-	2,348	2,348
Operation and maintenance of plant services	-	-	-
Workforce coordination	-	47,295	47,295
Data and information services	84,504	868	85,372
Marketing	-	-	-
Approve indirect costs	-	-	-
Total program support	<u>84,504</u>	<u>50,511</u>	<u>135,015</u>
Total expenditures	<u>571,202</u>	<u>255,155</u>	<u>826,357</u>
Excess of Expense over Revenues	-	-	-
Fund balance at July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**College of Lake County
Community College District No. 532**

State Adult Education Grant
ICCB Compliance Statement
Expenditure Amounts and Percentages for ICCB Grant Funds Only
Year Ended June 30, 2020

State Basic	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	\$334,769	64%
Program Support (15% maximum allowed)	\$84,504	12%
State Performance	Actual expenditure amount	Actual expenditure percentage
Instruction (No minimum required)	\$31,286	30%
Program Support (No maximum allowed)	\$50,511	11%

College of Lake County
Community College District No. 532

Workforce Equity Initiative Grant
Balance Sheet
June 30, 2020

Assets	
Cash	\$ 928,907
	<u> </u>
Liabilities and Fund Balance	
Accounts payable	\$ 59,774
	<u> </u>
Fund balance	869,133
	<u> </u>
Total liabilities and fund balance	\$ 928,907
	<u> </u>

See accompanying notes to ICCB State Grants financial statements.

**College of Lake County
Community College District No. 532**

Workforce Equity Initiative Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2020

<hr/>	
Revenues:	
State sources	<u>\$ 1,500,000</u>
Expenditures – by program:	
Salaries	54,579
Contractual services	55,957
Instructional equipment	124,862
Materials and supplies	198,396
Conference and meetings	261
Scholarships and grants	196,812
Total expenditures	<u>630,867</u>
Excess of revenues over expenditures	869,133
Fund balance at July 1, 2019	<u>-</u>
Fund balance at June 30, 2020	<u><u>\$ 869,133</u></u>

See accompanying notes to ICCB State Grants financial statements.

**College of Lake County
Community College District No. 532**

Innovative Bridge and Transition Grant
Balance Sheet
June 30, 2020

Assets	
Cash	<u>\$ 77,035</u>
Liabilities and Fund Balance	
Liabilities	<u>\$ -</u>
Fund balance	<u>77,035</u>
Total liabilities and fund balance	<u>\$ 77,035</u>

See accompanying notes to ICCB State Grants financial statements.

College of Lake County
Community College District No. 532

Innovative Bridge and Transition Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2020

Revenues:	
State sources	<u>\$ 110,000</u>
Expenditures – by program:	
Salaries	12,198
Materials and supplies	3,919
Scholarships and grants	<u>16,848</u>
Total expenditures	<u>32,965</u>
Excess of revenues over expenditures	77,035
Fund balance at July 1, 2019	<u>-</u>
Fund balance at June 30, 2020	<u><u>\$ 77,035</u></u>

See accompanying notes to ICCB State Grants financial statements.

College of Lake County
Community College District No. 532

Transitional Instruction Math and English Grant
Balance Sheet
June 30, 2020

Assets	<u>\$ -</u>
Liabilities and Fund Balance	
Liabilities	<u>\$ -</u>
Fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>

See accompanying notes to ICCB State Grants financial statements.

College of Lake County
Community College District No. 532

Transitional Instruction Math and English Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2020

<hr/>	
Revenues:	
State sources	<u>\$ 29,180</u>
Expenditures – by program:	
Salaries	15,000
Contractual services	<u>14,180</u>
Total expenditures	<u>29,180</u>
Excess of revenues over expenditures	-
Fund balance at July 1, 2019	<u>-</u>
Fund balance at June 30, 2020	<u><u>\$ -</u></u>

See accompanying notes to ICCB State Grants financial statements.

Grant Programs
Notes to ICCB State Grants Financial Statements

Note 1. Summary of Significant Accounting Policies

General: The financial statements include only those transactions resulting from the Illinois Community College Board (ICCB) State Adult Education Grant (State Basic and State Performance), the Workforce Equity Initiative Grant, the Innovative Bridge and Transition Grant, and the Transitional Instruction Math and English Grant and are not intended to present the financial position or results of operations of the College of Lake County (the College). These transactions have been accounted for in the Restricted Purposes Fund.

Basis of accounting: These grant program financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are reported when services are rendered, or when goods are received.

Grant revenues are reported in these grant program financial statements when allowable grant expenditures are made. Expenditures are allowable if they comply with "Policy Guidelines for Restricted Grant Expenditures and Reporting" set forth in the ICCB *Fiscal Management Manual*. Grant funds should be accounted for in the same period as in the credit hour claiming process.

Accounts receivable: A receivable is recorded for the funds to be received from the ICCB at June 30, 2020 for reimbursement of the allowable expenditures incurred during the fiscal year.

Due to other funds: Due to other funds represents the amount to be reimbursed to the College funds for the use of resources to pay for the expenses incurred by the grant program prior to the receipt of the grant monies.

Capital assets: Capital asset purchases, if any, are recorded as capital outlay of the program from which the expenditures are made. Such expenditures have been capitalized at cost in the College's financial statements.

