

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014



Community College District No. 532
Grayslake, Illinois

College  Lake County™

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

Grayslake, Illinois

Comprehensive Annual Financial Report
June 30, 2014 and 2013

Prepared by:

David T. Agazzi
Vice President, Administrative Affairs

W. Andy Williams, CPA
Controller

Table of Contents

Introductory Section (Unaudited):	
Table of Contents	i
Letter of Transmittal	iii
Organization Chart	xv
Principal Officials	xvi
Certificate of Achievement for Excellence in Financial Reporting	xvii

Financial Section:	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statements of Net Position	14
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	16
Component Unit – College of Lake County Foundation	
Statements of Net Position	18
Statements of Activities	19
Notes to Basic Financial Statements	20
Required Supplementary Information:	
Other Post-employment Benefits	
Analysis of Funding Progress and Employer Contributions	36

Statistical Section (Unaudited):		Table
Statistical Section Summary		37
Net Position by Component – Last ten fiscal years	1	38
Changes in Net Position – Last ten fiscal years	2	39
Assessed Value and Estimated Actual Value of Taxable Property – Last ten fiscal years	3	40
Direct and Overlapping Property Tax Rates – Last ten years	4	41
Principal Property Tax Payers – Current levy year and nine years ago	5	42
Property Tax Levies and Collections – Last ten fiscal years	6	43
Ratios of Outstanding Debt by Type – Last ten fiscal years	7	44
Ratios of General Bonded Debt Outstanding – Last ten fiscal years	8	45
Legal Debt Margin Information – Last ten fiscal years	9	46
Pledged Revenue Coverage – Last ten fiscal years	10	47
Student Enrollment Demographic Statistics – Last ten fiscal years	11	48
Reimbursable Claimed Hours – Last ten fiscal years	12	49
Principal Employers – Current year	13	50
Operating Information and Employees – Last ten fiscal years	14	51
Capital Asset Statistics by Facility – Last ten fiscal years	15	52
Certification of Chargeback Reimbursement	16	53

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

Special Reports Section:	Schedule
Uniform Financial Statements:	
All Funds Summary – Uniform Financial Statement No. 1	1 54
Summary of Capital Assets and Debt – Uniform Financial Statement No. 2	2 55
Operating Funds Revenues and Expenditures – Uniform Financial Statement No. 3	3 56
Restricted Purposes Fund Revenues and Expenditures – Uniform Financial Statement No. 4	4 58
Current Funds – Expenditures by Activity – Uniform Financial Statement No. 5	5 60

ICCB State Grants Financial Compliance:	
Independent Auditor’s Report on Audits of Grant Program Financial Statements	62
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Grant Program Financial Statements Performed in accordance with <i>Government Auditing Standards</i>	64
State Adult Education Grant:	
Balance Sheet	66
Statement of Revenues, Expenditures, and Changes in Fund Balance	67
ICCB Compliance Statement	68
Career and Technical Education Program Improvement Grant:	
Balance Sheet	69
Statement of Revenues, Expenditures, and Changes in Fund Balance	70
Notes to ICCB State Grants Financial Statements	71
Enrollment Data and Semester Credit Hours:	
Independent Accountant’s Report on the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed	73
Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed	74

September 26, 2014

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

State law, as enacted in the Public Community College Act requires Community Colleges to submit audited financial statements with the Illinois Community College Board (ICCB) by October 15th. The Comprehensive Annual Financial Report (CAFR) for College of Lake County, Community College District No. 532 (the College), County of Lake, State of Illinois, for the fiscal year ended June 30, 2014, is hereby submitted. 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.

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

McGladrey LLP, a firm of licensed public accountants, has audited the financial statements of the College and has issued an unmodified (“clean”) opinion on the College’s CAFR for the fiscal year ended June 30, 2014. The independent auditor’s report is located at the front of the financial section of the report.

This letter of transmittal should be read in conjunction with the Management’s Discussion and Analysis (MD&A, pages 4 - 13). The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements and focuses on current activities, accounting changes, and currently known facts.

The fiscal management manual of the 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 auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, the independent auditor's report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 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.

The College is recognized by the Illinois Community College Board and governed by a locally elected seven-member Board of Trustees and one appointed, non-voting student representative. The College employs over 1,900 full- and part-time staff, which includes administrators, full- and part-time faculty members, counselors and advisors, classified staff, various other professionals, and student employees.

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: 1) advance student learning and success; 2) maximize educational opportunity within the district; 3) ensure fiscal stability and appropriate stewardship of resources; 4) promote diversity, global engagement and sustainability as strengths within the College and Lake County community; 5) enable a culture of innovation, excellence, and continuous improvement; and 6) build the College's reputation as a premier educational institution.

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.

MISSION, VISION & GOALS

The College of Lake County's Strategic Planning initiative, updated in Fiscal Year 2014, includes the following mission, vision and goals:

Mission Statement

The College of Lake County is a comprehensive community College that delivers high quality, accessible learning opportunities to advance student success and strengthen the diverse communities we serve.

Vision Statement

The College of Lake County strives to be an innovative educational institution offering exceptional learning experiences and to be widely recognized for student success, business and community partnerships and for the achievements of faculty, staff and alumni.

Goals

1. Advance student learning and success.

The College will maximize the quality of the CLC learning experience while helping students identify and reach their learning goals to become life-long learners and critical thinkers who are engaged in their communities, prepared to participate in the workforce, and knowledgeable about the diverse world in which we live.

2. Maximize educational opportunity within the district.

The College will enhance, develop and promote College-wide offerings that will anticipate and meet needs of the district.

3. Ensure fiscal stability and appropriate stewardship of resources.

The College will efficiently manage and optimize its fiscal resources to ensure long-term growth and development.

4. Promote diversity, global engagement and sustainability as strengths within the College and Lake County community.

The College will strive to build an inclusive community that recognizes, values, and respects people of all cultures and ways of life while cultivating social justice, global citizenship and environmental responsibility.

5. Enable a culture of innovation, excellence, and continuous improvement.

The College will promote employee engagement to create and sustain a culture of high performance, intellectual growth, collaboration and innovation that supports continuous improvement of academic programs and College processes.

6. Build the College's reputation as a premier educational institution.

The College will be recognized at the community, state and national levels for its academic quality, alumni achievement, and educational, economic, cultural, and arts leadership.

COLLEGE OF LAKE COUNTY INITIATIVES

Over the past few years, the College has been busy implementing its strategic plan as well as several operational plans which include the: College master plan, financial plan, information technology plan, sustainability plan, capital investment plan, and safety and emergency response plan. For Fiscal Year 2014, College of Lake County continued its focus on planning for the future.

There have been various projects planned throughout the College that relate to the strategic and operational plans, such as the annual Academic Quality Improvement Program (AQIP) projects. These projects are in furtherance of the College's accreditation through the Higher Learning Commission (HLC). In FY 2014, the College undertook AQIP projects related to 1) improving student transfer to four-year institutions, 2) achieving student success, and 3) evaluating the effectiveness of mandatory holds and student advisement. As of the end of the fiscal year, these projects have led to improved processes. For FY 2015, the College plans to: analyze research related to college readiness to make a recommendation for a scalable college readiness delivery model, implement the transfer initiative phase 1 project from FY 2014, and develop Writing Across the Curriculum, an initiative designed to provide faculty the resources they need to use writing to enhance their course goals and their students' success.

In addition to these large-scale AQIP projects, department initiatives have been identified to support CLC's goals and objectives in FY 2015. Selected initiatives for each goal are highlighted in the following pages.

Strategic Goal 1: Advance student learning and success.

Through its goal of advancing student learning and success, the College intends to "maximize the quality of the CLC learning experience while helping students identify and reach their learning goals to become life-long learners and critical thinkers who are engaged in their communities, prepared to participate in the workforce and knowledgeable about the world in which we live." For FY 2015, key initiatives identified to help the College meet this goal include:

- Launch the Coaching for Academic Success department under the leadership of a dean. An early alert referral system and dedicated personnel are intended to aggressively surround

students with academic support services such as tutoring at the earliest signs of academic distress.

- Increase professional development opportunities and support for the delivery of quality online courses.
- Place tutors in remedial math courses to ensure continuity of tutoring and classroom instruction. This initiative is designed to foster student familiarity and confidence in assigned tutors.
- Recommend improvements to increase the transfer rate of CLC students so more students have access to baccalaureate degree programs.

Strategic Goal 2: Maximize educational opportunity within the district.

The goal of maximizing educational opportunities within the district focuses on “enhancing, developing, and promoting College-wide offerings that will anticipate and meet needs of the district.” Planned projects related to this goal for FY 2015 are highlighted below:

- Create an outreach and enrollment plan to recruit high school students. High school sophomores, juniors, and seniors from targeted schools, home schooled students, parents, and high-achieving students will receive special attention.
- Expand academic support services in the Math and Writing Centers, including expanded hours of service at Lakeshore and Southlake campuses as well as a formal structure by which dedicated tutors in Math are assigned and supported.
- Dedicate resources to study sessions, supplemental instruction, and exam preparation in high impact courses such as Business, Psychology, and Chemistry.

Strategic Goal 3: Ensure fiscal stability and appropriate stewardship of resources.

CLC strives to “efficiently manage and optimize its fiscal resources to ensure long-term growth and development.” For FY 2015, several projects were developed to help the College meet this goal, a few of which are listed below.

- Support and oversee the implementation of the College Master Plan in an efficient and effective manner.
- Review and update financial and business policies and procedures to enhance internal control.
- Introduce a software-based time/attendance and absence management system to strengthen internal control. An employee training program will be included as a part of this initiative.
- The CLC Foundation will raise additional funds for the College and develop a strategic plan for funding future CLC Foundation initiatives and development goals.

Strategic Goal 4: Promote diversity, global engagement and sustainability as strengths within the College and Lake County community.

Under this goal, the College “will strive to build an inclusive community that recognizes, values, and respects people of all cultures and ways of life while cultivating social justice, global citizenship and environmental responsibility.” A sample of these projects is listed below:

- Continuing professional development will offer community outreach to strengthen external relationships with stakeholders in areas such as the transportation industry, protective services, healthcare, and special education districts to provide vocational training for mild to moderate cognitively impaired.
- Provide educational and awareness programs (i.e. workshops, Women’s History Month programs, sexual assault and safety training, emergency funding services, etc.) through the activities of the Women’s Center.
- Improve first-year experience programs to ease transition to college for special populations such as military veterans, disabled students, and student athletics.
- Apply sustainable best practices and minimize impact on the environment, primarily by enhancing energy efficiency at the College.

Strategic Goal 5: Enable a culture of innovation, excellence, and continuous improvement.

Through strategic goal 5, CLC hopes to “promote employee engagement to create and sustain a culture of high performance, intellectual growth, collaboration, and innovation that supports continuous improvement of academic programs and College processes.” Highlighted below are some of the projects that will support the objectives of innovation, excellence and continuous improvement.

- The Institutional Effectiveness, Planning & Research office (IEPR) will continue to update the College’s performance scorecard. The scorecard will be updated to reflect new strategic goals and meaningful objectives with qualitative and quantitative measures as needed. The scorecard communicates to the College and community the degree to which the College achieves its strategic goals.
- IEPR will develop dashboards and customized data elements for tracking students at important educational milestones, and to mine information that will inform strategic decisions about improving enrollment, retention, transfer and completion useful to specific audiences within the College.
- Public Relations will implement a content management system as part of the website redesign to allow departments to make easy and quick updates of basic information (e.g., room changes, date changes, etc.) without going through the web team.
- The Professional Development Center will create instructional materials via lecture capture for face-to-face, blended, and online courses to continue pursuit of the "flipped classroom" concept where students watch lectures or presentations online and work on activities in-class.

Strategic Goal 6: Build the College’s reputation as a premier educational institution.

The College’s goal for building its reputation as a premier educational institution is to “be recognized at the community, state, and national levels for its academic quality, alumni achievement, and educational, economic, environmental, cultural and arts leadership.” A few of these projects are presented below:

- Public Relations will continue implementation of the College’s new web site to create consistency across web pages and increase ease of use.

- Resource Development and Legislative Affairs will host events for new legislators on campus to build relationships and knowledge of CLC offerings and initiatives.

POPULATION AND ENROLLMENT

Illinois has 48 community Colleges and one multi-community College center in 39 community College districts. The College of Lake County’s district is located in Lake County, Illinois, north of Chicago, bordering Cook County on the south, and Lake Michigan on the east, and Wisconsin on the north. In the 2010 census, the population of Lake County reached 704,634 for a 9% increase over the 2000 census level. As of 2013, the Lake County population was estimated to be 703,019. *Economic Modeling Specialists International (EMSI)* projects that Lake County’s population will increase to 740,432 by 2022.

Despite this projected population growth, the number of projected area high school graduates is expected to decline by approximately 14% by 2024 (IEPR projection) resulting in a 14% decline in the number of public high school students who enroll at CLC in the fall semester of 2024 compared to the number enrolled in fall 2013. The College has already experienced a decline in College-level student enrollment beginning in FY 2012.

In 2009 and 2010, CLC experienced record high enrollment growth in credit hours (6% in 2009 and 12% in 2010). This was perhaps related to the recession which caused many unemployed residents and College-age residents to enroll at CLC as an alternative to attending four-year Colleges. Enrollment leveled out in 2011 and declined in 2012 and 2013 with 2% decreases in credit hours in each year. In 2014, enrollment declined 4%. So far, as the economy slowly rebounds, CLC’s enrollment trend in the last four years has been similar to the experience of local peer Colleges that have also reported enrollment declines.

The following table illustrates CLC’s enrollment trends over the past five years. These trends illustrate the population growth at the College in 2010 and 2011 as well as the declines the College experienced in 2012, 2013, and 2014.

**Enrollment Summary
FY2010-2014**

	2010	2011	2012	2013	2014
College-Level Credit Hours	290,283	297,482	293,019	285,922	274,305
Adult/Vocational Credit Hours	51,397	44,581	43,039	45,921	29,773
Total Credit Hours	341,680	342,062	336,058	331,842	304,078
College-Level FTE	9,676	9,916	9,767	9,531	9,143

Sources: Data Warehouse, College-Level Credit Hours divided by 30

ECONOMIC CONDITION

Although primarily a residential area, Lake County is home to some of the largest businesses in Illinois including: AON-Hewitt Associates, W.W. Grainger, CDW, Walgreen’s, Baxter, Condell

Medical Center, Abbvie, and Abbott Laboratories. Great Lakes Naval Station is the largest military installation in Illinois and the largest training center for the U.S. Navy. In addition, Lake County has tourist attractions such as Gurnee Mills, Six Flags Great America, and Key Lime Cove water resort. In April 2014, Motorola Mobility moved its headquarters from Libertyville to Chicago. Although 3,000 jobs were relocated, the assessed valuation of property within the College district is not expected to decline since Motorola employees who are Lake County residents are not expected to move out of Lake County.

