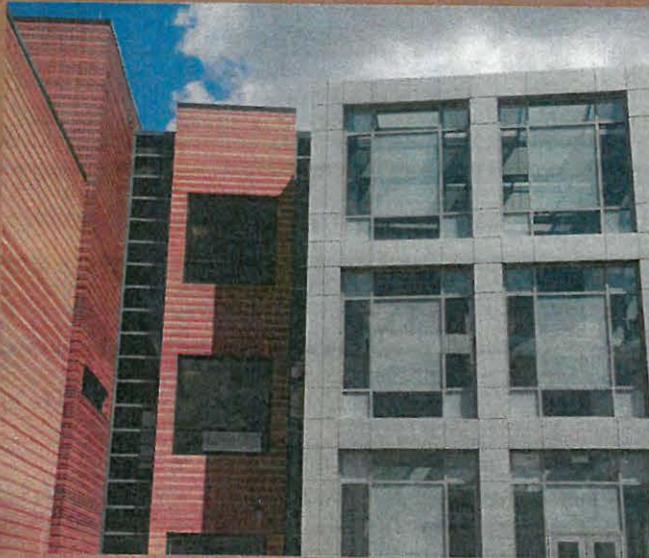
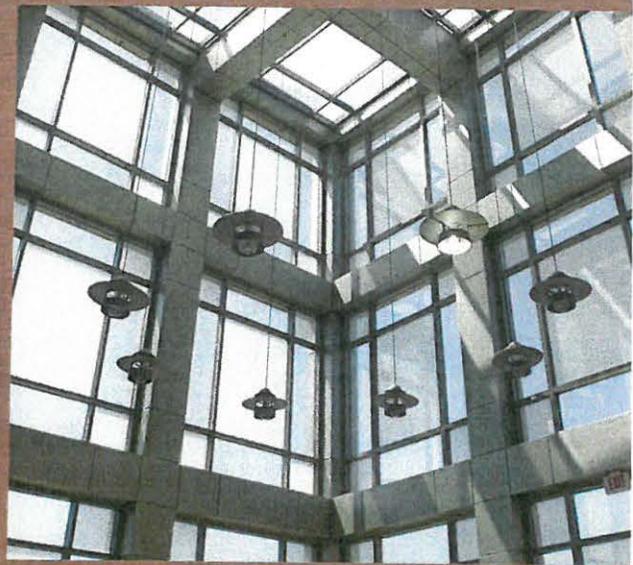




COLLEGE OF LAKE COUNTY

Community College District No. 532

Grayslake, Illinois



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2007

Prepared By:

James D. Rock

Vice President, Administrative Affairs

Ted P. Poulos

Dean, Business Services & Finance



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

Grayslake, Illinois

Comprehensive Annual Financial Report

June 30, 2007 and 2006

(With Independent Auditors' Reports Thereon)

Prepared by:

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

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September 21, 2007

To: Members of the Board of Trustees

The attached document, the Comprehensive Annual Financial Report (CAFR), has been prepared for submission to the Government Finance Officers Association (GFOA) for a certificate of achievement for excellence in financial reporting. The report is submitted for the College of Lake County, Community College District No. 532 (the College), County of Lake, State of Illinois, for the fiscal year ending June 30, 2007. The report includes the College of Lake County Foundation as a component unit in compliance with Governmental Accounting Standards Board (GASB) Statement No. 39. A more detailed description of the legal entity is contained in the notes to the financial statements in the financial section.

The data contained in the report, to the best of our knowledge, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of the various funds and account groups of the College. The College administration is responsible for the accuracy of the data and its presentation. It is a fair and complete representation of the financial affairs of the College as they relate to its mission, goals and objectives. This letter of transmittal should be read in conjunction with the Management's Discussion and Analysis (pages 3-13) which focuses on current activities, accounting changes, and currently known facts.

The fiscal management manual of the Illinois Community College Board (ICCB) provides the framework for accounting codes, appropriate use of funds and ICCB reporting requirements and serves as a handbook for external auditors. In addition to following this framework the College follows accounting principles generally accepted in the United States of America (GAAP) as set forth by GASB. The financial records are generally based on full accrual.

The College is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' 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 auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133, and a schedule of findings and questioned costs are included in a separately issued single audit report.

BACKGROUND ON 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 532. The College of Lake County is accredited by the Higher Learning Commission and is a member of the North Central Association.

As a public institution of higher learning, the College of Lake County serves its students and the larger community on the basis of its mission and strategic goals: Learning, Community Outreach, Access and Accountability.

The College of Lake County strives for excellence by responding to a wide range of transfer, career, continuing, and developmental educational needs through diverse and relevant curricular offerings. More specifically, the college pledges to provide high quality general education in the liberal arts and sciences, career education commensurate with student occupational needs and opportunities, continuing education, and basic skills that are essential for success. The college also strives to ensure that its students develop an appreciation for the diversity of world cultures and the importance of international and multicultural perspectives. As an institution that values the learning of its faculty and staff as well as its students, the college will engage in ongoing processes of assessing student achievement and providing staff development in order to improve its work and be accountable to its several constituencies.

The college also pledges to support these courses and programs with an array of print, multimedia, and electronic learning resources, and flexible student services that include advising, counseling, financial aid, and placement. Throughout all of its work, the college will maintain academic standards that will lead to competence and encourage the pursuit of excellence.

Furthermore, the college affirms its commitment to fostering the cultural, aesthetic, and intellectual life of the district and assumes responsibility for providing leadership to the community in these areas. In addition, the college is committed to the advancement and development of the district's economy and recognizes its civic responsibility to provide education and training for business and industry. In these and other areas of its mission, the college will enter into partnerships that will help achieve greater efficiency and effectiveness.

The college assures equal access and opportunity for all individuals regardless of race, ethnic origin, creed, gender, age, veteran's status, sexual orientation, or non-disqualifying disability.

Consistent with its values and mission, the College of Lake County sets forth the following goals for Fiscal Year 2008:

Strategic Goal 1: Learning

The College of Lake County will enhance student learning.

This goal includes the following objectives: improving and fostering student learning in general education, serving as a leader in workforce training by offering programs which meet the current and future workforce needs of the district, encouraging active learning approaches in instruction, increasing the academic success rates of students, especially those identified as at-risk of not meeting their educational goals, and serving as a life-long learning resource for the community, offering a diverse range of cultural and educational opportunities.

Strategic Goal 2: Community Outreach

The College of Lake County will strengthen its outreach to the community.

This goal includes the following objectives: increasing public awareness of the college's educational programs and opportunities for financial aid, increasing higher education participation among those with the ability to benefit, responding to the educational needs of diverse populations, and partnering with various government and community organizations to address educational issues affecting the quality of life within Lake County.

Strategic Goal 3: Access and Student Success

The College of Lake County will work to reduce barriers and increase opportunities to meet the diverse needs of the people of Lake County.

This goal includes the following objectives: continuously improving student-centered services, enhancing the technology infrastructure to ensure that students have easy access to the information, people and services they need to be successful, facilitating educational transitions from one level to the next, promoting student preparation and transition to college, strengthening the academic advising system, encouraging students to develop a career plan, improving the success of students in achieving their academic goals, and promoting increased participation in financial aid programs.

Strategic Goal 4: Accountability and Responsible Stewardship

The College of Lake County will evaluate and improve all academic and nonacademic departments to ensure high quality and utilize resources efficiently and effectively and expand facilities.

This goal includes the following objectives: focusing on effectiveness and efficiency to ensure its long-term financial viability, incorporating the principles of continuous improvement by conducting reviews of all academic and nonacademic departments, fostering a working environment which encourages and strengthens participation in decision-making, achieving excellence in teaching and learning by providing resources for professional development, and fostering and expanding a safe, clean and environmentally responsible campus that enhances students' well-being and meets the needs of the community.

ECONOMIC CONDITION AND OUTLOOK

In Illinois, the state is divided into 40 community college districts. The College of Lake County's district is located in Lake County, north of Chicago, bordering Cook County on the south, Lake Michigan on the East and Wisconsin on the North. In the last census (2000), the population of Lake County increased by 25 percent over the 1990 level. This rate exceeded the metropolitan area of Chicago's 11 percent growth,

and made Lake County one of the fastest-growing counties in Illinois. The Northeastern Illinois Planning Commission projects that Lake County's population will increase by 31 percent from 644,356 in 2000 to 844,315 in 2030. Since 2000, Lake County's population has increased 10.7 percent to 713,076 in 2006.

A significant factor affecting the college is the fact that a large part of the population growth in the 1990s was among families with children. Although the number of school-age children declined in the 1970s (-6.5%) and 1980s (-1.3%), a dramatic increase of 38 percent occurred in the 1990s. As more housing developments were built in Lake County, the number of families with children under 18 years old increased by 15 percent between 1990 and 2000.

Lake County, and therefore the College, has a strong economic base. The 2000 Census showed Lake County as having the highest median household income in Illinois. More current statistics in 2004 from the American Community Survey ranked Lake County 17th highest in the nation in median household income. Although primarily a residential area, Lake County is home to some of the largest businesses in Illinois including Hewitt Associates, Motorola, W.W. Grainger, CDW, Walgreen's, Baxter, Condell Medical Center, and Abbott Laboratories. It is also home to the third largest base in the Navy and the only U.S. Naval Training Recruit Center at Great Lakes, which contributed \$392 million to the Lake County economy in 1999. In addition, in recent years Lake County has become a major tourist attraction with the addition of a highly successful outlet mall, Gurnee Mills, and the popular amusement park, Six Flags Great America. In 2006, tourists spent \$994 million dollars in Lake County supporting 10,070 jobs with a payroll of over \$230 million. The District has an assessed value of \$26.0 billion which is used for the property tax calculation, and is the third highest in the State of Illinois.

The following table illustrates enrollment growth over the past five years that is indicative of the population growth in Lake County and reflects the College response to the community through the programs that are offered.

Enrollment Summary					
(Based on Ten Day Count)					
Fiscal Year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Head Count (Fall)	15,828	15,866	15,745	15,558	16,010
Credit Hours	228,341	249,012	268,078	275,991	280,499
FTE	7,611	8,300	8,936	9,197	9,350

COLLEGE OF LAKE COUNTY MAJOR INITIATIVES

The College of Lake County enters Fiscal Year 2008 with faculty, staff, and administrators poised to respond to the continued growth of the college. Fall 2007 10th day enrollment reached a new three-year high, with expanded program offerings at the Lakeshore campus and the Southlake Educational Center providing additional options for students. Efforts to insure continued future enrollment growth are being spearheaded by the Enrollment Services and Public Relations departments at the same time that the college begins its participation in the Foundations of Excellence program, which focuses on improving the first year experience of students.

These initiatives are among many which will address the college's four strategic goals of Learning, Outreach, Access/Student Success, and Accountability/Responsible Stewardship. Numerous program activities have been planned by the various administrative areas of the college to achieve the specific objectives set for each of these goals. These plans are summarized below.

Strategic Goal 1. Learning

To improve and foster student learning in general education, the Communication Arts, Humanities, and Fine Arts (Com Arts) and Social Sciences divisions will collaborate to identify the core elements of Humanities coursework, while the Engineering, Math and Physical Sciences (EMPS) division will work to expand coursework in Computer Science, Geology, and Mathematics. International and language studies will be the focus of a new grant-funded program within the Social Science division designed to improve Chinese and East Asian studies courses at CLC, while additional new efforts within the Com Arts division will be implemented to improve staffing and support for language laboratories. The divisions will seek to improve equipment and other support for general education at the Southlake and Lakeshore locations including improvements to chemistry laboratories, library and learning assistance center facilities.

The objective of offering training programs to meet the current and future workforce needs of Lake County will be addressed by a number of academic divisions. The Biological and Health Sciences division will implement training in digital patient records and health information processes in current use by hospitals. Preliminary assessment of workforce needs for a Licensed Practical Nursing (LPN) program will be conducted by the Biological and Health Sciences division and for programs in Photonic Development/Applications, Nanotechnology, Fiber Optic Technology, and Wireless Networking Security by the EMPS division. The department of Continuing Professional Development will develop new professional training programs in mortgage lending, home appraisal, and professional business skills. Client Solutions will create and implement a marketing and sales strategy to obtain additional training and consulting contracts with companies and not-for-profit organizations in the district.

The objective of increasing the academic success rates of at-risk students will be addressed by the Com Arts division, which will develop additional modules to assist English Language Instruction (ELI) students in developing specific skills for language success. The Adult Basic Education (ABE)/GED/ESL division will develop an integrated "Intake and Retention Center" to improve retention in adult education programs. The Counseling and Retention division will implement a pilot initiative to require counseling for students who do not meet CLC language proficiency.

The objective of offering a diverse range of programs to enhance life-long learning will be addressed by the Social Sciences division and the Continuing Education and Athletics/Physical Activities departments, all of whom will offer numerous courses, lectures, special projects, and learning-related activities for citizens of the district.

Strategic Goal 2. Community Outreach

The objective of increasing public awareness of college programs will be addressed by the Public Relations department and the Assistant Vice President for Student Development, who will collaborate to lead a reconstituted recruitment outreach entity to provide oversight on outreach activities. Public Relations will also work with Enrollment Services and other departments throughout the college to increase the number of graduating high school seniors who enter the college. The Talent Search program will track project participants who attend financial aid workshops to insure all apply for aid. The office of Admissions and Records will seek to increase the number of international students who enroll at CLC by 20%.

The objective of responding to the educational needs of diverse populations will be the focus of the EMPS division, which will develop dual credit engineering courses for high schools who have adopted the "Project Lead the Way" curriculum. The Social Sciences division will work with the City of Waukegan to use the Waukegan Carnegie Library as an "Underground Railroad in Lake County" educational center/museum. The Biological and Health Sciences division will continue to cultivate relationships with clinical agencies, and the ABE/GED/ESL division will work to assist ex-offenders through outreach activities to work-release and probation populations.

The Alumni Relations and Special Events department will implement new marketing strategies to increase participation in alumni activities such as alumni special interest clubs and to strengthen the image of the Alumni Association among current CLC students.

A number of administrative areas will work with businesses and other community entities to benefit the college. The Assistant Vice President for Workforce Development will develop partnerships with businesses, chambers of commerce, and other organizations to identify unmet training and education needs. Client Solutions will contact 300 new organizations to promote its services and will market new programs to manufacturing companies. The Procurement Technical Assistance Center (PTAC) and the Small Business Development Center (SBDC) will outreach to clients through expanded services at the Lakeshore campus and the Southlake Educational Center. Other PTAC/SBDC activities will include development of an incubator program and marketing to local companies which have been awarded federal contracts. The Workforce and Professional Development Institute will establish an Advisory Board and hire additional staff.

Strategic Goal 3. Access and Student Success

The objective of improving student services will be addressed by a number of administrative offices. Accounting Services will upgrade the Student Financials module of PeopleSoft to provide students with smoother registration and payment processes. The Admissions and Records department will create online checklists to assist students who apply to CLC. The Career and Placement Services office will relocate most of its services to the main Grayslake campus to improve student services. The Financial Aid office will transition to the Oracle database and upgrade to PeopleSoft 9.0. The office for Students with Disabilities will create improved methods of providing alternately formatted text by using the most up-to-date technology. The Student Life office will create a "First Year Experience" program to improve retention of new students in under-represented or at-risk populations.

Facilitation of educational transitions will be one objective of the EMPS division, which will work with SIU-Carbondale to offer a BS in Industrial Technology program at the University Center of Lake County and will create a 2+2 Electrical Engineering Technology degree which will transfer to SIU and other baccalaureate institutions. Efforts to partner with Lake County primary and secondary schools to promote student transition to college will be undertaken by the Assistant Vice President for Workforce and the Business and Workforce Development department to expand and recruit students into dual credit

programs. The EMPS division will develop a Refrigeration and Air Conditioning (RAC) dual credit high school program. The Student Services Center at the Lakeshore campus, the Dean of ABE/GED/ESL, and Enrollment Services will develop a "Next Step" program to recruit and retain students from the GED program into academic and career programs at CLC. The Southlake Educational Center and the Counseling and Retention office will strengthen relationships with high school counselors through annual counselor-to-counselor luncheons and other programs.

The objective of assisting students in achieving their academic goals will be another focus of the Com Arts division, which will develop a music summer camp experience for area students. The Counseling and Retention office will utilize PDS courses and workshops more extensively to support new and at-risk students. The Admissions and Records department will explore the functionality in the PeopleSoft system to enter mid-term grades and provide an early warning system for advisement intervention. Efforts to promote increased participation in financial aid and scholarships will be undertaken by the Financial Aid office and the College Foundation. The Foundation will seek to increase funding for its scholarships by five to ten percent. The Student Services Center at the Lakeshore campus will work with external organizations to host financial aid workshops.

Strategic Goal 4. Accountability and Responsible Stewardship

To insure the long-term financial viability of the college, a number of administrative areas will seek to achieve cost efficiency and maximize revenue. The College Foundation will begin planning for a major capital campaign and develop future funding initiatives. The James Lumber Center will implement a branding strategy to increase attendance and revenue, and the Resource Development and Legislative Affairs department will increase the number of competitive grant submissions and Federal, State, and Foundation awards. The Workforce and Professional Development Institute will increase revenues by establishing a strategic plan and building a marketing function.

The objective of achieving continuous improvement will be a focus of a number of administrative areas. The Biological and Health Sciences division will implement its reorganization plan, including providing support services for faculty based at the Lakeshore campus and Southlake Educational Center. The Paralegal Studies program will implement procedures to obtain American Bar Association approval. Accounting Services will improve the student receivable processes and student payment plans, and the Financial Aid office will implement a comprehensive internal and external training plan. Information Technology Services will upgrade the PeopleSoft Student Administration systems and implement hardware replenishment cycles.

