



COLLEGE OF LAKE COUNTY

Community College District No. 532

Graylake, Illinois



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2008

Prepared By:

Nancy McNerney

Acting Vice President, Administrative Affairs

Ted P. Poulos

Dean, Business Services and Finance

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COMMUNITY COLLEGE DISTRICT NO. 532**

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(With Independent Auditors' Reports Thereon)

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October 14, 2008

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, 2008. 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 3-11) which focuses on current activities, accounting changes, and currently known facts. In 2003, the College implemented changes in the financial statements to comply with GASB Statement Nos. 34 and 35. The format and purpose of these changes are addressed in the notes to the financial statements. This presentation is designed to provide better information to the users of the CAFR.

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 2009:

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 *Chicago Metropolitan Agency for Planning* 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 10.2 percent to 710,241 in 2007.

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 2007, Lake County ranked as one of the top three counties in Illinois in travel income, behind Cook County and DuPage County. Tourists spent more than \$1.05 billion dollars in Lake County in 2007, supporting 10,440 jobs and generating more than \$242 million in payroll. The county and local municipalities earned approximately \$23 million dollars in local tax receipts from tourists in 2007, an increase of more than 6% over 2006.

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
(Fiscal Year)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Head Count (Fall)	15,828	15,866	15,745	15,558	16,010
Credit Hours	249,012	268,078	275,991	280,499	286,882
FTE	8,300	8,936	9,197	9,350	9,563

COLLEGE OF LAKE COUNTY MAJOR INITIATIVES

As the College of Lake County (CLC) approaches its 40th year since being founded in 1969, CLC continues to expand its offerings while addressing the diverse needs of students and the community. College faculty and staff have contributed to addressing these educational needs by a strategic process of implementing goals and objectives throughout the year. The College's strategic goals and objectives under the headings of (1) Learning, (2) Outreach, (3) Access/Student Success, and (4) Accountability / Responsible Stewardship provide the framework necessary to address our mission of meeting the post-secondary educational needs of residents of Lake County.

As the College enters its Fiscal Year 2009, there are numerous activities and milestones planned. One of the main activities is hiring a new president. Prospective presidential candidates will be interviewed during the fall semester and the new candidate is anticipated to start by early spring. Also of importance is the College's Academic Quality Improvement Program (AQIP) accreditation visit in February.

In addition, CLC will continue to offer and expand quality programs and course offerings in transfer and career areas. The Alumni Relations and Special Events department will be working to plan and coordinate memorable events for CLC's upcoming 40th Anniversary in 2009. Other activities and projects include: the PeopleSoft Upgrade to 9.0, restructuring the New Student Orientation, development of a Chief Executive Diversity Officer position and a Diverse Organizational Model, and development of a plan to implement the recommendations gathered from the comprehensive Foundations of Excellence® study (FoE).

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

The goal of learning is the College of Lake County's primary mission. The College strives to provide high quality education and meet the educational needs of the residents of Lake County. Below are objectives related to this goal and the planned activities that will assist us in successfully meeting this goal.

The first objective is improving and fostering student learning. Engineering, Math and Physical Sciences (EMPS) division will address this objective by expanding course offerings in Physics and Earth Science at the Southlake campus, while Biological & Health Sciences division will develop curriculum recommendations for Anatomy and Physiology coursework.

CLC will continue to offer and expand quality programs and course offerings. New program offerings approved by the ICCB for FY09 include an Associate of Applied Science in Automotive Collision Repair, Autodesk Inventor Certificate, Computerized Numerical Control NIMS Level I: Programming/Operations Certificate, Associates of Arts in Teaching–Early Childhood Education, Home-Based Childcare Certificate, and Massage Therapy Certificate. A number of divisions are addressing the objective of offering training programs to meet the current and future workforce needs of Lake County. Client Solutions and Continuing Professional Development will work in cooperation with the Workforce & Professional Development Institute (WPDI) Marketing Director to research the implementation of an industry specific training institute that will meet the workforce needs of the region. Client Solutions will analyze its current Management and Organizational Development Course offerings and fill any gaps with three new full-day courses. Continuing Professional Development will implement new program offerings in Project Management, Presentation Skills, Teacher Education, Home Inspectors and computer open lab.

The academic divisions will develop courses and programs to address workforce needs. The Business Division plans to develop three new courses in paralegal studies to address employer needs as well as four new courses to address workforce training needs. EMPS will work to create a new certificate in Wireless Data Communication and Digital Home Technology Integrator. Resource Development and Legislative Affairs will work with EMPS to seek competitive grant funding for the photonics/optics courses and photonics laboratory that will assist in addressing the shortage of positions requiring this knowledge in Lake County. There are several areas that will work to encourage active learning approaches in instruction including innovative uses of technology, collaborative learning, service learning, work-based learning, and problem-based learning. The Nursing program will create additional active learning opportunities for students, such as the use of remote response systems for student feedback and assessment in the classroom. Career & Placement Services will promote student service learning and volunteerism participation, as well as recognize faculty members for their service learning activities.

In an effort to increase the academic success rates especially of developmental students Counseling & Retention will create programs to support the needs of targeted student populations identified in the Advisement Implementation Plans. The Learning Assistance Center will collaborate with Reading Faculty Member/Coach to provide 20 hours per week of tutoring in reading. Adult Basic Education, GED & ESL will increase course offerings to improve outreach and access.

The objective of offering a diverse range of programs to enhance life-long learning will be addressed by the Center for Personal Enrichment, which will develop three to four sections of language classes for middle school students. In addition, the Lakeshore Campus will develop a series of programs to foster the social, civic, historic, and multi-cultural awareness; while the Library will create audio tours of the CLC public art collection at all campuses.

Strategic Goal 2: Outreach

The goal of Outreach focuses on CLC's partnerships with the community, as well as public awareness of CLC's educational programs and financial aid opportunities. Outlined below are activities planned this upcoming year that will address the objectives within this goal. There are several departments that will work to increase public awareness of educational programs and opportunities for financial aid. Client Solutions will host two events to introduce their services to businesses and organizations in the area. The Lakeshore Campus will work with Biological and Health Sciences to develop information sessions for current Biology and Health program students and a career day for middle school students. Public Relations (PR) will increase the use of the web and improve the integration of the web and print communications. In addition, PR will conduct a research project to identify possible branding concepts for the College and marketing positioning statements.

The objective of responding to the educational needs of diverse populations and partnering with various groups to address educational issues in Lake County will be addressed by several areas. Admissions & Records will lead the College in its second year endeavor of recruiting international students, with a goal of increasing international student population by 10 percent. The Assistant Vice-President for University Transfer will work to increase study abroad activities across the campus that involve faculty and students. The Acting Assistant Vice-President for Workforce Development will create partnerships between the College and the "Young Professionals" group created with the Chambers of Commerce. Alumni Relations and Special Events will develop a 2009 CLC Alumni Directory. Judicial Services will work in conjunction with the National Safety Council to begin the first year of a three year study of an On-line Defensive Driving Course.

Strategic Goal 3: Access and Student Success

The goal of Access and Student Success focuses on the College's commitment to providing services and support to students that will assist them in their transition to College, as well as assist them in reaching their academic goals. Below are some planned activities that support this goal.

The objective of improving student services, including the use of technology, will be addressed by a number of administrative offices. Accounting Services will complete the upgrade of the PeopleSoft Student Financials module in order to provide students with a more seamless registration and payment process. Admissions and Records also will complete the PeopleSoft 9.0 upgrade to provide students with more self-service features by spring 2009. In addition, the online grading feature for faculty to input grades directly into the PeopleSoft System will be available by spring 2009. Career and Placement Services will utilize the Internet, email, and texting to promote their services and programs to community members. The Southlake Learning Assistance Center will obtain the licenses required to administer CLEP and DANTES testing for students wanting to earn college credit while Student Life will implement the THRIVE Retention program for at-risk populations. The Library will purchase self-check machines to enable faster access to library materials at the Grayslake Campus and the Office of Students with Disabilities will create an online application process for new students. The Health Center will provide 30 wellness activities each semester.

Facilitation of educational transitions will be one objective of the Athletics & Physical Activities department. This department will stress academic achievement of student athletes. It will monitor student athletes' progress in order to ensure they have the necessary skills and transfer credits for four-year institutions.

There are several departments that will form partnerships with primary and secondary Lake County schools to promote student preparation and transition to college. The EMPS division will expand the High School Math Outreach Initiative to promote communication between the Mathematics Departments of CLC and of area high schools. Career & Placement Services will participate in five to seven fairs and/or class visits at local primary and secondary schools to promote career exploration and job search strategies. The Acting Assistant Vice-President for Workforce Development will work with high schools to increase the number of students who enter CLC with articulated credit.

The objective of strengthening and enhancing the academic advising system to improve student decision-making is a focus for Counseling & Retention. It will continue to integrate and promote the Advisement Center. Student Life will restructure New Student Orientation to enable mandatory orientation for incoming high school students, while Counseling & Retention will coordinate plans to apply mandatory advisement for new students.

The Nursing department will continue to perform risk assessment on students in an effort to assist students in achieving their academic goals. Financial Aid, the College Foundation, as well as the Bookstore will work to promote increased participation in financial aid and scholarships. Financial Aid advisors will improve the business processes for identifying and awarding scholarship recipients. The College Foundation will increase funding for the foundation's major scholarship categories by five to ten percent. The Bookstore will assist students with the cost of textbooks by implementing cost reduction programs.

Strategic Goal 4: Accountability and Responsible Stewardship

Under the goal of Accountability and Responsible Stewardship, the College focuses on ensuring financial viability, achieving continuous improvement, providing a safe environment, as well as valuing and developing employees. Below are activities that will assist CLC in attaining this goal.

To ensure the long-term financial viability of the College, a number of administrative areas will seek to achieve cost efficiency, maximize revenue, and develop new revenue sources. The WPDI plans to achieve \$2.25 million in revenue and \$200k in profit. It also plans to launch an aggressive plan for revenue growth leading to the elimination of Fund 01 support by the end of fiscal year 2014. Continuing Professional Development will strive to attain an 11 percent increase in revenue while Client Solutions will execute a sales strategy for the purpose of raising \$750,000 in revenues for services provided. The College Foundation will replace their annual scholarship gala with an innovative fundraising event in the fall 2008 to attract more CLC staff and community members. Business Services will conduct a minority vendor fair and Resource Development & Legislative Affairs will provide a training session on grants compliance. Lastly, the Facilities department will replace seven obsolete digital system controllers with energy efficient controllers.

Many areas in the College will work towards achieving continuous improvement. Public Relations will implement the following activities: a new project tracking system, a web-based tool to guide clients to accessing PR services, and a customer satisfaction rating form for clients that have major projects completed. Accounting Services will create an improved budget system. The Assistant Vice-President for University Transfer will streamline the curriculum development process at CLC. The Business Division plans to develop new survey instruments for the Paralegals Studies program to measure student satisfaction, graduate placement, and employee needs. Business Services/Finance will remodel the Lancer service area as well as purchase a point of sale system that will have the capability to track food sales, provide comparative reports, and track inventory levels.

Also, Social Science will implement cross-training workshops for staff to ensure that mission critical functions can be performed at a high level of competence. Human Resources is planning to implement the People/Admin recruiting system that will allow employee prospects to apply online. The Institutional Effectiveness, Planning, and Research Office (IEPR) will implement a new web-based system for conducting the student ratings of instruction. The IEPR also will evaluate its effectiveness through customer satisfaction surveys. In addition, IEPR will conduct nine department reviews and lead in the preparation for the AQIP accreditation visit. Information Technology Services will enhance customer service by improving internal and external communications.

The Lakeshore Campus will assist in efforts to foster a working environment which values and respects employee contributions and strengthens participation in decision-making. It will create a Faculty Center that will include office space, desks, computers, mail services and phone/fax services.

To foster a safe, clean, and environmentally responsible campus, the Campus Safety department will become Campus Police and will implement approved changes by the Board which include providing firearms and training. Also, the security camera at the Grayslake and Southlake campuses will be enhanced. The Southlake Campus will make access to the building easier and safer for physically challenged individual. Biological & Health Sciences division will develop a Chemical Hygiene Plan for chemistry and biology, as well as train all faculty and staff.

The objective of providing resources for professional development for faculty and staff will be addressed. The Communication Arts division will create a systematic way to ensure that new adjunct faculty members are mentored and that staff and faculty development is encouraged. Lastly, the Professional Development Center will offer faculty and staff online access to three professional publications.

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 Revenue Resource Table illustrates the property tax levy rates and the total property tax revenue collected for a two-year comparison. The strength of the financial base is the county assessed value, which totaled approximately \$27.92 billion in 2007 for tax collections in 2008.