While the local economy has not been exempt from the recent recession, unemployment reached a high of 10.5% in 2010 and lowered to 8.8% in 2012 and 8.7% in 2013, it is currently in the process of a slow recovery with unemployment having increased to 9.5% for the first quarter of 2014. U.S. Bureau of Labor Statistics reports growth (1%) in non-farm wages as well as increased consumer prices (2%) for the Lake-Kenosha County area for the month of June 2014 from the one year prior. Federally-funded construction projects and stimulus programs have helped the local economy but not enough to fuel a full recovery. The Illinois Association of Realtors reports that in Lake County sales of residential property and median price increased in the second quarter of 2014 – a sign of slow recovery in the local housing market. Though the lingering effects of the recession continue to bring uncertainties to our state and local funding, the College remains focused on providing an affordable quality education to students by continuously looking for ways to increase revenue and cut costs.

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 three-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:

Fund Types	Fund Groups	Fund
Government Fund Types	General	Educational and Operations and Maintenance
	Special Revenue	Audit, Restricted Purpose, Liability Protection and Settlement, Insurance Reserve
	Debt Service	Bond and Interest
	Capital Project	Operations and Maintenance (Restricted)
Proprietary Fund Types	Enterprise	
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 Revenue. The funds considered to be “General Government” are the Education Fund and the Operation and Maintenance Fund. These are more commonly referred to as the general funds or operating funds. Revenues that are regularly reoccurring are from predominately three sources: local property taxes, state sources and tuition and fees. The largest contributor to revenue is local property taxes. The strength of the financial base is the county assessed value, which totaled approximately \$21.8 billion in 2013 for tax collections in 2014.

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. Normally, we would expect the non-debt service tax levies to decline over time as the community grows which increases the assessed values. However, as noted below, the College’s assessed value of taxable property decreased, therefore increasing the total tax rate in order to generate tax revenue needed to support the College. The following table details the tax levy information.

Fund Type	Maximum Tax Rate	2013	2012	2011	2010
Education	\$0.750	.226	.207	.180	.148
Operations and Maintenance	.100	.060	.055	.051	.062
Liability, Protection and Settlement	(1)	.002	.002	.002	.002
Audit	.005	.000	.000	.000	.000
Bond and Interest	(1)	.008	.008	.007	.006
Medicare	(1)	.000	.000	.000	.000
Plant: Operations and Maintenance (Restricted)	.000	.000	.000	.000	.000
Life Safety	.050	.000	.000	.000	.000
Other	.000	<u>.000</u>	<u>.000</u>	<u>.000</u>	<u>.000</u>
Total tax rate		<u>0.296</u>	<u>0.272</u>	<u>0.240</u>	<u>0.218</u>

(1) The maximum authorized tax rate is defined by state statute.

The assessed value of taxable property for levy year 2013 was \$21.8 billion, a decrease of \$1.4 billion compared to levy year 2012, or a decrease of 6%.

The College's average collection rate, including collection of back taxes, over the past five years is 99.73%.

Revenue from tuition and fees has grown over time due to increases in tuition rates. The tuition and fees charged in fiscal year 2014 totaled \$112 per credit hour and will increase to \$121 per credit hour in fiscal year 2015.

Revenue from state sources, as a percentage of total revenue, has remained essentially flat from FY 2013 to FY 2014. Although grant funding has risen or remained level each year, the state's financial challenges may adversely affect this funding source in the future. Local revenue sources are expected to remain stable in the future based on population growth in Lake County.

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 current property tax assessed valuation, is \$626,211,790. Current total indebtedness is \$79,175,000 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 five different outstanding series of bonds with varying maturity dates, with the last payment due in 2034. A working cash fund, with a current balance of \$17,555,240, 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.

The College currently is implementing its comprehensive master plan for facilities, which was approved in FY 2013. Local projects contained in the master plan will be funded from \$60 million in bonds issued in September 2013. Total funding for local projects is \$87.4 million with \$60 million in bond funding and \$27.4 million from accumulated fund balance in the Operations and Maintenance (Restricted) Fund.

In Fiscal Year 2011, the state of Illinois passed a capital bill for infrastructure statewide. In this bill the College will receive state funding for a new science building in Grayslake and a new student center in Waukegan. The total funds appropriated by the state are \$53.5 million and the College will contribute an additional \$20 million. The College issued non-referendum bonds in Fiscal Year 2012 to cover a large portion of the match. These two new buildings will allow the College to grow and meet the expanding needs of Lake County. Local projects and these two buildings are estimated to cost \$161 million and will take five years to complete.

State funding is not projected to stabilize for several years. The State has yet to reach the “new normal.” Not only will budget amounts be unpredictable, but the remittance of appropriated amounts can no longer be considered reliable. For FY 2014, state funding was reduced from the FY 2013 level by 1.2%. The state’s ongoing challenge is to manage accumulated bills in the face of pension contributions that continue to increase and statutory reductions in the individual income tax rate from 5 percent to 3.75 percent and the corporate income tax rate from 7 percent to 5.25 percent for tax year 2015 and subsequent years.

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 2014 totaled \$238,692, constituting a net rate of return of 0.20 percent.

Capital Assets. The notes to financial statements elaborate on the activity for the fiscal year and the status of capital assets at June 30, 2014.

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 Police Department on duty 24-

hours, seven days per week, a Health Services Department and an active Safety Committee to review and make recommendations for improving and/or minimizing risk to property, employees and students.

OTHER INFORMATION

Independent Audit. The accounting firm of McGladrey LLP has been engaged as the independent certified public accountant performing the state-required annual audit. The auditor's 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 2013. 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.

GFOA Distinguished Budget Presentation Award. The College of Lake County received the GFOA Distinguished Budget Presentation Award for two annual budget documents for the years ended June 30, 2013 and June 30, 2014. In order to receive this award, a government must publish a budget document that meets multiple criteria for best practices in budget presentation. The College plans to submit its FY 2015 budget document for consideration to receive another award.

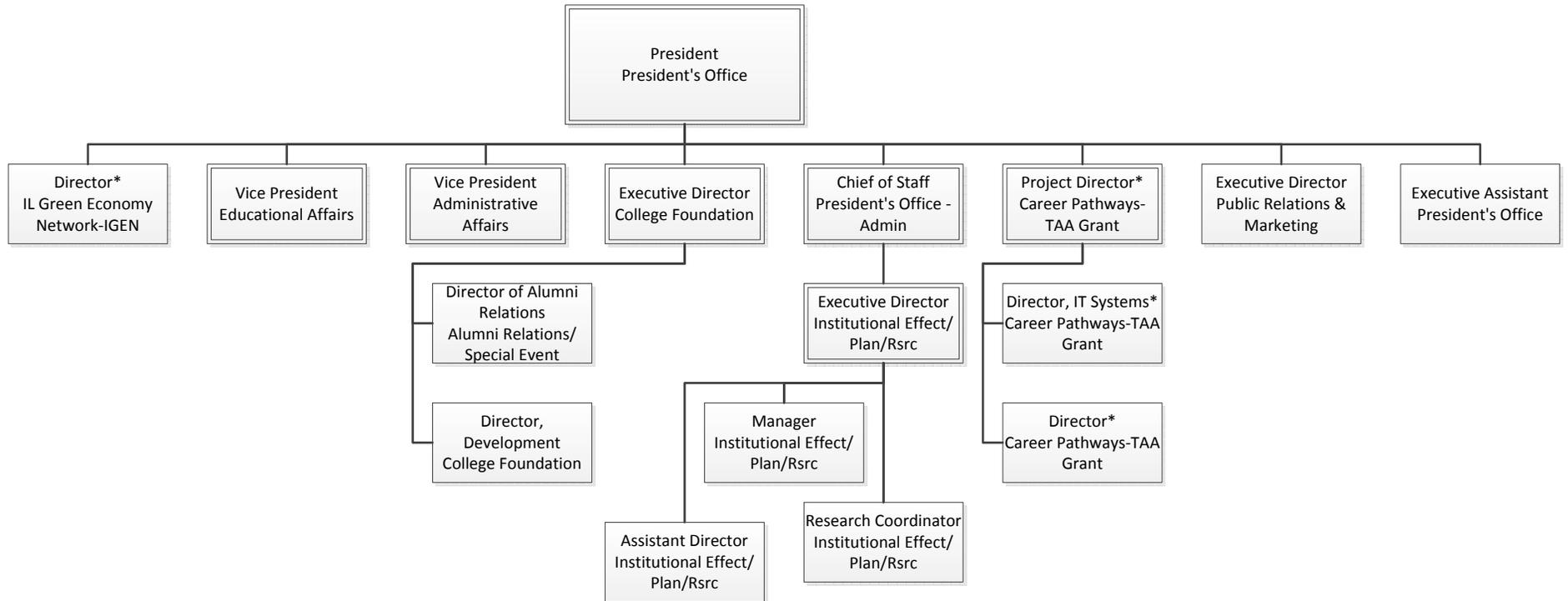
The comprehensive annual financial report presents the work of a variety of dedicated finance office administrators and staff members. It could not have been completed without the considerable effort of the audit team from McGladrey LLP applying their extensive professional experience as they work with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

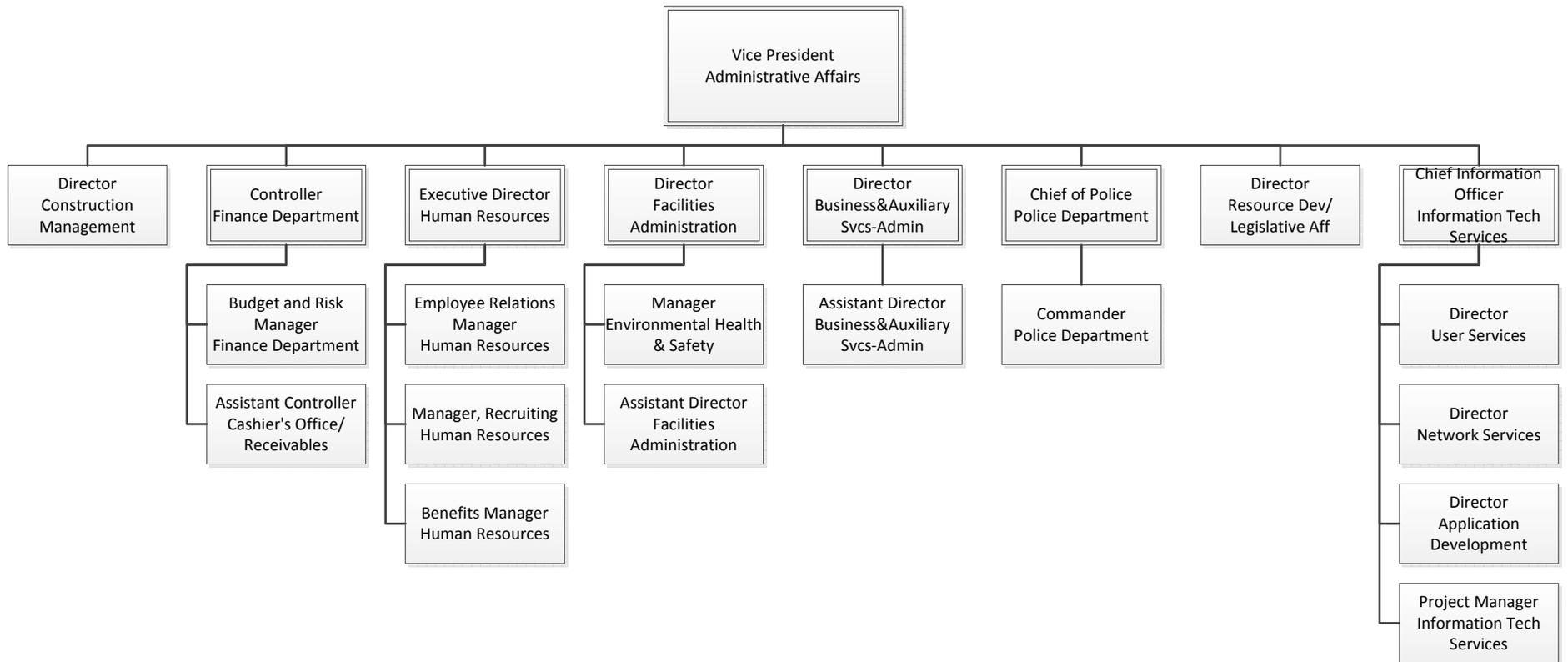
A handwritten signature in cursive script, appearing to read "David Agazzi".