Note 2. Background Information on Grant Activity

Restricted Grants

Restricted Adult Education Grant/State

1. State Basic – Grants awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and older or persons under the age of 21 and not otherwise in attendance in public schools 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 Educational Developmental Review classes. Included in this grant are funds for support services, such as student transportation and child-care facilities or provisions.
2. State Performance – Grants awarded to Adult Education and Family Literacy providers based upon performance outcomes.

Grant Programs
Notes to ICCB State Grants Financial Statements

Note 2. Background Information on Grant Activity (Continued)

Workforce Equity Initiative Grant

The program seeks to create, support and/or expand a number of short-term programs that have an identified workforce gap in the communities of North Chicago, Waukegan, Round Lake, and Zion. The initiative will serve 182 individuals enrolled in nine programs including Administrative management Technology, Auto Collision Repair, Heating & Air Conditioning Technology, Forklift Operator, Truck Driving, Certified Nursing Assistant, Dental Assistant, Healthcare Office Assistant, and Phlebotomy.

Innovative Bridge and Transition Program Grant

The program is designed as an Integrated Education and Training (IET) program, which means that students will receive contextualized instruction in a career area and will be co-enrolled in Adult Education along with credit classes for industry credentials. The goals are: obtainment of an industry credential allowing entry into the workforce; to improve reading, writing, math and/or English language skills, and preparation for the high school equivalency, if needed.

Transitional Instruction Math and English Grant

The grant is to create, support or expand transitional math and English Language Arts (ELA) instruction and curriculum development.



RSM US LLP

**Independent Accountant's Report on the Schedule of Enrollment
Data and Other Bases Upon Which Claims Were Filed**

To the Board of Trustees
College of Lake County
Community College District No. 532
Grayslake, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims were Filed (the Schedule) of College of Lake County, Community College District No. 532 (the College) for the year ended June 30, 2020. The College's management is responsible for preparing the Schedule in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Our responsibility is to express an opinion on the Schedule based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule referred to above is in accordance with (or based on) the criteria, in all material respects. An examination involves performing procedures to obtain evidence about whether or not the Schedule is presented in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims were Filed for the year ended June 30, 2020, is presented in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*.

The report is intended solely for the information and use of the Board and management of the college and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Chicago, Illinois
December 18, 2020

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Schedule of Enrollment Data and Other

Bases Upon Which Claims were Filed

Year ended June 30, 2020

Total Semester Credit Hours by Term (In-District and Out of District Reimbursable)

	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	23,228.0	—	68,769.0	—	65,380.0	—	157,377.0	—
Business occupational	883.5	26.0	3,081.0	—	4,887.0	—	8,851.5	26.0
Technical occupational	1,528.5	—	8,237.0	—	10,215.0	—	19,980.5	—
Health occupational	1,870.0	—	5,113.5	—	7,018.0	—	14,001.5	—
Remedial development	1,359.0	—	6,959.0	—	4,379.0	—	12,697.0	—
Adult basic education/ secondary education	555.0	1,182.0	5,557.0	3,617.5	6,791.0	2,859.2	12,903.0	7,658.7
Total	29,424.0	1,208.0	97,716.5	3,617.5	98,670.0	2,859.2	225,810.5	7,684.7

	Attending in-district	Attending out-of-district on chargeback or contractual agreement	Total
Semester credit hours (all terms)	227,337.6	538.5	227,876.1

	Dual Credit	Dual Enrollment	Total
Reimbursable semester credit hours (all terms)	8,988.0	1,518.5	10,506.5

District 2019 equalized assessed valuation \$ 25,927,390,217


President


Vice-President for Business Services and Finance

See accompanying independent accountant's report on the schedule of enrollment data and other bases upon which claims were filed.

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**

Schedule of Enrollment Data and Other
Bases Upon Which Claims were Filed
Year ended June 30, 2020

Reconciliation of Total Semester Credit Hours

	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	157,377.0	157,377.0	—	—	—	—
Business occupational	8,851.5	8,851.5	—	26.0	—	26.0
Technical occupational	19,980.5	19,980.5	—	—	—	—
Health occupational	14,001.5	14,001.5	—	—	—	—
Remedial development	12,697.0	12,697.0	—	—	—	—
Adult basic education/ adult secondary	12,903.0	12,903.0	—	7,658.7	—	7,658.7
Total	<u>225,810.5</u>	<u>225,810.5</u>	<u>—</u>	<u>7,684.7</u>	<u>—</u>	<u>7,684.7</u>

Reconciliation of In-District/Charge-Back
Reimbursable Credit Hours

	Total attending	Total attending as certified to the ICCB	Difference
Reimbursable in-district residents	227,337.6	227,337.6	—
Reimbursable out-of-district on charge-back or contractual agreement	538.5	538.5	—
Total	<u>227,876.1</u>	<u>227,876.1</u>	<u>—</u>

	Total reimbursable	Total reimbursable certified to ICCB	Difference
Dual Credit	8,988.0	8,988.0	—
Dual Enrollment	1,518.5	1,518.5	—
Total	<u>10,506.5</u>	<u>10,506.5</u>	<u>—</u>

See accompanying independent accountant's report on the schedule of enrollment data and other bases upon which claims were filed.



Community College District No. 532

Grayslake Campus

19351 West Washington Street, Grayslake, Illinois 60030

Lakeshore Campus

33 North Genesee Street, Waukegan, Illinois 60085

Southlake Campus

1120 South Milwaukee Avenue, Vernon Hills, Illinois 60061

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