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						State Avg.
	Tax Rate	2007	2006	2005	2004	2002 (1)	
Education	\$ 0.130	0.128	0.128	0.128	0.129	0.195	
Operations and Maintenance	0.060	0.054	0.056	0.058	0.058	0.055	
Liability, Protection and Settlement	(2)	0.003	0.003	0.003	0.004	0.049	
Audit	0.005	0.000	0.000	0.000	0.000	0.001	
Bond and Interest	(2)	0.006	0.007	0.007	0.008	0.022	
Medicare	(2)	0.001	0.001	0.001	0.001	0.000	
Life Safety	0.050	0.000	0.000	0.000	0.000	0.025	
Other	0.000	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.043</u>	
Total		<u>0.192</u>	<u>0.195</u>	<u>0.197</u>	<u>0.200</u>	<u>0.390</u>	

Assessed value of taxable property for 2007 was \$27.92 billion, an increase of \$1.96 billion from 2006, or 7.5%.

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 2003 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 2008 total \$90 per credit hour and will increase to \$95 per credit hour in FY 2009.

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 \$787,000,000. The current indebtedness totals \$15,605,000 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 \$17,649,974, 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 \$47 million Student Services/Adult Education/Lifelong Learning Center (Lakeshore) building. Although the request in the Illinois Resource Allocation Master Plan shows 2010 as the date to begin construction of this building, the College will not receive funding unless Illinois legislature allocate funds for a capital budget in that year. For the last five years, the state has not funded capital projects because of financial issues at the state level.

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 2008 totaled \$1,246,168, constituting a net rate of return of 4.12 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, 2008.

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 \$20 million umbrella policy that provides excess insurance coverage

to extend the basic limits of these policies. A special tax levy authorized by state statute allows the issuance of a property tax to pay for these risks excluding those with elements for property coverage. To minimize the risk of loss the College has a Campus 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 Crowe Horwath 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 2007. 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.

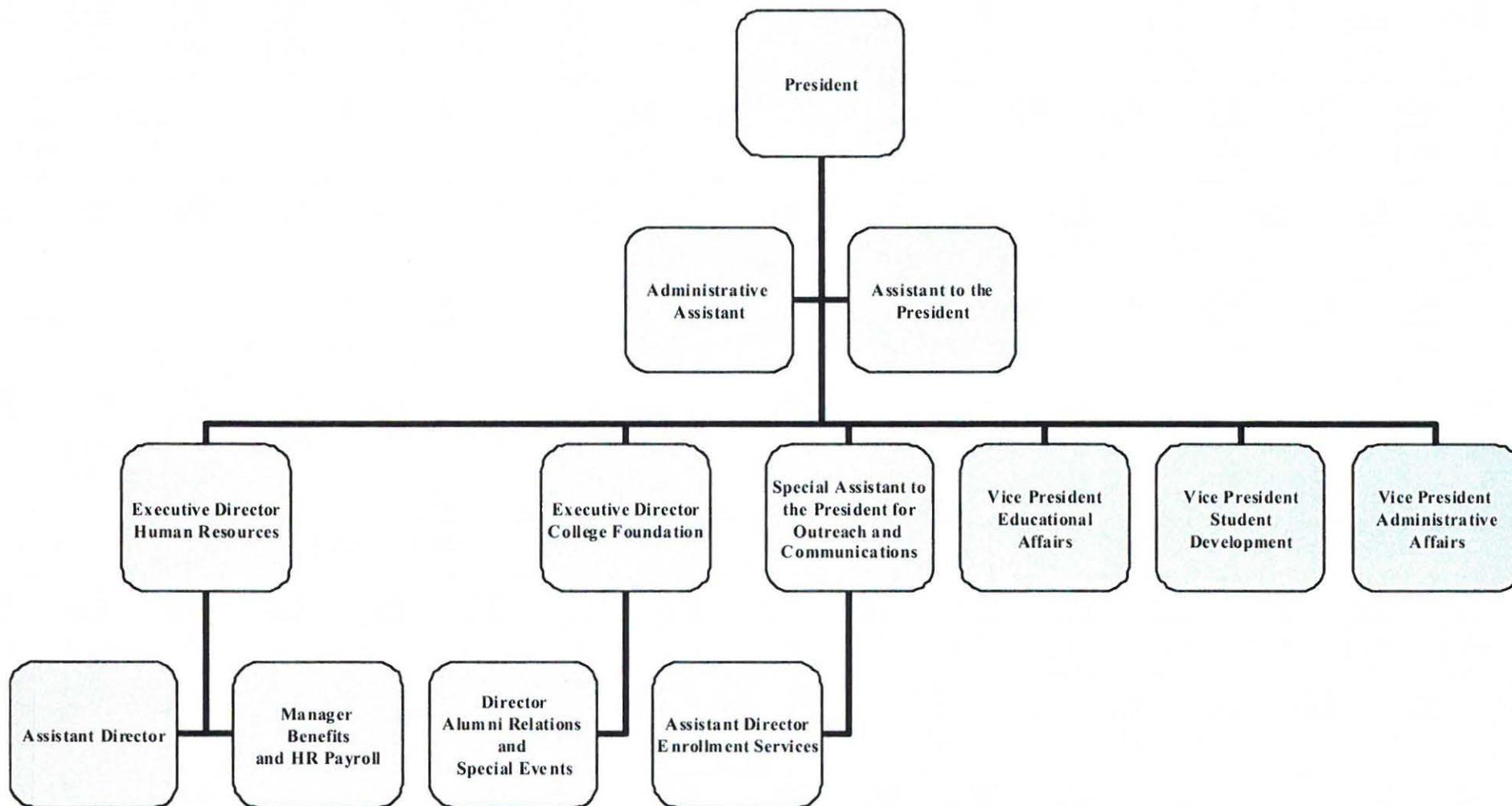
The comprehensive annual financial report presents the work of a variety of dedicated finance office administrators and staff members. It could not have been completed without the considerable effort of the audit team from Crowe Horwath LLP applying their extensive professional experience as they work 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,