David Agazzi
Vice President for Administrative Affairs

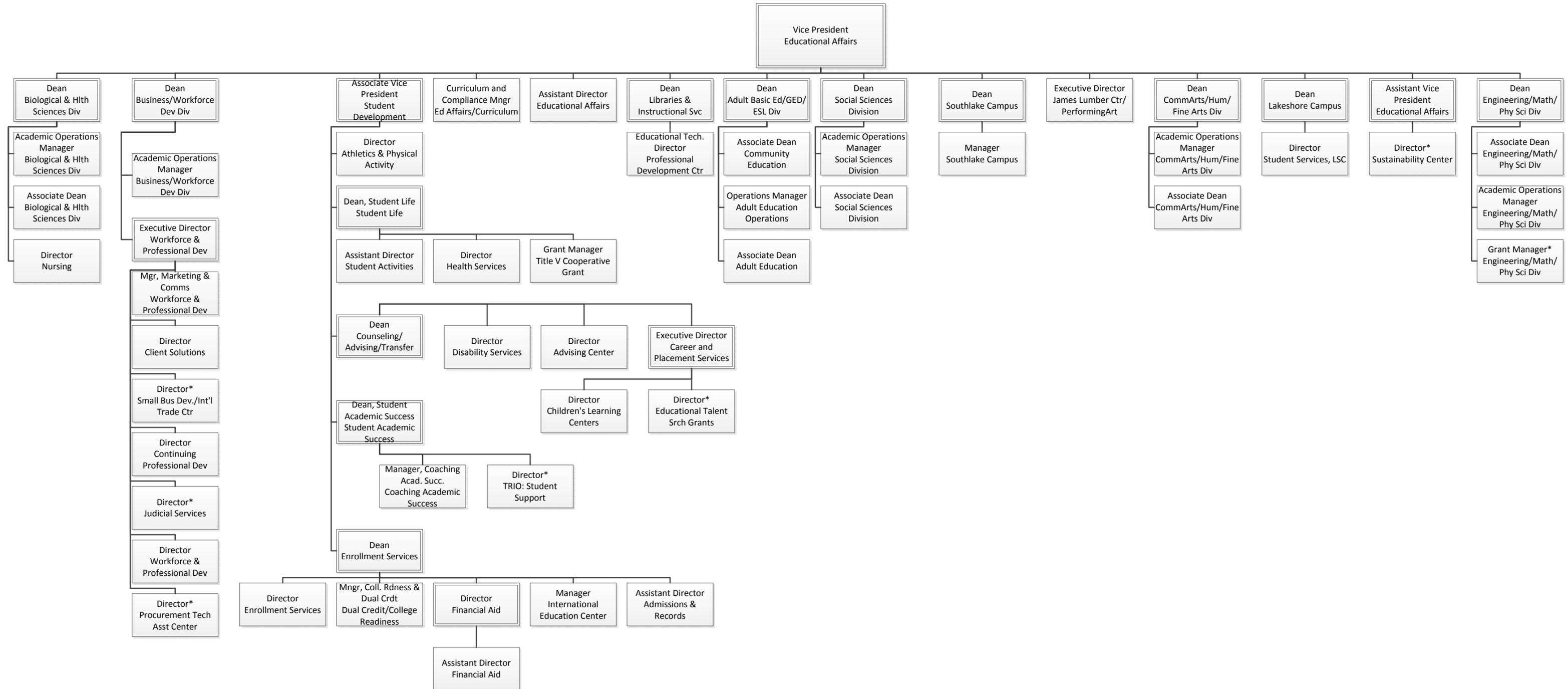
Office of the President



Office of Administrative Affairs



Office of Educational Affairs



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

Principal Officials

Year ended June 30, 2014

BOARD OF TRUSTEES

	<u>Position</u>	<u>Term Expires</u>
Amanda D. Howland	Chairman	2015
Jeanne T. Goshgarian	Vice Chairman	2017
Dr. Philip J. Carrigan	Trustee/Secretary	2019
Barbara D. Oilschlager	Trustee	2019
Richard A. Anderson	Trustee	2015
Dr. William M. Griffin	Trustee	2015
Lynda C. Paul	Trustee	2017
Annabella Tidei	Student Trustee	2015

OFFICERS OF THE COLLEGE OF LAKE COUNTY

Dr. Girard W. Weber	President
Dr. Richard Haney	Vice President for Educational Affairs
Karen Hlavin	Associate Vice President for Student Development
David Agazzi	Vice President for Administrative Affairs/ Treasurer

OFFICIALS ISSUING REPORT

David Agazzi	Vice President for Administrative Affairs
W. Andy Williams	Controller

DIVISION ISSUING REPORT

Administrative Affairs
Finance Department



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**College of Lake County
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the College of Lake County, Community College District No. 532 (the College) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College of Lake County, Community College District No. 532, as of June 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the basic financial statements, in the year ended June 30, 2014, the College adopted the reporting and disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The implementation of GASB Statement No. 65 resulted in a restatement of the opening July 1, 2013 net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as the Management's Discussion and Analysis and Other Post Employment Benefit (OPEB) Schedules, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 26, 2014 and October 11, 2013 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 these/those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. These/those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

McGladrey LLP

Chicago, Illinois
September 26, 2014

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

Management's Discussion and Analysis
June 30, 2014 and 2013
(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, 2014 and 2013. Since this management's discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

Financial Highlights Fiscal Year 2014

Total operating revenues were \$35,491,688 and total operating expenses were \$145,833,109 for the year ended June 30, 2014. The difference produced an operating loss of \$110,341,421.

Net non-operating revenues of \$119,836,457 for the year ended June 30, 2014 offset the operating loss and resulted in an overall increase in net position before state capital appropriations of \$9,495,036. Non-operating revenues included local property taxes of \$63,591,948, replacement tax of \$1,177,861, state appropriations of \$34,341,721, federal grants and contracts of \$19,782,912, local grants and contracts of \$916,302 and investment income of \$238,962; offset by interest expense of \$212,979.

Operating revenue accounted for 22.8% of the College's total revenue and non-operating revenue accounted for 77.2% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling \$23,957,541, auxiliary enterprise revenues totaling \$10,061,743, and other operating revenues of \$1,472,404.

Total net position increased from \$167,058,794 at the beginning of the year (as restated) to \$176,553,830 at the end of the year.

Financial Highlights Fiscal Year 2013

Total operating revenues were \$36,196,562 and total operating expenses were \$144,301,144 for the year ended June 30, 2013. The difference produced an operating loss of \$108,104,582.

Net non-operating revenues of \$118,432,325 for the year ended June 30, 2013 offset the operating loss and resulted in an overall increase in net position before state capital appropriations of \$10,327,743. Non-operating revenues included local property taxes of \$62,139,690, replacement tax of \$1,164,330, state appropriations of \$34,600,754, federal grants and contracts of \$20,173,020, local grants and contracts of \$865,085 and investment income of \$126,529; offset by interest expense of \$637,083.

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

Management's Discussion and Analysis
June 30, 2014 and 2013
(Unaudited)

Operating revenue accounted for 23.4% of the College's total revenue and non-operating revenue accounted for 76.6% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling \$24,304,411, auxiliary enterprise revenues totaling \$10,409,564, and other operating revenues of \$1,482,587.

Total net position (as restated) increased from \$156,045,635 at the beginning of the year to \$167,058,794 at the end of the year.

Overview of the Financial Statements

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the basic financial statements, and required supplementary information. The financial statements provide both long-term and short-term information about the College 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, liabilities, and deferred inflows of resources associated with the operation of the College of Lake County are included in the statements of net position.

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

Financial Analysis

Net Position

The College's net position at June 30, 2014, 2013, and 2012 was \$176.6 million, \$167.1 million, and \$156.1 million, respectively, an increase of \$9.5 million, \$11.0 million, and \$8.7 million, respectively. Total assets were \$306.6 million, \$237.6 million, and \$284.7 million, and total liabilities and deferred inflows of resources were \$130 million, \$70.5 million, and \$128.5 million at June 30, 2014, 2013, and 2012, respectively. The change in net position is an indicator of whether the financial condition has improved or worsened during the year. Assets and liabilities are measured using current values with the exception of capital assets. Capital assets are stated as historical cost, reduced by depreciation. A summary of net position at June 30, 2014, 2013, and 2012 is as follows:

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

Management's Discussion and Analysis
June 30, 2014 and 2013
(Unaudited)

Net Position

June 30,
(in Thousands)

	2014	2013	2012
Current assets	\$ 158,460	\$ 137,493	\$ 156,465
Restricted assets	7,493	1,632	1,277
Other noncurrent assets	36,655	3,173	31,077
Capital assets, net of depreciation	104,009	95,381	95,833
Total assets	306,617	237,679	284,652
Current liabilities	18,020	46,108	72,192
Long-term liabilities	80,125	24,425	56,327
Total liabilities	31,918	31,577	60,952
Net position:			
Net investment in capital assets	94,813	90,264	89,841
Restricted	9,761	21,444	20,917
Unrestricted	71,980	55,351	45,375
Total net position	\$ 176,554	\$ 167,059	\$ 156,133

The College had a current ratio of 3.17, 2.98, and 2.17 times at June 30, 2014, 2013, and 2012, respectively. The current ratio is total current assets divided by total current liabilities and deferred inflows of resources. For example, at June 30, 2014, for every dollar of current liabilities and deferred inflows of resources, the College has \$3.17 in current assets. This ratio is one indicator of the College's ability to pay its debts as they become due.

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

Net Position - Fiscal Year 2014 compared to 2013

Current assets have increased by \$21 million primarily due to increases in cash and investments of \$24.7 million and a decrease in government claims receivable of \$2.9 million.

Noncurrent assets increased by \$48.1 million based on an increase in restricted cash and cash equivalents of \$5.9 million and an increase in other long-term investments of 33.6 million. Additionally, capital assets increased by \$8.6 million due to the fact that capital additions were greater than depreciation during the year.

Current liabilities increased by \$3.5 million primarily due to an increase in accrued expenses of \$1.2 million and an increase in the current portion of long-term obligations of \$3.6 million, offset by a decrease in accounts payable of \$1.6 million.

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

Management's Discussion and Analysis
June 30, 2014 and 2013
(Unaudited)

Noncurrent liabilities increased \$55.7 million due to the issuance of general obligation limited tax bonds to fund the College's master plan (long-term obligations).

Net Position - Fiscal Year 2013 compared to 2012

Current assets increased by \$19.0 million primarily due to a change in the recognition of property tax receivable as further described in Note 1 of the financial statements. Other significant changes included increases in cash and investments of \$8.9 million and receivables of \$3.6 million.

Capital assets decreased by \$.5 million due to the fact that depreciation expense was greater than capital additions during the year.

Current liabilities decreased by \$26.1 million primarily due to a change in the recognition of deferred property taxes as further described in Note 1 of the financial statements. Other significant changes included an increase of accounts payable of \$2.8 million, and an increase of accrued expenses of \$.4 million.

Changes in Net Position

The change in net position, total revenues less total expenses, for the years ended June 30, 2014, 2013, and 2012 is as follows:

Changes in Net Position

Years ended June 30,
(in thousands)

	2014	2013	2012
Total revenues	\$ 155,541	\$ 155,951	\$ 140,689
Total expenses	146,046	144,938	131,980
Increase in net position	\$ 9,495	\$ 11,013	\$ 8,709

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

Management's Discussion and Analysis
June 30, 2014 and 2013
(Unaudited)

Revenues

Summaries of revenues for the years ended June 30, 2014, 2013, and 2012 are as follows:

Revenue Summary			
Years ended June 30,			
(in thousands)			
	2014	2013	2012
Operating:			
Student tuition and fees, net	\$ 23,957	\$ 24,304	\$ 23,372
Auxiliary enterprise	10,062	10,410	10,757
Other operations	1,472	1,483	1,174
Total operating revenues	35,491	36,197	35,303
Nonoperating:			
Local property taxes	63,593	62,140	60,194
Personal property replacement taxes	1,177	1,164	1,140
State appropriations	34,342	34,601	27,664
Federal and local grants and contracts	20,699	21,038	16,296
Investment income, net	239	127	92
Total nonoperating revenues	120,050	119,070	105,386
State capital appropriations	-	684	-
Total revenues	\$ 155,541	\$ 155,951	\$ 140,689

Revenues - Fiscal Year 2014 Compared to 2013

Operating revenue decreased by \$0.7 million. This reflects a decrease in tuition and fees from reduced enrollment. It also reflects a decrease in auxiliary enterprise revenue from declining bookstore sales and reduced revenue recorded for the Workforce and Professional Development Institute (WPDI).

Non-operating revenue increased by \$1 million primarily due to increases in local property taxes of \$1.5 million, offset by a decline in federal grants and contracts of \$0.4 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 decrease in federal grants was due primarily to less revenue recorded for the College's Trade Adjustment Assistance Community College and Career Training Grant (TAACCCT) from the U.S. Department of Labor, which is expected to end in FY 2015.

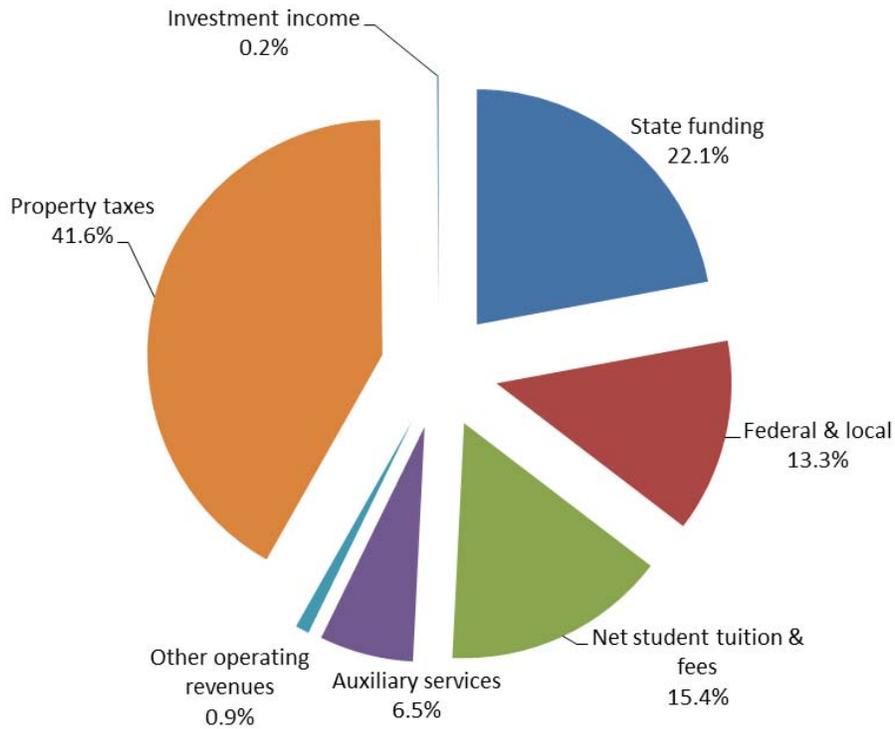
**College of Lake County
Community College District No. 532**

Management's Discussion and Analysis
June 30, 2014 and 2013
(Unaudited)

The pie chart shows all revenue from both operating and non-operating sources. State funding in the pie chart and above includes both capital and noncapital appropriations. The chart shows that property taxes accounted for the largest percentage of the College's revenue at 41.6%. The next highest sources were state funding of 22.1% and net student tuition and fees at 15.4%.

College of Lake County

**Revenues
Year ended June 30, 2014**



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

Management's Discussion and Analysis
June 30, 2014 and 2013
(Unaudited)

Revenues - Fiscal Year 2013 Compared to 2012

Operating revenue increased by \$.9 million. This primarily reflects an increase in student fees based on a new \$3 per credit hour capital fee to fund capital projects at the College.

Non-operating revenue increased by \$13.6 million primarily due to increases in local property taxes of \$1.9 million, state appropriations of \$6.9 million, and grants of \$4.7 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 due to an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state of \$7.8 million offset by reductions in restricted purpose state grants. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate. Contribution requirements are established and may be amended by the Illinois General Assembly. The increase in federal and local grants was due to increased federal Pell grant awards and the College's Trade Adjustment Assistance Community College and Career Training Grant (TAACCCT) from the U.S. Department of Labor.