The office of Institutional Effectiveness, Planning and Research (IEPR) will provide leadership for the three Academic Quality Improvement Program (AQIP) projects focusing on the Foundations of Excellence program. IEPR will also produce a report each semester analyzing the level of efficiency in use of classroom space and unmet demand for courses. The office will administer the ACT Student Satisfaction Survey © in the spring semester and assume responsibility for processing and analyzing student ratings of instruction each term.

Efforts to foster a working environment which values and respects employee contributions and strengthens participation in decision-making will be a focus of a number of administrative areas. The Business Services office will develop new Worker's Compensation insurance processes and claim procedures, while the Biological and Health Sciences and Continuing Education divisions will work to improve communication among various faculty and administrative groups at Lakeshore, Southlake, and Grayslake. The Counseling and Retention office will sponsor programs to build internal relationships and foster open communication with teaching faculty, while the HVAC Department will hold quarterly team-building training to enhance internal working relationships.

To foster a safe, clean, and environmentally responsible campus, the Campus Safety department will increase patrol officer presence at the Lakeshore and Southlake locations, provide additional funds for fire service maintenance and supplies, and enhance the CCTV and public address systems at Southlake and Grayslake. The Health Center will implement a viable "Pandemic Influenza Response and Preparedness Plan." The Facilities department will replace several storage areas and renovate the Library and B-Wing elevators. The College Foundation will complete funding for CLC's Fitness Trail, and the Southlake Educational Center will plan and implement a "Green Technology" seminar.

The objective of providing resources for professional development for faculty and staff will be addressed by the Professional Development Center, which will utilize the Leadership Practices Inventory © to develop improved leadership skills for faculty/staff and construct a course for faculty in the use of the Blackboard course management system and the facilitation of an online course. The Resource Development and Legislative Affairs department will work with the Teaching and Learning Center and the Library to offer at least one grant writing workshop for faculty and staff.

FINANCIAL INFORMATION

Internal Controls. The College administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the College are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to prepare financial statements conforming with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- The cost of control should not exceed the benefits likely to be derived; and
- The evaluation of cost and benefits requires management to formulate estimates and judgments.

Budget Controls. The College's annual budget is established following Illinois Statutes and the ICCB Uniform Accounting manual. The process begins with the establishment of goals and objectives incorporating input from all levels of the College and the community. Revenues then are projected to set the parameters for a balanced budget for the fiscal year, and a detailed financial plan, including ten-year projections, is presented to the Board of Trustees for its review. College departments then prepare budget requests, which are reviewed by the College's executive team, and the final budget document is submitted to the Board of Trustees for approval. The entire budget preparation process encourages input and involvement at all levels of the College.

The annual budget ensures that the College is in compliance 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:

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

An encumbrance accounting system is used to maintain budgetary control. Expenditures are encumbered as they are incurred, and online financial reports indicate accurate budget balances throughout the year. The financial statements and schedules included in the financial section of this report indicate that the College meets its responsibility for sound financial management.

General Government Functions and Fund Balances. The funds considered to be “General Government” are the Education Fund and the Operation and Maintenance Fund. These are more commonly referred to as the general funds or operating funds. Revenues that are regularly reoccurring are from predominately three sources: local property taxes, state sources and tuition and fees. The largest contributor to revenue is local property taxes. The strength of the financial base is the county assessed value, which totaled approximately \$25.97 billion in 2006 for tax collections in 2007.

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 non-debt service tax levies will decline over time as the community grows, increasing the assessed values while generating increased tax revenue to support the College. The following table details the tax levy information.

Fund Type	Maximum Tax Rate	2006	2005	2004	2003	State Avg. 2002(1)
Education	\$.130	.128	.128	.129	.129	.195
Operations and Maintenance	.060	.056	.058	.058	.059	.055
Liability, Protection and Settlement	(2)	.003	.003	.004	.004	.049
Audit	.005	.000	.000	.000	.000	.001
Bond and Interest	(2)	.007	.007	.008	.008	.022
Medicare	(2)	.001	.001	.001	.001	.000
Plant: Operations and Maintenance	.000	.000	.000	.000	.000	.000
(Restricted)	.050	.000	.000	.000	.000	.025
Life Safety						
Other	.000	.000	.000	.000	.000	.043
Total	\$	<u>.195</u>	<u>.197</u>	<u>.200</u>	<u>.201</u>	<u>.390</u>

Assessed value of taxable property for 2006 was \$25.97 billion, an increase of \$2.07 billion from 2005, or 8.66%.

The College’s average collection rate, including collection of back taxes, over the past five years is approximately 100 percent.

- (1) For taxes levied in 2002 which is the latest data available.
- (2) The maximum authorized tax rate is defined by state statute.

Revenue from tuition and fees has grown commensurate with enrollment and gradual increases in tuition rates. The tuition and fees charged in FY 2007 total \$80 per credit hour and will increase to \$90 per credit hour in FY 2008.

Revenue from state sources has decreased, as a percentage of total revenue, due to a reduction in the state budget for community colleges. The College should enjoy a continued stable source of income derived from population growth in Lake County and the long-term financial strength of the State of Illinois, despite current fiscal challenges.

Enterprise Operations. The College’s enterprise operations consists of the auxiliary services fund which is used to account for the activities of the book store, food services, student activities, athletics, and performing arts.

Debt Administration. The statutory debt limit based on the property tax assessed valuation totals \$729,000,000. The current indebtedness totals \$17,670,000 leaving a substantial margin for additional debt, as warranted by the previously described high assessed valuation and the current property taxes. Current indebtedness is due to six different outstanding series of bonds with varying maturity dates, with the last payment due in 2017. A working cash fund, with a current balance of \$17,609,188, was established through the sale of bonds and is available for periodic transfer to the various fund groups as needed for cash flow purposes. Loans are established during the fiscal year and repaid from revenues received.

Prospects for the Future. The College forecasts for revenues and expenditures have historically been an accurate representation using a mathematical model as a basis for the projections. Revenues from the three major sources as previously described will continue to meet all of the College general fund obligations. Also, provisions are made within the general funds to transfer money for future capital projects. Funding has been set aside for the College's 25 percent share of the cost of a \$42 million Student Services/Adult Education/Lifelong Learning Center (Lakeshore) building, scheduled for completion in approximately 2009.

Cash Management. The College has an established policy that provides for the prudent, conservative, timely investment of excess funds. This policy, approved by the Board, follows the Illinois Community College Act (Chapter 110 of Illinois Compiled Statutes Act 805) and the Illinois Public Funds Investment Act (Chapter 30 of the Illinois compiled statutes Act 235). The Treasurer, as appointed by the Board of Trustees, is delegated the responsibility for managing college investments. Investments are predominately placed in certificates of deposit either insured or properly collateralized. Interest income for Fiscal Year 2007 totaled \$1,156,004, constituting a net rate of return of 5.25 percent.

General Fixed Assets. The notes to financial statements elaborate on the activity for the fiscal year and the status of fixed assets at June 30, 2007.

Risk Management. The typical College property and casualty losses are insured through a conventional insurance program providing coverage for these losses under policies such as worker's compensation, building and property insurance, tort liability, school leaders professional liability and a \$15 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 Safety 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 minimizing risk to property, employees and students.

OTHER INFORMATION

Independent Audit. The accounting firm of KPMG LLP has been engaged as the independent certified public accountant performing the state-required annual audit. The auditors' report on the basic financial statements and schedules is included in the financial section of this report.

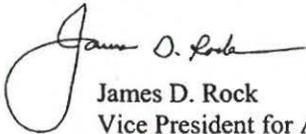
AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement. The GFOA awarded Certificates of Achievement for Excellence in Financial Reporting to the College of Lake County for its comprehensive annual financial reports for the fiscal years ended June 30, 2001 through 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

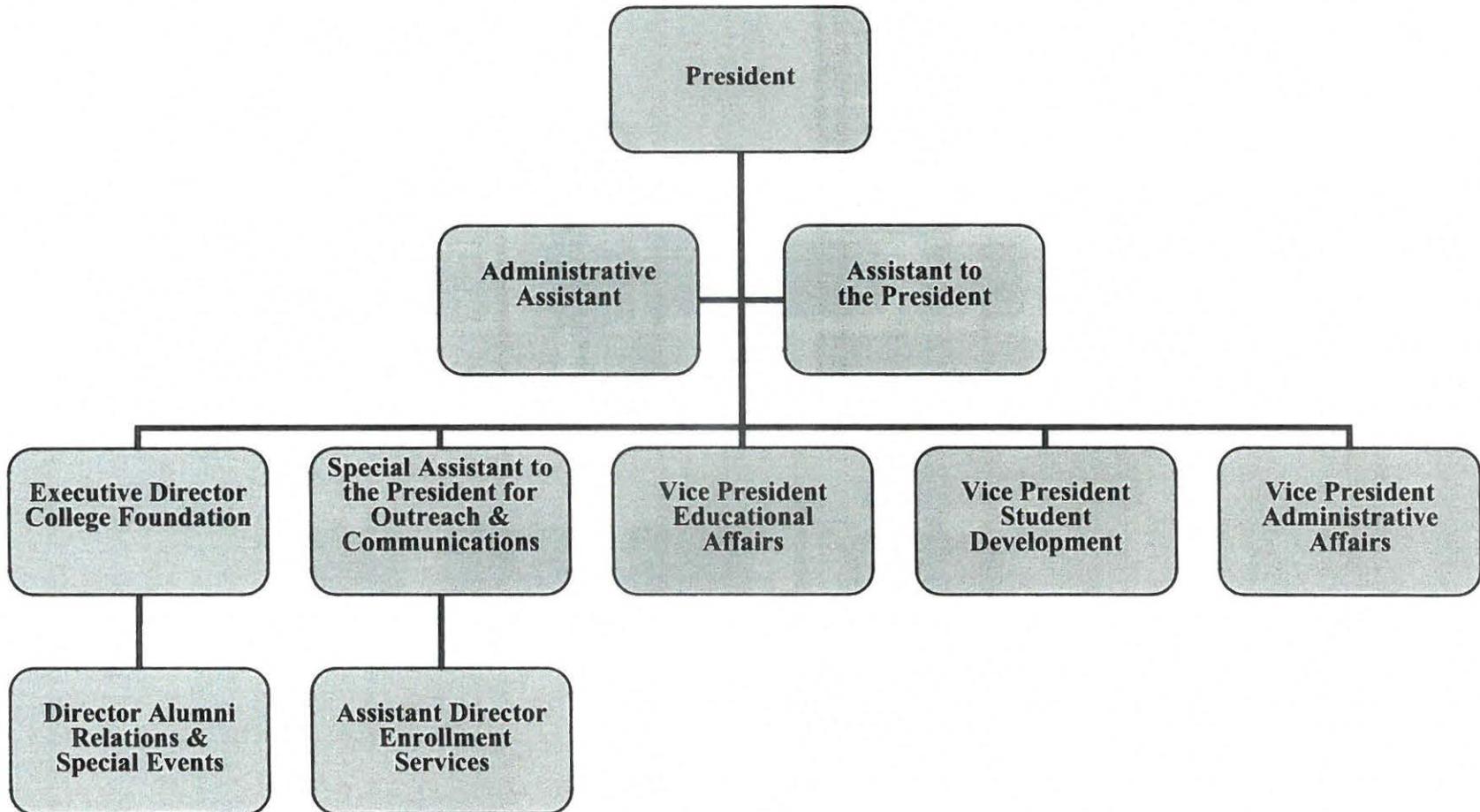
The comprehensive annual financial report presents the work of a variety of dedicated finance office administrators and staff members. It could not have been completed without the considerable effort of the audit team from KPMG applying their extensive professional experience as they work with community colleges throughout the State of Illinois and the nation. Credit must be given to the College Board of Trustees and its Executive Staff for providing the time and resources required for producing such an extensive report.

Respectfully,

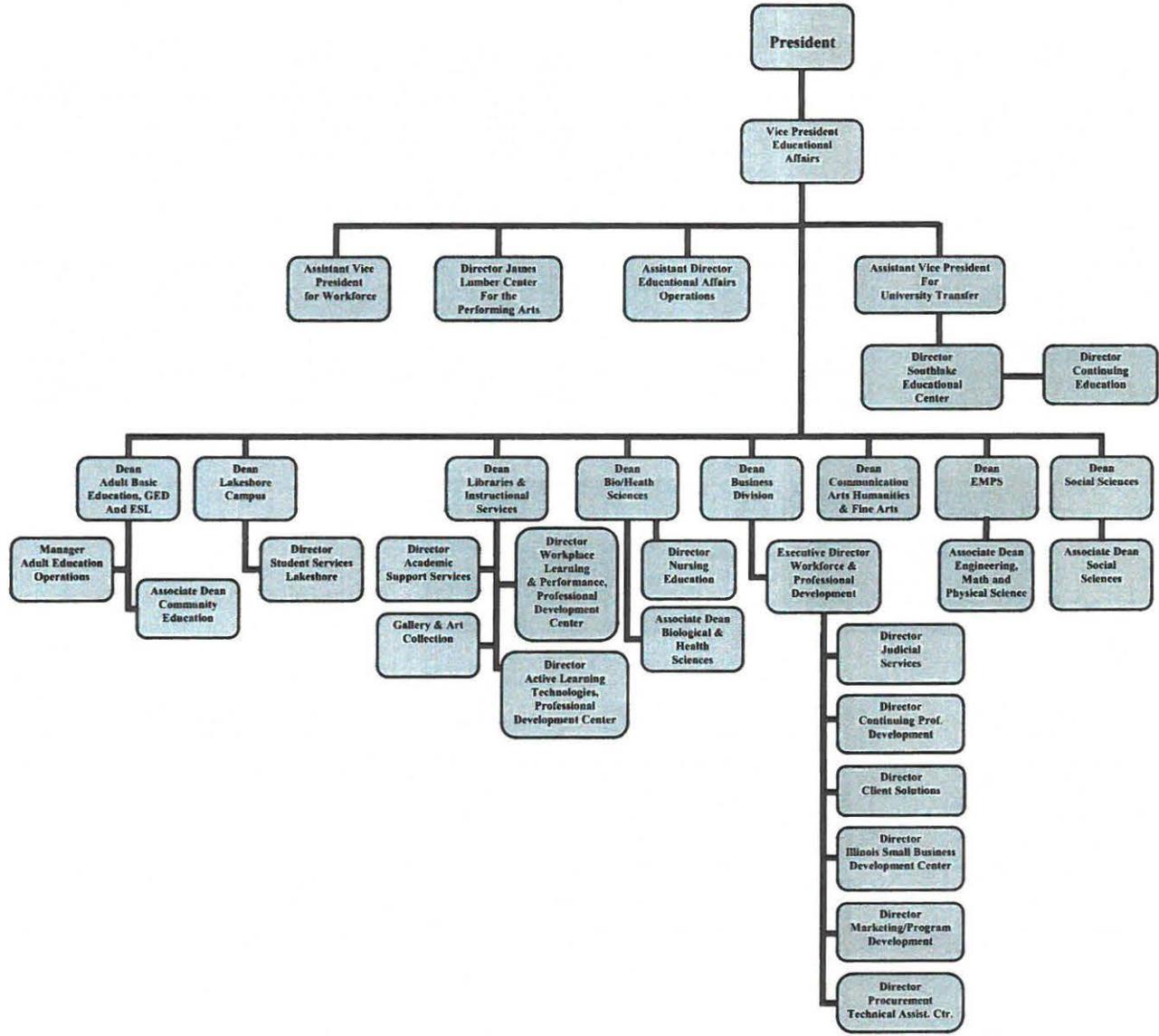


James D. Rock
Vice President for Administrative Affairs

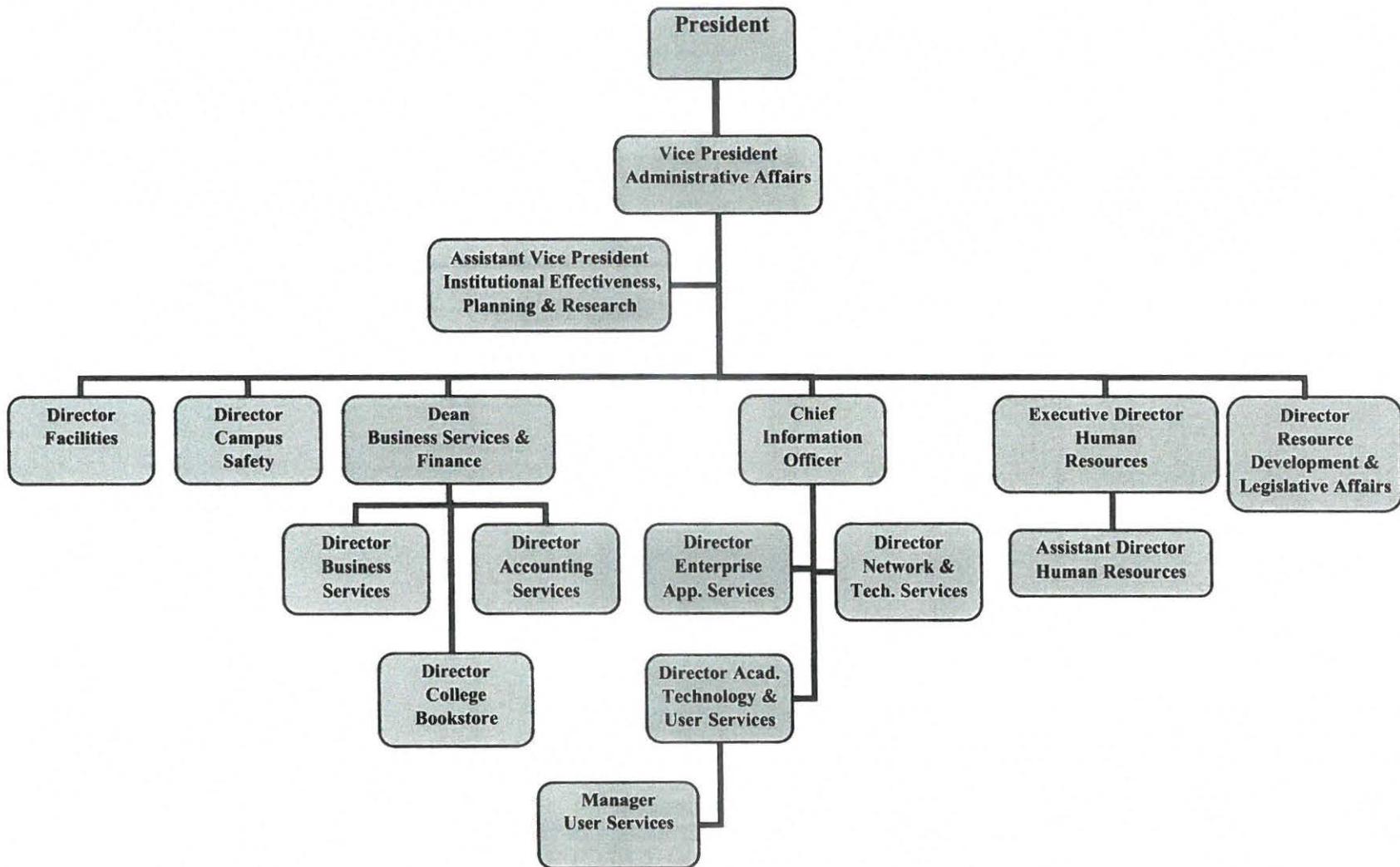
**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**
Organizational Chart
Year ended June 30, 2007