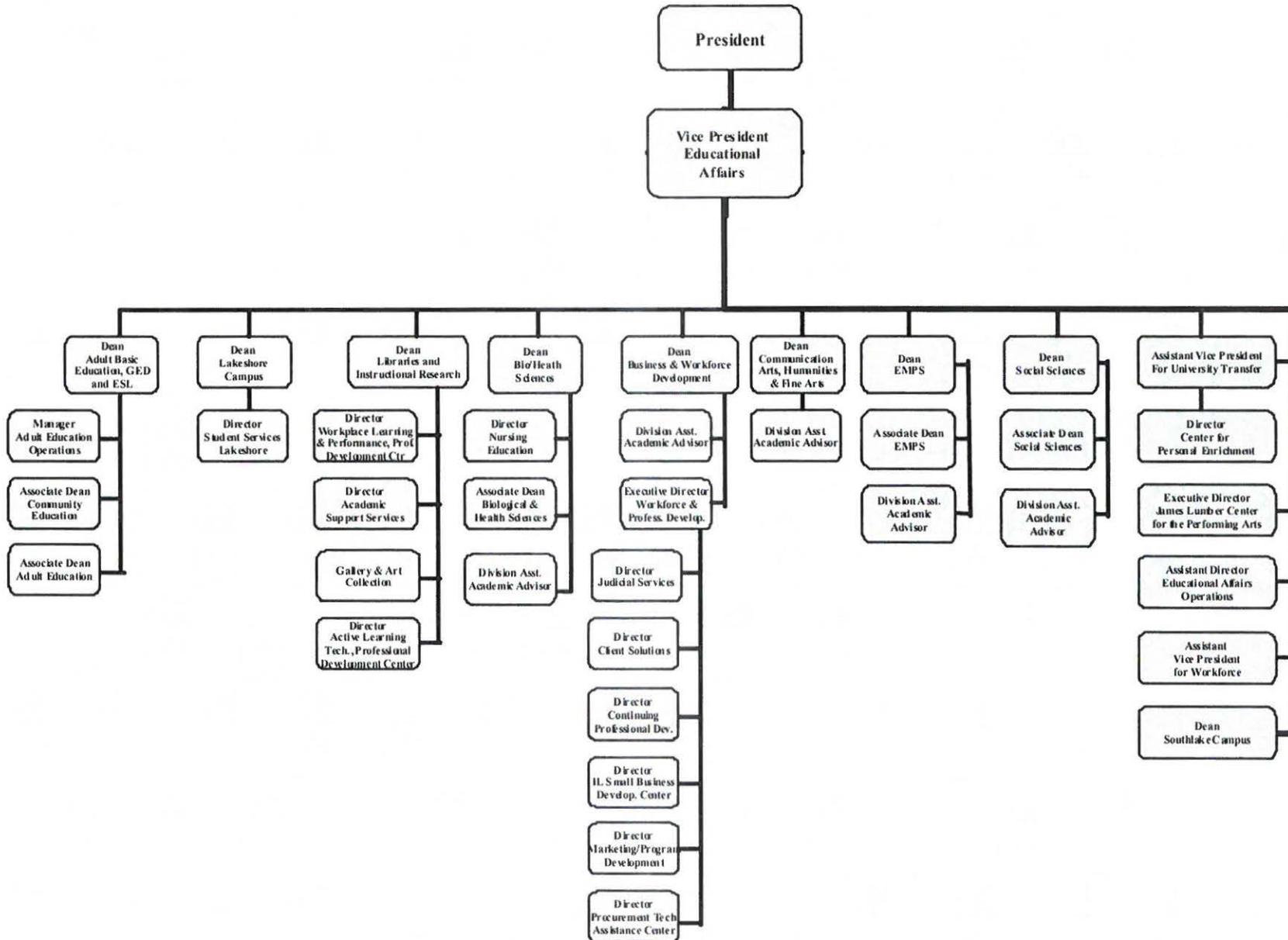


Nancy McNerney
Acting Vice President for Administrative Affairs

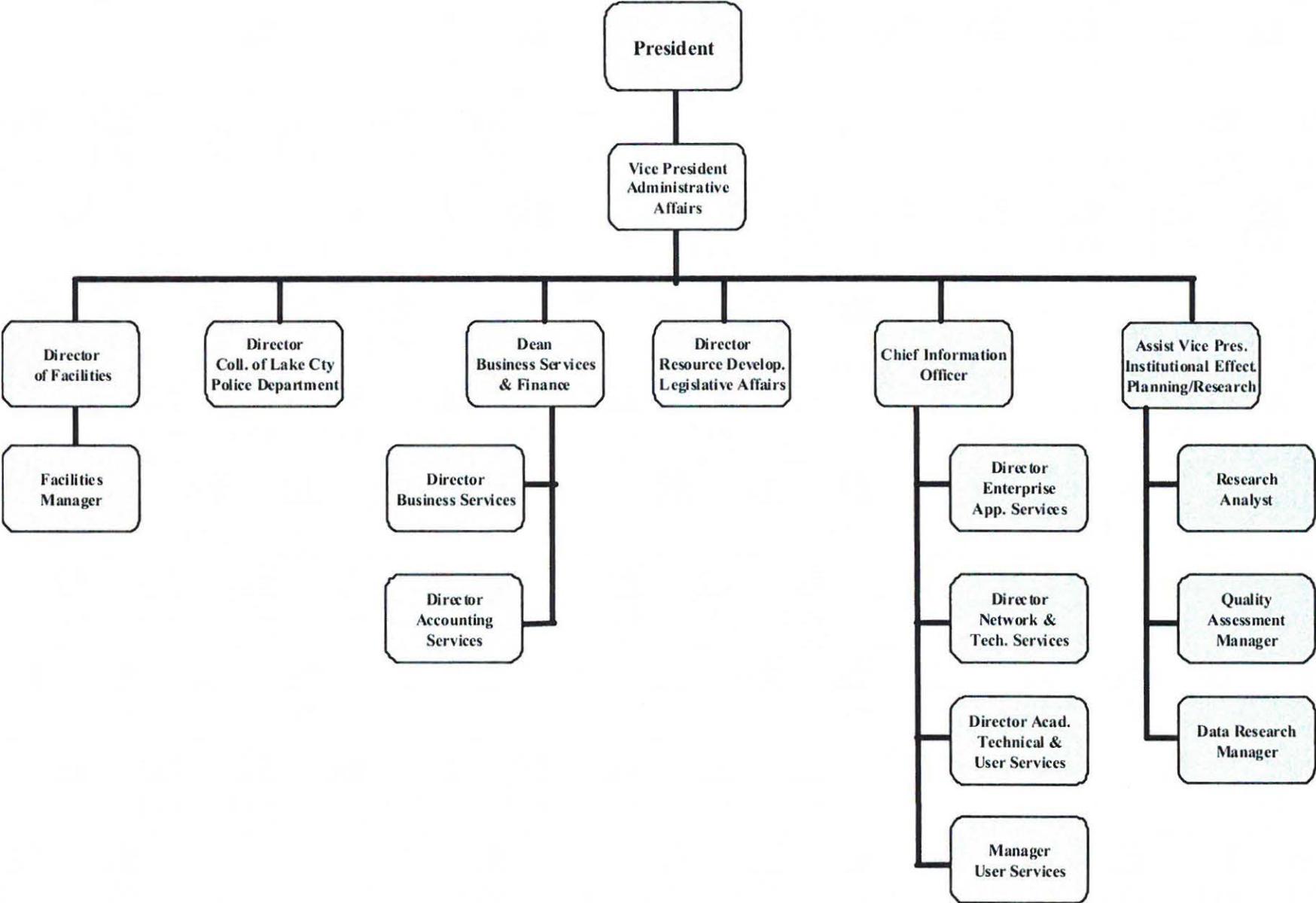
Office of the President



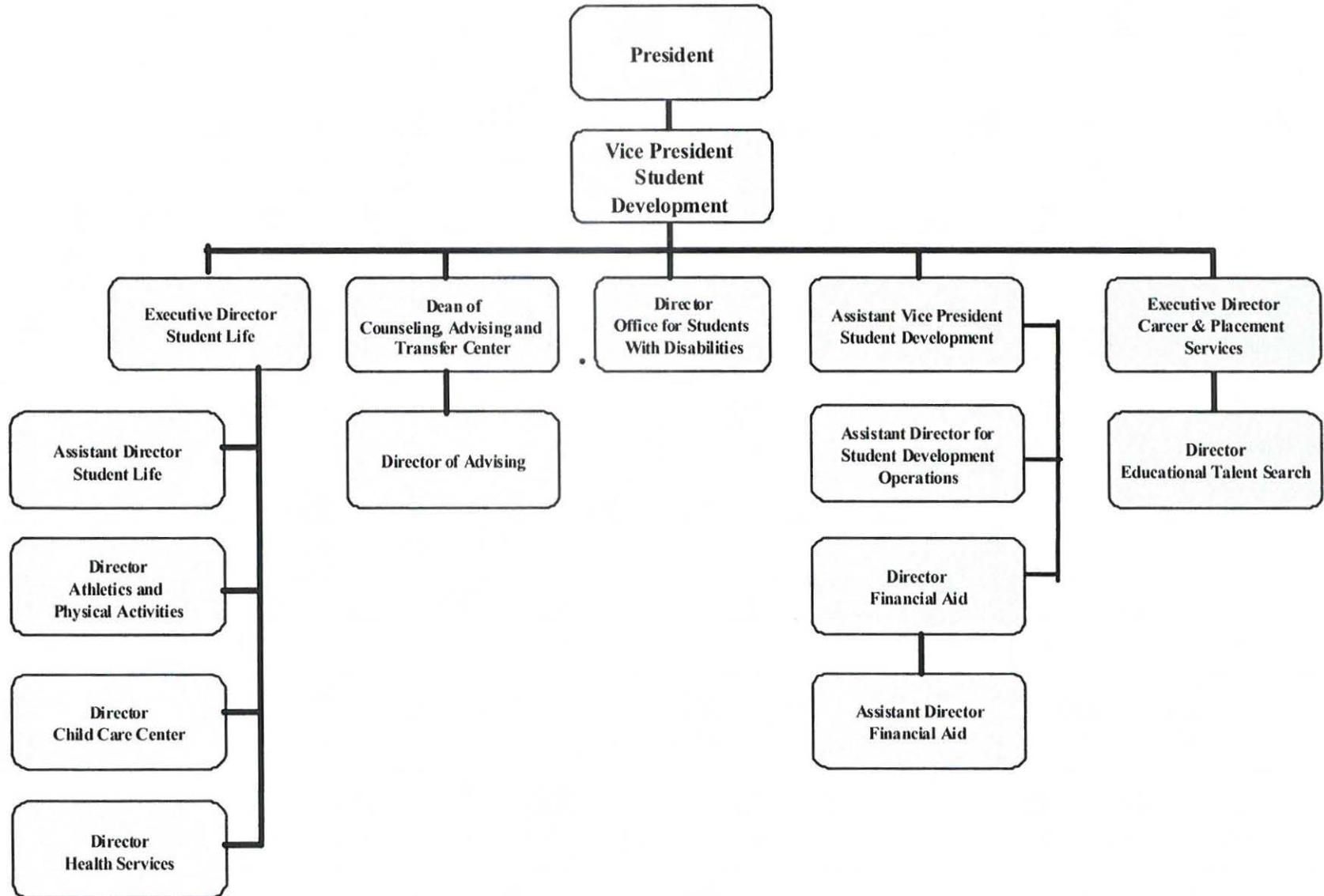
Office of Educational Affairs



Office of Administrative Affairs



Office of Student Development



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

Principal Officials

Year ended June 30, 2008

BOARD OF TRUSTEES

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

OFFICERS OF THE COLLEGE OF LAKE COUNTY

James D. Rock	Interim President
Richard Haney, Ed. D.	Interim Vice President for Educational Affairs
Darl E. Drummond	Vice President for Student Development
Nancy McNerney, Ph. D.	Acting Vice President for Administrative Affairs
	Treasurer/Secretary

OFFICIALS ISSUING REPORT

Nancy McNerney, Ph. D.	Acting 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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

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Crowe Horwath LLP
Member Horwath International

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements 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, as of and for the year ended June 30, 2008, as listed in the accompanying table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the College as of June 30, 2007, were audited by other auditors whose report dated September 21, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the College of Lake County Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

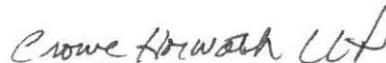
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College of Lake County, Community College District No. 532, and its discretely presented component unit, the College of Lake County Foundation, as of June 30, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2008 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 results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our 2008 audit was conducted 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. This information is required by the Illinois Community College Board and is presented on the modified accrual basis. 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 2008 basic financial statements taken as a whole.

The introductory section and statistical section 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, according, we express no opinion on them.


Crowe Horwath LLP

Oak Brook, Illinois
October 14, 2008

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

Management's Discussion and Analysis

June 30, 2008 and 2007

(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, 2008 and 2007. 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 2008

Total operating revenues were \$31,424,626 and total operating expenses were \$100,996,286 for the year ended June 30, 2008. The difference produced an operating loss of \$69,571,660.

Net nonoperating revenues of \$72,901,678 for the year ended June 30, 2008 offset the operating loss and resulted in an overall increase in net assets before state capital appropriations of \$3,330,018. Nonoperating revenues included local property taxes of \$52,163,382, state appropriations and replacement tax of \$15,157,212, federal grants and contracts of \$4,046,087, local grants and contracts of \$1,134,897 and net investment income of \$1,246,168; offset by interest expense of \$846,068.

Operating revenue accounted for 30% of the College's total revenue and nonoperating revenue accounted for 70% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$18,006,981, auxiliary enterprise revenues totaling \$10,080,324, and other operating revenues of \$3,337,321.

State capital appropriations totaled \$212,586. The state capital appropriations plus the increase before capital contributions of \$3,330,018 produced an overall increase in net assets of \$3,542,604.

Total net assets increased from \$119,810,028 at the beginning of the year to \$123,352,632 at the end of the year.

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 operating 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.

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

Management's Discussion and Analysis

June 30, 2008 and 2007

(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 \$16,735,688, auxiliary enterprise revenues totaling \$8,977,895, and other operating 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.

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 2008 and 2007 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, 2008 and 2007

(Unaudited)

Financial Analysis

Net Assets

The College's net assets at June 30, 2008, 2007, and 2006 were \$123.4 million, \$119.8 million, and \$116.5 million, respectively, an increase of \$3.5 million, \$3.3 million, and \$4.0 million, respectively. Total assets were \$230.5 million, \$224.9 million, and \$213.3 million, and total liabilities were \$107.2 million, \$105.1 million, and \$96.8 million at June 30, 2008, 2007, and 2006, 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, 2008, 2007, and 2006 is as follows:

Net Assets

June 30,
(in thousands)

	2008	2007	2006
Current assets	\$ 98,958	92,381	86,485
Restricted assets	98	337	289
Other noncurrent assets	28,057	26,503	23,967
Capital assets, net of depreciation	103,408	105,707	102,536
Total assets	230,521	224,928	213,277
Current liabilities	64,817	62,465	56,768
Long-term liabilities	42,351	42,653	39,997
Total liabilities	107,168	105,118	96,765
Net assets:			
Invested in capital assets, net of related debt	88,953	89,840	87,287
Restricted	23,230	23,455	22,827
Unrestricted	11,170	6,515	6,398
Total net assets	\$ 123,353	119,810	116,512

The College had a current ratio of 1.53, 1.48, and 1.52 times at June 30, 2008, 2007, and 2006, respectively. The current ratio is total current assets divided by total current liabilities. For example, at June 30, 2008, for every dollar of current liabilities, the College has \$1.53 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, 2008 and 2007

(Unaudited)

Net Assets - Fiscal Year 2008 compared to 2007

Current assets have increased by \$6.6 million primarily due to increases in the following: \$3.3 million in property taxes receivable; \$1.8 million in cash and investments; and \$1.6 million government claims receivable for the fourth quarter ICCB credit hour and equalization grant

Capital assets decreased by \$2.3 million due to the fact that depreciation expense was greater than capital additions during the year.

Current liabilities increased by \$2.4 million primarily due to an increase in deferred property tax revenue.

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."

Changes in Net Assets

The change in net assets, total revenues less total expenses, for the years ended June 30, 2008, 2007, and 2006 is as follows:

Changes in Net Assets			
Years ended June 30,			
(in thousands)			
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total revenues	\$ 105,385	98,219	90,506
Total expenses	<u>101,842</u>	<u>94,921</u>	<u>86,515</u>
Increase in net assets	<u>\$ 3,543</u>	<u>3,298</u>	<u>3,991</u>

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

Management's Discussion and Analysis

June 30, 2008 and 2007

(Unaudited)

Revenues

Summaries of revenues for the years ended June 30, 2008, 2007, and 2006 are as follows:

Revenue Summary			
Years ended June 30,			
(in thousands)			
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating:			
Student tuition and fees, net	\$ 18,007	16,736	14,969
Auxiliary enterprise	10,081	8,978	9,048
Other operations	3,337	2,426	1,562
Total operating revenues	<u>31,425</u>	<u>28,140</u>	<u>25,579</u>
Nonoperating:			
Local property taxes	52,163	48,818	45,455
Personal property replacement taxes	1,350	1,262	1,157
State appropriations	13,807	12,559	11,188
Federal and local grants and contracts	5,181	5,765	5,885
Investment income, net	1,246	1,156	872
Total nonoperating revenues	<u>73,747</u>	<u>69,560</u>	<u>64,557</u>
State capital appropriations	<u>213</u>	<u>519</u>	<u>370</u>
Total revenues	<u>\$ 105,385</u>	<u>98,219</u>	<u>90,506</u>

Revenues - Fiscal Year 2008 Compared to 2007

Operating revenue increased by \$3.3 million, which reflects an increase in net student tuition and fees of \$1.3 million, an increase in auxiliary revenue of \$1.1 million, and an increase in other operating revenue of \$0.9 million. The increase in net tuition and fees was due to an increase in enrollment accompanied by a \$10.00 per credit hour increase in tuition and fees.

Nonoperating revenue increased by \$4.2 million primarily due to increases in local property taxes of \$3.3 million and state appropriations of \$1.2 million. The increase in property tax revenues reflects the combination of the CPI and the assessed value of new construction. The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5%, whichever is lower. The increase in state appropriations was mainly due to an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state. State capital appropriations of \$213 thousand reflect the funds expended by the Capital Development Board on the Technology Building.

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

Management's Discussion and Analysis

June 30, 2008 and 2007

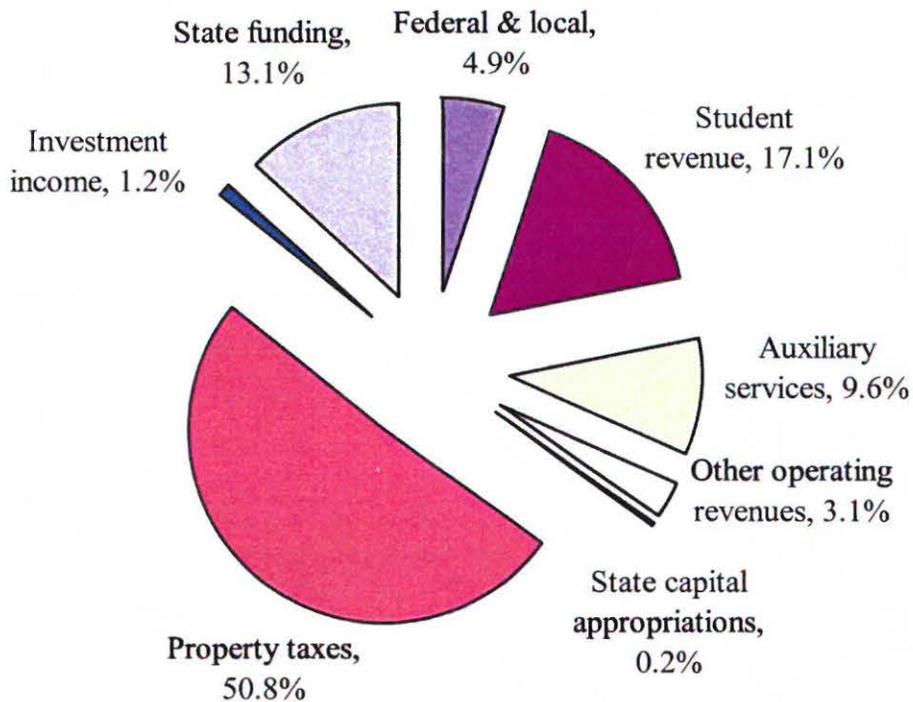
(Unaudited)

The pie chart shows all revenue from both operating and nonoperating sources. State funding in the pie chart and above includes both capital and noncapital appropriations. The chart shows that property taxes accounted for the largest percentage of the College's revenue at 50.8%. The next highest source was net student tuition and fees at 17.1%. State funding accounted for 13.1% of the College's revenue.