Expenses

Summaries of expenses for the years ended June 30, 2014, 2013, and 2012 are as follows:

Expenses			
Years ended June 30, (in thousands)			
	2014	2013	2012
Instruction	\$ 57,227	\$ 56,918	\$ 51,722
Academic support	5,052	5,377	5,368
Student services	10,303	9,977	9,109
Public service	12,527	13,578	8,687
Institutional support	26,782	26,107	24,459
Operations and maintenance of plant	10,849	10,176	9,501
Financial aid	7,246	6,325	6,627
Depreciation	4,831	4,442	4,334
Auxiliary enterprises	11,016	11,401	11,635
Interest expense	213	637	537
Total	<u>\$ 146,046</u>	<u>\$ 144,938</u>	<u>\$ 131,979</u>

Expenses - Fiscal Year 2014 Compared to 2013

Expenses increased by \$1.1 million. The increase in instruction costs, student services, operations and maintenance of plant, and institutional support, is primarily due to the annual increase in employee salaries and benefits, including state SURS benefits. Financial aid expense has increased primarily because of an increase in non-governmental scholarships and financial aid refunds.

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

Management's Discussion and Analysis
June 30, 2014 and 2013
(Unaudited)

Expenses - Fiscal Year 2013 Compared to 2012

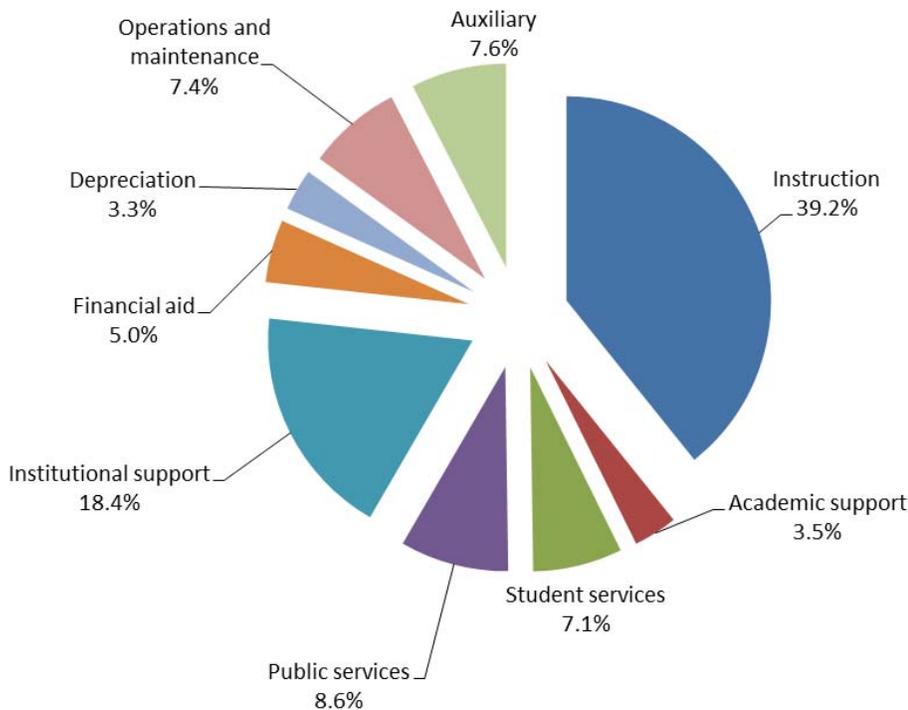
Expenses increased by \$13 million. The increase in instruction costs, student services, and public services, is primarily due to the annual increase in employee salaries and benefits, including state SURS benefits. The increase in interest expense is based on the College's bond payment schedule.

Operating Expenses

The pie chart shows the operating expenses as a percentage of total operating expenses. Direct services to students accounted for 71% of total operating expenses. Direct services to students include instruction at 39.2%, academic support at 3.5%, student services at 7.1%, public service at 8.6%, financial aid at 5%, and auxiliary enterprises at 7.6%. Indirect services to students accounted for 29% of total expenses. Indirect services to students include operations and maintenance at 7.4%, institutional support at 18.3%, and depreciation at 3.3%.

College of Lake County

**Operating Expenses
Year ended June 30, 2014**



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

**Management's Discussion and Analysis
June 30, 2013 and 2012
(Unaudited)**

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2014, 2013, and 2012, the College investment in capital assets totaled \$177.9 million, \$168.5 million, and \$164.6 million, respectively. Capital assets, net of accumulated depreciation of \$73.9 million, \$73.1 million, and \$68.7 million, totaled \$104 million, \$95.4 million, and \$95.8 million, respectively.

Capital Assets			
Years ended June 30, (in thousands)			
	2014	2013	2012
Capital assets:			
Construction in progress	\$ 4,962	\$ 1,575	\$ 158
Land	12,085	8,165	8,146
Land improvements	5,996	5,949	5,949
Buildings and improvements	126,727	126,104	125,736
Furniture and equipment	28,116	26,691	24,606
Total capital assets	177,886	168,484	164,595
Less accumulated depreciation	73,877	73,103	68,762
Capital assets, net	\$ 104,009	\$ 95,381	\$ 95,833

Construction Projects

Major construction projects in progress as part of the College's master plan as of June 30, 2014 included:

- Auto shop renovations
- Classroom modernizations (mockups)
- Lab renovations
- Geothermal plant and loop
- New service road and parking lots
- Southlake Chemistry Lab
- New cafeteria
- A and B wing renovations

The total cost of construction in progress as of June 30, 2014 was \$4.3 million. In FY 2014, secure classroom/office doors and locks were installed at all three campuses for a total cost of \$1.7 million. This project was completed in FY 2014.

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

**Management's Discussion and Analysis
June 30, 2013 and 2012
(Unaudited)**

Land Purchase

The College purchased property at 19655 W. Washington Street adjacent to the Grayslake campus during the fiscal year. The total cost of site acquisition with fees was \$2.2 million. The College also purchased property at 33860 N. US Highway 45 adjacent to the Grayslake campus during the fiscal year. The total cost of site acquisition with fees for this property was \$1.7 million.

Capital Asset Additions (being depreciated)

Capital assets added during fiscal year 2014 include:

- Computers and equipment based on a College-wide replacement schedule
- Instructional equipment for academic instruction
- Baseball field renovations

The total cost of capital asset additions (being depreciated) in fiscal year 2014 was \$6.2 million. 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 30.

Debt Payments

For the years ended June 30, 2014 and 2013, the College paid \$1,310,000 and \$2,700,000, respectively, in principal on bonds and certificates of indebtedness. In fiscal Year 2014, the College issued \$58.5 million in general obligation limited tax bonds (Series 2013A and 2013B) with a \$2.4 million bond premium for total bond proceeds of \$60.9 million to finance the College's master plan. In fiscal year 2013, the College issued \$1.5 million in limited tax refunding certificates. More detailed information on long-term debt activity can be found in Note 5 in the basic financial statements.

Contacting The College's Financial Management

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

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

Statements of Net Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash (note 2)	\$ 85,094,229	\$ 61,986,449
Investments (note 2)	34,263,391	32,645,298
Receivables:		
Property taxes, net of allowance of \$317,936 in 2014 and \$636,239 in 2013	31,665,093	31,531,495
Government claims	1,673,503	4,553,119
Tuition and fees, net of allowance of \$3,615,924 in 2014 and \$3,692,230 in 2013	2,102,196	2,016,284
Other	2,476,824	3,704,039
Inventories	1,052,788	1,056,360
Prepaid insurance	132,007	-
Total current assets	<u>158,460,031</u>	<u>137,493,044</u>
Noncurrent assets:		
Restricted cash and cash equivalents (notes 1 and 2)	7,493,234	1,631,704
Other long-term investments (note 2)	36,654,577	3,086,212
Capital assets, not being depreciated (note 3)	17,047,464	9,739,888
Capital assets being depreciated, net (note 3)	86,961,714	85,641,102
Total noncurrent assets	<u>148,156,989</u>	<u>100,098,906</u>
Total assets	<u>306,617,020</u>	<u>237,591,950</u>
Liabilities		
Current liabilities:		
Accounts payable	3,423,960	4,985,390
Accrued expenses (note 4)	4,673,980	3,460,749
Tuition refunds payable	56,431	67,714
Unearned tuition and rent	3,220,309	3,078,019
Current portion of long-term obligations (note 5)	4,875,000	1,310,000
Amounts held in custody for others	827,554	797,773
Other current liabilities	942,957	830,795
Total current liabilities	<u>18,020,191</u>	<u>14,530,440</u>
Noncurrent liabilities:		
Long-term obligations (notes 5 and 9)	79,344,641	23,625,054
Unearned rent revenue (note 12)	780,000	800,000
Total noncurrent liabilities	<u>80,124,641</u>	<u>24,425,054</u>
Total liabilities	<u>98,144,832</u>	<u>38,955,494</u>
Deferred inflows of resources		
Deferred property tax revenue (note 1)	<u>31,918,358</u>	<u>31,577,662</u>
Net Position		
Net investment in capital assets	94,812,636	90,264,397
Restricted for:		
Debt service	1,477,210	1,357,332
Capital projects	7,493,234	1,631,704
Other	790,910	904,521
Unrestricted	71,979,840	72,900,840
Total net position	<u>\$ 176,553,830</u>	<u>\$ 167,058,794</u>

See accompanying notes to basic financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2014 and 2013

	2014	2013
Operating revenues:		
Student tuition and fees	\$ 31,049,548	\$ 32,039,591
Less scholarship allowances	<u>(7,092,007)</u>	<u>(7,735,180)</u>
Net student tuition and fees	23,957,541	24,304,411
Auxiliary enterprises	10,061,743	10,409,564
Other operations	<u>1,472,404</u>	<u>1,482,587</u>
Total operating revenues	<u>35,491,688</u>	<u>36,196,562</u>
Operating expenses:		
Education and general:		
Instruction	57,226,921	56,918,482
Academic support	5,051,720	5,377,091
Student services	10,302,808	9,977,245
Public service	12,527,397	13,578,437
Institutional support	26,782,440	26,106,885
Operations and maintenance of plant	10,849,289	10,175,688
Financial aid	7,246,038	6,325,221
Depreciation	4,830,835	4,441,546
Auxiliary enterprises	<u>11,015,661</u>	<u>11,400,549</u>
Total operating expenses	<u>145,833,109</u>	<u>144,301,144</u>
Operating loss	<u>(110,341,421)</u>	<u>(108,104,582)</u>
Nonoperating revenues (expenses):		
Local property taxes	63,591,948	62,139,690
Personal property replacement tax	1,177,861	1,164,330
State appropriations	34,341,721	34,600,754
Federal grants and contracts	19,782,912	20,173,020
Local grants and contracts	916,302	865,085
Investment income	238,692	126,529
Interest expense	<u>(212,979)</u>	<u>(637,083)</u>
Total nonoperating revenues (expenses), net	<u>119,836,457</u>	<u>118,432,325</u>
Increase before capital contributions	9,495,036	10,327,743
State capital appropriations	<u>-</u>	<u>685,416</u>
Increase in net position	9,495,036	11,013,159
Net position at the beginning of the year, as restated	<u>167,058,794</u>	<u>156,045,635</u>
Net position at the end of the year	<u>\$ 176,553,830</u>	<u>\$ 167,058,794</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, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Tuition and fees	\$ 24,032,417	\$ 24,720,366
Payments to suppliers	(51,028,697)	(48,127,417)
Payments to employees	(67,370,794)	(66,236,592)
Auxiliary enterprise charges	10,061,743	10,409,564
Chargeback revenue	16,758	24,340
Other	1,736,610	1,382,918
Net cash used in operating activities	<u>(82,551,963)</u>	<u>(77,826,821)</u>
Cash flows from noncapital financing activities:		
Local property taxes	63,799,046	62,115,046
Personal property replacement tax	1,202,603	1,147,487
State appropriations	12,809,461	12,484,327
Federal grants and contracts	22,173,469	18,321,233
Local grants and contracts	1,036,825	633,806
Net cash provided by noncapital financing activities	<u>101,021,404</u>	<u>94,701,899</u>
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	60,885,737	1,470,000
Principal paid on debt	(1,310,000)	(2,700,000)
Interest paid on debt	(450,059)	(709,354)
Purchases of capital assets	(13,609,645)	(3,208,787)
Net cash provided by (used in) capital and related financing activities	<u>45,516,033</u>	<u>(5,148,141)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	42,073,129	54,450,366
Maturities of investments, net	(77,259,587)	(40,019,781)
Interest on investments	170,294	123,454
Net cash provided by (used in) investing activities	<u>(35,016,164)</u>	<u>14,554,039</u>
Net increase in cash and cash equivalents	28,969,310	26,280,976
Cash and cash equivalents, beginning of year	<u>63,618,153</u>	<u>37,337,177</u>
Cash and cash equivalents, end of year	<u>\$ 92,587,463</u>	<u>\$ 63,618,153</u>
Reconciliation to Statements of Net Position:		
Unrestricted cash	\$ 85,094,229	\$ 61,986,449
Restricted cash and cash equivalents	7,493,234	1,631,704
Total cash and cash equivalents	<u>\$ 92,587,463</u>	<u>\$ 63,618,153</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, 2014 and 2013