**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**
Organizational Chart
Year ended June 30, 2007

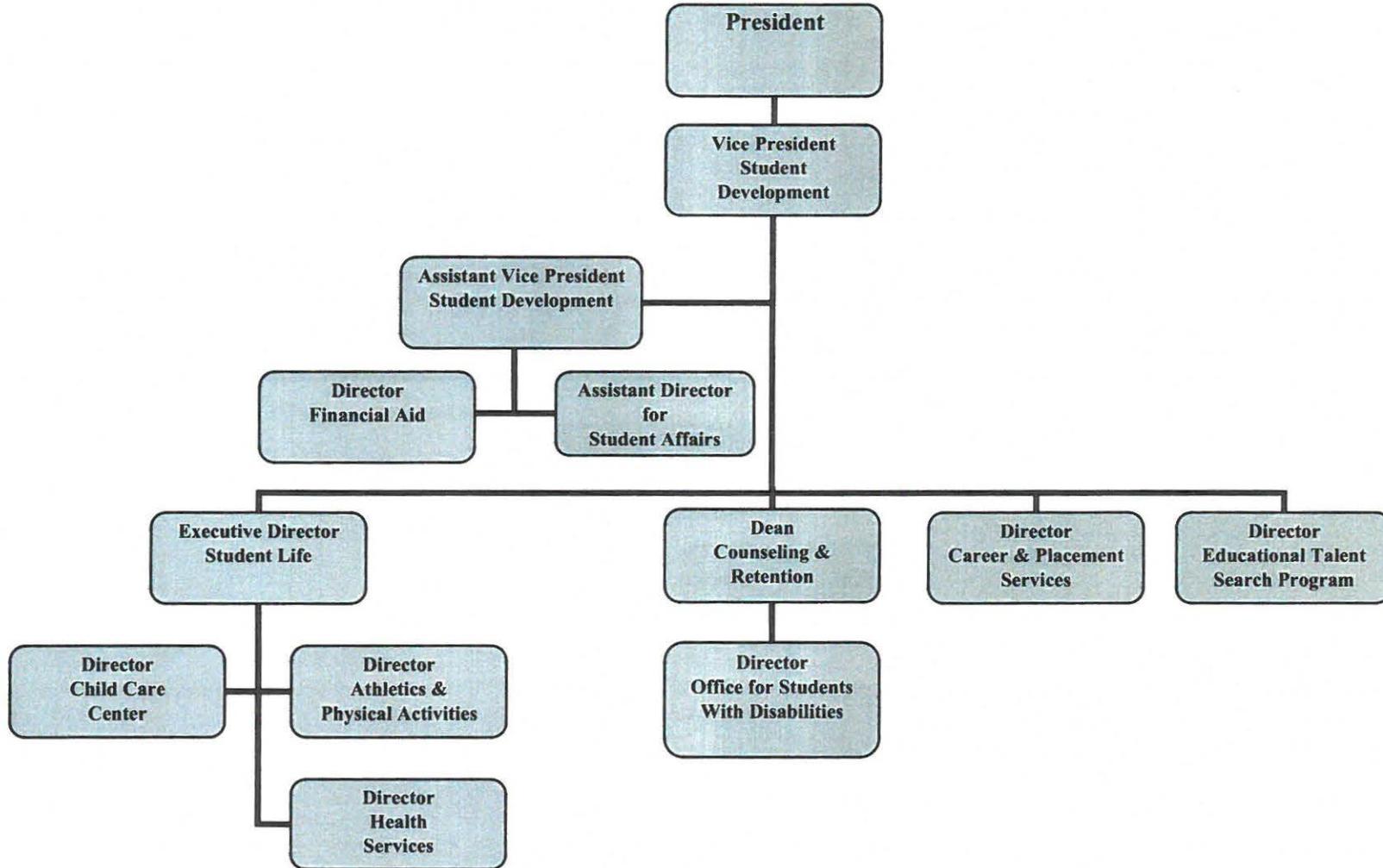


**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**
Organizational Chart
Year ended June 30, 2007



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

Organizational Chart
Year ended June 30, 2007



COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Principal Officials

Year ended June 30, 2007

BOARD OF TRUSTEES

	Position	Term Expires
William M. Griffin	Chairman	2009
Richard Anderson	Vice Chairman	2009
Philip J. Carrigan	Trustee	2011
Patricia Jones	Trustee	2009
John W. Lumber	Trustee	2013
Barbara D. Oilschlager	Trustee	2013
Thomas J. Schwartz	Trustee	2011
Pawel Rachfalski	Student Trustee	2008

OFFICERS OF THE COLLEGE OF LAKE COUNTY

Vacant	President
DeRionne P. Pollard	Vice President for Educational Affairs
Darl E. Drummond	Vice President for Student Development
James D. Rock	Vice President for Administrative Affairs
	Treasurer/Secretary

OFFICIALS ISSUING REPORT

James D. Rock	Vice President for Administrative Affairs
Ted P. Poulos	Dean, Business Services and Finance

DIVISION ISSUING REPORT

Administrative Affairs
Business Services & Finance

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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Trustees
College of Lake County
Community College District No. 532:

We have audited the accompanying financial statements of the business-type activities of the College of Lake County, Community College District No. 532 (the College) and its discretely presented component unit, the College of Lake County Foundation (Foundation), as of and for the years ended June 30, 2007 and 2006, which collectively comprise the College's basis financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of management of the College. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 of the College of Lake County, Community College District No. 532, and its discretely presented component unit, the College of Lake County Foundation, as of June 30, 2007 and 2006, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2007, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.



The management's discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our 2007 audit was made for the purpose of forming opinions on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the 2007 basic financial statements taken as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

September 21, 2007

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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

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, 2007 and 2006. 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 assets 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 assets focus on both the gross costs and the net costs of College activities which are supported mainly by property taxes and by state and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to the students and the public.

Financial Highlights Fiscal Year 2007

Total operating revenues were \$28,139,329 and total operating expenses were \$94,323,872 for the year ended June 30, 2007. The difference produced an operating loss of \$66,184,543.

Net nonoperating revenues of \$68,962,946 for the year ended June 30, 2007 offset the loss and resulted in an overall increase in net assets before state capital appropriations of \$2,778,403. Nonoperating revenues included local property taxes of \$48,818,356, state appropriations and replacement tax of \$13,821,381, federal grants and contracts of \$4,243,973, local grants and contracts of \$1,521,415 and net investment income of \$1,156,004; offset by interest expense of \$598,183.

Operating revenue accounted for 29% of the College's total revenue and nonoperating revenue accounted for 71% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$16,735,688, auxiliary enterprise revenues totaling \$8,977,895, and other revenues of \$2,425,746.

State capital appropriations totaled \$519,486. The state capital appropriations plus the increase before capital contributions of \$2,778,403 produced an overall increase in net assets of \$3,297,889.

Total net assets increased from \$116,512,139 at the beginning of the year to \$119,810,028 at the end of the year.

Financial Highlights Fiscal Year 2006

Total operating revenues were \$25,579,549 and total operating expenses were \$85,773,637 for the year ended June 30, 2006. The difference produced an operating loss of \$60,194,088.

Net nonoperating revenues of \$63,815,478 for the year ended June 30, 2006 offset the loss and resulted in an overall increase in net assets before state capital appropriations of \$3,621,390. Nonoperating revenues included local property taxes of \$45,454,623, state appropriations and replacement tax of \$12,344,760, federal grants and contracts of \$4,591,755, local grants and contracts of \$1,293,677 and net investment income of \$871,968; offset by interest expense of \$741,305.

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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

Operating revenue accounted for 29% of the College's total revenue and nonoperating revenue accounted for 71% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$14,969,164, auxiliary enterprise revenues totaling \$9,048,360, and other revenues of \$1,562,025.

State capital appropriations totaled \$370,059. The state capital appropriations plus the increase before capital contributions of \$3,621,390 produced an overall increase in net assets of \$3,991,449.

Total net assets increased from \$112,520,690 at the beginning of the year to \$116,512,139 at the end of the year.

Overview of the Financial Statements

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

The financial statements provide both long-term and short-term information about the College of Lake County'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 of Lake County's financial statements are prepared on an accrual basis in conformity with U.S. generally accepted accounting principles (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 assets. All assets and liabilities associated with the operation of the College of Lake County are included in the statements of net assets.

The statement of net assets reports the College's assets, liabilities, and net assets. Net assets, the difference between the College of Lake County's assets and liabilities, are one way to measure the College's financial health or position. The increase in the College's net assets during 2007 and 2006 is an indicator of the change in assets acquired less assets consumed.

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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

Financial Analysis

Net Assets

The College's net assets at June 30, 2007, 2006, and 2005 were \$119.8 million, \$116.5 million, and \$112.5 million, respectively, an increase of \$3.3 million, \$4.0 million, and \$7.2 million, respectively. Total assets were \$224.9 million, \$213.3 million, and \$203.8 million, and total liabilities were \$105.1 million, \$96.8 million, and \$91.3 million at June 30, 2007, 2006, and 2005, respectively. The change in net assets 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, lowered by depreciation. A summary of net assets at June 30, 2007, 2006, and 2005 is as follows:

Net Assets			
June 30,			
(in thousands)			
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current assets	\$ 92,381	86,485	85,083
Restricted assets	337	289	241
Other noncurrent assets	26,503	23,967	22,422
Capital assets, net of depreciation	<u>105,707</u>	<u>102,536</u>	<u>96,067</u>
Total assets	<u>224,928</u>	<u>213,277</u>	<u>203,813</u>
Current liabilities	62,465	56,768	51,362
Long-term liabilities	<u>42,653</u>	<u>39,997</u>	<u>39,930</u>
Total liabilities	<u>105,118</u>	<u>96,765</u>	<u>91,292</u>
Net assets:			
Invested in capital assets, net of related debt	89,840	87,287	81,243
Restricted	23,455	22,827	24,829
Unrestricted	<u>6,515</u>	<u>6,398</u>	<u>6,449</u>
Total net assets	<u>\$ 119,810</u>	<u>116,512</u>	<u>112,521</u>

The College had a current ratio of 1.5, 1.5, and 1.7 times at June 30, 2007, 2006, and 2005, respectively. The current ratio is total current assets divided by total current liabilities. For example, at June 30, 2007, for every dollar of current liabilities, the College has \$1.50 in current assets. This ratio is one indicator of the College's ability to pay its debts as they become due.

Net assets invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the amount of outstanding indebtedness 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.

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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

Net Assets - Fiscal Year 2007 compared to 2006

Current assets have increased by \$5.9 million primarily due to an increase of approximately \$4.3 million in property taxes receivable. See further discussion of the increase in the property tax levy under revenues.

Capital assets increased by \$3.2 million mainly due to the construction of the Southlake Classroom Building and the Technology Building.

Current liabilities increased by \$5.7 million. Deferred revenue for property taxes increased by \$4.3 million. See further discussion of the increase in the property tax levy under revenues.

Net Assets - Fiscal Year 2006 compared to 2005

Current assets have increased by \$1.4 million.

Capital assets increased by \$6.5 million mainly due to the construction in progress on the Southlake Classroom Building.

Current liabilities increased by \$5.4 million. Deferred revenue for property taxes increased by \$3.3 million.

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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

Changes in Net Assets

The change in net assets, total revenues less total expenses, for the years ended June 30, 2007, 2006, and 2005 was \$3.3 million, \$4.0 million, and \$7.2 million, respectively. Total revenues were \$98.2 million, \$90.5 million, and \$91.9 million, respectively, and total expenses were \$95.0 million, \$86.5 million, and \$84.6 million, respectively.

Summaries of revenues and expenses for the years ended June 30, 2007, 2006, and 2005 are as follows:

Revenue Summary

Years ended June 30,
(in thousands)

	2007	2006	2005
Operating:			
Student tuition and fees, net	\$ 16,736	14,969	13,598
Auxiliary enterprise	8,978	9,048	8,520
Other operations	2,425	1,562	1,404
Total operating revenues	28,139	25,579	23,522
Nonoperating:			
Local property taxes	48,818	45,455	42,321
Personal property replacement taxes	1,262	1,157	913
State appropriations	12,559	11,188	12,219
Federal and local grants and contracts	5,765	5,885	6,186
Investment income, net	1,156	872	466
Total nonoperating revenues	69,560	64,557	62,105
State capital appropriations	519	370	6,224
Total revenues	\$ 98,218	90,506	91,851

Revenues - Fiscal Year 2007 Compared to 2006

Operating revenue increased by \$2.6 million, which reflects a decrease in auxiliary revenue of \$32 thousand, an increase in other operating revenue of \$.9 million and an increase in net student tuition and fees of \$1.8 million. The tuition and fee increase was due to an increase in enrollment of approximately 2.9% accompanied by a \$10.00 per credit hour increase in tuition and fees.

Nonoperating revenue increased by \$5.0 million. State appropriations increased by \$1.4 million mainly due to an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state. There was also an increase in property taxes of \$3.4 million. 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%, whichever is lower. The formula also allows the College to capture property tax revenues available due to the assessed value of new construction. The increase in property tax revenues reflects the combination of the CPI and the assessed

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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

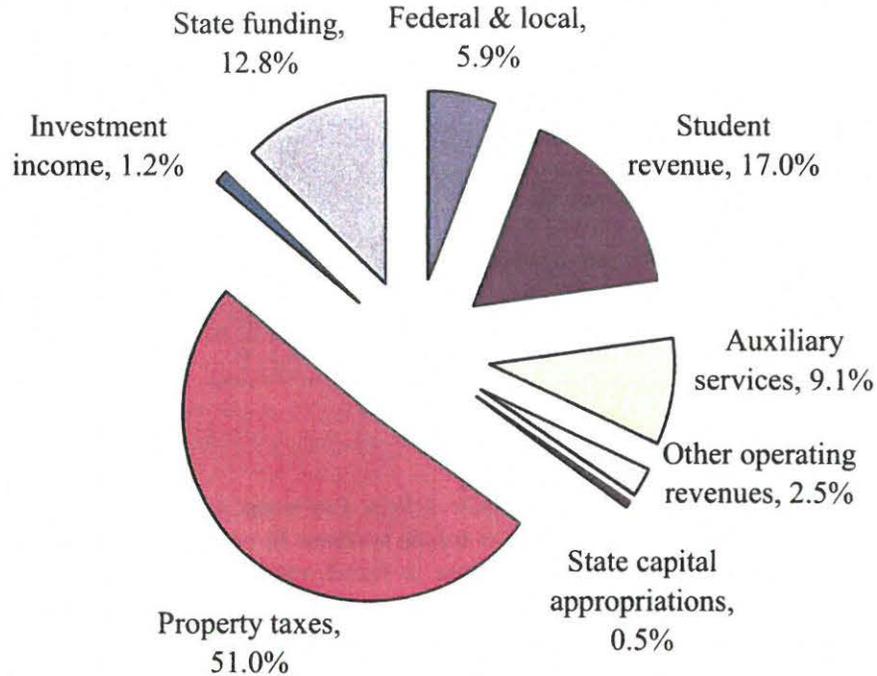
value of new construction. State capital appropriations of \$519 thousand reflect the funds expended by the Capital Development Board on the Technology Building.

The pie charts show all revenue from both operating and nonoperating sources. State funding in the pie charts and above includes both capital and noncapital appropriations. The first chart shows that property taxes accounted for the largest percentage of the College's revenue at 51.0%. The next highest was net student tuition and fees at 17.0%. State funding accounted for 12.8% of the College's revenue.

College of Lake County

Revenues

Year ended June 30, 2007



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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

Revenues - Fiscal Year 2006 Compared to 2005

Operating revenue increased by \$2.1 million, which reflects an increase in auxiliary revenue of \$528 thousand, an increase in other operating revenue of \$158 thousand and an increase in net student tuition and fees of \$1.4 million. The tuition and fee increase was due to an increase in enrollment accompanied by a \$6 per credit hour increase in tuition and fees.