College of Lake County

Revenues

Year ended June 30, 2008



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

Management's Discussion and Analysis

June 30, 2008 and 2007

(Unaudited)

Revenues - Fiscal Year 2007 Compared to 2006

Operating revenue increased by \$2.6 million, which reflects a decrease in auxiliary revenue of \$70 thousand, an increase in other operating revenue of \$0.9 million and an increase in net student tuition and fees of \$1.8 million. The increase in net tuition and fees was due to an increase in enrollment of 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. State capital appropriations of \$519 thousand reflect the funds expended by the Capital Development Board on the Technology Building.

Expenses

Summaries of expenses for the years ended June 30, 2008, 2007, and 2006 are as follows:

	Expenses		
	Years ended June 30, (in thousands)		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction	\$ 37,675	33,738	30,874
Academic support	4,942	4,829	4,722
Student services	6,345	6,083	5,097
Public service	5,808	5,424	4,530
Institutional support	21,005	20,255	16,845
Operations and maintenance of plant	8,785	8,090	7,522
Financial aid	1,946	2,002	2,354
Depreciation	4,254	4,290	4,114
Auxiliary enterprises	10,236	9,612	9,716
Interest expense	846	598	741
Total	<u>\$ 101,842</u>	<u>94,921</u>	<u>86,515</u>

Expenses - Fiscal Year 2008 Compared to 2007

Expenses increased by \$6.9 million. The increase in instruction costs is due primarily to the annual increase in employee salaries and benefits, including state SURS 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, including state SURS benefits. The increase in auxiliary enterprises expenses are due primarily to increases the cost for the continuing education programs.

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

Management's Discussion and Analysis

June 30, 2008 and 2007

(Unaudited)

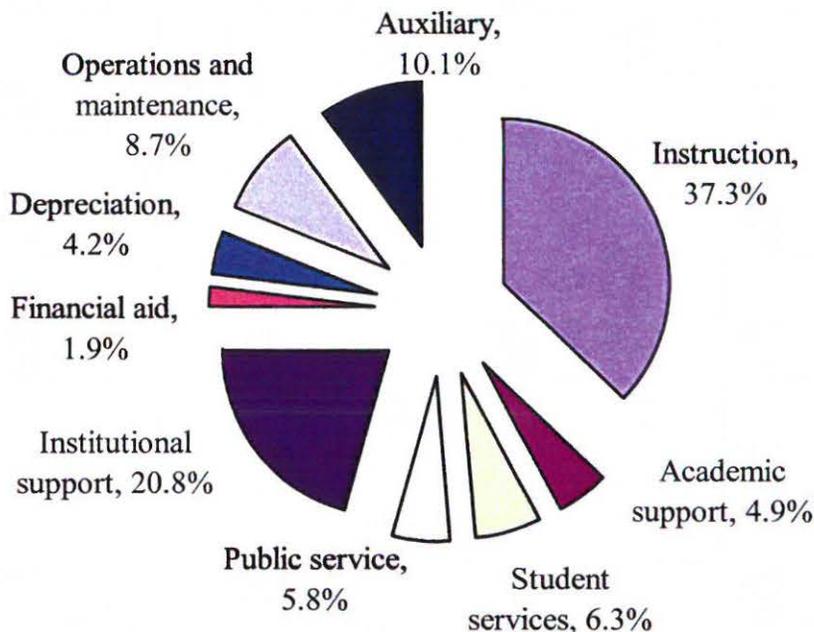
Expenses - Fiscal Year 2007 Compared to 2006

Expenses increased by \$8.4 million. The increase in instruction, institutional support and operations and maintenance costs were primarily due to the annual increase in employee salaries and benefits. Institutional support costs also were higher due to 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 operations and maintenance of plant also had increased expenses for utility costs.

Operating Expenses

The pie chart shows the operating expenses as a percentage of total operating expenses. Direct services to students accounted for 66.3% of total expenses. Direct services to students include instruction at 37.3%, academic support at 4.9%, student services at 6.3%, public service at 5.8%, financial aid at 1.9%, and auxiliary enterprises at 10.1%. Indirect services to students accounted for 33.7% of total expenses. Indirect services to students include operations and maintenance at 8.7%, institutional support at 20.8%, and depreciation at 4.2%.

**College of Lake County
Operating Expenses
Year ended June 30, 2008**



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

Management's Discussion and Analysis

June 30, 2008 and 2007

(Unaudited)

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2008, 2007, and 2006, the College investment in capital assets totaled \$157.8 million, \$156.0 million, and \$148.5 million, respectively. Capital assets, net of accumulated depreciation of \$54.4 million, \$50.3 million, and \$46.0 million, totaled \$103.4 million, \$105.7 million, and \$102.5 million, respectively.

Capital Assets, Net			
June 30,			
(in thousands)			
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Capital assets:			
Land	\$ 7,233	7,233	7,233
Construction in progress	—	—	11,365
Land improvements	5,889	5,549	5,273
Buildings and improvements	123,734	122,772	106,125
Furniture and equipment	20,989	20,436	18,541
	<u>157,845</u>	<u>155,990</u>	<u>148,537</u>
Total capital assets			
Less accumulated depreciation	54,437	50,283	46,001
	<u>103,408</u>	<u>105,707</u>	<u>102,536</u>
Capital assets, net			

More detailed information on capital asset activity can be found in Note 3 to the basic financial statements on pages 27 through 28. More detailed information on long-term debt activity can be found in Note 5 to the basic financial statements on pages 29 through 31.

Construction Projects

The College does not have any major construction projects scheduled at the end of the fiscal year.

Debt Payments

For the years ended June 30, 2008 and 2007, the College paid \$2,065,000 and \$1,685,000, 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.

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

Statements of Net Assets

June 30,

Assets	<u>2008</u>	<u>2007</u>
Current assets:		
Cash (note 2)	\$ 10,204,643	18,402,679
Investments (note 2)	26,561,197	16,548,371
Receivables:		
Property and corporate personal property taxes, net of allowance of \$565,982 in 2008 and \$532,936 in 2007	55,249,646	51,965,435
Government claims	2,714,211	1,069,568
Tuition and fees, net of allowance of \$2,091,853 in 2008 and \$2,425,698 in 2007	1,305,248	839,419
Other	1,898,447	2,512,401
Inventories	1,024,468	1,043,178
Total current assets	<u>98,957,860</u>	<u>92,381,051</u>
Noncurrent assets:		
Restricted cash and cash equivalents	97,808	337,339
Property taxes receivable	28,024,000	26,465,000
Unamortized debt issue cost	32,699	37,313
Capital assets, net (note 3)	103,408,132	105,706,977
Total noncurrent assets	<u>131,562,639</u>	<u>132,546,629</u>
Total assets	<u>230,520,499</u>	<u>224,927,680</u>
Liabilities		
Current liabilities:		
Accounts payable	1,727,675	2,075,324
Accrued expenses (note 4)	3,264,994	4,153,937
Tuition refunds payable	—	30,755
Deferred revenues:		
Property taxes (note 1(o))	54,830,510	51,782,129
Tuition and other	2,393,417	2,158,978
Current portion of long-term obligations (note 5)	2,140,000	2,065,000
Amounts held in custody for others	97,232	89,055
Other current liabilities	363,069	109,365
Total current liabilities	<u>64,816,897</u>	<u>62,464,543</u>
Noncurrent liabilities:		
Long-term obligations (note 5)	13,426,970	15,268,109
Unearned revenue:		
Property taxes	28,024,000	26,465,000
Rent (note 12)	900,000	920,000
Total noncurrent liabilities	<u>42,350,970</u>	<u>42,653,109</u>
Total liabilities	<u>107,167,867</u>	<u>105,117,652</u>
Net Assets		
Invested in capital assets, net of related debt	88,952,883	89,839,524
Restricted for:		
Working cash	17,550,000	17,550,000
Debt service	3,476,226	3,273,884
Capital projects	1,091,225	1,087,520
Other	1,112,681	1,543,755
Unrestricted	11,169,617	6,515,345
Total net assets	<u>\$ 123,352,632</u>	<u>119,810,028</u>

See accompanying notes to basic financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30,

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Student tuition and fees	\$ 20,458,943	19,250,363
Less scholarship allowances	(2,451,962)	(2,514,675)
Net student tuition and fees	18,006,981	16,735,688
Auxiliary enterprises	10,080,324	8,977,895
Other operations	3,337,321	2,425,746
Total operating revenues	<u>31,424,626</u>	<u>28,139,329</u>
Operating expenses:		
Education and general:		
Instruction	37,675,261	33,738,179
Academic support	4,942,062	4,829,196
Student services	6,344,790	6,083,190
Public service	5,807,824	5,423,347
Institutional support	21,005,231	20,255,050
Operations and maintenance of plant	8,785,206	8,090,545
Financial aid	1,945,642	2,002,225
Depreciation	4,254,000	4,289,978
Auxiliary enterprises	10,236,270	9,612,162
Total operating expenses	<u>100,996,286</u>	<u>94,323,872</u>
Operating loss	<u>(69,571,660)</u>	<u>(66,184,543)</u>
Nonoperating revenues (expenses):		
Local property taxes	52,163,382	48,818,356
Personal property replacement tax	1,349,780	1,262,216
State appropriations	13,807,432	12,559,165
Federal grants and contracts	4,046,087	4,243,973
Local grants and contracts	1,134,897	1,521,415
Investment income	1,246,168	1,156,004
Interest expense	(846,068)	(598,183)
Total nonoperating revenues (expenses), net	<u>72,901,678</u>	<u>68,962,946</u>
Increase before capital contributions	3,330,018	2,778,403
State capital appropriations	<u>212,586</u>	<u>519,486</u>
Increase in net assets	3,542,604	3,297,889
Net assets at the beginning of the year	<u>119,810,028</u>	<u>116,512,139</u>
Net assets at the end of the year	<u>\$ 123,352,632</u>	<u>119,810,028</u>

See accompanying notes to basic financial statements.

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

Statements of Cash Flows

Years ended June 30,

	2008	2007
Cash flows from operating activities:		
Tuition and fees	\$ 17,753,013	18,268,221
Payments to suppliers	(40,429,657)	(40,104,570)
Payments to employees	(51,901,323)	(47,434,914)
Auxiliary enterprise charges	10,080,324	8,977,895
Chargeback revenue	27,155	13,508
Other	3,463,539	3,589,100
Net cash used in operating activities	(61,006,949)	(56,690,760)
Cash flows from noncapital financing activities:		
Local property taxes	51,927,552	48,861,241
Personal property replacement tax	1,365,981	1,241,950
State appropriations	8,847,721	9,008,118
Federal grants and contracts	2,385,243	3,891,601
Local grants and contracts	1,134,897	1,521,415
Net cash provided by noncapital financing activities	65,661,394	64,524,325
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	—	2,200,000
Principal paid on debt	(2,065,000)	(1,685,000)
Interest paid on debt	(532,895)	(540,824)
Purchases of capital assets	(1,742,569)	(6,941,586)
Net cash used in capital and related financing activities	(4,340,464)	(6,967,410)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	3,000,000	3,266,710
Purchase of investments	—	(3,000,000)
Interest on investments	1,261,278	1,096,107
Net cash provided by (used in) investing activities	4,261,278	1,362,817
Net increase (decrease) in cash and cash equivalents	4,575,259	2,228,972
Cash and cash equivalents, beginning of year	32,288,389	30,059,417
Cash and cash equivalents, end of year	\$ 36,863,648	32,288,389
Noncash investing, capital, and financing activities:		
Construction funded by Capital Development Board	\$ 212,586	519,486
Reconciliation to statements of net assets:		
Cash and cash equivalents:		
Cash	\$ 10,204,643	18,402,679
Short term investments (included in investments)	26,561,197	13,548,371
Restricted cash	97,808	337,339
Total cash and cash equivalents	\$ 36,863,648	32,288,389