	2014	2013
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	\$ (110,341,421)	\$ (108,104,582)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,830,835	4,441,546
State payment for retirement obligation	22,863,229	22,578,606
Changes in assets and liabilities:		
Receivables (net)	211,243	216,393
Inventories and prepaid expenses	(128,435)	(14,645)
Accounts payable	(1,561,430)	2,768,872
Accrued vacation	173,092	92,928
Other accrued expenses	1,136,691	178,163
Other current liabilities	92,162	7,247
Amounts held in custody for others	29,781	68,734
Deferred tuition and fees	142,290	(60,083)
Net cash used in operating activities	<u>\$ (82,551,963)</u>	<u>\$ (77,826,821)</u>
Noncash Capital Financing Activities:		
Capital contributions received	<u>\$ -</u>	<u>\$ 685,416</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 Net Position
June 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	\$ 778,290	\$ 723,371
Investments:		
Securities	2,849,782	2,590,914
Coin collection	-	308,000
Pledges and other receivables	51,050	3,305
Prepaid expenses	35,559	7,598
	<u>3,714,681</u>	<u>3,633,188</u>
Total assets	<u>\$ 3,714,681</u>	<u>\$ 3,633,188</u>
Liabilities		
Accounts payable	\$ 214	\$ 3,279
Miscellaneous payable	12,223	88,854
Deferred revenue	19,070	14,000
Grants and scholarships payable	-	254,698
Total liabilities	<u>31,507</u>	<u>360,831</u>
Net Position		
Unrestricted	731,714	519,739
Temporarily restricted	1,695,513	1,719,610
Permanently restricted	1,255,947	1,033,008
Total net position	<u>3,683,174</u>	<u>3,272,357</u>
Total liabilities and net position	<u>\$ 3,714,681</u>	<u>\$ 3,633,188</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, 2014 and 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net position at June 30, 2012	\$ 322,386	\$ 1,514,293	\$ 802,008	\$ 2,638,687
Public support and revenue:				
Contributions and gifts	439,228	253,854	231,000	924,082
Special events revenue	269,466	-	-	269,466
Special events expense	(120,828)	-	-	(120,828)
Donated services	369,961	-	-	369,961
Other noncash donations	88,626	-	-	88,626
Net position released from restrictions	167,828	(167,828)	-	-
Total public support	1,214,281	86,026	231,000	1,531,307
Other income:				
Investment income	63,087	119,291	-	182,378
Total public support and revenue	1,277,368	205,317	231,000	1,713,685
Expenses:				
Program services:				
Grants and scholarships	757,482	-	-	757,482
Gallery operations	33,283	-	-	33,283
Noncash donations to College of Lake County	88,626	-	-	88,626
General and administrative:				
Management and general	66,207	-	-	66,207
Travel/meeting	4,021	-	-	4,021
Fundraising:	130,396	-	-	130,396
Total expenses	1,080,015	-	-	1,080,015
Increase in net position	197,353	205,317	231,000	633,670
Net position at June 30, 2013	519,739	1,719,610	1,033,008	3,272,357
Public support and revenue:				
Contributions and gifts	401,691	161,976	12,950	576,617
Special events revenue	291,264	-	-	291,264
Special events expense	(136,675)	-	-	(136,675)
Donated services	473,447	-	-	473,447
Other noncash donations	31,560	-	-	31,560
Net position released from restrictions	83,179	(83,179)	-	-
Total public support	1,144,466	78,797	12,950	1,236,213
Other income:				
Investment income	156,780	101,119	3,909	261,808
Total public support and revenue	1,301,246	179,916	16,859	1,498,021
Expenses:				
Program services:				
Grants and scholarships	662,966	-	-	662,966
Gallery operations	27,155	-	-	27,155
Noncash donations to College of Lake County	31,560	-	-	31,560
General and administrative:				
Management and general	128,159	-	-	128,159
Travel/meeting	8,241	-	-	8,241
Fundraising:	229,123	-	-	229,123
Total expenses	1,087,204	-	-	1,087,204
Increase in net position before other item	214,042	179,916	16,859	410,817
Other item:				
Change in classification of donor restrictions	(2,067)	(204,013)	206,080	-
Increase (decrease) in net position after other item	211,975	(24,097)	222,939	410,817
Net position at June 30, 2014	\$ 731,714	\$ 1,695,513	\$ 1,255,947	\$ 3,683,174

See accompanying notes to basic financial statements.

Notes to Basic Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

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

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

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

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

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

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

Based upon the application criteria, the Foundation has been included as a discretely presented component unit of the College. The Foundation is a legally separate, tax-exempt component unit that 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. The Foundation is a private, not-for-profit organization that reports its financial results under *Financial Accounting Standard Board (FASB) Accounting Standards Codification*[®] (Codification) which is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than incorporating the Net Position provision of GASB 63, 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) 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.

Notes to Basic Financial Statements

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

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.

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

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

The Illinois School District Liquid Asset Fund Plus is an external investment pool managed by a Board of Trustees elected from the participating members. 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.

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

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

Capital assets: Capital assets are reported at cost at the date of acquisition 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 \$5,000 or more, or computer assets with a unit cost of \$500 or more, and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The College capitalizes interest related to construction in progress on self constructed capital assets. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Capital assets are depreciated using the straight-line method over the estimated useful life of the assets, generally 25 to 50 years for buildings, 15 to 25 years for depreciable land improvements, 3 years for computer equipment, and 5 to 20 years for all other equipment.

Premiums, discounts, and issuance costs: Bond premiums and discounts 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. During the fiscal year ended June 30, 2014, the College adopted the reporting and disclosure requirements of Government Accounting Standards Board Statements No. 65, *Items Previously Reported as Assets and Liabilities*. The College's opening net position at June 30, 2013 has been restated for debt issuance costs that were previously capitalized and amortized, but that GASB Statement No. 65 now requires are expensed at the time the debt is issued.

Notes to Basic Financial Statements

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

The implementation of GASB Statement No. 65 had the following impact on the College's June 30, 2013 opening net position:

Net position as previously reported June 30, 2013	\$ 167,145,818
Restatement of bond issuance costs	<u>(87,024)</u>
Net position as restated	<u>\$ 167,058,794</u>

Unearned revenues and deferred inflows of resources: Deferred inflows are defined under GASB Statement No. 65 as acquisitions of net assets that are applicable to a future reporting period, and should be reported as having a similar impact on net position as liabilities. For the College, property tax revenues levied for the subsequent fiscal year are considered to be deferred inflows in accordance with GASB Statement No. 65. Unearned revenues include (1) amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that are related to the subsequent accounting period, (2) amounts received from grant and contract sponsors that have not yet been earned, and (3) building rentals received in advance.

Noncurrent liabilities: Noncurrent liabilities include (1) principal amounts of bond obligations with maturities greater than one year and (2) net post-employment benefit obligations.

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

Unrestricted net position 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.

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

Operating Revenue

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

Notes to Basic Financial Statements

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

Nonoperating Revenue

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

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

Property taxes: The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the entities their respective share of the collections. Taxes levied in one year become due and payable in two installments on June 1 and September 1 of the following year. Taxes must be levied by the fourth Tuesday in December of the levy year. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

In accordance with a College Board resolution, 50% of the property taxes extended for the 2013 tax year are recorded as revenue in the fiscal year ended June 30, 2014. The remaining revenue related to the 2013 tax year extension has been deferred and will be recorded as revenue in fiscal year 2015. Based upon collection histories, the College records real property taxes at approximately 100% of the extended levy.

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 position, and the statements of net position.

Component unit: The Foundation, a private, not for profit organization, maintains its accounts in accordance with the principles and practices of fund accounting. However, for financial statement reporting the Foundation reports activities based on the existence of restrictions placed on the resources as specified by donors. Accordingly, net position and changes therein are classified as follows:

Permanently Restricted – Net position subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Items that affect this 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 position subject to donor-imposed stipulations that will be met either by actions of the Foundation or the passage of time. Items that affect this category are restricted contributions, including pledges, for which restrictions have not been met.

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

Support and revenue are reported as increases in unrestricted net position unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net position. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net position unless their use is restricted by explicit donor stipulation or law. Expiration of temporary restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as reclassifications between applicable classes.

Notes to Basic Financial Statements

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

Investments are reported at fair value. The fair value of investments is provided by the investment custodians. Except for alternative investments, fair value is based on quoted market prices. The Foundation reports the fair value of alternative investments, which include hedge funds and managed futures as of June 30, 2014, using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Foundation based on various factors.

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

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which will be effective for the College beginning with its year ended June 30, 2015. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* will be effective for the District beginning with its year ended June 30, 2015, and should be applied on a prospective basis. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

In June 2012, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which will be effective for the College beginning with its year ended June 30, 2015. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. Additionally, this Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, will be effective for the District beginning with its year ending June 30, 2016. This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual basis of financial statements of employers and nonemployer contributing entities.

Management has not fully determined what impact, if any, these Statements may have on its financial statements; however, GASB 68 is expected to have a material impact.

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

Notes to Basic Financial Statements

Note 2. Deposits and Investments

As of June 30, 2014 and 2013, the College had the following cash, cash equivalents and investments:

	Maturity	2014 Fair Value	2013 Fair Value
Cash and cash equivalents:			
Cash accounts		\$ 11,954,901	\$ 24,328,631
Restricted accounts - money market		7,493,234	1,631,704
ISDLAF Plus savings accounts		50,336,196	24,264,558
ISDLAF Plus money market accounts		21,052,588	10,425,688
Illinois Funds		1,750,544	2,967,572
Total cash and cash equivalents		<u>92,587,463</u>	<u>63,618,153</u>
Investments:			
Certificates of deposit	less than 1 year	34,263,391	32,645,298
Certificates of deposit	1 to 5 years	36,654,577	3,086,212
Total investments		<u>70,917,968</u>	<u>35,731,510</u>
Total cash, cash equivalents and investments		<u>\$ 163,505,431</u>	<u>\$ 99,349,663</u>
Current assets:			
Cash		\$ 85,094,229	\$ 61,986,449
Investments		34,263,391	32,645,298
Noncurrent assets:			
Restricted cash and cash equivalents		7,493,234	1,631,704
Other long-term investments		36,654,577	3,086,212
Total cash, cash equivalents and investments		<u>\$ 163,505,431</u>	<u>\$ 99,349,663</u>

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

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

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 and Illinois Funds were rated AAA by Standard & Poor's.

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

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The College'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, 2014 and 2013, the College did not have a concentration of credit risk.

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets not being depreciated:				
Construction in progress	\$ 1,574,508	\$ 4,276,969	\$ 889,092	\$ 4,962,385
Land	8,165,380	3,919,699	-	12,085,079
Total capital assets not being depreciated	<u>9,739,888</u>	<u>8,196,668</u>	<u>889,092</u>	<u>17,047,464</u>
Capital assets being depreciated:				
Land improvements	5,949,435	46,250	-	5,995,685
Buildings and improvements	126,104,183	706,236	83,091	126,727,328
Furniture and equipment	26,690,799	5,453,883	4,029,266	28,115,416
Total capital assets being depreciated	<u>158,744,417</u>	<u>6,206,369</u>	<u>4,112,357</u>	<u>160,838,429</u>
Less accumulated depreciation:				
Land improvements	4,752,713	308,354	-	5,061,067
Buildings and improvements	48,494,811	2,708,450	62,220	51,141,041
Furniture and equipment	19,855,791	1,814,031	3,995,215	17,674,607
Total accumulated depreciation	<u>73,103,315</u>	<u>4,830,835</u>	<u>4,057,435</u>	<u>73,876,715</u>
Total capital assets being depreciated, net	<u>85,641,102</u>	<u>1,375,534</u>	<u>54,922</u>	<u>86,961,714</u>
Total capital assets, net	<u>\$ 95,380,990</u>	<u>\$ 9,572,202</u>	<u>\$ 944,014</u>	<u>\$ 104,009,178</u>

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

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Construction in progress	\$ 158,041	\$ 1,416,467	\$ -	\$ 1,574,508
Land	8,145,569	19,811	-	8,165,380
Total capital assets not being depreciated	<u>8,303,610</u>	<u>1,436,278</u>	<u>-</u>	<u>9,739,888</u>
Capital assets being depreciated:				
Land improvements	5,949,435	-	-	5,949,435
Buildings and improvements	125,735,875	368,308	-	126,104,183
Furniture and equipment	24,606,332	2,185,316	100,849	26,690,799
Total capital assets being depreciated	<u>156,291,642</u>	<u>2,553,624</u>	<u>100,849</u>	<u>158,744,417</u>
Less accumulated depreciation:				
Land improvements	4,480,959	271,754	-	4,752,713
Buildings and improvements	45,807,889	2,686,922	-	48,494,811
Furniture and equipment	18,473,771	1,482,869	100,849	19,855,791
Total accumulated depreciation	<u>68,762,619</u>	<u>4,441,545</u>	<u>100,849</u>	<u>73,103,315</u>
Total capital assets being depreciated, net	<u>87,529,023</u>	<u>(1,887,921)</u>	<u>-</u>	<u>85,641,102</u>
Total capital assets, net	<u>\$ 95,832,633</u>	<u>\$ (451,643)</u>	<u>\$ -</u>	<u>\$ 95,380,990</u>

Note 4. Accrued Expenses

Accrued expenses consisted of the following at June 30:

	2014	2013
Accrued payroll and benefits	\$ 1,166,189	\$ 659,919
Accrued vacation	2,121,806	1,948,714
Accrued health insurance claims	650,000	650,000
Accrued worker's compensation claims	255,671	-
Accrued expenses - other	480,314	202,116
Total accrued expenses	<u>\$ 4,673,980</u>	<u>\$ 3,460,749</u>

Notes to Basic Financial Statements

Note 5. Long-Term Obligations

The College has the following outstanding bonds payable as of June 30, 2014 and 2013:

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 2017. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the College lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was \$4,500,000. They received a premium of \$243,230 and paid issue costs of \$51,155. The principal balance at June 30, 2014 and 2013 was \$3,695,000 and \$4,500,000, respectively.

General Obligation Limited Tax Bonds, Series 2012 with a yield of 2.00% to 3.00% depending on the date of serial maturity through 2027. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the College lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was \$19,850,000. They received a premium of \$654,118 and paid issue costs of \$62,865. The principal balance at June 30, 2014 and 2013 was \$15,815,000 and \$16,035,000, respectively.

General Obligation Limited Tax Refunding Certificates, Series 2012 with a yield of 1.125% to 1.5% depending on the date of serial maturity through 2018. The certificates are general obligations of the College both as to principal and interest from the funds of the College lawfully available for payments. The original liability upon issuance was \$1,470,000. They received a premium of \$29,129 and paid issue costs of \$39,750. The principal balance at June 30, 2014 and 2013 was \$1,185,000 and \$1,470,000, respectively.

General Obligation Limited Tax Bonds, Series 2013A with a yield of 2% to 4% depending on the date of serial maturity through 2024. The certificates are general obligations of the College both as to principal and interest from the funds of the College lawfully available for payments. The original liability upon issuance was \$31,690,000. They received a premium of \$2,076,140 and paid issue costs of \$326,140. The principal balance at June 30, 2014 was \$31,690,000.

General Obligation Limited Tax Bonds, Series 2013B with a yield of 2% to 4.75% depending on the date of serial maturity through 2034. The certificates are general obligations of the College both as to principal and interest from the funds of the College lawfully available for payments. The original liability upon issuance was \$26,790,000. They received a premium of \$329,595 and paid issue costs of \$559,595. The principal balance at June 30, 2014 was \$26,790,000.