Nonoperating revenue increased by \$2.5 million. State appropriations decreased by \$1.0 million mainly due to a decrease in the State Universities Retirement System of Illinois (SURS) contribution made by the state. There was also an increase in property taxes of \$3.1 million. 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%, whichever is lower. The formula also allows the College to capture property tax revenues available due to the assessed value of new construction. The increase in property tax revenues reflects the combination of the CPI and the assessed value of new construction. State capital appropriations of \$370 thousand reflect the funds expended by the Capital Development Board on the Technology Building.

Expenses

Years ended June 30,
(in thousands)

	2007	2006	2005
Instruction	\$ 33,738	30,874	30,405
Academic support	4,829	4,722	4,725
Student services	6,083	5,097	4,729
Public service	5,424	4,530	4,508
Institutional support	20,255	16,845	17,202
Operations and maintenance of plant	8,091	7,522	6,606
Financial aid	2,002	2,354	2,648
Depreciation	4,290	4,114	3,899
Auxiliary enterprises	9,612	9,716	9,201
Interest expense	598	741	715
Total	\$ 94,922	86,515	84,638

Expenses - Fiscal Year 2007 Compared to 2006

Expenses increased by \$8.4 million. The increase in instruction costs is due primarily to the annual increase in employee salaries and benefits. The increase in institution support is due primarily to the annual increase in employee salaries and benefits, an increase in the liability for estimated repayment of student financial aid to the U.S. Department of Education, and an increase in remodeling/maintenance expenses. The increase in operations

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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

and maintenance of plant costs are due primarily to the increase in utility costs and the annual increase in salaries and benefits.

Expenses - Fiscal Year 2006 Compared to 2005

Expenses increased by \$1.9 million. The increase in instruction costs is due primarily to the annual increase in employee salaries and benefits. The increase in operations and maintenance of plant costs are due primarily to the increase in utility costs and the annual increase in salaries and benefits. The increase in auxiliary enterprises expenses are due primarily to increase in cost for items for resale in the bookstore and food service areas.

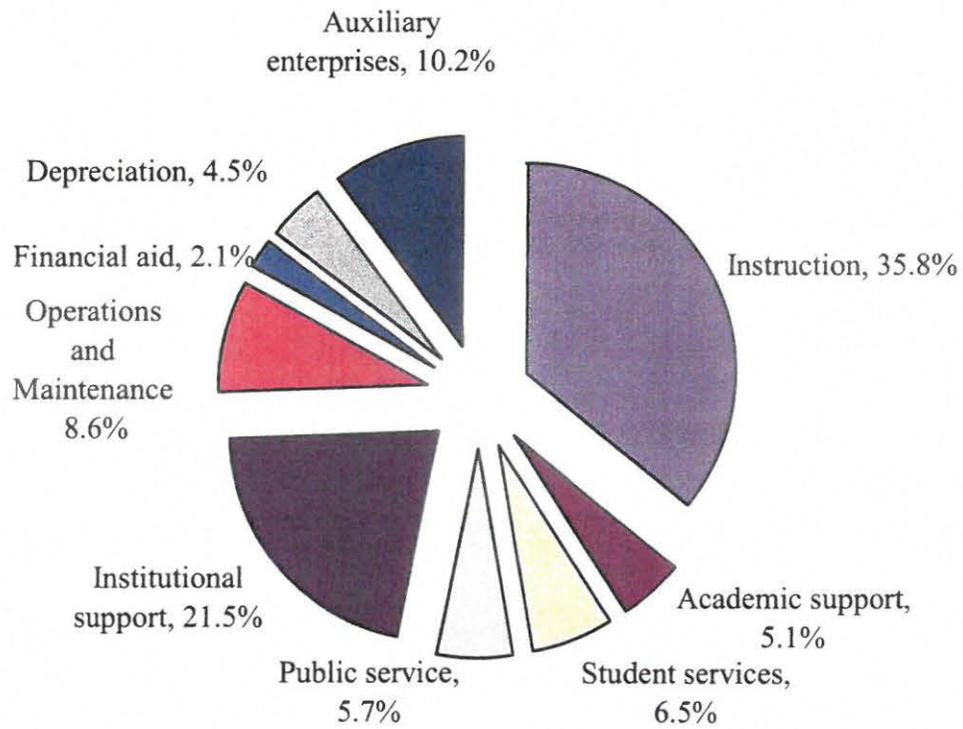
Operating Expenses

The pie chart on the next page shows the operating expenses as a percentage of total expenses. Direct services to students accounted for 65.3% of total expenses. Direct services to students include instruction at 35.8%, academic support at 5.1%, student services at 6.4%, public service at 5.7%, financial aid at 2.1%, and auxiliary enterprises at 10.2%. Indirect services to students accounted for 34.6% of total expenses. Indirect services to students include operations and maintenance at 8.6%, institutional support at 21.5%, and depreciation at 4.5%.

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

Management's Discussion and Analysis
June 30, 2007 and 2006
(Unaudited)

**College of Lake County
Operating Expenses
Year ended June 30, 2007**



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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2007, 2006, and 2005, the College investment in capital assets totaled \$156.0 million, \$148.5 million, and \$138.3 million, respectively. Capital assets, net of accumulated depreciation of \$50.3 million, \$46.0 million, and \$42.2 million, totaled \$105.7 million, \$102.5 million, and \$96.1 million, respectively.

Capital Assets, Net

June 30,
(in thousands)

	2007	2006	2005
Capital assets:			
Land	\$ 7,233	7,233	7,233
Construction in progress	—	11,365	2,667
Land improvements	5,549	5,273	5,255
Buildings and improvements	122,772	106,125	105,507
Furniture and equipment	20,436	18,541	17,654
Total capital assets	155,990	148,537	138,316
Less accumulated depreciation	50,283	46,001	42,249
Capital assets, net	\$ 105,707	102,536	96,067

More detailed information on capital asset activity can be found in note 3 to the basic financial statements on pages 25 through 30. More detailed information on long-term debt activity can be found in note 5 to the basic financial statements on pages 31 through 33.

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

Management's Discussion and Analysis

June 30, 2007 and 2006

(Unaudited)

Construction Projects

During the year ended June 30, 2003, the College began construction on a new Technology Building on the Grayslake Campus. The building was in use for Spring Semester 2005. The College's share of project funding is \$6,250,000 (including furniture, fixtures and equipment) with the balance funded by the Illinois Capital Development Board. Funds expended (not including furniture, fixtures and equipment) as of June 30, 2007 and 2006 were \$2,672,547 and \$2,667,808, respectively, by College of Lake County and \$21,412,859 and \$20,893,373, respectively, by the Illinois Capital Development Board.

During the year ended June 30, 2005, the College began construction of a classroom building on the Southlake campus. Total funds expended as of June 30, 2007 and 2006 were \$16,646,850 and \$11,364,927, respectively.

Debt Payments

For the years ended June 30, 2007 and 2006, the College paid \$1,685,000 and \$1,855,000, respectively, in principal on bonds and certificates of indebtedness. During the year ended June 30, 2007, the College issued \$2,200,000 in debt certificates which were issued for technology upgrades. During the year ended June 30, 2006, the College did not issue any new debt.

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

Statements of Net Assets

June 30, 2007 and 2006

Assets	<u>2007</u>	<u>2006</u>
Current assets:		
Cash (note 2)	\$ 18,402,679	17,851,173
Investments (note 2)	16,548,371	15,185,312
Receivables:		
Property and corporate personal property taxes, net of allowance of \$532,936 in 2007 and \$487,316 in 2006	51,965,435	47,703,555
Government claims	1,069,568	696,930
Tuition and fees, net of allowance of \$2,425,698 in 2007 and \$2,605,758 in 2006	839,419	2,224,459
Other	2,512,401	1,642,941
Inventories	<u>1,043,178</u>	<u>1,180,105</u>
Total current assets	<u>92,381,051</u>	<u>86,484,475</u>
Noncurrent assets:		
Restricted cash and cash equivalents	337,339	289,642
Property taxes receivable	26,465,000	23,925,000
Unamortized debt issue cost	37,313	41,927
Capital assets, net (note 3)	<u>105,706,977</u>	<u>102,535,883</u>
Total noncurrent assets	<u>132,546,629</u>	<u>126,792,452</u>
Total assets	<u>224,927,680</u>	<u>213,276,927</u>
Liabilities		
Current liabilities:		
Accounts payable	2,075,324	1,440,944
Accrued expenses (note 4)	4,153,937	3,907,772
Tuition refunds payable	30,755	25,026
Deferred revenues:		
Property taxes (note 1(o))	51,782,129	47,477,364
Tuition and other	2,158,978	1,939,737
Current portion of long-term obligations (note 5)	2,065,000	1,685,000
Amounts held in custody for others	89,055	166,532
Other current liabilities	<u>109,365</u>	<u>125,248</u>
Total current liabilities	<u>62,464,543</u>	<u>56,767,623</u>
Noncurrent liabilities:		
Long-term obligations (note 5)	15,268,109	15,132,165
Unearned revenue:		
Property taxes	26,465,000	23,925,000
Rent (note 12)	<u>920,000</u>	<u>940,000</u>
Total noncurrent liabilities	<u>42,653,109</u>	<u>39,997,165</u>
Total liabilities	<u>105,117,652</u>	<u>96,764,788</u>
Net Assets		
Invested in capital assets, net of related debt	89,839,524	87,287,374
Restricted for:		
Working cash	17,550,000	17,550,000
Debt service	3,273,884	3,083,848
Capital projects	1,087,520	1,090,088
Other	1,543,755	1,103,319
Unrestricted	<u>6,515,345</u>	<u>6,397,510</u>
Total net assets	<u>\$ 119,810,028</u>	<u>116,512,139</u>

See accompanying notes to basic financial statements.

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

Business-Type Activities

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2007 and 2006

	2007	2006
Operating revenues:		
Student tuition and fees	\$ 19,250,363	17,347,474
Less scholarship allowances	(2,514,675)	(2,378,310)
Net student tuition and fees	16,735,688	14,969,164
Auxiliary enterprises	8,977,895	9,048,360
Other operations	2,425,746	1,562,025
Total operating revenues	28,139,329	25,579,549
Operating expenses:		
Education and general:		
Instruction	33,738,179	30,873,970
Academic support	4,829,196	4,722,016
Student services	6,083,190	5,096,901
Public service	5,423,347	4,530,278
Institutional support	20,255,050	16,844,508
Operations and maintenance of plant	8,090,545	7,522,383
Financial aid	2,002,225	2,353,612
Depreciation	4,289,978	4,114,324
Auxiliary enterprises	9,612,162	9,715,645
Total operating expenses	94,323,872	85,773,637
Operating loss	(66,184,543)	(60,194,088)
Nonoperating revenues (expenses):		
Local property taxes	48,818,356	45,454,623
Personal property replacement tax	1,262,216	1,156,921
State appropriations	12,559,165	11,187,839
Federal grants and contracts	4,243,973	4,591,755
Local grants and contracts	1,521,415	1,293,677
Investment income	1,156,004	871,968
Interest expense	(598,183)	(741,305)
Total nonoperating revenues (expenses), net	68,962,946	63,815,478
Increase before capital contributions	2,778,403	3,621,390
State capital appropriations	519,486	370,059
Increase in net assets	3,297,889	3,991,449
Net assets at the beginning of the year	116,512,139	112,520,690
Net assets at the end of the year	\$ 119,810,028	116,512,139

See accompanying notes to basic financial statements.

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

Business-Type Activities

Statements of Cash Flows

Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Tuition and fees	\$ 18,268,221	15,112,819
Payments to suppliers	(40,104,570)	(24,831,377)
Payments to employees	(47,434,914)	(52,682,977)
Auxiliary enterprise charges	8,977,895	6,774,052
Chargeback revenue	13,508	14,035
Other	3,589,100	3,602,649
Net cash used in operating activities	<u>(56,690,760)</u>	<u>(52,010,799)</u>
Cash flows from noncapital financing activities:		
Local property taxes	48,861,241	45,430,538
Personal property replacement tax	1,241,950	1,117,369
State appropriations	9,008,118	10,567,619
Federal grants and contracts	3,891,601	4,618,656
Local grants and contracts	1,521,415	1,293,677
Net cash provided by noncapital financing activities	<u>64,524,325</u>	<u>63,027,859</u>
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	2,200,000	—
Principal paid on debt	(1,685,000)	(1,855,000)
Interest paid on debt	(540,824)	(575,249)
Purchases of capital assets	(6,941,586)	(10,212,881)
Net cash used in capital and related financing activities	<u>(6,967,410)</u>	<u>(12,643,130)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	3,266,710	698,319
Purchase of investments	(3,000,000)	(3,266,710)
Interest on investments	1,096,107	892,924
Net cash provided by (used in) investing activities	<u>1,362,817</u>	<u>(1,675,467)</u>
Net increase (decrease) in cash and cash equivalents	2,228,972	(3,301,537)
Cash and cash equivalents, beginning of year	<u>30,059,417</u>	<u>33,360,954</u>
Cash and cash equivalents, end of year	<u>\$ 32,288,389</u>	<u>30,059,417</u>
Noncash investing, capital, and financing activities:		
Construction funded by Capital Development Board	<u>\$ 519,486</u>	<u>370,059</u>
Reconciliation to statements of net assets:		
Cash and cash equivalents:		
Cash	\$ 18,402,679	17,851,173
Short term investments (included in investments)	13,548,371	11,918,602
Restricted cash	337,339	289,642
Total cash and cash equivalents	<u>\$ 32,288,389</u>	<u>30,059,417</u>

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

Business-Type Activities

Statements of Cash Flows

Years ended June 30, 2007 and 2006

	2007	2006
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	\$ (66,184,543)	(60,194,088)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,289,978	4,114,324
State payment for retirement obligation	3,551,047	2,198,953
Changes in assets and liabilities:		
Receivables, net	581,206	(783,594)
Inventories	136,927	328,284
Accounts payable	634,380	819,111
Accrued vacation	41,648	(227)
Other accrued expenses	152,716	1,197,355
Other current liabilities	(35,883)	(56,433)
Amounts held in custody for others	(77,477)	105,657
Deferred tuition and fees	219,241	259,859
Net cash used in operating activities	\$ (56,690,760)	(52,010,799)

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, 2007 and 2006

Assets	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 339,827	370,431
Investments	2,332,025	2,207,301
Interest receivable	—	—
Pledges receivable, net	73,782	102,732
Other receivable	32,439	19,657
Due from College of Lake County	—	2,285
Total assets	<u><u>\$ 2,778,073</u></u>	<u><u>2,702,406</u></u>
Liabilities and Net Assets		
Accounts payable	\$ 352	890
Grants and scholarships payable	97,032	129,212
Contributions payable to College of Lake County	50,000	50,000
Due to College of Lake County	2,244	2,244
Total liabilities	<u>149,628</u>	<u>182,346</u>
Net assets:		
Unrestricted	551,856	614,749
Temporarily restricted	1,528,706	1,360,092
Permanently restricted	547,883	545,219
Total net assets	<u>2,628,445</u>	<u>2,520,060</u>
Total liabilities and net assets	<u><u>\$ 2,778,073</u></u>	<u><u>2,702,406</u></u>

See accompanying notes to basic financial statements.

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

Component Unit – College of Lake County Foundation

Statement of Activities

Year ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions and gifts	\$ 75,230	197,497	—	272,727
Special events revenue	268,289	—	—	268,289
Special events expense	(119,336)	—	—	(119,336)
Donated services	298,706	—	—	298,706
Other noncash donations	64,345	—	—	64,345
Net assets released from restrictions	123,525	(123,525)	—	—
Total public support	<u>710,759</u>	<u>73,972</u>	<u>—</u>	<u>784,731</u>
Other income:				
Investment income	<u>137,217</u>	<u>94,642</u>	<u>2,664</u>	<u>234,523</u>
Total public support and revenue	<u>847,976</u>	<u>168,614</u>	<u>2,664</u>	<u>1,019,254</u>
Expenses:				
Program services:				
Grants and scholarships	536,545	—	—	536,545
Gallery operations	34,190	—	—	34,190
Noncash donations to College of Lake County	23,345	—	—	23,345
General and administrative:				
Management and general	315,136	—	—	315,136
Travel/meeting	1,653	—	—	1,653
Total expenses	<u>910,869</u>	<u>—</u>	<u>—</u>	<u>910,869</u>
Increase (decrease) in net assets	(62,893)	168,614	2,664	108,385
Net assets at beginning of year	<u>614,749</u>	<u>1,360,092</u>	<u>545,219</u>	<u>2,520,060</u>
Net assets at end of year	<u>\$ 551,856</u>	<u>1,528,706</u>	<u>547,883</u>	<u>2,628,445</u>

See accompanying notes to basic financial statements.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532
Component Unit – College of Lake County Foundation
Statement of Activities
Year ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions and gifts	\$ 41,596	144,740	—	186,336
Special events revenue	274,996	—	—	274,996
Special events expense	(135,826)	—	—	(135,826)
Donated services	280,718	—	—	280,718
Other noncash donations	70,827	—	—	70,827
Net assets released from restrictions	130,561	(130,561)	—	—
Total public support	<u>662,872</u>	<u>14,179</u>	<u>—</u>	<u>677,051</u>
Other income:				
Investment income	90,066	63,524	1,670	155,260
Total public support and revenue	<u>752,938</u>	<u>77,703</u>	<u>1,670</u>	<u>832,311</u>
Expenses:				
Program services:				
Grants and scholarships	378,835	—	—	378,835
Gallery operations	49,051	—	—	49,051
Noncash donations to College of Lake County	70,827	—	—	70,827
General and administrative:				
Management and general	339,872	—	—	339,872
Travel/meeting	1,263	—	—	1,263
Total expenses	<u>839,848</u>	<u>—</u>	<u>—</u>	<u>839,848</u>
Increase (decrease) in net assets	(86,910)	77,703	1,670	(7,537)
Net assets at beginning of year	701,659	1,282,389	543,549	2,527,597
Net assets at end of year	<u>\$ 614,749</u>	<u>1,360,092</u>	<u>545,219</u>	<u>2,520,060</u>

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

(1) Organization and Summary of Significant Accounting Policies

(a) 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.