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

Statements of Cash Flows

Years ended June 30,

	<u>2008</u>	<u>2007</u>
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	\$ (69,571,660)	(66,184,543)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,254,000	4,289,978
State payment for retirement obligation	4,959,711	3,551,047
Changes in assets and liabilities:		
Receivables (net)	102,260	581,206
Inventories	18,710	136,927
Accounts payable	(347,649)	634,380
Accrued vacation	113,075	41,648
Other accrued expenses	(1,011,716)	152,716
Other current liabilities	233,704	(35,883)
Amounts held in custody for others	8,177	(77,477)
Deferred tuition and fees	234,439	219,241
Net cash used in operating activities	<u>\$ (61,006,949)</u>	<u>(56,690,760)</u>

See accompanying notes to basic financial statements.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532
Component Unit – College of Lake County Foundation
Statements of Financial Position
June 30,

Assets	2008	2007
Cash and cash equivalents	\$ 420,745	339,827
Investments	2,306,441	2,332,025
Pledges receivable, net	45,366	73,782
Deferred expense	584	—
Other receivable	—	32,439
Total assets	<u>\$ 2,773,136</u>	<u>2,778,073</u>
Liabilities and Net Assets		
Accounts payable	\$ 4,163	352
Miscellaneous payable	6,519	—
Deferred revenue	13,700	—
Grants and scholarships payable	50,293	97,032
Contributions payable to College of Lake County	—	50,000
Due to College of Lake County	2,244	2,244
Total liabilities	<u>76,919</u>	<u>149,628</u>
Net assets:		
Unrestricted	329,116	551,856
Temporarily restricted	1,805,403	1,528,706
Permanently restricted	561,698	547,883
Total net assets	<u>2,696,217</u>	<u>2,628,445</u>
Total liabilities and net assets	<u>\$ 2,773,136</u>	<u>2,778,073</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, 2008 and 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets at July 1, 2006	\$ 614,749	1,360,092	545,219	2,520,060
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	137,217	94,642	2,664	234,523
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	<u>(62,893)</u>	<u>168,614</u>	<u>2,664</u>	<u>108,385</u>
Net assets at June 30, 2007	<u>551,856</u>	<u>1,528,706</u>	<u>547,883</u>	<u>2,628,445</u>
Public support and revenue:				
Contributions and gifts	178,158	412,915	14,000	605,073
Special events revenue	151,325	—	—	151,325
Special events expense	(101,106)	—	—	(101,106)
Donated services	302,519	—	—	302,519
Other noncash donations	48,200	—	—	48,200
Net assets released from restrictions	129,257	(129,257)	—	—
Total public support	<u>708,353</u>	<u>283,658</u>	<u>14,000</u>	<u>1,006,011</u>
Other income (loss):				
Investment income (loss)	(8,768)	(6,961)	(185)	(15,914)
Total public support and revenue	<u>699,585</u>	<u>276,697</u>	<u>13,815</u>	<u>990,097</u>
Expenses:				
Program services:				
Grants and scholarships	459,153	—	—	459,153
Gallery operations	36,681	—	—	36,681
Noncash donations to College of Lake County	48,200	—	—	48,200
General and administrative:				
Management and general	375,425	—	—	375,425
Travel/meeting	2,866	—	—	2,866
Total expenses	<u>922,325</u>	<u>—</u>	<u>—</u>	<u>922,325</u>
Increase (decrease) in net assets	<u>(222,740)</u>	<u>276,697</u>	<u>13,815</u>	<u>67,772</u>
Net assets at June 30, 2008	<u>\$ 329,116</u>	<u>1,805,403</u>	<u>561,698</u>	<u>2,696,217</u>

See accompanying notes to basic financial statements.

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

Component Unit – College of Lake County Foundation

Statements of Cash Flows

Years ended June 30,

	2008	2007
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 67,772	108,385
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	80,284	(177,161)
Net amortization of bond discount/premium	3,170	—
Revenue restricted for long-term investment	(13,815)	(2,664)
Changes in assets and liabilities:		
Pledges receivable	28,416	28,950
Other receivables	32,439	(12,782)
Deferred expense	(584)	—
Due from College of Lake County	—	2,285
Deferred revenue	13,700	—
Due to College of Lake County	(50,000)	—
Accounts payable	3,811	(538)
Miscellaneous payable	6,519	—
Grants and scholarships payable	(46,739)	(32,180)
Net cash provided by (used in) operating activities	124,973	(85,705)
Cash flows from investing activities:		
Proceeds from sales of investments	1,066,590	2,824,897
Purchases of investments	(1,124,460)	(2,772,460)
Net cash provided by (used in) investing activities	(57,870)	52,437
Net cash used in financing activities:		
Revenue restricted for long-term investment	13,815	2,664
Net increase (decrease) in cash and cash equivalents	80,918	(30,604)
Cash and cash equivalents at beginning of year	339,827	370,431
Cash and cash equivalents at end of year	\$ 420,745	339,827
Supplemental disclosure of cash flow information:		
Noncash activities:		
Donated services	\$ 302,519	298,706
Other noncash donations	48,200	64,345

See accompanying notes to financial statements.

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

Notes to Basic Financial Statements

June 30, 2008 and 2007

(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, 2008 and 2007

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, 2008 and 2007

(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 2008 and 2007 (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, 2008 and 2007

(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.

(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.

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

Notes to Basic Financial Statements

June 30, 2008 and 2007

(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 2007 tax year are recorded as revenue in the fiscal year ended June 30, 2008. The remaining revenue related to the 2007 tax year extension has been deferred and will be recorded as revenue in fiscal year 2009. 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. 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.

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

Notes to Basic Financial Statements

June 30, 2008 and 2007

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.

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*. This Statement addresses how governments determine whether proceeds for a given transaction should be reported as revenue or a liability. The College implemented Statement No. 48 during the year ended June 30, 2008. No changes were made to the College's revenues or liabilities based on the College's implementation of this pronouncement.

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement provides guidance on accounting for pollution remediation for the effects of existing pollution. Statement 49 is effective for the College's fiscal year ending June 30, 2009. The College is currently evaluating the impact of adopting Statement No. 49.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures*. The Statement more closely aligns financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and provides enhanced information in the notes to financial statements and required supplementary information (RSI) for users of government financial statements. The College implemented Statement No. 50 during the year ended June 30, 2008. No changes were required to be made to the College's reporting based on the College's implementation of this pronouncement.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. It defines an intangible asset's required characteristics, and generally requires that

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

Notes to Basic Financial Statements

June 30, 2008 and 2007

they be treated as capital assets. Statement 51 is effective for the College's fiscal year ending June 30, 2010. The College is currently evaluating the impact of adopting Statement No. 51.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. It requires endowments to report their land and other real estate investments at fair value. Statement 52 is effective for the College's fiscal year ending June 30, 2009. The College is currently evaluating the impact of adopting Statement No. 52.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how state and local governments report information about derivative instruments in their financial statements. Statement 53 is effective for the College's fiscal year ending June 30, 2010. The College is currently evaluating the impact of adopting Statement No. 53.

(t) Reclassifications

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

(2) Deposits and Investments

As of June 30, 2008 and 2007, the College had the following investments and maturities:

	<u>Maturity</u>	2008 <u>Fair value</u>	2007 <u>Fair value</u>
Deposits:			
Cash accounts		\$ 10,204,643	18,402,679
Certificates of deposit		<u>15,095,500</u>	<u>12,000,000</u>
Total deposits		<u>25,300,143</u>	<u>30,402,679</u>
Investments:			
Repurchase agreements	Less than 1 year	—	3,000,000
Federal Home Loan Bank Note	Less than 1 year	—	982,818
Money markets and savings accounts	Less than 1 year	11,465,532	565,553
Restricted accounts:			
Money market accounts	Less than 1 year	97,808	337,339
ISDLAF Plus	Less than 1 year	<u>165</u>	<u>—</u>
Total investments		<u>11,563,505</u>	<u>4,885,710</u>
Total cash deposits and investments		<u>\$ 36,863,648</u>	<u>35,288,389</u>
Current assets:			
Cash		\$ 10,204,643	18,402,679
Investments		26,561,197	16,548,371
Noncurrent assets:			
Restricted cash and cash equivalents		<u>97,808</u>	<u>337,339</u>
Total cash deposits and investments		<u>\$ 36,863,648</u>	<u>35,288,389</u>

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

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

The College is also authorized to invest in short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if such obligations are rated at the time of purchase within the three highest classifications established by two or more standard rating services, the obligations mature within 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, 2008 and 2007, the College did not have a concentration of credit risk.

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(3) Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 7,232,934	—	—	7,232,934
Construction in progress	—	—	—	—
Total capital assets not being depreciated	<u>7,232,934</u>	<u>—</u>	<u>—</u>	<u>7,232,934</u>
Capital assets being depreciated:				
Land improvements	5,548,679	340,283	—	5,888,962
Buildings and improvements	122,772,016	962,387	—	123,734,403
Furniture and equipment	20,436,349	652,485	99,758	20,989,076
Total capital assets being depreciated	<u>148,757,044</u>	<u>1,955,155</u>	<u>99,758</u>	<u>150,612,441</u>
Less accumulated depreciation:				
Land improvements	3,177,711	247,821	—	3,425,532
Buildings and improvements	32,817,982	2,602,786	—	35,420,768
Furniture and equipment	14,287,308	1,403,393	99,758	15,590,943
Total accumulated depreciation	<u>50,283,001</u>	<u>4,254,000</u>	<u>99,758</u>	<u>54,437,243</u>
Total capital assets being depreciated, net	<u>98,474,043</u>	<u>(2,298,845)</u>	<u>—</u>	<u>96,175,198</u>
Total capital assets, net	<u>\$ 105,706,977</u>	<u>(2,298,845)</u>	<u>—</u>	<u>103,408,132</u>

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

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
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>

(4) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Accrued payroll and benefits	\$ 1,019,774	1,341,283
Accrued vacation	1,225,393	1,112,318
Accrued construction contracts	443,541	1,079,014
Accrued health insurance claims	535,000	535,000
Accrued expenses -other	41,286	86,322
Total accrued expenses	<u>\$ 3,264,994</u>	<u>4,153,937</u>

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Notes to Basic Financial Statements

June 30, 2008 and 2007

(5) Long-term Debt

The College has the following outstanding bonds payable as of June 30, 2008 and 2007:

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.

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, 2008 and 2007 was \$615,000 and \$895,000, 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, 2008 and 2007, including future discount accretion, was \$3,025,000 and \$4,040,000, respectively. The carrying amount at June 30, 2008 and 2007, including discount accretion through that date, was \$2,831,496 and \$3,525,696, 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, 2008 and 2007 was \$2,905,000 and \$3,095,000, 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

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of the District lawfully available for payments. The original liability upon issuance was \$3,385,000. The principal balance at June 30, 2008 and 2007 was \$2,710,000 and \$2,940,000, 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, 2008 and 2007 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 was \$2,200,000. The principal balance at June 30, 2008 and 2007 was \$1,850,000 and \$2,200,000, respectively.

Changes in long-term obligations during the year ended June 30, 2008 were as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008	Amounts due within one year
General obligation bonds:					
Par	\$ 17,670,000	—	2,065,000	15,605,000	2,140,000
Premium	177,413	—	21,939	155,474	—
Discount on capital appreciation bonds	(514,304)	—	(320,800)	(193,504)	—
Total general obligation bonds, net	\$ 17,333,109	—	1,766,139	15,566,970	2,140,000

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

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007	Amounts due within one year
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	(537,187)	—	(22,883)	(514,304)	—
Total general obligation bonds, net	\$ 16,817,165	2,200,000	1,684,056	17,333,109	2,065,000

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The following is a schedule of the future debt service payments for bonds payable as of June 30, 2008.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
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>\$ 15,605,000</u>	<u>2,699,330</u>	<u>18,304,330</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 contributes to 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 12.88% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS directly appropriated by the State for the years ending June 30, 2008, 2007, and 2006 were \$4,676,712, \$3,336,023, and \$2,198,953, respectively, equal to the required contributions for each year.

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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 \$85,540, \$81,733, and \$34,952, for the years ended June 30, 2008, 2007, and 2006, 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. Vacation days earned in one vacation year may not be carried forward beyond the end of the following year. Therefore, the entire accrued vacation liability on the statement of net assets is considered a current liability. 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.

Changes in accrued vacation liability during the year ended June 30, 2008 were as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>	<u>Amounts due within one year</u>
Accrued vacation liability	\$ 1,112,318	1,225,393	1,112,318	1,225,393	1,225,393

Changes in accrued vacation liability 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>
Accrued vacation liability	\$ 1,070,670	1,112,318	1,070,670	1,112,318	1,112,318

(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 statements.

(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, 2008 and 2007, 233 and 195 retirees, respectively, were receiving benefits. Benefits expensed under this plan for the years ended June 30, 2008 and 2007 were \$395,047 and \$297,654, 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

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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.

(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, 2008 and 2007, 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, 2008 and 2007 are as follows:

	2008	2007
Claims payable – beginning of year	\$ 535,000	535,000
Claims and other expenses incurred – during year	4,810,531	4,618,485
Claims paid – during year	(4,810,531)	(4,618,485)
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 four 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, 2008 and 2007 is \$2,228,595 and \$2,284,155, 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, 2008 and 2007 was \$20,000. Deferred revenue related to the lease was \$920,000 and \$940,000 at June 30, 2008 and 2007, respectively.