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

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

Changes in long-term obligations during the year ended June 30, 2014 were as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
General obligation bonds:					
Par	\$ 22,005,000	\$ 58,480,000	\$ 1,310,000	\$ 79,175,000	\$ 4,875,000
Premium	593,202	2,405,737	454,539	2,544,400	-
Total general obligation bonds, net	<u>22,598,202</u>	<u>60,885,737</u>	<u>1,764,539</u>	<u>81,719,400</u>	<u>4,875,000</u>
Postemployment benefits	<u>2,336,852</u>	<u>1,013,708</u>	<u>850,319</u>	<u>2,500,241</u>	<u>-</u>
	<u><u>\$ 24,935,054</u></u>	<u><u>\$ 61,899,445</u></u>	<u><u>\$ 2,614,858</u></u>	<u><u>\$ 84,219,641</u></u>	<u><u>\$ 4,875,000</u></u>

Changes in long-term obligations during the year ended June 30, 2013 were as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
General obligation bonds:					
Par	\$ 23,235,000	\$ 1,470,000	\$ 2,700,000	\$ 22,005,000	\$ 1,310,000
Premium	656,875	29,129	92,802	593,202	-
Total general obligation bonds, net	<u>23,891,875</u>	<u>1,499,129</u>	<u>2,792,802</u>	<u>22,598,202</u>	<u>1,310,000</u>
Postemployment benefits	<u>2,336,879</u>	<u>830,730</u>	<u>830,757</u>	<u>2,336,852</u>	<u>-</u>
	<u><u>\$ 26,228,754</u></u>	<u><u>\$ 2,329,859</u></u>	<u><u>\$ 3,623,559</u></u>	<u><u>\$ 24,935,054</u></u>	<u><u>\$ 1,310,000</u></u>

The following is a schedule of the future debt service payments for general obligation bonds as of June 30, 2014:

Year ending June 30:	Principal	Interest	Total
2015	\$ 4,875,000	\$ 2,810,888	\$ 7,685,888
2016	5,030,000	2,691,247	7,721,247
2017	5,190,000	2,555,720	7,745,720
2018	5,410,000	2,361,530	7,771,530
2019	5,305,000	2,208,885	7,513,885
2020-2024	29,990,000	7,990,125	37,980,125
2025-2029	13,390,000	3,603,486	16,993,486
2030-2034	9,985,000	1,445,682	11,430,682
	<u><u>\$ 79,175,000</u></u>	<u><u>\$ 25,667,563</u></u>	<u><u>\$ 104,842,563</u></u>

Notes to Basic Financial Statements

Note 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 benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, 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 (for FY 2015) is 35.80% 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, 2014, 2013, 2012 and 2011 were \$22,594,366, \$22,306,623, \$14,530,458, and \$11,429,071, respectively, equal to the required contributions for each year.

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 \$204,318, \$217,455, \$158,916, and \$113,891 for the years ended June 30, 2014, 2013, 2012 and 2011, respectively.

Note 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 position 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).

Changes in the accrued compensated absences liability were as follows:

	2014	2013
Accrued compensated absences – beginning of year	\$ 1,948,714	\$ 1,855,786
Compensated absences incurred – during year	2,121,806	1,948,714
Compensated absences used – during year	(1,948,714)	(1,855,786)
Accrued compensated absences – end of year	\$ 2,121,806	\$ 1,948,714
Amounts due within one year	\$ 2,121,806	\$ 1,948,714

Note 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.

Notes to Basic Financial Statements

Note 9. Postretirement Health Care Benefits

Plan description: In addition to the pension benefits described in Note 6, the College provides postretirement healthcare benefits (OPEB) to retired employees through a single-employer defined benefit plan (the Plan). The benefit, benefit levels, employee contributions, and employer contributions are governed by the College and can be amended by the College through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report.

Benefits provided: The College provides pre and post Medicare post-retirement health insurance to retirees. To be eligible for benefits, the employee must qualify for retirement under the State University Retirement System. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the College's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

Funding policy: The College is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Annual OPEB Cost and Net OPEB Obligation: The College's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funded excess) over a period not to exceed 30 years. The following table shows the College's annual OPEB cost for the current year and prior year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation for the postemployment healthcare benefits:

The College's annual OPEB costs, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligations for fiscal years 2014, 2013, 2012, and 2011 were as follows:

	2014	2013	2012	2011
Annual OPEB Cost	\$ 1,013,708	\$ 830,730	\$ 830,064	\$ 1,280,871
Percentage of OPEB Cost Contributed	83.9%	100.0%	96.5%	58.4%
Net OPEB Obligation	2,500,241	2,336,852	2,336,879	2,308,236

Notes to Basic Financial Statements

Note 9. Postretirement Health Care Benefits (Continued)

Funding status: As of July 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$9,414,423, all of which was unfunded. The covered payroll (annual payroll of active employees covered under the plan) was \$43,722,874 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

	2014	2013
Annual required contribution	\$ 896,865	\$ 870,743
Interest on the net OPEB obligation	116,843	116,844
Adjustment to annual required contribution	-	(156,857)
Annual OPEB cost	1,013,708	830,730
Contributions made	850,319	830,757
Increase (decrease) in net OPEB obligation	163,389	(27)
Net OPEB obligation, beginning of year	2,336,852	2,336,879
Net OPEB obligation, end of year	<u>\$ 2,500,241</u>	<u>\$ 2,336,852</u>

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 10% initial healthcare cost trend rate reduced to an ultimate healthcare inflation rate of 5%. The actuarial value of assets was not determined as the College has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized using a level dollar method over 28 years on a closed group basis, combined with a total payroll growth rate of 3% per year. The inflation rate and discount rate assumptions used were 3% and 5% per year, respectively.

Note 10. Risk Management

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

Notes to Basic Financial Statements

Note 11. Self Insurance

The College maintains a self-insured plan to cover health and dental benefits and workers' compensation for its employees through third-party administrators. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported, net of the stop loss that is specific to each type of coverage. At June 30, 2014 and 2013, the amount of these liabilities was \$905,671 and \$650,000, respectively. This liability is the College's best estimate based on available information and is expected to be paid within the next fiscal year. Changes in the College's liability for employee health and worker's compensation claims for the years ended June 30, 2014, 2013, and 2012 are as follows:

	2014	2013	2012
Claims payable – beginning of year	\$ 650,000	\$ 650,000	\$ 535,000
Claims and other expenses incurred	9,027,086	8,745,459	8,453,104
Claims paid	(8,771,415)	(8,745,459)	(8,338,104)
Claims payable – end of year	<u>\$ 905,671</u>	<u>\$ 650,000</u>	<u>\$ 650,000</u>

Note 12. Operating Lease Commitments

The College leases a building on its Grayslake campus to an agency of the State of Illinois and an agency of the County. The State lease for a period of one year expires December 31, 2014. The State lease will not be renewed. The lease with the County agency had a four year term which expired October 31, 2012. The lease was amended twice to extend the lease for two one-year extensions now expiring October 31, 2014. The book value of the leased building at June 30, 2014 and 2013 is \$1,895,339 and \$1,950,794, 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, 2014 and 2013 was \$20,000. Unearned revenue related to the lease was \$780,000 and \$800,000 at June 30, 2014 and 2013, respectively. The College also leases space in this building to the County of Lake. The lease is for a five year term which expires June 30, 2019. The monthly lease rental is adjusted annually based on the consumer price index.

The following schedule lists, by year, the future minimum rental due to the College under the various leases at June 30, 2014:

Year ending June 30:	
2015	\$ 308,375
2016	166,440
2017	169,768
2018	173,164
2019	176,627
	<u>\$ 994,374</u>

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

Notes to Basic Financial Statements

Note 13. Expenses by Natural Classification

Expenses are reported in the statements of revenues, expenses, and changes in net position by functional classification. The College's operating expenses by natural classification for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Natural classification of total expenses:		
Salaries	\$ 68,050,150	\$ 66,534,508
Benefits	36,685,488	35,916,339
Contractual services	8,768,947	7,683,998
Materials and supplies	10,759,545	11,034,873
Travel and meetings	1,110,157	1,080,419
Fixed charges	2,081,941	1,983,972
Utilities	2,980,352	2,718,808
Interest	212,979	637,083
Depreciation	4,830,835	4,441,546
Other	10,565,694	12,906,681
Total expenses	<u>\$ 146,046,088</u>	<u>\$ 144,938,227</u>

The total above differs from the Statement of Activities operating expenses amount by the amount of interest expense which is classified as nonoperating.

Note 14. Commitments

In conjunction with the Illinois Capital Development Board, the College will construct a new science building on the Grayslake campus. Total estimated costs are \$27,000,000. The College was required to place an additional \$3,536,297 into escrow by August 31, 2014 to fund its total share of the project of \$10,892,697. This transfer was completed by the due date. Total funds expended on this project as of June 30, 2014 were \$648,654.

In connection with the Master Plan, the College has committed to certain architectural services, consulting, and construction totaling approximately \$12,100,000 as of June 30, 2014.

Note 15. Subsequent Event

On September 4, 2014, the College issued \$2,835,000 General Obligation Limited Refunding Bonds, Series 2014, to refund General Obligation Limited Tax Funding Bonds, Series 2005 and realize savings on interest costs. The interest rate is 2% on the new bonds. Beginning in December 2014, principal payments are due annually and interest payments are due semiannually.

Required Supplementary Information

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

Required Supplementary Information

Other Post-Employment Benefits

Analysis of Funding Progress

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
2012	\$ -	\$ 9,414,423	\$ 9,414,423	0%	\$ 43,722,874	22 %
2011	-	9,682,986	9,682,986	0%	35,707,743	27
2010	-	11,720,553	11,720,553	0%	34,667,712	34
2009	-	13,560,889	13,560,889	0%	37,481,179	36
2008	-	13,025,082	13,025,082	0%	36,389,494	36

Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 896,865	94.8 %
2013	870,743	95.4
2012	867,101	92.4
2011	1,307,777	57.2
2010	1,604,895	44.4
2009	1,535,624	41.5

Information is presented for as many years as is available. The College implemented GASB Statement No. 45 in fiscal year 2009.

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

Statistical Section Summary

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

Contents	Tables
Financial Trends These tables contain information to help the reader understand and assess how the College's financial position and operations have changed over time.	1 - 2
Revenue Capacity These tables contain information to help the reader understand and assess the College's most significant local revenue source, property taxes.	3 - 6
Debt Capacity These tables present information to help the reader understand and assess the College's debt burden and its ability to issue additional debt.	7 - 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.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Net Position by Component (Unaudited)

Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net investment in capital assets	\$ 94,812,636	\$ 90,264,397	\$ 89,840,672	\$ 88,244,604	\$ 88,360,119	\$ 89,508,677	\$ 88,952,883	\$ 89,839,524	\$ 85,718,718	\$ 79,450,964
Restricted for:										
Debt service	1,477,210	1,357,332	1,163,008	3,821,509	3,683,898	3,638,451	3,476,226	3,273,884	-	-
Capital projects	7,493,234	1,631,704	1,914,268	754,227	1,063,084	1,090,977	1,091,225	1,087,520	1,090,088	3,111,141
Other	790,910	904,521	289,439	698,222	601,233	1,083,162	1,112,681	1,543,755	1,103,319	1,156,671
Unrestricted	71,979,840	72,900,840	62,925,272	53,903,877	39,814,025	31,513,221	28,719,617	24,065,345	28,600,014	28,801,914
Total net position	\$ 176,553,830	\$ 167,058,794	\$ 156,132,659	\$ 147,422,439	\$ 133,522,359	\$ 126,834,488	\$ 123,352,632	\$ 119,810,028	\$ 116,512,139	\$ 112,520,690

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Changes in Net Position (Unaudited)

Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating revenues:										
Student tuition and fees	\$ 31,049,548	\$ 32,039,591	\$ 31,571,415	\$ 31,341,476	\$ 27,687,389	\$ 24,431,056	\$ 22,068,220	\$ 19,250,363	\$ 17,347,474	\$ 16,015,708
Less scholarship allowances	(7,092,007)	(7,735,180)	(8,199,350)	(7,585,139)	(5,040,088)	(3,438,360)	(2,451,962)	(2,514,675)	(2,378,310)	(2,417,436)
Net student tuition and fees	23,957,541	24,304,411	23,372,065	23,756,337	22,647,301	20,992,696	19,616,258	16,735,688	14,969,164	13,598,272
Auxiliary enterprises	10,061,743	10,409,564	10,757,207	10,713,481	11,067,046	10,539,065	10,080,324	8,977,895	6,774,052	6,315,048
Other operations	1,472,404	1,482,587	1,173,803	1,478,186	1,328,725	1,921,201	1,728,044	2,425,746	3,836,333	3,609,459
Total operating revenues	35,491,688	36,196,562	35,303,075	35,948,004	35,043,072	33,452,962	31,424,626	28,139,329	25,579,549	23,522,779
Operating expenses:										
Education and general:										
Instruction	57,226,921	56,918,482	51,721,715	48,268,132	46,853,367	40,662,025	37,675,261	33,738,179	30,873,970	30,405,117
Academic support	5,051,720	5,377,091	5,368,352	5,464,060	5,506,810	5,418,601	4,942,062	4,829,196	4,722,016	4,725,087
Student services	10,302,808	9,977,245	9,108,675	8,136,053	7,861,672	7,416,388	6,344,790	6,083,190	5,096,901	4,728,531
Public service	12,527,397	13,578,437	8,686,815	7,575,936	6,426,550	7,127,721	5,807,824	5,423,347	6,956,771	6,903,265
Institutional support	26,782,440	26,106,885	24,459,148	21,841,211	21,549,383	22,160,018	21,005,231	20,255,050	16,844,508	17,202,310
Operations and maintenance of plant	10,849,289	10,175,688	9,501,273	8,897,716	9,557,706	9,214,707	8,785,206	8,090,545	7,522,383	6,606,018
Financial aid	7,246,038	6,325,221	6,626,759	6,587,783	7,349,762	2,478,091	1,945,642	2,002,225	2,353,612	2,647,663
Depreciation	4,830,835	4,441,546	4,334,200	4,245,907	4,151,105	4,393,484	4,254,000	4,289,978	4,114,324	3,898,729
Auxiliary enterprises	11,015,661	11,400,549	11,635,549	10,728,709	10,924,069	10,003,106	10,236,270	9,612,162	7,289,152	6,806,566
Total operating expenses	145,833,109	144,301,144	131,442,486	121,745,507	120,180,424	108,874,141	100,996,286	94,323,872	85,773,637	83,923,286
Operating loss	(110,341,421)	(108,104,582)	(96,139,411)	(85,797,503)	(85,137,352)	(75,421,179)	(69,571,660)	(66,184,543)	(60,194,088)	(60,400,507)
Nonoperating revenues (expenses):										
Local property taxes	63,591,948	62,139,690	60,194,469	58,363,768	57,133,098	55,125,615	52,163,382	48,818,356	45,454,623	42,320,584
Personal property replacement tax	1,177,861	1,164,330	1,139,553	1,238,741	955,215	1,180,747	1,349,780	1,262,216	1,156,921	912,768
State appropriations	34,341,721	34,600,754	27,664,030	24,581,121	20,282,045	15,655,068	13,807,432	12,559,165	11,187,839	12,219,066
Federal grants and contracts	19,782,912	20,173,020	15,385,348	14,874,344	12,736,502	5,716,530	4,046,087	4,243,973	4,591,755	4,840,223
Local grants and contracts	916,302	865,085	911,393	951,778	1,067,360	1,138,575	1,134,897	1,521,415	1,293,677	1,346,526
Investment income	238,692	126,529	91,810	109,959	155,791	679,593	1,246,168	1,156,004	871,968	466,066
Interest expense	(212,979)	(637,083)	(536,972)	(422,128)	(504,788)	(593,093)	(846,068)	(598,183)	(741,305)	(714,955)
Net nonoperating revenues (expenses)	119,836,457	118,432,325	104,849,631	99,697,583	91,825,223	78,903,035	72,901,678	68,962,946	63,815,478	61,390,278
Increase (decrease) before capital contributions	9,495,036	10,327,743	8,710,220	13,900,080	6,687,871	3,481,856	3,330,018	2,778,403	3,621,390	989,771
State capital appropriations	-	685,416	-	-	-	-	212,586	519,486	370,059	6,223,910
Increase in net position	\$ 9,495,036	\$ 11,013,159	\$ 8,710,220	\$ 13,900,080	\$ 6,687,871	\$ 3,481,856	\$ 3,542,604	\$ 3,297,889	\$ 3,991,449	\$ 7,213,681