(b) 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).

The primary criterion for including a potential component unit within the reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, is the financial accountability that the elected officials of the primary government have for the component unit. The criteria used in assessing financial accountability consist of (1) the primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government; and (2) the primary government may be financially accountable if the organization is fiscally dependent. Based on these criteria, the College is not financially accountable for any other organizations.

Additionally, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, amends Statement No. 14, *The Financial Reporting Entity*, to provide guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College. Generally, it requires reporting as a component unit, an organization that raises and holds significant economic resources for the direct benefit of a governmental unit. The Foundation is a legally separate, tax-exempt component unit of the College. 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 39-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used for the benefit of the students of the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the differences in its reporting model, as further described below.

The Foundation is a private, not-for-profit organization that reports its financial results under Financial Accounting Standard Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (see note 1(q)) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Financial statements for the Foundation can be obtained by calling the Foundation at 847-543-2640.

(c) 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, includes property taxes; federal, state, and local grants; state appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. 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.

The College has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College has elected not to apply FASB pronouncements issued after the applicable date.

(d) Cash and Cash Equivalents

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

(e) Investments

Investments are reported at fair value, based upon quoted market prices. Change in the carrying value of investments resulting in unrealized gains or losses are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

The Illinois School District Liquid Asset Fund Plus is an external investment pool administered by the Illinois Association of School Administrator. The fair value of the College's investment in the fund is the same as the value of the pool shares. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Investment Act, 30 ILCS 235.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

(f) 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.

(g) 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 assets.

(h) Capital Assets

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the College's capitalization policy includes all items with a unit cost of \$2,500 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. 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 25 to 50 years for buildings, 15 to 25 years for depreciable land improvements, 5 years for computer equipment, and 5 to 20 years for all other equipment.

(i) Premiums, Discounts, and Issuance Costs

Bond premiums and discounts, as well as issuance costs, 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 and discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

(j) Deferred Revenues

Deferred revenues include (1) tax levy passed that is legally restricted for fiscal years 2007 and 2006 (2) amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal years that are related to the subsequent accounting period, (3) amounts received from grant and contract sponsors that have not yet been earned, and (4) building rentals received in advance.

(k) Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bond obligations with maturities greater than one year, (2) deferred revenue for property taxes, and (3) building rentals received in advance.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

(l) Net Assets

The College's net assets are classified as follows:

(1) Invested in Capital Assets, Net of Related Debt

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

(2) Restricted Net Assets

Restricted net assets include resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. 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.

(3) Unrestricted Net Assets

Unrestricted net assets represent 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.

(m) Classification of Revenues

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

(1) Operating Revenue

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

(2) 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, and (4) gifts and contributions, and investment income.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

(n) Classification of Expenses

The College classifies all expenses as operating in the statements of revenues, expenses, and changes in net assets, except for interest expense and losses on disposal of capital assets which are classified as nonoperating.

(o) 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 the College Board resolution, 50% of the property taxes extended for the 2006 tax year are recorded as revenue in the fiscal year ended June 30, 2007. The remaining revenue related to the 2006 tax year extension has been deferred and will be recorded as revenue in fiscal year 2008. Based upon collection histories, the College records real property taxes at 100% of the extended levy.

(p) Eliminating Interfund Activity

Activities between the College and its auxiliary enterprise are eliminated for purposes of preparing the statements of revenues, expenses and changes in net assets, and the statements of net assets.

(q) Component Unit

The Foundation maintains its accounts 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 purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Items that affect this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment) and only the income be made available for program purposes or general operations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met by either by actions of the Foundation or the passage of time. Items that affect this net asset category are restricted contributions, including pledges, for which restrictions have not been met.

Unrestricted – Net assets not subject to donor-imposed restrictions.

Support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as reclassifications between applicable classes of net assets.

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

(r) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(s) New Accounting Pronouncements

In June 2004, the GASB issued Statement No. 45, *Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. This Statement establishes accounting and financial reporting standards for post employment benefits. The College is currently evaluating the impact of adopting Statement No. 45. The College plans to implement GASB Statement No. 45 beginning with the year ending June 30, 2009.

In June 2005, the GASB issued Statement No. 47, *Accounting for Termination Benefits*. This Statement establishes accounting and financial reporting for termination benefits. The College implemented Statement No. 47 during the year ended June 30, 2007. No changes were made to the termination benefit liabilities based on the College's implementation of this pronouncement.

(t) Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year presentation.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

(2) Deposits and Investments

As of June 30, 2007 and 2006, the College had the following investments and maturities:

	<u>Maturity</u>	<u>2007 Fair value</u>	<u>2006 Fair value</u>
Deposits			
Cash accounts		\$ 18,402,679	17,851,173
Certificates of deposit		<u>12,000,000</u>	<u>9,300,000</u>
Total deposits		<u>30,402,679</u>	<u>27,151,173</u>
Investments:			
Repurchase agreements	Less than 1 year	—	2,600,000
Federal Home Loan Bank Note	Less than 1 year	982,818	—
Money markets and savings accounts	Less than 1 year	565,553	18,602
Restricted accounts:			
Money market accounts	Less than 1 year	337,339	146,265
ISDLAF Plus	Less than 1 year	—	66,942
Repurchase agreements	Less than 1 year	3,000,000	—
Federal National Mortgage Association Note	Less than 1 year	<u>—</u>	<u>3,199,768</u>
Total investments		<u>4,885,710</u>	<u>6,031,577</u>
Total deposits and investments		<u>\$ 35,288,389</u>	<u>33,182,750</u>
Current assets:			
Cash		\$ 18,402,679	17,851,173
Investments		16,548,371	15,185,312
Noncurrent assets:			
Restricted cash and cash equivalents		<u>337,339</u>	<u>289,642</u>
Total cash deposits and investments		<u>\$ 35,288,389</u>	<u>33,326,127</u>

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.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

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 180 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 does not further limit its investment choices. The College's investments in the Illinois School District Liquid Asset Fund, money markets, repurchase agreements, and Federal National Mortgage Association notes were rated AAA by Standard & Poor's.

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's investment policy does not limit the amount the College may invest in any one issuer. The College is considered to have a concentration of credit risk if its investment in any one single issue is greater than 5% of the total fixed income investments. At June 30, 2007, the College's investment in Federal Home Loan Bank notes represented 20% of the College's total investments. At June 30, 2006, the College's investment in Federal National Mortgage Association notes represented 53% of the College's total investments.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

(3) Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land	\$ 7,232,934	—	—	7,232,934
Construction in progress	11,364,927	5,281,923	16,646,850	—
Total capital assets not being depreciated	<u>18,597,861</u>	<u>5,281,923</u>	<u>16,646,850</u>	<u>7,232,934</u>
Capital assets being depreciated:				
Land improvements	5,272,439	276,240	—	5,548,679
Buildings and improvements	106,125,166	16,646,850	—	122,772,016
Furniture and equipment	18,541,462	1,902,909	8,022	20,436,349
Total capital assets being depreciated	<u>129,939,067</u>	<u>18,825,999</u>	<u>8,022</u>	<u>148,757,044</u>
Less accumulated depreciation:				
Land improvements	2,935,388	242,323	—	3,177,711
Buildings and improvements	30,310,137	2,507,845	—	32,817,982
Furniture and equipment	12,755,520	1,539,810	8,022	14,287,308
Total accumulated depreciation	<u>46,001,045</u>	<u>4,289,978</u>	<u>8,022</u>	<u>50,283,001</u>
Total capital assets being depreciated, net	<u>83,938,022</u>	<u>14,536,021</u>	<u>—</u>	<u>98,474,043</u>
Total capital assets, net	<u>\$ 102,535,883</u>	<u>19,817,944</u>	<u>16,646,850</u>	<u>105,706,977</u>

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
Capital assets not being depreciated:				
Land	\$ 7,232,934	—	—	7,232,934
Construction in progress	2,666,549	8,698,378	—	11,364,927
Total capital assets not being depreciated	<u>9,899,483</u>	<u>8,698,378</u>	<u>—</u>	<u>18,597,861</u>
Capital assets being depreciated:				
Land improvements	5,254,964	17,475	—	5,272,439
Buildings and improvements	105,507,104	618,062	—	106,125,166
Furniture and equipment	17,654,525	1,249,025	362,088	18,541,462
Total capital assets being depreciated	<u>128,416,593</u>	<u>1,884,562</u>	<u>362,088</u>	<u>129,939,067</u>
Less accumulated depreciation:				
Land improvements	2,696,692	238,696	—	2,935,388
Buildings and improvements	27,913,246	2,396,891	—	30,310,137
Furniture and equipment	11,638,871	1,478,737	362,088	12,755,520
Total accumulated depreciation	<u>42,248,809</u>	<u>4,114,324</u>	<u>362,088</u>	<u>46,001,045</u>
Total capital assets being depreciated, net	<u>86,167,784</u>	<u>(2,229,762)</u>	<u>—</u>	<u>83,938,022</u>
Total capital assets, net	<u>\$ 96,067,267</u>	<u>6,468,616</u>	<u>—</u>	<u>102,535,883</u>

(4) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Accrued payroll and benefits	\$ 1,341,283	1,217,923
Accrued vacation	1,112,318	1,070,670
Accrued construction contracts	1,079,014	800,477
Accrued health insurance claims	535,000	535,000
Accrued expenses -other	86,322	283,702
Total accrued expenses	<u>\$ 4,153,937</u>	<u>3,907,772</u>

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

(5) Long-term Debt

The College has the following outstanding bonds payable as of June 30, 2007 and 2006:

Capital Appreciation Limited Tax Bonds, Series 1997, as deep discount bonds which will appreciate in principal amount, based on the semiannual compounding of the original principal amount at varying interest rates between 4.90% and 5.20%. The accretion will result in each bond appreciating to \$5,000 on the date of maturity. The compound accreted value of the bonds will be payable annually on December 1 of each of the years 2003 through 2006. The bonds are full faith and credit obligations of the College payable from funds of the District 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, including future discount accretion, was \$5,040,000. The bonds were repaid in full at June 30, 2007. As of June 30, 2006 the bonds had a principal balance due of \$640,000 and a carrying amount of \$626,480, which included accretion.

General Obligation Bonds, Series 1998A, Alternate Revenue Source, at varying interest rates between 3.90% and 4.90% per annum depending on the date of serial maturity through 2009. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the District 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 \$2,300,000. The principal balance at June 30, 2007 and 2006 was \$895,000 and \$1,155,000, respectively.

Capital Appreciation Limited Tax Bonds, Series 1998B, as deep discount bonds which will appreciate in principal amount, based on the semiannual compounding of the original principal amount at varying interest rates between 4.25% and 4.90%. The accretion will result in each bond appreciating to \$5,000 on the date of maturity. The compound accreted value of the bonds will be payable annually on December 1 of each of the years 2003 through 2010. The bonds are full faith and credit obligations of the College payable from funds of the District 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, including future discount accretion, was \$5,545,000. The remaining liability at June 30, 2007 and 2006, including future discount accretion, was \$4,040,000 and \$4,545,000, respectively. The carrying amount at June 30, 2007 and 2006, including discount accretion through that date, was \$3,525,696 and \$4,021,333, respectively.

General Obligation Limited Tax Funding Bonds, Series 2002A, at varying interest rates between 3.40% and 4.80% per annum depending on the date of serial maturity through 2014. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the District 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 \$4,250,000. The principal balance at June 30, 2007 and 2006 was \$3,095,000 and \$3,150,000, respectively.

General Obligation Limited Tax Debt Certificates, Series 2003A, at varying interest rates between 1.40% and 4.25% per annum depending on the date of serial maturity through December 1, 2017. The certificates are general obligations of the District both as to principal and interest from the funds

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

of the District lawfully available for payments. The original liability upon issuance was \$3,385,000. The principal balance at June 30, 2007 and 2006 was \$2,940,000 and \$3,165,000, respectively.

General Obligation Limited Tax Funding Bonds, Series 2005 with a yield of 3.55% to 3.95% depending on the date of serial maturity through 2018. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the District 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 \$4,500,000. They received a premium of \$243,230 and paid issue costs of \$51,155. The principal balance at June 30, 2007 and 2006 was \$4,500,000.

General Obligation Limited Tax Debt Certificates, Series 2006, at an interest rate of 3.62% per annum through November 1, 2011. The certificates are general obligations of the District both as to principal and interest from the funds of the District lawfully available for payments. The original liability upon issuance and principal balance at June 30, 2007 was \$2,200,000.

Changes in long-term obligations during the year ended June 30, 2007 were as follows:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>	<u>Amounts due within one year</u>
General obligation bonds:					
Par	\$ 17,155,000	2,200,000	1,685,000	17,670,000	2,065,000
Premium	199,352	—	21,939	177,413	—
Discount on capital appreciation bonds	<u>(537,187)</u>	<u>—</u>	<u>(22,883)</u>	<u>(514,304)</u>	<u>—</u>
Total general obligation bonds, net	<u>\$ 16,817,165</u>	<u>2,200,000</u>	<u>1,684,056</u>	<u>17,333,109</u>	<u>2,065,000</u>

Changes in long-term obligations during the year ended June 30, 2006 were as follows:

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>	<u>Amounts due within one year</u>
General obligation bonds:					
Par	\$ 19,010,000	—	1,855,000	17,155,000	1,685,000
Premium	221,291	—	21,939	199,352	—
Discount on capital appreciation bonds	<u>(781,537)</u>	<u>—</u>	<u>(244,350)</u>	<u>(537,187)</u>	<u>—</u>
Total general obligation bonds, net	<u>\$ 18,449,754</u>	<u>—</u>	<u>1,632,589</u>	<u>16,817,165</u>	<u>1,685,000</u>

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

The following is a schedule of the future debt service payments for bonds payable as of June 30, 2007.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 2,065,000	585,991	2,650,991
2009	2,140,000	506,105	2,646,105
2010	2,230,000	461,303	2,691,303
2011	1,800,000	423,241	2,223,241
2012	1,865,000	370,046	2,235,046
2013	1,400,000	299,814	1,699,814
2014	1,275,000	236,774	1,511,774
2015	1,160,000	175,810	1,335,810
2016	1,200,000	123,789	1,323,789
2017	1,245,000	76,491	1,321,491
2018	1,290,000	25,957	1,315,957
	<u>\$ 17,670,000</u>	<u>3,285,321</u>	<u>20,955,321</u>

The principal column in the above schedule reflects accretion of discount on Capital Appreciation bonds through date of maturity.

(6) Pension Plan

Plan Description – The College participates in the State Universities Retirement System of Illinois (SURS). SURS is a cost-sharing multiple employer defined pension plan with a special funding situation whereby the State of Illinois’ makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, 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, or by calling 1-800-275-7877.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 10.61% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS directly appropriated by the State for the years ending June 30, 2007, 2006, and 2005 were \$3,336,023, \$2,198,953, and \$3,506,309, respectively, equal to the required contributions for each year.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

The College recognizes the amount appropriated by the state as additional state appropriations (nonoperating) revenue and also recognizes corresponding expense. While the majority of the employer contribution is made by the state, employer contributions for some positions that are not state funded are the responsibility of the employer. The College contributed \$81,733, \$34,952, and \$48,786, for the years ended June 30, 2007, 2006, and 2005, respectively.

(7) Compensated Absences (Vacation and Sick Leave)

In the event of job termination, an employee is reimbursed for an accumulated maximum number of vacation days, which ranges from 40 to 52 days, depending on the classification of the employee. Employees may accumulate unused sick leave subject to certain limits, and receive additional service credit under the State Retirement System (SURS) as discussed in note 6.

(8) 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 statement.

(9) Postretirement Health Care Benefits

In addition to the pension benefits described in note 6, the College provides postretirement healthcare benefits to employees who are eligible for an annuity under the State University Retirement System. As of June 30, 2007 and 2006, 195 and 181 retirees, respectively, were receiving benefits. Benefits expensed under this plan for the years ended June 30, 2007 and 2006 were \$297,654 and \$236,978, respectively. The College finances the plan on a pay-as-you-go basis.

(10) Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The College carried 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.

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

(11) Health Insurance

The College maintains a self-insured plan to cover health and dental benefits for its employees through a third-party administrator. 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. At June 30, 2007 and 2006, the amount of these liabilities was \$535,000. This liability is the College's best estimate based on available information. Changes in the College's liability for employee health claims for the years ended June 30, 2007 and 2006 are as follows:

	2007	2006
Claims payable – beginning of year	\$ 535,000	535,000
Claims and other expenses incurred – during year	4,618,485	4,142,283
Claims paid – during year	(4,618,485)	(4,142,283)
Claims payable – end of year	\$ 535,000	535,000

(12) Operating Lease Commitments

The College leases a building on its Grayslake campus to an agency of the State of Illinois. The lease has entered into its renewal term of five years. Either party has the option to terminate the lease by giving 30 days written notice prior to the renewal date of July 1 each year. The book value of the leased building at June 30, 2007 and 2006 is \$2,284,155 and \$2,339,716, respectively.

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% 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, 2007 and 2006 was \$20,000. Deferred revenue related to the lease was \$940,000 and \$960,000 at June 30, 2007 and 2006, respectively.

The College leases additional space at this location to another non-profit organization. The lease term is five years with one five year renewal option. State and County appropriations are used to fund this lease. If both State and County fundings are cancelled, the lessee has the right to terminate the lease upon 60 days written notice.