The following is a schedule by years of future minimum rentals under the leases at June 30, 2008:

Year ending June 30:	2009	\$ 140,440
	2010	213,479
	2011	217,796
	2012	222,160
	2013	149,076

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Notes to Basic Financial Statements

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(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, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Natural classification of total expenses:		
Salaries	\$ 51,673,049	47,545,348
Benefits	16,143,316	13,969,816
Contractual services	6,999,655	5,579,399
Materials and supplies	9,801,159	12,572,091
Travel and meetings	737,940	685,601
Fixed charges	1,613,722	1,583,821
Utilities	3,364,746	3,202,181
Interest	846,068	598,183
Depreciation	4,254,000	4,289,978
Other	<u>6,408,699</u>	<u>4,895,637</u>
Total expenses	<u>\$ 101,842,354</u>	<u>94,922,055</u>

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 assess how the College's financial position and operations have changed over time.	1-2
Revenue Capacity These tables contain information to help the reader understand and assess the College's most significant local revenue source, property taxes.	3-6
Debt Capacity These tables present information to help the reader understand and assess the College's debt burden and its ability to issue additional debt.	7-10
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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Invested in capital assets, net of related debt	\$ 88,952,883	89,839,524	87,287,374	81,243,423	74,452,090
Restricted for:					
Working cash	17,550,000	17,550,000	17,550,000	17,528,336	17,370,272
Debt service	3,476,226	3,273,884	3,083,848	3,118,894	4,064,445
Capital projects	1,091,225	1,087,520	1,090,088	3,024,292	5,841,062
Other	1,112,681	1,543,755	1,103,319	1,156,671	1,027,367
Unrestricted	<u>11,169,617</u>	<u>6,515,345</u>	<u>6,397,510</u>	<u>6,449,074</u>	<u>2,551,773</u>
Total net assets	<u>\$ 123,352,632</u>	<u>119,810,028</u>	<u>116,512,139</u>	<u>112,520,690</u>	<u>105,307,009</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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating revenues:					
Student tuition and fees	\$ 20,458,943	19,250,363	17,347,474	16,015,708	14,739,759
Less scholarship allowances	(2,451,962)	(2,514,675)	(2,378,310)	(2,417,436)	(2,306,624)
Net student tuition and fees	18,006,981	16,735,688	14,969,164	13,598,272	12,433,135
Auxiliary enterprises	10,080,324	8,977,895	6,774,052	6,315,048	6,360,695
Other operations	3,337,321	2,425,746	3,836,333	3,609,459	3,196,838
Total operating revenues	<u>31,424,626</u>	<u>28,139,329</u>	<u>25,579,549</u>	<u>23,522,779</u>	<u>21,990,668</u>
Operating expenses:					
Education and general:					
Instruction	37,675,261	33,738,179	30,873,970	30,405,117	43,004,663
Academic support	4,942,062	4,829,196	4,722,016	4,725,087	6,041,056
Student services	6,344,790	6,083,190	5,096,901	4,728,531	5,943,060
Public service	5,807,824	5,423,347	6,956,771	6,903,265	9,618,435
Institutional support	21,005,231	20,255,050	16,844,508	17,202,310	17,547,649
Operations and maintenance of plant	8,785,206	8,090,545	7,522,383	6,606,018	6,593,290
Financial aid	1,945,642	2,002,225	2,353,612	2,647,663	2,541,326
Depreciation	4,254,000	4,289,978	4,114,324	3,898,729	3,394,547
Auxiliary enterprises	10,236,270	9,612,162	7,289,152	6,806,566	7,085,147
Total operating expenses	<u>100,996,286</u>	<u>94,323,872</u>	<u>85,773,637</u>	<u>83,923,286</u>	<u>101,769,173</u>
Operating loss	<u>(69,571,660)</u>	<u>(66,184,543)</u>	<u>(60,194,088)</u>	<u>(60,400,507)</u>	<u>(79,778,505)</u>
Nonoperating revenues (expenses):					
Local property taxes	52,163,382	48,818,356	45,454,623	42,320,584	40,073,769
Personal property replacement tax	1,349,780	1,262,216	1,156,921	912,768	754,353
State appropriations	13,807,432	12,559,165	11,187,839	12,219,066	33,436,415
Federal grants and contracts	4,046,087	4,243,973	4,591,755	4,840,223	4,418,667
Local grants and contracts	1,134,897	1,521,415	1,293,677	1,346,526	1,467,518
Investment income	1,246,168	1,156,004	871,968	466,066	297,426
Interest expense	(846,068)	(598,183)	(741,305)	(714,955)	(821,651)
Net nonoperating revenues (expenses)	<u>72,901,678</u>	<u>68,962,946</u>	<u>63,815,478</u>	<u>61,390,278</u>	<u>79,626,497</u>
Increase (decrease) before capital contributions	3,330,018	2,778,403	3,621,390	989,771	(152,008)
State capital appropriations	<u>212,586</u>	<u>519,486</u>	<u>6,223,910</u>	<u>11,323,668</u>	<u>3,382,989</u>
Increase in net assets	<u>\$ 3,542,604</u>	<u>3,297,889</u>	<u>9,845,300</u>	<u>12,313,439</u>	<u>3,230,981</u>

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
2008	2007	\$	22,992,716,946	3,799,304,015	988,337,508	143,089,901	27,923,448,370	0.192	\$ 83,770,345,110	33.33 %
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

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.

**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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
College direct rates										
Bonds	\$ 0.006	0.007	0.007	0.008	0.008	0.010	0.009	0.032	0.011	0.012
Educational	0.128	0.128	0.128	0.129	0.129	0.130	0.129	0.133	0.130	0.130
Medicare	0.001	0.001	0.001	0.001	0.001	0.002	0.003	-	-	-
Operation & maintenance	0.054	0.056	0.058	0.058	0.059	0.059	0.060	0.060	0.060	0.060
Operation & maintenance (restricted)	-	-	-	-	-	-	-	0.006	0.004	0.004
Health & safety	-	-	-	-	-	0.002	0.004	-	-	-
Tort judgement & liability insurance	0.003	0.003	0.003	0.004	0.004	0.005	0.006	0.004	0.007	0.013
Audit	-	-	-	-	-	-	-	-	0.001	0.002
Total direct rate	0.192	0.195	0.197	0.200	0.201	0.208	0.211	0.235	0.213	0.221
Lake County rate	0.444	0.450	0.454	0.465	0.490	0.502	0.516	0.521	0.521	0.531
Lake County Forest Preserves rate	0.201	0.204	0.210	0.219	0.225	0.232	0.221	0.231	0.187	0.157
Elementary School rates	0.944 - 4.330	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
Unit School rates	3.023 - 5.639	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
High School rates	0.959 - 3.746	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
Township rates	0.028 - 0.368	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
Sanitary District rates	0.000 - 0.186	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
Park District rates	0.019 - 0.707	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
Library District rates	0.152 - 0.433	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
Fire District rates	0.121 - 0.652	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
City & Village rates	0.000 - 2.446	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
Special Service Area rates	0.029 - 15.221	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

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 Levy Year and Six Years Ago

Taxpayer	2007			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	\$ 168,103,114	1	0.60 %	\$ 133,308,517	1	0.77 %
The Mills Corporation	58,275,968	2	0.21	—	-	-
Discover Financial Services, Inc.	48,153,911	3	0.17	—	-	-
Amlis Residential	46,294,533	4	0.17	—	-	-
Van Vlissingen & Co.	44,791,012	5	0.16	—	-	-
Marvin F Poer & Co.	39,785,401	6	0.14	—	-	-
Equity Property Tax Group LLC	37,921,565	7	0.14	48,050,369	3	0.28
Baxter Healthcare Corp	32,299,271	8	0.12	—	-	-
Corporate 500 Center	31,473,325	9	0.11	—	-	-
Midwest Family Housing LLC	30,225,583	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>\$ 537,323,683</u>		<u>1.92 %</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.

1999 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.

**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	
2008	2007	\$ 53,613,021	26,387,374	49.22	% \$ —	26,387,374	49.22	%
2007	2006	50,634,258	50,549,528	99.83	—	50,549,528	99.83	
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	

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

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

Source: Lake County Treasurer's Office

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)
2008	\$ 7,405,000	4,560,000	—	3,025,000	615,000	—	15,605,000	0.056%	\$ 1,819
2007	7,595,000	5,140,000	—	4,040,000	895,000	—	17,670,000	0.068%	2,154
2006	7,650,000	3,165,000	—	5,185,000	1,155,000	—	17,155,000	0.072%	2,096
2005	7,700,000	3,385,000	—	6,535,000	1,390,000	—	19,010,000	0.087%	2,383
2004	3,250,000	3,385,000	—	7,885,000	2,050,000	—	16,570,000	0.081%	2,131
2003	3,250,000	3,385,000	—	9,235,000	3,305,000	—	19,175,000	0.102%	2,671
2002	3,250,000	—	—	10,585,000	4,485,000	—	18,320,000	0.106%	2,765
2001	—	—	3,215,000	10,585,000	5,655,000	1,525,000	20,980,000	0.132%	3,302
2000	1,405,000	—	3,215,000	10,585,000	6,610,000	1,525,000	23,340,000	0.155%	3,821
1999	—	—	—	10,585,000	7,410,000	4,300,000	22,295,000	0.158%	3,695

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

<u>Fiscal year</u>	<u>Net general bonded debt</u>	<u>Population</u>	<u>Percentage of taxable assessed value of property^(a)</u>	<u>Net bonded debt per capita</u>
2008	\$ 15,605,000	710,241	0.056%	\$ 21.97
2007	17,670,000	704,187	0.068%	25.09
2006	17,155,000	696,689	0.072%	24.62
2005	19,010,000	688,159	0.087%	27.62
2004	16,570,000	678,806	0.081%	24.41
2003	19,175,000	673,141	0.102%	28.49
2002	18,320,000	661,228	0.106%	27.71
2001	20,980,000	648,241	0.132%	32.36
2000	23,340,000	644,356	0.155%	36.22
1999	22,295,000	622,300	0.158%	35.83

^(a) 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>
2008	2007	\$ 27,923,448,370	802,799,141	15,605,000	787,194,141	1.94%
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%

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

See accompanying independent auditors' report.

**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	
2008	\$ 392,800	280,000	34,225	1.25	\$ —	—	—	—
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	354,700	180,000	103,727	1.25	1,478,975	1,000,000	183,180	1.25
2002	351,000	170,000	110,818	1.25	1,568,975	1,000,000	255,180	1.25
2001	340,300	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

^(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 2001-2008).

^(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		
2008	16,010	8,578	6,722	9,226	31%	69%	8,360	3,630	2,820	1,200	94%	28.7
2007	15,558	8,203	6,604	8,874	30%	70%	7,965	3,604	2,670	1,319	93%	28.6
2006	15,745	8,184	6,699	8,956	29%	71%	7,884	3,599	2,936	1,326	93%	28.7
2005	15,866	7,979	6,735	9,012	27%	73%	7,937	3,678	2,854	1,397	93%	28.8
2004	15,828	7,777	6,689	9,079	26%	74%	7,728	4,741	2,928	431	91%	29.1
2003	15,457	7,180	6,539	8,857	25%	75%	7,448	4,387	2,982	640	89%	29.8
2002	14,385	6,626	6,284	8,044	22%	78%	6,729	3,697	2,961	998	89%	32.2
2001	14,442	6,353	6,331	8,074	21%	79%	6,910	3,745	2,541	1,246	90%	31.1
2000	14,036	6,109	6,187	7,846	20%	80%	7,936	2,679	2,246	1,175	88%	30.8
1999	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

Fiscal year	Baccalaur- eate	Business	Technical	Health	Remedial	Adult Basic Secondary Education	Total	Returning	Transfer	In-District Residency	Average Age
2008	145,866	13,124	21,509	14,516	19,814	36,633	251,462	2,820	1,200	94%	28.7
2007	144,067	13,512	20,203	12,911	20,612	33,332	244,637	2,670	1,319	93%	28.0
2006	140,008	12,354	19,370	11,905	20,968	28,047	232,652	2,936	1,326	93%	28.7
2005	138,408	10,605	21,807	12,094	18,972	24,871	226,756	2,854	1,397	93%	28.8
2004	137,952	10,686	22,986	12,474	20,206	21,658	225,961	2,928	431	91%	29.1
2003	130,937	10,528	24,048	11,177	18,706	19,184	214,580	2,982	640	89%	29.0
2002	119,585	8,940	26,033	10,518	17,431	18,096	200,603	2,961	998	89%	32.2
2001	108,639	7,989	26,218	8,919	16,324	18,452	186,541	2,541	1,246	90%	31.1
2000	111,464	8,145	27,278	7,968	17,069	14,836	186,760	2,246	1,175	88%	30.8
1999	109,876	8,333	24,751	7,019	16,723	13,587	180,289	2,246	1,021	89%	30.7

Amounts are based 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	2008		
	Employees ^(a)	Rank	Percentage of total County employees ^(a)
Department of the Navy	\$ 25,000	1	6.48%
Abbott Laboratories	15,700	2	4.07%
Hewitt Associates, LLC	6,000	3	1.55%
Baxter Healthcare Corporation	4,600	4	1.19%
Motorola, Inc.	4,000	5	1.04%
Discover Financial Services, Inc.	3,500	6	0.91%
HSBC, Inc.	3,100	7	0.80%
County of Lake	2,800	8	0.73%
CDW Corporation	2,500	9	0.65%
Condell Health Network, Inc.	2,500	10	0.65%
Walgreen Company	2,500	11	0.65%
MedlineIndustries, Inc.	2,000	12	0.52%
College of Lake County	2,000	13	0.52%
	<u>\$ 76,200</u>		<u>19.74%</u>

^(a) Civilian only.