**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	
2014	2013	\$ 17,214,391,095	\$ 3,481,459,284	\$ 938,486,166	\$ 146,943,115	\$ 21,781,279,660	0.296	\$ 65,343,838,980	33.33	%
2013	2012	18,472,931,866	3,625,601,381	974,610,494	145,725,403	23,218,869,144	0.272	69,656,607,432	33.33	
2012	2011	20,373,987,923	3,818,085,918	1,020,867,520	156,248,304	25,369,189,665	0.240	76,107,568,995	33.33	
2011	2010	22,224,909,605	3,844,218,020	1,027,794,240	158,160,815	27,255,082,680	0.218	81,765,248,040	33.33	
2010	2009	23,479,024,924	3,977,027,085	1,051,356,708	155,323,495	28,662,732,212	0.200	85,988,196,636	33.33	
2009	2008	23,786,834,186	3,980,347,903	1,047,235,622	153,386,437	28,967,804,148	0.196	86,903,412,444	33.33	
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	

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

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

Source: Lake County Clerk's Office.

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

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Years

(rate per \$100 of assessed value)

	Calendar Year Taxes are Payable									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
College direct rates										
Bonds	0.008	0.008	0.007	0.006	0.005	0.006	0.006	0.007	0.007	0.008
Educational	0.226	0.207	0.180	0.148	0.132	0.129	0.128	0.128	0.128	0.129
Medicare	-	-	-	-		0.001	0.001	0.001	0.001	0.001
Operation & maintenance	0.060	0.055	0.051	0.062	0.061	0.057	0.054	0.056	0.058	0.058
Tort judgment & liability insurance	0.002	0.002	0.002	0.002	0.002	0.003	0.003	0.003	0.003	0.004
Total direct rate	0.296	0.272	0.240	0.218	0.200	0.196	0.192	0.195	0.197	0.200
Lake County rate	0.663	0.608	0.554	0.505	0.464	0.453	0.444	0.450	0.454	0.465
Lake County Forest Preserves rate	0.218	0.212	0.201	0.198	0.200	0.199	0.201	0.204	0.210	0.219
Elementary School rates	1.424 - 8.762	1.322-7.302	1.186-5.818	1.095-4.879	0.998 - 4.423	0.965 - 4.403	0.944 - 4.330	0.964 - 4.296	1.013 - 3.670	1.051 - 4.137
Unit School rates	4.607 - 9.418	4.292-10.136	3.661-8.175	3.438-6.921	3.272 - 5.986	3.064 - 5.691	3.023 - 5.639	3.386 - 5.834	3.246 - 5.872	3.401 - 5.941
High School rates	1.420 - 5.228	1.322-4.556	1.191-3.824	1.101-3.497	1.069 - 3.195	1.001 - 3.066	0.959 - 3.746	0.961 - 3.136	0.965 - 3.197	1.003 - 3.233
Township rates	0.027 - 0.490	0.025-0.434	0.033-0.397	0.033-0.372	0.031 - 0.364	0.029 - 0.372	0.028 - 0.368	0.029 - 0.375	0.029 - 0.359	0.028 - 0.355
Sanitary District rates	0.000 - 0.250	0.000-0.250	0.000-0.241	0.000-0.216	0.000- 0.194	0.000- 0.192	0.000- 0.186	0.030 - 0.187	0.031 - 0.191	0.028 - 0.198
Park District rates	0.000 - 1.260	0.000-1.101	0.000-0.897	0.000-0.767	0.000 - 0.703	0.000 - 0.707	0.019 - 0.707	0.019 - 0.728	0.019 - 0.711	0.019 - 0.730
Library District rates	0.228 - 0.656	0.213-0.581	0.185-0.475	0.170-0.450	0.161 - 0.452	0.150 - 0.477	0.152 - 0.433	0.161 - 0.436	0.155 - 0.438	0.170 - 0.452
Fire District rates	0.126 - 1.093	0.071-0.988	0.129-0.875	0.111-0.754	0.105 - 0.707	0.124 - 0.677	0.121 - 0.652	0.128 - 0.674	0.136 - 0.690	0.142 - 0.709
City & Village rates	0.000 - 4.963	0.000-3.854	0.000-3.511	0.000-2.954	0.000 - 2.616	0.000 - 2.491	0.000 - 2.446	0.012 - 2.123	0.013 - 2.060	0.012 - 1.605
Special Service Area rates	0.015 - 8.235	0.033-7.933	0.013-7.314	0.013-15.414	0.029 - 8.651	0.029 - 10.130	0.029 - 15.221	0.014 - 15.877	5.714 - 10.809	5.832 - 10.886

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

Table 5

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

Principal Property Tax Payers (Unaudited)

Current Levy Year and Nine Years Ago

Taxpayer	Levy Year 2013			Levy Year 2004		
	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	\$ 149,825,159	1	0.65 %	\$ 167,305,939	1	0.77 %
Gurnee Mills	49,309,206	2	0.21	—	-	-
Discover Properties LLC	42,595,033	3	0.18	—	-	-
Midwest Family Housing LLC	40,866,555	4	0.18	—	-	-
Walmart Stores Inc	37,291,574	5	0.16	—	-	-
Arden Realty Inc	35,825,134	6	0.15	—	-	-
Van Vlissingen & Co	33,024,648	7	0.14	75,937,403	2	0.35
Baxter Healthcare Corp	29,065,534	8	0.13	34,245,621	6	0.16
Scott Dessing, Sr Mgr Taxation	28,149,369	9	0.12	—	-	-
Property Tax Services Co.	23,997,600	10	0.10	27,728,290	8	0.13
The Mills Corporation	—	-	-	49,434,923	3	0.23
Carramerica Realty LP	—	-	-	47,801,739	4	0.22
Hewitt Properties III, LLC	—	-	-	41,992,495	5	0.19
Motorola	—	-	-	31,998,441	7	0.15
W.W. Grainger, Inc.	—	-	-	26,850,192	9	0.12
Alliance Healthcare Corp.	—	-	-	26,211,300	10	0.12
	<u>\$ 469,949,812</u>		<u>2.02 %</u>	<u>\$ 529,506,343</u>		<u>2.44 %</u>

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

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

Source: Lake County Clerk's Office

Table 6

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

Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years

Fiscal year ended June 30	Levy year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years ^(a)	Total collections to date	
			Amount	Percentage of levy		Amount	Percentage of levy
2014	2013	\$ 64,472,588	\$ 32,508,420	50.42 %	\$ -	\$ 32,508,420	50.42
2013	2012	63,155,324	62,840,069	99.50	-	62,840,069	99.50
2012	2011	60,886,055	60,801,830	99.86	-	60,801,830	99.86
2011	2010	59,416,080	59,279,661	99.77	-	59,279,661	99.77
2010	2009	57,325,464	57,199,885	99.78	-	57,199,885	99.78
2009	2008	56,776,896	56,627,879	99.74	-	56,627,879	99.74
2008	2007	53,613,021	53,467,319	99.73	-	53,467,319	99.73
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

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

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

Source: Lake County Treasurer's Office

Table 7

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

Ratios of Outstanding Debt by Type (Unaudited)

Last Ten Fiscal Years

Fiscal year	General Obligation Limited Tax Funding Bonds	General Obligation Limited Tax Debt Certificates	Capital Appreciation Limited Tax Bonds	General Obligation Bonds - Alternate Revenue Source	Unamortized Premium	Discount on Capital Appreciation Bonds	Total Outstanding Debt	Percentage of taxable assessed value of property ^(a)	Per FTE student count ^(b)
2014	\$ 77,990,000	\$ 1,185,000	\$ -	\$ -	\$ 2,544,400	\$ -	\$ 81,719,400	0.375%	8,636
2013	20,535,000	1,470,000	-	-	593,202	-	22,598,202	0.097%	2,366
2012	21,500,000	1,735,000	-	-	656,875	-	23,891,875	0.094%	2,515
2011	6,920,000	2,515,000	-	-	89,657	-	9,524,657	0.035%	955
2010	7,000,000	3,235,000	1,000,000	-	111,596	(19,734)	11,326,862	0.040%	1,142
2009	7,210,000	3,925,000	2,010,000	320,000	133,535	(85,127)	13,513,408	0.047%	1,516
2008	7,405,000	4,560,000	3,025,000	615,000	155,474	(193,504)	15,566,970	0.056%	1,815
2007	7,595,000	5,140,000	4,040,000	895,000	177,413	(514,304)	17,333,109	0.067%	2,113
2006	7,650,000	3,165,000	5,185,000	1,155,000	199,352	(537,187)	16,817,165	0.070%	2,055
2005	7,700,000	3,385,000	6,535,000	1,390,000	221,291	(781,537)	18,449,754	0.085%	2,312

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

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

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

Table 8

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

Ratios of General Bonded Debt Outstanding (Unaudited)

Last Ten Fiscal Years

<u>Fiscal year</u>	<u>Total Outstanding Debt</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net general bonded debt</u>	<u>Population</u>	<u>Percentage of taxable assessed value of property^(a)</u>	<u>Net bonded debt per capita</u>
2014	\$ 81,719,400	\$ 1,477,210	\$ 80,242,190	703,019	0.368%	\$ 114.14
2013	22,598,202	1,357,333	21,240,869	702,120	0.091%	30.25
2012	23,891,875	1,163,008	22,728,867	706,222	0.090%	32.18
2011	9,524,657	3,821,509	5,703,148	703,462	0.021%	8.11
2010	11,326,862	3,683,898	7,642,964	712,567	0.027%	10.73
2009	13,513,408	3,638,451	9,874,957	707,622	0.034%	13.96
2008	15,566,970	3,476,226	12,090,744	702,479	0.043%	17.21
2007	17,333,109	3,220,791	14,112,318	698,305	0.054%	20.21
2006	16,817,165	3,083,848	13,733,317	691,815	0.057%	19.85
2005	18,449,754	3,118,894	15,330,860	684,394	0.070%	22.40

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

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

Table 9

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532
 Legal Debt Margin Information (Unaudited)
 Last Ten Fiscal Years

<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>
2014	2013	\$ 21,781,279,660	\$ 626,211,790	\$ 81,719,400	\$ 544,492,390	13.05%
2013	2012	23,218,869,144	667,542,488	22,598,202	644,944,286	3.39%
2012	2011	25,369,189,665	729,364,203	23,891,875	705,472,328	3.28%
2011	2010	27,255,082,680	783,583,627	9,524,657	774,058,970	1.22%
2010	2009	28,662,732,212	824,053,551	11,326,862	812,726,689	1.37%
2009	2008	28,967,804,148	832,824,369	13,513,408	819,310,961	1.62%
2008	2007	27,923,448,370	802,799,141	15,566,970	787,232,171	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%

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

Table 10

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532
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	
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2013	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2010	409,200	320,000	7,360	1.25	-	-	-	-
2009	395,400	295,000	21,358	1.25	-	-	-	-
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

^(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). Bond repaid in full at June 30, 2010.

^(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.

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

Student Enrollment Demographic Statistics (Unaudited)

Last Ten Fiscal Years

Fall Term	Enrollment		Gender		Attendance		Enrollment Status			In-District Residency	Average Age
	Headcount	FTE	Male	Female	Full-time	Part-time	New	Continuing	Returning		
2013	17,685	9,463	7,934	9,751	4,764	12,921	4,862	8,966	3,667	94%	28.7
2012	17,577	9,551	7,870	9,707	4,945	12,632	4,341	9,199	3,854	95%	28.7
2011	17,389	9,498	7,707	9,682	5,212	12,177	4,376	9,125	2,883	95%	28.9
2010	18,091	9,975	7,895	10,088	5,678	12,413	4,966	10,028	3,097	94%	28.7
2009	18,092	9,920	7,898	10,084	6,461	11,631	5,437	9,438	3,217	93%	28.9
2008	16,359	8,912	6,994	9,303	5,192	11,167	5,082	8,446	2,831	94%	28.6
2007	16,010	8,578	6,722	9,226	4,892	11,118	4,830	8,360	2,820	94%	28.7
2006	15,558	8,203	6,604	8,874	4,611	10,947	4,923	7,965	2,670	93%	28.6
2005	15,745	8,184	6,699	8,956	4,514	11,231	4,925	7,884	2,936	93%	28.7
2004	15,866	7,979	6,735	9,012	4,357	11,509	5,075	7,937	2,854	93%	28.8

Note: 2014 information is not yet available.