The following is a schedule by years of future minimum rentals under the leases at June 30, 2007:

Year ending June 30:	
2008	\$ 455,460

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

Notes to Basic Financial Statements

June 30, 2007 and 2006

(13) Expenses by Natural Classification

Expenses are reported in the statements of revenues, expenses, and changes in net assets by functional classification. The College's operating expenses by natural classification for the years ended June 30, 2007 and 2006 are as follows:

	2007	2006
Natural classification of total expenses:		
Salaries	\$ 47,545,348	44,605,606
Benefits	13,969,816	11,885,055
Contractual services	5,579,399	5,292,449
Materials and supplies	12,572,091	9,871,019
Travel and meetings	685,601	607,628
Fixed charges	1,583,821	1,612,147
Utilities	3,202,181	2,868,651
Interest	598,183	741,305
Depreciation	4,289,978	4,114,324
Other	4,895,637	4,916,758
Total expenses	\$ 94,922,055	86,514,942

(14) Commitments and Contingencies

Lakeshore Classroom Renovation

The College has entered into a contract to renovate classrooms at the Lakeshore Campus. Construction is scheduled to begin in August 2007. Total estimated costs are \$354,000.

Repayment of Student Financial Aid

During the year ended June 30, 2007, the College, in conjunction with an outside consultant, has reviewed federal aid awarded to students under various programs through fiscal year 2006. At June 30, 2007 the College has accrued a liability of \$560,000 for the repayment of student financial aid, as a result of this review. However, as of June 30, 2007 the Department of Education has not made their final determination of the amount to be repaid through fiscal year 2006. For fiscal year 2007, the College can not estimate the amount, if any, that would be required to be repaid under federal aid programs but believes that the amount would not be material to the financial statements.

**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.

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand and asses 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.	7-10
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.	11-13
Operating Information These tables provide information about the College's operations and resources to assist the reader with understanding the College's economic condition.	14-15

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

Table 1

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

Net Assets by Component (Unaudited)
Last Five Fiscal Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Invested in capital assets, net of related debt	\$ 89,839,524	87,287,374	81,243,423	74,452,090	59,482,486
Restricted for:					
Working cash	17,550,000	17,550,000	17,528,336	17,370,272	17,516,715
Debt service	3,273,884	3,083,848	3,118,894	4,064,445	4,973,681
Capital projects	1,087,520	1,090,088	3,024,292	5,841,062	6,466,514
Other	1,543,755	1,103,319	1,156,671	1,027,367	903,135
Unrestricted	<u>6,515,345</u>	<u>6,397,510</u>	<u>6,449,074</u>	<u>2,551,773</u>	<u>4,792,818</u>
Total net assets	\$ <u>119,810,028</u>	<u>116,512,139</u>	<u>112,520,690</u>	<u>105,307,009</u>	<u>94,135,349</u>

Note: The College implemented GASB Statements No. 34 and 35 beginning in 2003.

See accompanying independent auditors' report.

Table 2

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

Changes in Net Assets (Unaudited)

Last Five Fiscal Years

	2007	2006	2005	2004	2003
Operating revenues:					
Student tuition and fees	\$ 19,250,363	17,347,474	16,015,708	14,739,759	14,175,964
Less scholarship allowances	(2,514,675)	(2,378,310)	(2,417,436)	(2,306,624)	(1,811,400)
Net student tuition and fees	16,735,688	14,969,164	13,598,272	12,433,135	12,364,564
Auxiliary enterprises	8,977,895	9,048,360	6,315,048	6,360,695	5,632,159
Other operations	2,425,746	1,562,025	3,609,459	3,196,838	2,842,392
Total operating revenues	28,139,329	25,579,549	23,522,779	21,990,668	20,839,115
Operating expenses:					
Education and general:					
Instruction	33,738,179	30,873,970	30,405,117	43,004,663	28,025,468
Academic support	4,829,196	4,722,016	4,725,087	6,041,056	4,353,475
Student services	6,083,190	5,096,901	4,728,531	5,943,060	4,254,298
Public service	5,423,347	4,530,278	6,903,265	9,618,435	7,639,509
Institutional support	20,255,050	16,844,508	17,202,310	17,547,649	16,850,617
Operations and maintenance of plant	8,090,545	7,522,383	6,606,018	6,593,290	5,290,009
Financial aid	2,002,225	2,353,612	2,647,663	2,541,326	2,747,394
Depreciation	4,289,978	4,114,324	3,898,729	3,394,547	3,448,988
Auxiliary enterprises	9,612,162	9,715,645	6,806,566	7,085,147	6,649,247
Total operating expenses	94,323,872	85,773,637	83,923,286	101,769,173	79,259,005
Operating loss	(66,184,543)	(60,194,088)	(60,400,507)	(79,778,505)	(58,419,890)
Nonoperating revenues (expenses):					
Local property taxes	48,818,356	45,454,623	42,320,584	40,073,769	37,677,986
Personal property replacement tax	1,262,216	1,156,921	912,768	754,353	663,710
State appropriations	12,559,165	11,187,839	12,219,066	33,436,415	13,296,240
Federal grants and contracts	4,243,973	4,591,755	4,840,223	4,418,667	3,959,306
Local grants and contracts	1,521,415	1,293,677	1,346,526	1,467,518	1,863,388
Investment income	1,156,004	871,968	466,066	297,426	675,548
Interest expense	(598,183)	(741,305)	(714,955)	(821,651)	(800,198)
Net nonoperating revenues (expenses)	68,962,946	63,815,478	61,390,278	79,626,497	57,335,980
Increase (decrease) before State capital appropriations	2,778,403	3,621,390	989,771	(152,008)	(1,083,910)
State capital appropriations	519,486	370,059	6,223,910	11,323,668	3,382,989
Increase in net assets	\$ 3,297,889	3,991,449	7,213,681	11,171,660	2,299,079

Note: The College implemented GASB Statements No. 34 and 35 beginning in 2003.

In fiscal year 2004, the State of Illinois made a contribution of \$23.8 million on behalf of the College to the State Universities Retirement System of Illinois (SURS). The normal contribution was \$4.3 million and the "special" contribution (or one-time catch-up) from House Bill 3759 (PA 93-002) was \$19.5 million. Thus, for fiscal year 2004, operating expenses and State appropriations were \$19.5 million higher due to this special contribution.

See accompanying independent auditors' report.

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
2007	2006	\$	21,428,065,407	3,463,978,017	932,383,121	141,859,575	25,966,286,120	0.195	\$ 77,898,858,360	33.33 %
2006	2005		19,610,105,688	3,280,579,317	885,271,430	135,072,902	23,911,029,337	0.197	71,733,088,728	33.33
2005	2004		17,757,398,911	3,069,446,188	851,317,368	127,167,862	21,805,330,329	0.200	65,415,991,641	33.33
2004	2003		16,500,329,646	2,955,899,095	821,353,626	117,376,097	20,394,958,464	0.201	61,184,875,393	33.33
2003	2002		15,096,304,053	2,753,203,480	762,433,758	120,746,176	18,732,687,467	0.208	56,198,062,401	33.33
2002	2001		13,733,063,408	2,641,221,105	754,281,352	121,250,580	17,249,816,445	0.211	51,749,449,335	33.33
2001	2000		12,629,410,656	2,486,936,171	710,408,596	119,677,803	15,946,433,226	0.235	47,839,299,678	33.33
2000	1999		11,866,243,221	2,330,290,309	721,729,327	118,165,009	15,036,427,866	0.213	45,109,283,598	33.33
1999	1998		11,216,483,971	2,089,175,249	711,056,309	117,557,545	14,134,273,074	0.221	42,402,819,222	33.33
1998	1997		10,690,085,317	1,928,209,270	675,015,691	110,664,023	13,403,974,301	0.222	40,211,922,903	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.

See accompanying independent auditors' report.

Table 4

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									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
College direct rates										
Bonds	\$ 0.007	0.007	0.008	0.008	0.010	0.009	0.032	0.011	0.012	0.012
Educational	0.128	0.128	0.129	0.129	0.130	0.129	0.133	0.130	0.130	0.130
Medicare	0.001	0.001	0.001	0.001	0.002	0.003	-	-	-	-
Operation & maintenance	0.056	0.058	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060
Operation & maintenance (restricted)	-	-	-	-	-	-	0.006	0.004	0.004	0.004
Health & safety	-	-	-	-	0.002	0.004	-	-	-	-
Tort judgement & liability insurance	0.003	0.003	0.004	0.004	0.005	0.006	0.004	0.007	0.013	0.014
Audit	-	-	-	-	-	-	-	0.001	0.002	0.002
Total direct rate	0.195	0.197	0.200	0.201	0.208	0.211	0.235	0.213	0.221	0.222
Lake County rate	0.450	0.454	0.465	0.490	0.502	0.516	0.521	0.521	0.531	0.531
Lake County Forest Preserves rate	0.204	0.210	0.219	0.225	0.232	0.221	0.231	0.187	0.157	0.155
Elementary School rates	0.964 - 4.296	1.013 - 3.670	1.051 - 4.137	1.101 - 3.679	1.152 - 3.836	0.088 - 3.998	0.089 - 4.044	0.087 - 4.044	0.097 - 4.030	0.091 - 4.046
Unit School rates	3.386 - 5.834	3.246 - 5.872	3.401 - 5.941	3.200 - 5.938	3.353 - 5.960	3.733 - 5.440	3.330 - 5.400	3.565 - 5.481	3.781 - 5.510	3.358 - 5.566
High School rates	0.961 - 3.136	0.965 - 3.197	1.003 - 3.233	1.045 - 3.061	1.092 - 2.798	1.157 - 2.772	1.201 - 2.364	1.219 - 2.309	1.251 - 2.327	1.255 - 2.185
Township rates	0.029 - 0.375	0.029 - 0.359	0.028 - 0.355	0.027 - 0.355	0.028 - 0.357	0.029 - 0.348	0.029 - 0.312	0.029 - 0.310	0.028 - 0.306	0.027 - 0.307
Sanitary District rates	0.030 - 0.187	0.031 - 0.191	0.028 - 0.198	0.029 - 0.198	0.030 - 0.209	0.035 - 0.216	0.036 - 0.214	0.037 - 0.213	0.041 - 0.214	0.044 - 0.214
Park District rates	0.019 - 0.728	0.019 - 0.711	0.019 - 0.730	0.019 - 0.791	0.019 - 0.763	0.020 - 0.689	0.021 - 0.702	0.020 - 0.599	0.020 - 0.600	0.022 - 0.630
Library District rates	0.161 - 0.436	0.155 - 0.438	0.170 - 0.452	0.173 - 0.451	0.172 - 0.446	0.179 - 0.472	0.178 - 0.468	0.199 - 0.460	0.176 - 0.459	0.170 - 0.454
Fire District rates	0.128 - 0.674	0.136 - 0.690	0.142 - 0.709	0.141 - 0.779	0.148 - 0.698	0.155 - 0.716	0.124 - 0.710	0.151 - 0.700	0.150 - 0.693	0.152 - 0.492
City & Village rates	0.012 - 2.123	0.013 - 2.060	0.012 - 1.605	0.012 - 1.613	0.012 - 1.597	0.012 - 1.449	0.012 - 1.489	0.012 - 1.497	0.012 - 1.524	0.012 - 1.545
Special Service Area rates	0.014 - 15.877	5.714 - 10.809	5.832 - 10.886	5.676 - 11.014	4.253 - 10.862	5.748 - 10.564	4.622 - 9.227	4.630 - 9.628	4.723 - 9.624	4.755 - 9.463

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

See accompanying independent auditors' report.

Table 5

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

Principal Property Tax Payers (Unaudited)

Current Year and Five Years Ago

Taxpayer	2006			2001		
	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 Laboratories	\$ 170,549,842	1	0.71 %	\$ 133,308,517	1	0.77 %
The Mills Corporation	57,027,582	2	0.24	—	-	-
Discover Financial Services, Inc.	45,243,518	3	0.19	—	-	-
Van Vlissingen & Co.	44,389,030	4	0.19	—	-	-
Carramerica Realty LP	41,989,539	5	0.18	48,050,369	3	0.28
Baxter Healthcare Corp	32,266,498	6	0.13	—	-	-
Midwest Family Housing LLC	30,209,433	7	0.13	—	-	-
Property Tax Services Co.	29,997,000	8	0.13	—	-	-
W.W. Grainger RE/Legal	27,648,793	9	0.12	—	-	-
Corporate 500 Center	27,330,600	10	0.11	—	-	-
Exelon Generation Company LLC	—	-	-	78,089,827	2	0.45
Gurnee Properties Assoc.	—	-	-	47,043,829	4	0.27
Hewitt Properties III, LLC	—	-	-	36,361,869	5	0.21
American National Bank	—	-	-	30,405,096	6	0.18
LaSalle National Bank	—	-	-	28,551,984	7	0.17
Time Warner Entertainment Co.	—	-	-	26,953,217	8	0.16
Lumbermen's Mutual Casualty Co.	—	-	-	25,894,154	9	0.15
Motorola, Inc.	—	-	-	25,579,905	10	0.15
	<u>\$ 506,651,835</u>		<u>2.12 %</u>	<u>\$ 480,238,767</u>		<u>2.79 %</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.

1998 data (nine years ago) is not available per the Lake County Clerk's Office

Source: Lake County Clerk's Office

See accompanying independent auditors' report.

Table 6

**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 fiscal year of the levy		Collections in subsequent years ^(a)	Total collections to date	
			Amount	Percentage of levy		Amount	Percentage of levy
2007	2006	\$ 50,634,258	25,133,823	49.64 %	\$ —	25,133,823	49.64 %
2006	2005	47,104,728	46,911,144	99.59	—	46,911,144	99.59
2005	2004	43,610,661	43,497,924	99.74	—	43,497,924	99.74
2004	2003	40,993,867	40,805,598	99.54	—	40,805,598	99.54
2003	2002	38,963,990	38,845,545	99.70	—	38,845,545	99.70
2002	2001	36,397,113	36,270,250	99.65	—	36,270,250	99.65
2001	2000	37,474,118	37,382,753	99.76	—	37,382,753	99.76
2000	1999	32,027,591	31,978,095	99.85	—	31,978,095	99.85
1999	1998	31,236,743	31,158,997	99.75	—	31,158,997	99.75
1998	1997	29,756,823	29,755,966	100.00	—	29,755,966	100.00

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 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

See accompanying independent auditors' report.

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	General Obligation Capital Appreciation Refunding Bonds	Capital Appreciation Limited Tax Bonds	General Obligation Bonds - Alternate Revenue Source	General Obligation Bonds	Total	Percentage of taxable assessed value of property ^(a)	Per FTE student count ^(b)
2007	\$ 7,595,000	5,140,000	—	4,040,000	895,000	—	17,670,000	0.068%	\$ 2,060
2006	7,650,000	3,165,000	—	5,185,000	1,155,000	—	17,155,000	0.072%	2,091
2005	7,700,000	3,385,000	—	6,535,000	1,390,000	—	19,010,000	0.087%	2,323
2004	3,250,000	3,385,000	—	7,885,000	2,050,000	—	16,570,000	0.081%	2,077
2003	3,250,000	3,385,000	—	9,235,000	3,305,000	—	19,175,000	0.102%	2,466
2002	3,250,000	—	—	10,585,000	4,485,000	—	18,320,000	0.106%	2,552
2001	—	—	3,215,000	10,585,000	5,655,000	1,525,000	20,980,000	0.132%	3,166
2000	1,405,000	—	3,215,000	10,585,000	6,610,000	1,525,000	23,340,000	0.155%	3,674
1999	—	—	—	10,585,000	7,410,000	4,300,000	22,295,000	0.158%	3,650
1998	—	—	—	10,585,000	8,165,000	5,575,000	24,325,000	0.181%	4,031

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.

See accompanying independent auditors' report.

Table 8

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

Ratios of General Bonded Debt Outstanding (Unaudited)

Last Ten Fiscal Years

Fiscal year	Net general bonded debt	Population ^(a)	Percentage of taxable assessed value of property ^(b)	Net bonded debt per capita
2007	\$ 17,670,000	724,059	0.068%	\$ 24.40
2006	17,155,000	713,076	0.072%	24.06
2005	19,010,000	704,086	0.087%	27.00
2004	16,570,000	693,425	0.081%	23.90
2003	19,175,000	682,705	0.102%	28.09
2002	18,320,000	675,791	0.106%	27.11
2001	20,980,000	662,826	0.132%	31.65
2000	23,340,000	644,356	0.155%	36.22
1999	22,295,000	622,300	0.158%	35.83
1998	24,325,000	613,200	0.181%	39.67

^(a) An estimated figure is given for year 2007.

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

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

See accompanying independent auditors' report.

Table 9

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

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years

<u>Fiscal year</u>	<u>Levy year</u>	<u>Assessed valuation</u>	<u>Bond debt limit*</u>	<u>Amount of debt applicable to debt limit</u>	<u>Legal debt margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2007	2006	\$ 25,966,286,120	746,530,726	17,670,000	728,860,726	2.37%
2006	2005	23,911,029,337	687,442,093	17,155,000	670,287,093	2.50%
2005	2004	21,805,330,329	626,903,247	19,010,000	607,893,247	3.03%
2004	2003	20,394,958,464	586,355,056	16,570,000	569,785,056	2.83%
2003	2002	18,732,687,467	538,564,765	19,175,000	519,389,765	3.56%
2002	2001	17,249,816,445	495,932,223	18,320,000	477,612,223	3.69%
2001	2000	15,946,433,226	458,459,955	20,980,000	437,479,955	4.58%
2000	1999	15,036,427,866	432,297,301	23,340,000	408,957,301	5.40%
1999	1998	14,134,273,074	406,360,351	22,295,000	384,065,351	5.49%
1998	1997	13,403,974,301	385,364,261	24,325,000	361,039,261	6.31%

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

See accompanying independent auditors' report.