Source: Lake County Planning, Building and Development Department

1999 data (nine 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) 1974, 1979, 1985, 1986, 1996 (every 10 years)
 HLC-Academic Quality Improvement Program 2006 Systems Portfolio

Population in District 2006 (note 1): 710,241
 Percentage change from 1990 census 37.5%

Employment in District (note 2):
 Labor force, civilian (July 2007) 386,086
 Unemployment rate (July 2007) 6.6%

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	

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
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%
Degrees and certificates awarded (note 5):										
A.A., A.S., and A.E.S.	600	515	567	559	500	538	530	505	489	502
A.A.S.	341	316	305	330	320	296	290	270	251	275
A.F.A./A.P.	-	-	-	1	1	1	-	1	-	-
Certificates	930	990	944	1,044	993	709	699	543	424	337
Total, degrees/certificates	1,871	1,821	1,816	1,934	1,814	1,544	1,519	1,319	1,164	1,114
College Workforce (Fall semester) (note 6):										
Faculty/academic support	834	832	810	794	827	977	788	951	888	N/A
Administrators	54	50	50	50	53	57	60	56	54	N/A
Prof./Tech.	172	167	140	132	135	136	135	133	121	N/A
Clerical	110	110	104	106	105	107	138	102	99	N/A
Maintenance and others	144	148	149	138	137	135	78	132	127	N/A
% Full-time	47%	45%	46%	46%	45%	48%	44%	39%	42%	N/A
% Women*	57%	57%	56%	61%	57%	56%	60%	55%	54%	N/A
% Minorities*	20%	20%	20%	27%	18%	15%	20%	14%	12%	N/A

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

Notes:

1. From U.S. Department of Commerce, U.S. Bureau of Census website.
 2. From Illinois Department of Employment Security, Local Area Unemployment Statistics, July 2006.
 3. From Lake County Planning, Building and Development website.
 4. From College of Lake County Institutional Effectiveness, Research and Planning, Fact Files.
 5. From College of Lake County Office of Institutional Effectiveness, Research and Planning, Graduate Follow-up Study, Part II FY 1999-2004.
 6. From Illinois Community College Board CI (Faculty, Staff, and Salary) Database.
- * Excludes part-time faculty

See accompanying independent auditors' report.

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

Capital Asset Statistics by Facility (Unaudited)

Last Ten Fiscal Years

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Grayslake Campus-purchased 1968										
Size of campus (acres) ^(a)	225.1	225.1	225.1	225.1	225.1	225.1	226.1	226.1	226.1	226.1
Gross square footage ^(b)	814,174	814,174	814,174	814,174	679,174	679,174	679,174	679,174	679,174	679,174
Square footage rented ^(c)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Number of classrooms	102	102	102	102	81	81	81	81	81	81
Number of laboratories	94	94	94	94	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	20.6	22.9	22.9	22.9	22.9	22.9	22.9	22.9
Gross square footage	66,269	45,814	16,269	16,269	16,269	16,269	16,269	16,269	16,269	16,269
Number of classrooms	20	23	9	9	9	9	9	9	9	9
Number of laboratories	8	5	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	0.25	—	—	—
Gross square footage	38,660	38,660	38,660	38,660	38,660	38,660	38,660	—	—	—
Square footage rented ^(c)	32,976	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, 2008

	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, 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
Revenues:											
Local tax revenue	34,785,170	14,821,304	—	1,747,950	—	—	—	—	—	808,957	52,163,381
All other local revenue	27,155	—	—	—	—	735,273	—	—	—	—	762,428
ICCB grants	6,707,372	—	—	—	—	1,089,713	—	—	—	—	7,797,085
All other state revenue	1,349,780	—	—	—	—	1,050,635	—	—	—	—	2,400,415
Federal revenue	—	—	—	—	—	4,046,087	—	—	—	—	4,046,087
Student tuition and fees	19,744,593	—	714,350	—	—	—	—	761,066	—	—	21,220,009
All other revenue	871,539	88,631	2,080,143	—	10,637,527	4,861,333	540,786	54,806	—	—	19,134,765
Total revenues	63,485,609	14,909,935	2,794,493	1,747,950	10,637,527	11,783,041	540,786	815,872	—	808,957	107,524,170
Expenditures:											
Instruction	31,995,324	—	—	—	—	—	—	—	—	—	31,995,324
Academic support	4,344,962	—	—	—	—	—	—	—	—	—	4,344,962
Student services	5,543,728	169,875	—	—	—	—	—	807,695	—	—	6,521,298
Public service	1,868,261	—	—	—	—	4,079,176	—	—	—	—	5,947,437
Auxiliary services	—	—	—	—	10,116,249	—	—	—	—	—	10,116,249
Operations and maintenance	—	7,894,389	—	—	—	—	—	—	—	—	7,894,389
Institutional support	16,833,821	5,592,169	3,777,453	1,492,515	—	—	—	—	234,531	682,394	28,612,883
Scholarships and student grants	62,110	—	—	—	—	7,961,418	—	—	—	—	8,023,528
Total expenditures	60,648,206	13,656,433	3,777,453	1,492,515	10,116,249	12,040,594	—	807,695	234,531	682,394	103,456,070
Other financing sources (uses):											
Debt proceeds	—	—	—	—	—	—	—	—	—	—	—
Net transfers	500,000	(1,320,000)	1,100,000	—	—	—	(500,000)	—	220,000	—	—
Total other financing sources (uses)	500,000	(1,320,000)	1,100,000	—	—	—	(500,000)	—	220,000	—	—
Fund balance (deficit) at June 30, 2008	\$ 5,163,983	8,080,116	1,104,076	3,476,226	5,430	1,049,833	17,649,974	97,232	221,838	(352,705)	36,496,003

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, 2008

	Capital asset/ debt account groups June 30, 2007	Additions	Deletions	Capital asset/ debt account groups June 30, 2008
Fixed assets:				
Sites and improvements	\$ 12,781,613	340,283	—	13,121,896
Buildings, additions, and improvements	122,772,016	962,387	—	123,734,403
Construction work in progress	—	—	—	—
Equipment, furniture, and machinery	<u>20,436,349</u>	<u>652,485</u>	<u>(99,758)</u>	<u>20,989,076</u>
Fixed assets	155,989,978	1,955,155	(99,758)	157,845,375
Accumulated depreciation	<u>(50,283,001)</u>	<u>(4,254,000)</u>	<u>99,758</u>	<u>(54,437,243)</u>
Net fixed assets	<u>\$ 105,706,977</u>	<u>(2,298,845)</u>	<u>—</u>	<u>103,408,132</u>
Fixed debt:				
Bonds payable	\$ 17,670,000	—	(2,065,000)	15,605,000
Total fixed liabilities	<u>\$ 17,670,000</u>	<u>—</u>	<u>(2,065,000)</u>	<u>15,605,000</u>

The College has no tax anticipation warrants or notes outstanding at June 30, 2008.

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, 2008

	<u>Education Fund</u>	<u>O&M Fund</u>	<u>Total operating</u>
Operating revenues by source:			
Local government:			
Current taxes	\$ 34,785,170	14,821,304	49,606,474
Charge-back revenue	27,155	—	27,155
Total local government	<u>34,812,325</u>	<u>14,821,304</u>	<u>49,633,629</u>
State government:			
ICCB credit hour grants	6,465,696	—	6,465,696
Corporate personal property replacement taxes	1,349,780	—	1,349,780
Vocational education and other	241,676	—	241,676
Total state government	<u>8,057,152</u>	<u>—</u>	<u>8,057,152</u>
Student tuition and fees:			
Tuition and fees	19,744,593	—	19,744,593
Total student tuition and fees	<u>19,744,593</u>	<u>—</u>	<u>19,744,593</u>
Other sources:			
Investment revenue	669,989	—	669,989
Other	201,550	88,631	290,181
Transfers	500,000	—	500,000
Total other sources	<u>1,371,539</u>	<u>88,631</u>	<u>1,460,170</u>
Total fiscal year 2008 revenue	<u>63,985,609</u>	<u>14,909,935</u>	<u>78,895,544</u>
Less nonoperating items*:			
Tuition charge-back revenue	27,155	—	27,155
Transfers from nonoperating funds	500,000	—	500,000
Adjusted revenue	<u>\$ 63,458,454</u>	<u>14,909,935</u>	<u>78,368,389</u>

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

Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3

Year ended June 30, 2008

	Education Fund	O&M Fund	Total operating
Operating expenditures:			
Instruction	\$ 31,995,324	—	31,995,324
Academic support	4,344,962	—	4,344,962
Student services	5,543,728	169,875	5,713,603
Public service	1,868,261	—	1,868,261
Auxiliary services	—	—	—
Operations and maintenance	—	7,894,389	7,894,389
Institutional support	16,833,821	5,592,169	22,425,990
Scholarships and student grants	62,110	—	62,110
Transfers	—	1,320,000	1,320,000
Total operating expenditures by program	60,648,206	14,976,433	75,624,639
Less nonoperating items*:			
Tuition charge-back	—	—	—
Transfers to nonoperating funds	—	1,320,000	1,320,000
Adjusted expenditures	\$ 60,648,206	13,656,433	74,304,639
By object:			
Salaries	\$ 43,026,338	3,980,631	47,006,969
Employee benefits	7,750,100	2,174,392	9,924,492
Contractual services	3,539,821	1,755,479	5,295,300
General materials and supplies	3,322,984	794,217	4,117,201
Conference and meeting expense	501,440	14,192	515,632
Fixed charges	928,036	609,565	1,537,601
Utilities	—	3,364,746	3,364,746
Capital outlay	2,266	931,677	933,943
Other	1,577,221	31,534	1,608,755
Transfers	—	1,320,000	1,320,000
Total operating expenditures by object	60,648,206	14,976,433	75,624,639
Less nonoperating items*:			
Tuition charge-back	—	—	—
Transfers to nonoperating funds	—	1,320,000	1,320,000
Adjusted expenditures	\$ 60,648,206	13,656,433	74,304,639

* 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, 2008

	Restricted Purposes Fund
Revenue by source:	
Local government:	
Local taxes	\$ —
Other local government	735,273
Total local government	735,273
State government:	
ICCB – Workforce Development Grants	89,770
ICCB – P-16 Initiative Grant	150,214
ICCB – Shifting Gears - CNC Bridge Grant	30,273
ICCB – State Adult Education Grant	786,431
ICCB – Career and Technical Education – Program Improvement Grant	33,025
Other	1,050,635
Total state government	2,140,348
Federal government:	
U.S. Department:	
Dept of Education	3,817,610
Other	228,477
Total federal government	4,046,087
Other sources:	
Investment revenue	23,485
Other	4,837,848
Total other sources	4,861,333
Total restricted purposes fund revenues	\$ 11,783,041

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

Restricted Purpose Fund Revenues and Expenditures
Uniform Financial Statement Number 4

Year ended June 30, 2008

	Restricted Purposes Fund
Restricted purposes fund expenditures, by program:	
Public services	\$ 4,079,176
Scholarships and student grants	7,961,418
Total restricted purposes fund expenditures, by program	\$ 12,040,594
Restricted purposes fund expenditures, by object:	
Salaries	\$ 2,029,884
Employee benefits	302,617
Contractual services	226,225
General materials and supplies	236,775
Travel and conference/meeting expenses	128,514
Utilities	—
Fixed charges	5,814
Capital outlay	155,901
Other	8,954,864
Total restricted purposes fund expenditures, by object	\$ 12,040,594

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, 2008

Instruction:	
Instructional programs	\$ 29,473,650
Other	2,521,674
	<hr/>
Total instruction	31,995,324
Academic support:	
Library center	1,896,001
Instructional materials center	242,714
Education media center	46,051
Academic computing support	936,641
Academic administration and planning	173,112
Other	1,050,443
	<hr/>
Total academic support	4,344,962
Student services:	
Admission and records	980,288
Counseling and career services	2,038,613
Financial aid administration	553,985
Other	2,140,716
	<hr/>
Total student services	5,713,602
Public service:	
Community education	4,726,440
Customized training	1,808,272
Community services	716,894
Other	538,082
	<hr/>
Total public services	7,789,688
Auxiliary services	
	<hr/>
	7,490,030
Operations and maintenance:	
Maintenance	1,674,112
Custodial services	2,369,702
Grounds	583,590
Transportation	43,763
Utilities	2,996,250
Administration	226,972
Other	—
	<hr/>
Total operations and maintenance	7,894,389