Table 10

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

Pledged Revenue Coverage (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Alternate Revenue Bonds ^(a)				Alternate Revenue Bonds ^(b)			
	Available Revenue	Debt Service		Coverage	Available Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2007	\$ 382,700	260,000	46,175	1.25	\$ —	—	—	—
2006	371,900	235,000	62,500	1.25	—	—	—	—
2005	365,600	210,000	82,495	1.25	604,125	450,000	33,300	1.25
2004	363,700	195,000	95,991	1.25	1,463,350	1,060,000	110,680	1.25
2003	354,666	180,000	103,727	1.25	1,478,975	1,000,000	183,180	1.25
2002	351,049	170,000	110,818	1.25	1,568,975	1,000,000	255,180	1.25
2001	340,283	155,000	117,240	1.25	1,390,475	800,000	312,380	1.25
2000	216,517	—	120,262	1.80	1,461,475	800,000	369,180	1.25
1999	210,000	—	140,306	1.50	1,471,760	755,000	422,408	1.25
1998	—	—	—	0.00	1,477,635	710,000	472,108	1.25

^(a) Pledged Revenues consist of lease payments received by the College from the lease of the Series 1998A Project (rented to an agency of the State of Illinois). Although these rents are sufficient to pay the debt service, net bookstore revenues are pledged to the extent needed to provide the 1.25 coverage rate (Fiscal years 2001-2006).

^(b) Pledged Revenues consisted of the revenues of the College's operations, building and maintenance fund (O&M Fund). Only the revenues from this fund needed to provide the 1.25 coverage rate are reflected in this table. Bond repaid in full at June 30, 2005.

See accompanying independent auditors' report.

Table 11

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532
 Student Enrollment Demographic Statistics (Unaudited)
 Last Ten Fiscal Years

Year	Fall Enrollment		Gender		Attendance		Enrollment Status				In-District Residency	Average Age
	Headcount	FTE	Male	Female	Full-time	Part-time	Continuing	New	Returning	Transfer		
2007	16,010	8,578	6,722	9,226	31%	69%	8,360	3,630	2,820	1,200	94%	28.7
2006	15,558	8,203	6,604	8,874	30%	70%	7,965	3,604	2,670	1,319	93%	28.6
2005	15,745	8,184	6,699	8,956	29%	71%	7,884	3,599	2,936	1,326	93%	28.7
2004	15,866	7,979	6,735	9,012	27%	73%	7,937	3,678	2,854	1,397	93%	28.8
2003	15,828	7,777	6,689	9,079	26%	74%	7,728	4,741	2,928	431	91%	29.1
2002	15,457	7,180	6,539	8,857	25%	75%	7,448	4,387	2,982	640	89%	29.8
2001	14,385	6,626	6,284	8,044	22%	78%	6,729	3,697	2,961	998	89%	32.2
2000	14,442	6,353	6,331	8,074	21%	79%	6,910	3,745	2,541	1,246	90%	31.1
1999	14,036	6,109	6,187	7,846	20%	80%	7,936	2,679	2,246	1,175	88%	30.8
1998	13,783	6,034	6,183	7,600	20%	80%	7,790	2,589	2,246	1,021	89%	30.7

See accompanying independent auditors' report.

Table 12

**COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532**
Student Enrollment Demographic Statistics by Category (Unaudited)
Last Ten Fiscal Years

<u>Fiscal year</u>	<u>Baccalaur- eate</u>	<u>Business</u>	<u>Technical</u>	<u>Health</u>	<u>Remedial</u>	<u>Adult Basic Secondary Education</u>	<u>Total</u>	<u>Returning</u>	<u>Transfer</u>	<u>In-District Residency</u>	<u>Average Age</u>
2007	144,067	13,512	20,203	12,911	20,612	33,332	244,637	2,820	1,200	94%	28.7
2006	140,008	12,354	19,370	11,905	20,968	28,047	232,652	2,670	1,319	93%	28.0
2005	138,408	10,605	21,807	12,094	18,972	24,871	226,756	2,936	1,326	93%	28.7
2004	137,952	10,686	22,986	12,474	20,206	21,658	225,961	2,854	1,397	93%	28.8
2003	130,937	10,528	24,048	11,177	18,706	19,184	214,580	2,928	431	91%	29.1
2002	119,585	8,940	26,033	10,518	17,431	18,096	200,603	2,982	640	89%	29.0
2001	108,639	7,989	26,218	8,919	16,324	18,452	186,541	2,961	998	89%	32.2
2000	111,464	8,145	27,278	7,968	17,069	14,836	186,760	2,541	1,246	90%	31.1
1999	109,876	8,333	24,751	7,019	16,723	13,587	180,289	2,246	1,175	88%	30.8
1998	112,128	8,227	23,948	6,793	15,997	15,583	182,676	2,246	1,021	89%	30.7

Amounts are ased on midterm enrollment.

See accompanying independent auditors' report.

Table 13

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

Principal Employers (Unaudited)

Current Year

Employer	2007		
	Employees ^(a)	Rank	Percentage of total County employees ^(a)
Abbott Laboratories	\$ 15,300	1	4.14%
Department of the Navy	10,000	2	2.70%
Hewitt Associates, LLC	7,200	3	1.95%
Motorola, Inc.	6,000	4	1.62%
Baxter Healthcare Corporation	4,780	5	1.29%
Discover Financial Services, Inc.	3,500	6	0.95%
CDW Corporation	2,500	7	0.68%
County of Lake	2,500	8	0.68%
Cardinal Health	2,200	9	0.59%
Department of Veteran's Affairs	2,000	10	0.54%
MedlineIndustries, Inc.	2,000	11	0.54%
Condell Health Network, Inc.	2,000	12	0.54%
College of Lake County	2,000	13	0.54%
	<u>\$ 61,980</u>		<u>16.75%</u>

^(a) Civilian only.

Source: Lake County Planning, Building and Development Department

1997 data (ten years ago) is not available per the Lake County Clerk's Office.

See accompanying independent auditors' report.

Table 14

**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) HLC-Academic Quality Improvement Program									
	1974, 1979, 1985, 1986, 1996 (every 10 years) 2006 Systems Portfolio									
Population in District 2006 (note 1):	713,076									
Percentage change from 1990 census	38.1%									
Employment in District (note 2):	369,959									
Labor force, civilian (July 2007)	4.5%									
Unemployment rate (July 2007)										
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						

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Enrollment (Fall Semester, based on 10th day enrollment) (note 4):										
Total headcount	16,010	15,558	15,745	15,866	15,828	15,457	14,385	14,442	14,036	14,947
Percent change	2.91%	-1.19%	-0.76%	0.24%	2.40%	7.45%	-0.39%	2.89%	1.84%	0.34%
Total student semester hours	128,674	123,047	122,756	119,692	116,658	107,694	99,389	95,296	91,639	90,507
Total FTE semester hours	8,578	8,203	8,184	7,979	7,777	7,180	6,626	6,353	6,109	6,034
Percent change	4.57%	0.23%	2.57%	2.60%	8.31%	8.36%	4.30%	3.99%	1.20%	0.95%
Total seats taken	40,891	38,507	38,308	37,406	36,687	33,908	33,638	32,144	30,964	30,479
Percent change	6.19%	0.52%	2.41%	1.96%	8.20%	0.80%	4.65%	3.81%	1.60%	-0.16%
Average class size (number of seats per section at FY mid-term)		20.89	17.60	16.81	19.19	18.47	18.47	18.73	19.03	19.19
Degrees and certificates awarded (note 5):										
A.A., A.S., and A.E.S.	515	567	559	500	538	530	505	489	502	455
A.A.S.	316	305	330	320	296	290	270	251	275	328
A.F.A./A.P.	-	-	1	1	1	-	1	-	-	-
Certificates	990	944	1,044	993	709	699	543	424	337	284
Total, degrees/certificates	1,829	1,816	1,934	1,814	1,544	1,519	1,319	1,164	1,114	1,067
College Workforce (Fall semester) (note 6):										
Faculty/academic support	832	810	794	827	977	788	951	888	N/A	N/A
Administrators	50	50	50	53	57	60	56	54	N/A	N/A
Prof./Tech.	167	140	132	135	136	135	133	121	N/A	N/A
Clerical	110	104	106	105	107	138	102	99	N/A	N/A
Maintenance and others	86	149	138	137	135	78	132	127	N/A	N/A
% Full-time		46%	46%	45%	48%	44%	39%	42%	N/A	N/A
% Women*		56%	61%	57%	56%	60%	55%	54%	N/A	N/A
% Minorities*		20%	27%	18%	15%	20%	14%	12%	N/A	N/A

N/A=not available.

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

Notes:

- From U.S. Department of Commerce, U.S. Bureau of Census website.
 - From Illinois Department of Employment Security, Local Area Unemployment Statistics, July 2006.
 - From Lake County Planning, Building and Development website.
 - From College of Lake County Institutional Effectiveness, Research and Planning, Fact Files.
Average class size from the EECA Annual Enrollment reports.
 - From College of Lake County Office of Institutional Effectiveness, Research and Planning, Graduate Follow-up Study, Part II FY 1999-2004
 - From Illinois Community College Board CI (Faculty, Staff, and Salary) Database.
- * Excludes part-time faculty

See accompanying independent auditors' report.

Table 15

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

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Grayslake Campus-purchased 1968										
Size of campus (acres) ^(a)	225.1	225.1	225.1	225.1	225.1	226.1	226.1	226.1	226.1	226.1
Gross square footage ^(b)	814,174	814,174	814,174	679,174	679,174	679,174	679,174	679,174	679,174	654,416
Square footage rented ^(c)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	—
Number of classrooms	102	102	102	81	81	81	81	81	81	79
Number of laboratories	94	94	94	51	51	51	51	51	51	51
Lakeshore Campus-purchased 1979/1995										
Size of campus (acres)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Gross square footage	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599
Number of classrooms	14	14	14	14	14	14	14	14	14	14
Number of laboratories	7	7	7	7	7	7	7	7	7	7
Southlake Center-purchased 1997										
Size of campus (acres) ^(d)	20.6	20.6	22.9	22.9	22.9	22.9	22.9	22.9	22.9	22.9
Gross square footage	45,814	16,269	16,269	16,269	16,269	16,269	16,269	16,269	16,269	16,269
Number of classrooms	23	9	9	9	9	9	9	9	9	9
Number of laboratories	5	2	2	2	2	2	2	2	2	2
1 North Genesse-purchased 2002^(e)										
Size of campus (acres)	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	—	—	—	—
Square footage rented ^(c)	32,976	32,976	32,976	—	—	—	—	—	—	—
Number of classrooms available	—	—	—	—	—	—	—	—	—	—
Number of laboratories available	—	—	—	—	—	—	—	—	—	—

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

^(b) 1999: Job Center addition; 2005: Technology Building addition

^(c) Details regarding the College's operating leases can be found in the notes to the financial statements.

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

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

Source: College of Lake County Facilities Department

See accompanying independent auditors' report.

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

All Funds Summary
Uniform Financial Statement Number 1

Year ended June 30, 2007

	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	Total
Fund balance (deficit) at June 30, 2006	\$ (1,628,068)	7,920,469	4,674,763	3,083,848	(639,372)	900,767	17,539,278	166,532	196,553	(342,744)	31,872,026
Revenues:											
Local tax revenue	32,137,383	14,189,703	—	1,743,889	—	—	—	—	—	747,381	48,818,356
All other local revenue	13,508	—	—	—	—	543,629	—	—	—	—	557,137
ICCB grants	6,471,812	—	—	—	—	1,575,904	—	—	—	—	8,047,716
All other state revenue	1,508,162	—	—	—	—	720,455	—	—	—	—	2,228,617
Federal revenue	—	—	—	—	—	4,243,973	—	—	—	—	4,243,973
Student tuition and fees	18,068,932	—	1,079,240	—	102,191	—	—	675,522	—	—	19,925,885
All other revenue	649,110	116,090	973,108	—	9,633,495	5,506,224	639,910	36,178	—	—	17,554,115
Total revenues	58,848,907	14,305,793	2,052,348	1,743,889	9,735,686	12,590,185	639,910	711,700	—	747,381	101,375,799
Expenditures:											
Instruction	29,434,449	—	—	—	—	—	—	—	—	—	29,434,449
Academic support	4,371,213	—	—	—	—	—	—	—	—	—	4,371,213
Student services	5,371,894	207,105	—	—	—	—	—	789,177	—	—	6,368,176
Public service	1,392,139	—	—	—	—	4,071,615	—	—	—	—	5,463,754
Auxiliary services	—	—	—	—	9,612,162	—	—	—	—	—	9,612,162
Operations and maintenance	—	7,379,992	—	—	—	—	—	—	—	—	7,379,992
Institutional support	15,063,263	5,392,551	9,040,075	1,606,946	—	—	—	—	180,184	883,905	32,166,924
Scholarships and student grants	111,301	—	—	—	—	8,111,951	—	—	—	—	8,223,252
Total expenditures	55,744,259	12,979,648	9,040,075	1,606,946	9,612,162	12,183,566	—	789,177	180,184	883,905	103,019,922
Other financing sources (uses):											
Debt proceeds	—	—	2,200,000	—	—	—	—	—	—	—	2,200,000
Net transfers	350,000	(1,100,000)	1,100,000	—	—	—	(570,000)	—	220,000	—	—
Total other financing sources (uses)	350,000	(1,100,000)	3,300,000	—	—	—	(570,000)	—	220,000	—	2,200,000
Fund balance (deficit) at June 30, 2007	\$ 1,826,580	8,146,614	987,036	3,220,791	(515,848)	1,307,386	17,609,188	89,055	236,369	(479,268)	32,427,903

See accompanying independent auditors' report.

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

Summary of Capital Assets and Debt
Uniform Financial Statement Number 2

Year ended June 30, 2007

	Capital asset/ debt account groups June 30, 2006	Additions	Deletions	Capital asset/ debt account groups June 30, 2007
Fixed assets:				
Sites and improvements	\$ 12,505,373	276,240	—	12,781,613
Buildings, additions, and improvements	106,125,166	16,646,850	—	122,772,016
Construction work in progress	11,364,927	5,281,923	(16,646,850)	—
Equipment, furniture, and machinery	18,541,462	1,902,909	(8,022)	20,436,349
Fixed assets	148,536,928	24,107,922	(16,654,872)	155,989,978
Accumulated depreciation	(46,001,045)	(4,289,978)	8,022	(50,283,001)
Net fixed assets	\$ 102,535,883	19,817,944	(16,646,850)	105,706,977
Fixed debt:				
Bonds payable	\$ 17,155,000	2,200,000	(1,685,000)	17,670,000
Total fixed liabilities	\$ 17,155,000	2,200,000	(1,685,000)	17,670,000

The College has no tax anticipation warrants or notes outstanding at June 30, 2007.

See accompanying independent auditors' report.

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

Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3

Year ended June 30, 2007

	<u>Education Fund</u>	<u>O&M Fund</u>	<u>Total operating</u>
Operating revenues by source:			
Local government:			
Current taxes	\$ 32,137,383	14,189,703	46,327,086
Charge-back revenue	13,508	—	13,508
Total local government	<u>32,150,891</u>	<u>14,189,703</u>	<u>46,340,594</u>
State government:			
ICCB credit hour grants	6,471,812	—	6,471,812
Corporate personal property replacement taxes	1,262,216	—	1,262,216
Vocational education and other	245,946	—	245,946
Total state government	<u>7,979,974</u>	<u>—</u>	<u>7,979,974</u>
Student tuition and fees:			
Tuition and fees	18,068,932	—	18,068,932
Total student tuition and fees	<u>18,068,932</u>	<u>—</u>	<u>18,068,932</u>
Other sources:			
Investment revenue	423,433	40	423,473
Other	225,677	116,050	341,727
Transfers	350,000	—	350,000
Total other sources	<u>999,110</u>	<u>116,090</u>	<u>1,115,200</u>
Total fiscal year 2007 revenue	59,198,907	14,305,793	73,504,700
Less nonoperating items*:			
Tuition charge-back revenue	13,508	—	13,508
Transfers from nonoperating funds	350,000	—	350,000
Adjusted revenue	\$ <u>58,835,399</u>	<u>14,305,793</u>	<u>73,141,192</u>

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

Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3

Year ended June 30, 2007

	<u>Education Fund</u>	<u>O&M Fund</u>	<u>Total operating</u>
Operating expenditures:			
Instruction	\$ 29,434,449	—	29,434,449
Academic support	4,371,213	—	4,371,213
Student services	5,371,894	207,105	5,578,999
Public service	1,392,139	—	1,392,139
Auxiliary services	—	—	—
Operations and maintenance	—	7,379,992	7,379,992
Institutional support	15,063,263	5,392,551	20,455,814
Scholarships and student grants	111,301	—	111,301
Transfers	—	1,100,000	1,100,000
	<hr/>	<hr/>	<hr/>
Total operating expenditures by program	55,744,259	14,079,648	69,823,907
Less nonoperating items*:			
Tuition charge-back	—	—	—
Transfers to nonoperating funds	—	1,100,000	1,100,000
	<hr/>	<hr/>	<hr/>
Adjusted expenditures	\$ 55,744,259	12,979,648	68,723,907
	<hr/>	<hr/>	<hr/>
By object:			
Salaries	\$ 39,438,958	3,792,144	43,231,102
Employee benefits	6,811,362	2,107,553	8,918,915
Contractual services	2,794,696	1,392,850	4,187,546
General materials and supplies	3,033,628	731,410	3,765,038
Conference and meeting expense	477,493	12,738	490,231
Fixed charges	947,685	489,565	1,437,250
Utilities	—	3,201,731	3,201,731
Capital outlay	37,135	1,229,900	1,267,035
Other	2,203,302	21,307	2,224,609
Transfers	—	1,100,000	1,100,000
	<hr/>	<hr/>	<hr/>
Total operating expenditures by object	55,744,259	14,079,198	69,823,457
Less nonoperating items*:			
Tuition charge-back	—	—	—
Transfers to nonoperating funds	—	1,100,000	1,100,000
	<hr/>	<hr/>	<hr/>
Adjusted expenditures	\$ 55,744,259	12,979,198	68,723,457
	<hr/>	<hr/>	<hr/>

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

See accompanying independent auditors' report.

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

Restricted Purpose Fund Revenues and Expenditures
Uniform Financial Statement Number 4

Year ended June 30, 2007

	<u>Restricted Purposes Fund</u>
Revenue by source:	
Local government:	
Local taxes	\$ —
Other local government	543,629
Total local government	<u>543,629</u>
State government:	
ICCB – Workforce Development Grants	91,231
ICCB – P-16 Initiative Grant	148,568
ICCB - Student Success Grant	103,707
ICCB – State Adult Education Grant	753,880
ICCB – Career and Technical Education – Program Improvement Grant	33,659
Other	1,165,314
Total state government	<u>2,296,359</u>
Federal government:	
U.S. Department:	
Dept of Education	4,028,578
Dept of Health and Human Services	50,000
Other	165,395
Total federal government	<u>4,243,973</u>
Other sources:	
Investment revenue	37,622
Other	5,468,602
Total other sources	<u>5,506,224</u>
Total restricted purposes fund revenues	<u>\$ 12,590,185</u>

Schedule 4

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Restricted Purpose Fund Revenues and Expenditures
Uniform Financial Statement Number 4

Year ended June 30, 2007

	Restricted Purposes Fund
Restricted purposes fund expenditures, by program:	
Public services	\$ 4,071,615
Scholarships and student grants	<u>8,111,951</u>
Total restricted purposes fund expenditures, by program	<u>\$ 12,183,566</u>
Restricted purposes fund expenditures, by object:	
Salaries	\$ 1,904,291
Employee benefits	417,707
Contractual services	238,119
General materials and supplies	277,056
Travel and conference/meeting expenses	106,572
Utilities	—
Fixed charges	5,844
Capital outlay	211,367
Other	<u>9,022,610</u>
Total restricted purposes fund expenditures, by object	<u>\$ 12,183,566</u>

See accompanying independent auditors' report.

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

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5

Year ended June 30, 2007

Instruction:	
Instructional programs	\$ 27,210,092
Other	2,224,357
	<hr/>
Total instruction	29,434,449
	<hr/>
Academic support:	
Library center	1,747,702
Instructional materials center	254,328
Education media center	74,561
Academic computing support	1,136,603
Academic administration and planning	160,185
Other	997,834
	<hr/>
Total academic support	4,371,213
	<hr/>
Student services:	
Admission and records	819,467
Counseling and career services	2,006,831
Financial aid administration	952,453
Other	1,800,248
	<hr/>
Total student services	5,578,999
	<hr/>
Public service:	
Community education	2,215,323
Customized training	1,635,798
Community services	1,427,074
Other	185,559
	<hr/>
Total public services	5,463,754
	<hr/>
Auxiliary services	9,612,162
	<hr/>
Operations and maintenance:	
Maintenance	1,512,333
Custodial services	2,271,052
Grounds	592,041
Transportation	58,552
Utilities	2,767,572
Administration	178,442
Other	—
	<hr/>
Total operations and maintenance	7,379,992
	<hr/>

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

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5

Year ended June 30, 2007

Institutional support:	
Executive management	\$ 1,899,894
Fiscal operations	561,074
Community relations	1,953,391
Administrative support	1,689,417
Board of trustees	161,878
General institutional	11,539,791
Institutional research	412,183
Administrative data processing	3,132,497
Other	<u>169,778</u>
Total institutional support	<u>21,519,903</u>
Scholarships, student grants, and waivers	<u>8,223,252</u>
Total current funds expenditures	<u><u>\$ 91,583,724</u></u>

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

See accompanying independent auditors' report.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Certification of Chargeback Reimbursement

Fiscal year 2008

All fiscal year 2007 noncapital audited operating expenditures from the following funds:

1. Education Fund	\$ 55,707,124
2. Operations and Maintenance Fund	11,749,298
3. Operations and Maintenance Fund (Restricted)	752,479
4. Bond and Interest Fund	1,553,853
5. Public Building Commission Rental Fund	—
6. Restricted Purposes Fund	11,972,199
7. Audit Fund	180,184
8. Liability, Protection, and Settlement Fund	883,905
9. Auxiliary Enterprise Fund (Subsidy Only)	—
10. Total noncapital audited expenditures	<u>82,799,042</u>
11. Plus depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds	<u>3,422,170</u>
12. Total costs included	86,221,212
13. Total certified semester credit hours for FY 2007	<u>240,449</u>
14. Per capita cost	358.58
15. All FY2007 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>10,841,154</u>
16. Less FY 2007 state and federal grants per semester credit hour	45.09
17. Less each district's average ICCB grant rate for fiscal year 2008	29.07
18. Less each district's student tuition per semester credit hour for fiscal year 2008	<u>90.00</u>
19. Equals charge-back reimbursement per semester credit hour	\$ 194.42

Approved: /s/ James D. Rock _____
Vice-President of Administrative Affairs Date

Approved: (1) _____
President Date

(1) The position of president was vacant at June 30, 2007 and through the date of this audit report.



In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2007, 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* and should be considered in assessing the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole for each of the Grant Programs referred to in the first paragraph. The supplementary information included on pages 68 and 75 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Workforce Development (Business/Industry Services) Grant and State Adult Education Grant programs. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole for the Workforce Development (Business/Industry Services) Grant and State Adult Education Grant programs.

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

KPMG LLP

September 21, 2007



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

**Independent Auditors' 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***

The Board of Trustees
College of Lake County
Community College District No. 532:

We have audited the financial statements of the Workforce Development (Business/Industry Services) Grant Student Success Grant, P-16 Initiative Grant, Student Success Grant, State Adult Education (State Basic, Public Assistance, and State Performance) Grant, and Career and Technical Education – Program Improvement Grant programs (the Grant Programs) of the College of the Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2007, and have issued our report thereon dated September 21, 2007. We conducted our audits 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*.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the College's internal control over financial reporting of the Grant Programs in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting of the Grant Programs. Accordingly, we do not express an opinion of the effectiveness of the College's internal control over financial reporting of the Grant Programs.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

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

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



Compliance and Other Matters

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

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

KPMG LLP

September 21, 2007

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

Workforce Development (Business/Industry) Grant Program

Balance Sheet

June 30, 2007

Assets

Cash	\$	<u>—</u>
------	----	----------

Liabilities and Fund Balance

Liabilities	\$	—
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**

Workforce Development (Business/Industry) Grant Program

Statement of Revenues, Expenditures, and
Changes in Fund Balance

Year ended June 30, 2007

Revenues:		
State sources	\$	91,231
Expenditures:		
Current year's grant:		
Salaries		53,456
Employee benefits		21,933
Contractual services		—
Materials and supplies		—
Conference and meeting		2,104
Capital outlay		13,738
Total expenditures		91,231
Excess of revenues over expenditures		—
Fund balance at July 1, 2006		—
Fund balance at June 30, 2007	\$	—

See accompanying notes to ICCB State Grants financial statements.

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

ICCB Compliance Statement For Workforce Development (Business/Industry) Grant Program
Total Expenditures For ICCB Grant Funds Only

Year ended June 30, 2007

	Column A	Column B	Column C
	<u>General</u>	<u>Operation of Workforce Devel. Office</u>	<u>Total</u>
Expenditures:			
1. Personnel (salaries and benefits)**	\$ —	75,389	75,389
2. Contractual expense	—	—	—
3. Instructional materials	—	—	—
4. Instructional equipment*	—	—	—
5. Promotional materials	—	—	—
6. Staff development	—	—	—
7. Conference and meeting expenses	—	2,104	2,104
8. Travel**	—	—	—
9. Costs of operating a business assistance center/economic development workforce preparations offices:	—	—	—
a. Office equipment*	—	13,738	13,738
b. Utilities and telephone	—	—	—
c. Consumable supplies	—	—	—
d. Duplicating	—	—	—
e. Facility rental	—	—	—
10. Totals	\$ <u>—</u>	<u>91,231</u>	<u>91,231</u> ***

* Sum of expenditures should be less than or equal to 25% of the district's total workforce preparation grant.

** Salaries charged to this grant should be paid commensurate with the percentage of time spent working on business and industry/economic development activities. Staff development and travel costs should only be paid for staff that spend 51% or more of their time on work in the business assistance center or economic development office.

*** Sum of total expenditures (Column C) should equal total expenditures reported in Statement of Revenues, Expenditures, and Changes in Fund Balance.

See accompanying independent auditors' report.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

P-16 Initiative Grant Program

Balance Sheet

June 30, 2007

Assets

Cash

\$ —

Liabilities and Fund Balance

Liabilities

\$ —

Fund balance

 —

Total liabilities and fund balance

\$ —

See accompanying notes to ICCB State Grants financial statements.

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

P-16 Initiative Grant Program

Statement of Revenues, Expenditures, and
Changes in Fund Balance

Year ended June 30, 2007

Revenues:		
State sources	\$	<u>148,568</u>
Expenditures:		
Student tuition		148,568
Teacher preparation and professional development		<u>—</u>
Total expenditures		<u>148,568</u>
Excess of revenues over expenditures		—
Fund balance at July 1, 2006		<u>—</u>
Fund balance at June 30, 2007	\$	<u><u>—</u></u>

See accompanying notes to ICCB State Grants financial statements.

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

Student Success Grant Program

Balance Sheet

June 30, 2007

Assets

Cash	\$ <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**

Student Success Grant Program

Statement of Revenues, Expenditures, and
Changes in Fund Balance

Year ended June 30, 2007

	Total
Revenues:	
State sources	\$ 103,707
Expenditures – by account:	
Salaries	15,792
Fringe	598
Contractual services	46,005
Materials and supplies	8,405
Travel	4,826
Capital outlay	28,081
Other expenditures	—
Total expenses	103,707
Excess of revenues over expenditures	—
Fund balance at July 1, 2006	—
Fund balance at June 30, 2007	\$ —

See accompanying notes to ICCB State Grants financial statements.

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

State Adult Education Grant Program

Balance Sheet

June 30, 2007

Assets	State Basic	Public Assistance	State Performance	Total
Cash	\$ —	—	—	—
Liabilities and Fund Balance				
Liabilities	\$ —	—	—	—
Fund balance	—	—	—	—
Total liabilities and fund balance	\$ —	—	—	—

See accompanying notes to ICCB State Grants financial statements.

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

State Adult Education Grant Program

Statement of Revenues, Expenditures, and
Changes in Fund Balance

Year ended June 30, 2007

	<u>State Basic</u>	<u>Public Assistance</u>	<u>State Performance</u>	<u>Total</u>
Revenues:				
State sources	\$ 352,184	168,106	233,590	753,880
Expenditures – by program:				
Instructional and student services:				
Instruction	272,753	116,353	2,858	391,964
Social work services	—	—	—	—
Guidance services	—	—	1,267	1,267
Assistive and adaptive equipment	—	—	—	—
Assessment and testing	9,244	5,207	98,451	112,902
Student transportation services	—	—	—	—
Literacy services	41,021	—	44,349	85,370
Child care services	—	—	—	—
Total instructional and student services	<u>323,018</u>	<u>121,560</u>	<u>146,925</u>	<u>591,503</u>
Program support:				
Improvement of instructional services	—	—	10,892	10,892
General administration	16,484	—	15,132	31,616
Operation and maintenance of plant services	—	—	—	—
Workforce coordination	—	40,042	16,632	56,674
Data and information services	12,682	6,504	44,009	63,195
Approve indirect costs	—	—	—	—
Total program support	<u>29,166</u>	<u>46,546</u>	<u>86,665</u>	<u>162,377</u>
Total expenditures	<u>352,184</u>	<u>168,106</u>	<u>233,590</u>	<u>753,880</u>
Excess of revenues over expenditures	—	—	—	—
Fund balance at July 1, 2006	—	—	—	—
Fund balance at June 30, 2007	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying notes to ICCB State Grants financial statements.

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

State Adult Education Grant Program

ICCB Compliance Statement
Expenditure Amounts and Percentages for ICCB Grant Funds Only

Year ended June 30, 2007

State basic	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	\$272,753	77%
General administration (9% maximum allowed)	\$16,484	5%
State public assistance	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	\$116,353	69%
General administration (9% maximum allowed)	\$0	0%
State performance	Actual expenditure amount	Actual expenditure percentage
General administration (9% maximum allowed)	\$15,132	6%

See accompanying independent auditors' report.

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

Career and Technical Education – Program Improvement Grant Program

Balance Sheet

June 30, 2007

Assets

Cash	\$	<u>—</u>
------	----	----------

Liabilities and Fund Balance

Liabilities	\$	—
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**

Career and Technical Education – Program Improvement Grant Program

Statement of Revenues, Expenditures, and
Changes in Fund Balance

Year ended June 30, 2007

	Total
Revenues:	
State sources	\$ 33,659
Expenditures:	
Salaries	—
Employee benefits	—
Contractual services	—
Materials and supplies	—
Conference and meeting	454
Utilities	—
Capital outlay	33,205
Total expenditures	33,659
Excess of revenues over expenditures	—
Fund balance at July 1, 2006	—
Fund balance at June 30, 2007	\$ —

See accompanying notes to ICCB State Grants financial statements.

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

Grants Programs

Notes to ICCB State Grants Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

(a) General

The financial statements include only those transactions resulting from the ICCB Workforce Development (Business/Industry) Grant, P-16 Initiative Grant, Student Success Grant, State Adult Education Grant (State Basic, Public Assistance, and State Performance) Grant, and Career and Technical Education – Program Improvement Grant programs and are not intended to present the financial position or results of operations of the College of Lake County. These transactions have been accounted for in the Restricted Purposes Fund.

(b) Basis of Accounting

The statements have been prepared on the modified accrual basis of accounting. Accordingly, expenditures are recognized when liabilities are incurred and grant revenues are recognized only to the extent obligated. Unexpended funds that are obligated prior to June 30 for which the goods are received or services are provided after June 30 but prior to September 30 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

(c) Budget

The budgetary data reflected in the accounting statements is developed by the College's management and reflects transfers of budgeted amounts from those original planned expenditures.

(d) Fixed Assets

Fixed 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.

(2) Background Information on Grant Activity

Unrestricted Grants

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

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

Restricted Grants

Workforce Development Grant

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

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

Grants Programs

Notes to ICCB State Grants Financial Statements

June 30, 2007

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

Student Success Grant – Grant funding is intended to provide needed supplementary services to assist students in developing the academic skills necessary to remedy or correct educational deficiencies to allow the attainment of college educational goals. The students to be served by this grant are those students with social, economic, physical, or developmental disabilities, and/or academic deficiencies that make it difficult for such a student to adapt to a college environment.

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) Public Assistance – Grants awarded to Adult Education and Family Literacy providers to pay for any fees, books, and materials incurred in the program for students who are identified as recipients of public assistance.
- (3) State Performance – Grants awarded to Adult Education and Family Literacy providers based upon performance outcomes.

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



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

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

The Board of Trustees
College of Lake County
Community College District No. 532
Grayslake, Illinois 60030:

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed (the Schedule) of the College of Lake County, Community College District No. 532 (the College) for the year ended June 30, 2007. The Schedule is the responsibility of the College's management. Our responsibility is to express an opinion on the Schedule based on our examination.

Our examination was made in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the College's enrollment data and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the enrollment data of the College for the year ended June 30, 2007, in accordance with the provisions of the aforementioned guidelines.

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

KPMG LLP

September 21, 2007

**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, 2007

	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	22,211.5	—	61,407.0	—	60,448.5	—	144,067.0	—
Business occupational	1,843.0	42.0	5,493.5	162.0	5,847.5	124.5	13,184.0	328.5
Technical occupational	2,126.0	—	8,621.0	—	9,456.0	—	20,203.0	—
Health occupational	1,476.0	—	5,418.0	—	6,017.0	—	12,911.0	—
Remedial development	2,452.0	—	9,942.0	—	8,218.0	—	20,612.0	—
Adult basic education/ secondary education	3,819.0	125.0	5,800.0	7,254.5	12,313.0	4,020.5	21,932.0	11,400.0
Total	33,927.5	167.0	96,681.5	7,416.5	102,300.0	4,145.0	232,909.0	11,728.5

	Attending in-district	Attending out-of-district on chargeback or contractual agreement	Total
Semester credit hours (all terms)	238,997.0	1,451.6	240,448.6

District 2006 equalized assessed valuation \$ 25,966,286,120

(1) _____
President

/s/ James D. Rock
James D. Rock
Chief Financial Officer (CFO)

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

(1) The position of president was vacant at June 30, 2007 and through the date of this audit report.

**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, 2007

	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	144,067.0	144,067.0	—	—	—	—
Business occupational	13,184.0	13,184.0	—	328.5	328.5	—
Technical occupational	20,203.0	20,203.0	—	—	—	—
Health occupational	12,911.0	12,911.0	—	—	—	—
Remedial development	20,612.0	20,612.0	—	—	—	—
Adult basic education/ adult secondary	21,932.0	21,932.0	—	11,400.0	11,400.0	—
Total	232,909.0	232,909.0	—	11,728.5	11,728.5	—

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

	Total attending	Total attending as certified to the ICCB	Difference
Reimbursable in-district residents	238,997	238,997	—
Reimbursable out-of-district on charge-back or contractual agreement	1,452	1,452	—
Total	240,449	240,449	—

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