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

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

Year ended June 30, 2008

Institutional support:	
Executive management	\$ 1,906,047
Fiscal operations	610,120
Community relations	2,064,761
Administrative support	1,919,326
Board of trustees	193,883
General institutional	12,228,357
Institutional research	386,725
Administrative data processing	3,854,889
Other	181,515
Total institutional support	<u>23,345,623</u>
Scholarships, student grants, and waivers	<u>8,023,528</u>
Total current funds expenditures	<u>\$ 96,597,146</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 2009

All fiscal year 2008 noncapital audited operating expenditures from the following funds:

1. Education Fund	\$ 60,645,940
2. Operations and Maintenance Fund	12,724,756
3. Operations and Maintenance Fund (Restricted)	1,176,550
4. Bond and Interest Fund	1,492,515
5. Public Building Commission Rental Fund	—
6. Restricted Purposes Fund	11,884,693
7. Audit Fund	234,531
8. Liability, Protection, and Settlement Fund	682,394
9. Auxiliary Enterprise Fund (Subsidy Only)	—
10. Total noncapital audited expenditures	<u>88,841,379</u>
11. Plus depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds	<u>3,386,192</u>
12. Total costs included	<u>92,227,571</u>
13. Total certified semester credit hours for FY 2008	247,147.4
14. Per capita cost	373.17
15. All FY2008 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>10,654,804</u>
16. Less FY 2008 state and federal grants per semester credit hour	43.11
17. Less each district's average ICCB grant rate for fiscal year 2009	29.39
18. Less each district's student tuition per semester credit hour for fiscal year 2009	<u>100.00</u>
19. Equals charge-back reimbursement per semester credit hour	<u><u>\$ 200.67</u></u>

Approved: /s/ Nancy McNerney October 14, 2008
Acting Vice-President for Administrative Affairs Date

Approved: /s/ James D. Rock October 14, 2008
Interim President Date

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Crowe Horwath LLP
Member Horwath International

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of the College of Lake County, Community College District No. 532 (the College) Workforce Development (Business/Industry), P-16 Initiative, State Adult Education (State Basic, Public Assistance, and State Performance), Career and Technical Education – Program Improvement, and Career and Technical Education – Tech Prep Support Grants (Grant Programs), as of June 30, 2008, and the related statements of revenues, expenditures, and changes in fund balances for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The financial statements presented are only for the Grant Programs and do not purport to, and do not, present fairly the financial position or results of operations of the College.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College's Workforce Development (Business/Industry), P-16 Initiative, State Adult Education (State Basic, Public Assistance, and State Performance), Career and Technical Education – Program Improvement, and Career and Technical Education – Tech Prep Support Grants as of June 30, 2008, and the revenues, expenditures, and changes in fund balances for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2008 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming opinions on the financial statements taken as a whole for each of the grant programs referred to in the first paragraph. The supplementary information included on pages 66 and 71 is presented for purposes of additional analysis and are not a required part of the financial statements of the Workforce Development (Business/Industry), and State Adult Education (State Basic, Public Assistance, and State Performance) Grant programs. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements of the Workforce Development (Business/Industry), and State Adult Education (State Basic, Public Assistance, and State Performance) Grant programs taken as a whole.

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.


Crowe Horwath LLP

Oak Brook, Illinois
October 14, 2008



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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 accompanying financial statements of the College of Lake County, Community College District No. 532 (the College) Workforce Development (Business/Industry), P-16 Initiative, State Adult Education (State Basic, Public Assistance, and State Performance), Career and Technical Education – Program Improvement, and Career and Technical Education – Tech Prep Support Grants (Grant Programs) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 14, 2008. 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 and the guidelines of the Illinois Community College Board *Fiscal Management Manual*.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management 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 entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that 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 was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether these 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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.


Crowe Horwath LLP

Oak Brook, Illinois
October 14, 2008

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

Workforce Development (Business/Industry) Grant Program

Balance Sheet

June 30, 2008

Assets

Cash	\$	<u>219</u>
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Liabilities and Fund Balance

Liabilities	\$	219
Fund balance		<u>—</u>
Total liabilities and fund balance	\$	<u>219</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, 2008

Revenues:		
State sources	\$	<u>89,551</u>
Expenditures:		
Current year's grant:		
Salaries		
Employee benefits		
Contractual services		59,331
Materials and supplies		30,069
Conference and meeting		151
Capital outlay		
Total expenditures		<u>89,551</u>
Excess of revenues over expenditures		—
Fund balance at July 1, 2007		<u>—</u>
Fund balance at June 30, 2008	\$	<u><u>—</u></u>

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, 2008

	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)**	\$ —	—	—
2. Contractual expense	—	59,331	59,331
3. Instructional materials	—	30,069	30,069
4. Instructional equipment*	—	—	—
5. Promotional materials	—	—	—
6. Staff development	—	—	—
7. Conference and meeting expenses	—	151	151
8. Travel**	—	—	—
9. Costs of operating a business	—	—	—
assistance center/economic	—	—	—
development workforce preparations	—	—	—
offices:	—	—	—
a. Office equipment*	—	—	—
b. Utilities and telephone	—	—	—
c. Consumable supplies	—	—	—
d. Duplicating	—	—	—
e. Facility rental	—	—	—
10. Totals	\$ —	89,551	89,551 ***

* 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, 2008

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, 2008

Revenues:		
State sources	\$	<u>150,214</u>
Expenditures:		
Student tuition		150,214
Teacher preparation and professional development		<u>—</u>
Total expenditures		<u>150,214</u>
Excess of revenues over expenditures		—
Fund balance at July 1, 2007		<u>—</u>
Fund balance at June 30, 2008	\$	<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

Balance Sheet

June 30, 2007

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

Statement of Revenues, Expenditures, and
Changes in Fund Balance

Year ended June 30, 2008

	<u>State Basic</u>	<u>Public Assistance</u>	<u>State Performance</u>	<u>Total</u>
Revenues:				
State sources	\$ 394,115	168,486	223,470	786,071
Expenditures – by program:				
Instructional and student services:				
Instruction	239,574	114,930	—	354,504
Social work services	—	—	—	—
Guidance services	7,829	—	5,674	13,503
Assistive and adaptive equipment	—	—	—	—
Assessment and testing	54,910	19,667	48,416	122,993
Student transportation services	—	—	—	—
Literacy services	38,988	—	56,413	95,401
Child care services	—	—	—	—
Total instructional and student services	<u>341,301</u>	<u>134,597</u>	<u>110,503</u>	<u>586,401</u>
Program support:				
Improvement of instructional services	3,891	—	178	4,069
General administration	22,881	—	15,407	38,288
Operation and maintenance of plant services	—	—	—	—
Workforce coordination	9,340	34,249	16,371	59,960
Data and information services	16,702	—	81,010	97,712
Approve indirect costs	—	—	—	—
Total program support	<u>52,814</u>	<u>34,249</u>	<u>112,966</u>	<u>200,029</u>
Total expenditures	<u>394,115</u>	<u>168,486</u>	<u>223,470</u>	<u>786,071</u>
Excess of revenues over expenditures	—	—	—	—
Fund balance at July 1, 2007	—	—	—	—
Fund balance at June 30, 2008	\$ <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, 2008

State basic	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	\$239,574	61%
General administration (9% maximum allowed)	\$22,881	6%
State public assistance	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	\$114,930	68%
General administration (9% maximum allowed)	\$0	0%
State performance	Actual expenditure amount	Actual expenditure percentage
General administration (9% maximum allowed)	\$15,407	7%

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, 2008

Assets

Cash	\$	—
		<u> </u>

Liabilities and Fund Balance

Liabilities	\$	—
Fund balance		<u> </u>

Total liabilities and fund balance	\$	<u> </u>
		<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, 2008

	Total
Revenues:	
State sources	\$ 33,025
Expenditures:	
Salaries	—
Employee benefits	—
Contractual services	—
Materials and supplies	—
Conference and meeting	—
Utilities	—
Capital outlay	33,025
Total expenditures	33,025
Excess of revenues over expenditures	—
Fund balance at July 1, 2007	—
Fund balance at June 30, 2008	\$ —

See accompanying notes to ICCB State Grants financial statements.

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

Career and Technical Education – Tech Prep Support Grant Program

Statement of Revenues, Expenditures, and
Changes in Fund Balance

Year ended June 30, 2008

	Total
Revenues:	
State sources	\$ 50,000
Expenditures:	
Salaries	9,000
Employee benefits	—
Contractual services	11,500
Materials and supplies	15,490
Conference and meeting	14,010
Utilities	—
Capital outlay	—
Total expenditures	50,000
Excess of revenues over expenditures	—
Fund balance at July 1, 2007	—
Fund balance at June 30, 2008	\$ —

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, 2008

(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, 2008

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.

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 – Postsecondary 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.

Career and Technical Education – Tech Prep Support Grants – Grant awarded to community colleges to promote innovative activities in support of the US Department of Education’s Career and Technical Education (CTE) program. Activities are coordinated with the local Tech Prep consortium to expand collaboration and promote development of innovative CTE programs of study including Consortium-level Articulation, Tech Prep Program Sequences, Inservice Training, Equal Access for Special Populations, Linkages and Innovations and Preparatory Services.



Crowe Horwath LLP
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INDEPENDENT ACCOUNTANTS' REPORT

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

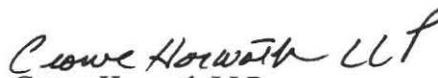
We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed, of College of Lake County, Community College District No. 532 (the College) for the year ended June 30, 2008. The Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed is the responsibility of the College's management. Our responsibility is to express an opinion on the schedule based upon our examination.

Our examination was conducted in accordance with attestations standards established by the American Institute of Certified Public Accountants, in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence supporting the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed 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 accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed, in all material respects, is fairly presented in accordance with the provisions of the aforementioned guidelines.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2008 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.


Crowe Horwath LLP

Oak Brook, Illinois
October 14, 2008

**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, 2008

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

	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	22,947.5	—	63,222.0	—	59,696.0	—	145,865.5	—
Business occupational	1,572.0	16.5	5,215.5	165.5	6,015.0	139.5	12,802.5	321.5
Technical occupational	2,155.0	—	9,039.0	—	10,315.0	—	21,509.0	—
Health occupational	1,627.0	—	5,891.0	—	6,998.0	—	14,516.0	—
Remedial development	2,473.0	—	9,403.0	—	7,938.0	—	19,814.0	—
Adult basic education/ secondary education	5,698.5	88.0	7,628.0	7,350.5	12,246.4	3,621.5	25,572.9	11,060
	—	—	—	—	—	—	—	—
Total	36,473.0	104.5	100,398.5	7,516.0	103,208.4	3,761.0	240,079.9	11,381.5

	Attending in-district	Attending out-of-district on chargeback or contractual agreement	Total
Semester credit hours (all terms)	245,452.4	1,695.0	247,147.4
Reimbursable Semester Credit Hours (All Terms)	<u>Dual Credit</u> 2,092.0	<u>Dual Enrollment</u> 2,077.0	<u>Total</u> 4,169.0

District 2007 equalized assessed valuation \$ 27,923,448,370

/s/ James D. Rock
Interim President

/s/ Nancy McNerney
Acting Vice-President for Administrative Affairs

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

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

Schedule of Enrollment Data and Other
Bases Upon Which Claims were Filed

Year ended June 30, 2008

Reconciliation of Total Semester Credit Hours

	Total unrestricted credit hours	Total unrestricted credit hours certified to the ICCB	Difference	Total restricted credit hours	Total restricted credit hours certified to the ICCB	Difference
Baccalaureate	145,865.5	145,865.5	—	—	—	—
Business occupational	12,802.5	12,802.5	—	321.5	321.5	—
Technical occupational	21,509.0	21,509.0	—	—	—	—
Health occupational	14,516.0	14,516.0	—	—	—	—
Remedial development	19,814.0	19,814.0	—	—	—	—
Adult basic education/ adult secondary	25,572.9	25,572.9	—	11,060.0	11,060.0	—
Total	240,079.9	240,079.9	—	11,381.5	11,381.5	—

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

	Total attending	Total attending as certified to the ICCB	Difference
Reimbursable in-district residents	245,452.4	245,452.4	—
Reimbursable out-of-district on charge-back or contractual agreement	1,695.0	1,695.0	—
Total	247,147.4	247,147.4	—

	Total reimbursable	Total reimbursable certified to ICCB	Difference
Dual Credit	2,092.0	2,092.0	—
Dual Enrollment	2,077.0	2,077.0	—
Total	4,169.0	4,169.0	—

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