Table 12

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

Reimbursable Claimed Hours (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Baccalaureate	Business	Technical	Health	Remedial	Adult Basic Secondary Education	Total
2014	165,651	12,265	25,892	15,790	26,523	22,480	268,600
2013	172,530	14,357	26,764	17,988	26,434	34,650	292,723
2012	174,623	16,055	27,180	19,353	26,284	32,579	296,074
2011	175,907	16,931	27,620	19,749	26,098	34,632	300,936
2010	172,894	16,706	26,774	20,182	24,940	40,631	302,127
2009	154,132	14,176	22,027	16,570	21,098	39,156	267,159
2008	145,866	13,124	21,509	14,516	19,814	36,633	251,462
2007	144,067	13,512	20,203	12,911	20,612	33,332	244,637
2006	140,008	12,354	19,370	11,905	20,968	28,047	232,652
2005	138,408	10,605	21,807	12,094	18,972	24,871	226,756

Amounts are based on midterm enrollment.

Table 13

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

Principal Employers (Unaudited)

Current Year

<u>Employer</u>	<u>2014</u>		
	<u>Employees^(a)</u>	<u>Rank</u>	<u>Percentage of total County employees^(a)</u>
Abbott Laboratories	16,000		4.27%
Walgreen Co	6,100		1.63%
Medline Industries	5,000		1.33%
Aon Hewitt	4,000		1.07%
Baxter Healthcare Corp	4,000		1.07%
Discover Financial Services	3,000		0.80%
Hispira Inc	3,000		0.80%
Six Flags	3,000		0.80%
Medcrest	2,000		0.53%
Baxter Healthcare Corp	1,900		0.51%
CDW Corp	1,800		0.48%
Northwestern Lake Forest Hospital	1,800		0.48%
	<u>51,600</u>		<u>13.75%</u>

^(a) Civilian only.

Source: Lake County Planning, Building and Development Department

2005 data (nine years ago) is not available per the Lake County Clerk's Office

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	2010 Systems Portfolio									
Population in District 2013 estimate (note 1):	703,019									
Percentage change from 2012 census estimate	0.1%									
Employment in District (note 2):										
Labor force, civilian (June 2014)	374,880									
Unemployment rate (June 2014)	6.7%									
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						
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Enrollment (Fall Semester, based on 10th day enrollment) (note 4):										
Total headcount	17,685	17,577	17,389	18,091	18,092	16,359	16,010	15,558	15,745	15,866
Percent change	0.61%	1.08%	-3.88%	-0.01%	10.59%	2.18%	2.91%	-1.19%	-0.76%	0.24%
Total student semester hours	141,940	143,283	142,475	149,623	148,807	133,683	128,674	123,047	122,756	119,692
Total FTE semester hours	9,463	9,552	9,498	9,975	9,920	8,912	8,578	8,203	8,184	7,979
Percent change	-0.93%	0.57%	-4.78%	0.55%	11.31%	3.89%	4.57%	0.23%	2.57%	2.60%
Total seats taken	44,709	45,014	44,721	46,940	47,387	42,671	40,891	38,507	38,308	37,406
Percent change	-0.68%	0.66%	-4.73%	-0.94%	11.05%	4.35%	6.19%	0.52%	2.41%	1.96%
Degrees and certificates awarded (note 5):										
A.A., A.S., and A.E.S.	995	1,254	823	706	648	586	600	515	567	559
A.A.S.	391	533	429	377	423	381	341	316	305	330
A.F.A./A.P.	4	6	1	2	1	2	-	-	-	1
Certificates	2210	4,467	876	926	910	800	930	998	944	1,044
Total, degrees/certificates	3600	6,260	2,129	2,011	1,982	1,769	1,871	1,829	1,816	1,934
College Workforce (Fall semester) (note 6):										
Faculty/academic support	951	1,014	1,027	976	963	1,075	834	832	810	794
Administrators	60	67	66	59	60	59	54	50	50	50
Prof./Tech.	247	260	227	196	184	195	172	167	140	132
Clerical	150	174	165	160	150	114	110	110	104	106
Maintenance and others	127	131	125	141	148	156	144	148	149	138
% Women*	61%	63%	63%	59%	60%	58%	57%	57%	56%	61%
% Minorities*	28%	32%	30%	21%	29%	20%	20%	20%	20%	27%

* Excludes part-time faculty

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.
3. From Lake County Planning, Building and Development website.
4. From College of Lake County Facilities Dept.
4. From College of Lake County Institutional Effectiveness, Research and Planning, Fact Files.
5. From College of Lake County Office of Institutional Effectiveness, Research and Planning, Graduate Extract Files
6. From College of Lake County Office of Human Resources - C1

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Grayslake Campus-purchased 1968										
Size of campus (acres) ^(a)	270.0	223.4	223.4	223.4	223.4	225.1	225.1	225.1	225.1	225.1
Gross square footage ^(b)	789,082	789,082	789,082	789,082	789,082	814,174	814,174	814,174	814,174	814,174
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	97	97	97	97	97	102	102	102	102	102
Number of laboratories	94	94	94	94	94	94	94	94	94	94
Lakeshore Campus-purchased 1979/1995										
Size of campus (acres)	1.7	1.7	1.4	0.7	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	20.6	20.6	20.6	20.6	20.6	20.6	22.9
Gross square footage	66,269	66,269	66,269	66,269	66,269	66,269	66,269	45,814	16,269	16,269
Number of classrooms	20	20	20	20	20	20	20	23	9	9
Number of laboratories	8	8	8	8	8	8	8	5	2	2
1 North Genesee-purchased 2002^(e)										
Size of campus (acres)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Gross square footage	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660
Square footage rented ^(c)	19,330	19,330	19,330	19,330	19,330	32,976	32,976	32,976	32,976	32,976
Number of classrooms available	11	11	11	11	11	9	—	—	—	—
Number of laboratories available	1	1	1	1	1	1	—	—	—	—

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

^(b) 2005: Technology Building addition. 2010: Disposal of buildings 2, 3 and pole barn.

^(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.

^(f) 2014 Land Purchase Adjacent to the Grayslake Campus.

Source: College of Lake County Facilities Department

College of Lake County
Community College District No. 532

Certification of Chargeback Reimbursement
 Fiscal Year 2015
 Year Ended June 30, 2014

All fiscal year 2014 noncapital audited operating expenditures from the following funds:

1. Education Fund	76,106,184
2. Operations and Maintenance Fund	10,818,231
3. Operations and Maintenance Fund (Restricted)	5,293,480
4. Bond and Interest Fund	1,673,595
5. Public Building Commission Rental Fund	-
6. Restricted Purposes Fund	26,066,289
7. Audit Fund	166,885
8. Liability, Protection, and Settlement Fund	567,284
9. Auxiliary Enterprise Fund (Subsidy Only)	11,584,761
10. Total noncapital audited expenditures	<u>132,276,709</u>
11. Plus depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds	<u>3,944,416</u>
12. Total costs included	<u>136,221,125</u>
13. Total certified semester credit hours for FY 2014	268,600
14. Per capita cost	507
15. All FY 2014 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>22,512,833</u>
16. Less FY 2013 state and federal grants per semester credit hour	84
17. Less each district's average ICCB grant rate for fiscal year 2015	28
18. Less each district's student tuition per semester credit hour for fiscal year 2015	121
19. Equals charge-back reimbursement per semester credit hour	<u><u>274</u></u>

Approved: /s/ David T. Agazzi September 23, 2014
 Vice-President for Administrative Affairs Date

Approved: /s/ Girard W. Weber September 23, 2014
 President Date

College of Lake County
Community College District No. 532

All Funds Summary
Uniform Financial Statement Number 1
Year Ended June 30, 2014

	Education Fund	O & M Fund	O & M Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Agency Fund	Audit Fund	Liability Protection and Settlement Funds	Insurance Reserve Fund	Total
Fund balance (deficit)												
at June 30, 2013	\$ 20,561,901	\$ 9,620,694	\$ 43,051,206	\$ 1,357,334	\$ 3,448,808	\$ 588,238	\$ 17,645,359	\$ 797,774	\$ 89,643	\$ (42,903)	\$ 1,208,279	\$ 98,326,333
Revenues:												
Local tax revenue	48,475,448	12,874,659	-	1,793,473	-	-	-	-	-	448,368	-	63,591,948
All other local revenue	16,758	-	-	-	-	653,717	-	-	-	-	-	670,475
ICCB grants	8,634,195	-	-	-	-	1,154,158	-	-	-	-	-	9,788,353
All other state revenue	1,177,861	-	-	-	-	1,690,138	-	-	-	-	-	2,867,999
Federal revenue	-	-	-	-	-	19,761,486	-	-	-	-	-	19,761,486
Student tuition and fees	27,156,160	-	3,365,773	-	-	519,811	-	818,701	-	-	-	31,860,445
All other revenue	176,257	80,313	660,615	-	11,485,140	2,679,522	43,788	385	-	-	2,388	15,128,408
Total revenues	85,636,679	12,954,972	4,026,388	1,793,473	11,485,140	26,458,832	43,788	819,086	-	448,368	2,388	143,669,114
Expenditures:												
Instruction	40,012,564	-	-	-	-	-	-	-	-	-	-	40,012,564
Academic support	3,643,832	-	-	-	-	-	-	-	-	-	-	3,643,832
Student services	7,627,052	-	-	-	-	-	-	789,305	-	-	-	8,416,357
Public service	1,719,358	-	-	-	-	10,767,759	-	-	-	-	-	12,487,117
Auxiliary services	-	-	-	-	11,608,265	-	-	-	-	-	-	11,608,265
Operations and maintenance	-	8,509,515	-	-	-	-	-	-	-	-	-	8,509,515
Institutional support	24,019,004	2,917,910	13,815,620	1,673,595	-	-	-	-	166,885	822,955	-	43,415,969
Scholarships and student grants	184,680	-	-	-	-	16,232,471	-	-	-	-	-	16,417,151
Total expenditures	77,206,490	11,427,425	13,815,620	1,673,595	11,608,265	27,000,230	-	789,305	166,885	822,955	-	144,510,770
Other financing sources (uses):												
Debt proceeds	-	-	60,885,737	-	-	-	-	-	-	-	-	60,885,737
Net transfers	(8,331,747)	(1,450,000)	12,585,879	-	(3,000,000)	-	(133,907)	-	100,000	229,775	-	-
Total other financing sources (uses)	(8,331,747)	(1,450,000)	73,471,616	-	(3,000,000)	-	(133,907)	-	100,000	229,775	-	60,885,737
Fund balance (deficit)												
at June 30, 2014	\$ 20,660,343	\$ 9,698,241	\$ 106,733,590	\$ 1,477,212	\$ 325,683	\$ 46,840	\$ 17,555,240	\$ 827,555	\$ 22,758	\$ (187,715)	\$ 1,210,667	\$ 158,370,414

College of Lake County
Community College District No. 532

Summary of Capital Assets and Debt
 Uniform Financial Statement Number 2
 Year Ended June 30, 2014

	Capital Asset/ Debt Account Groups June 30, 2013	Additions	Deletions	Capital Asset/ Debt Account Groups June 30, 2014
Fixed assets:				
Sites and improvements	\$ 14,114,815	\$ 3,965,949	\$ -	\$ 18,080,764
Buildings, additions, and improvements	126,104,183	706,236	(83,091)	126,727,328
Construction work in progress	1,574,508	4,276,969	(889,092)	4,962,385
Equipment, furniture, and machinery	<u>26,690,799</u>	<u>5,453,883</u>	<u>(4,029,266)</u>	<u>28,115,416</u>
Fixed assets	168,484,305	14,403,037	(5,001,449)	177,885,893
Accumulated depreciation	<u>(73,103,315)</u>	<u>(4,830,835)</u>	<u>4,057,435</u>	<u>(73,876,715)</u>
Net fixed assets	<u>\$ 95,380,990</u>	<u>\$ 9,572,202</u>	<u>\$ (944,014)</u>	<u>\$ 104,009,178</u>
Fixed debt:				
Bonds payable	<u>\$ 22,005,000</u>	<u>\$ 58,480,000</u>	<u>\$ (1,310,000)</u>	<u>\$ 79,175,000</u>
Total fixed liabilities	<u>\$ 22,005,000</u>	<u>\$ 58,480,000</u>	<u>\$ (1,310,000)</u>	<u>\$ 79,175,000</u>

The College has no tax anticipation warrants or notes outstanding at June 30, 2014.

College of Lake County
Community College District No. 532

Operating Funds Revenues and Expenditures
 Uniform Financial Statement Number 3
 Year Ended June 30, 2014

	Education Fund	O&M Fund	Total Operating
Operating revenues by source:			
Local government:			
Current taxes	\$ 48,475,448	\$ 12,874,659	\$ 61,350,107
Charge-back revenue	16,758	-	16,758
Total local government	<u>48,492,206</u>	<u>12,874,659</u>	<u>61,366,865</u>
State government:			
ICCB credit hour grants	8,124,954	-	8,124,954
Corporate personal property replacement taxes	1,177,861	-	1,177,861
Vocational education and other	509,241	-	509,241
Total state government	<u>9,812,056</u>	<u>-</u>	<u>9,812,056</u>
Federal government:			
American Recovery and Reinvestment Act	-	-	-
Total federal government	<u>-</u>	<u>-</u>	<u>-</u>
Student tuition and fees:			
Tuition and fees	27,156,160	-	27,156,160
Total student tuition and fees	<u>27,156,160</u>	<u>-</u>	<u>27,156,160</u>
Other sources:			
Investment revenue	42,395	-	42,395
Other	133,862	80,313	214,175
Transfers	-	-	-
Total other sources	<u>176,257</u>	<u>80,313</u>	<u>256,570</u>
Total revenue	85,636,679	12,954,972	98,591,651
Less nonoperating items*:			
Tuition charge-back revenue			
Transfers from nonoperating funds	133,907	-	133,907
Adjusted revenue	<u>\$ 85,502,772</u>	<u>\$ 12,954,972</u>	<u>\$ 98,457,744</u>

College of Lake County
Community College District No. 532

Operating Funds Revenues and Expenditures
 Uniform Financial Statement Number 3
 Year Ended June 30, 2014

	Education Fund	O&M Fund	Total Operating
Operating expenditures:			
Instruction	\$ 40,012,564	\$ -	\$ 40,012,564
Academic support	3,643,832	-	3,643,832
Student services	7,627,052	-	7,627,052
Public service	1,719,358	-	1,719,358
Auxiliary services	-	-	-
Operations and maintenance	-	8,509,515	8,509,515
Institutional support	24,019,004	2,917,910	26,936,914
Scholarships and student grants	184,680	-	184,680
Transfers	8,331,747	1,450,000	9,781,747
Total operating expenditures by program	85,538,237	12,877,425	98,415,662
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	8,331,747	1,450,000	9,781,747
Adjusted expenditures	<u>\$ 77,206,490</u>	<u>\$ 11,427,425</u>	<u>\$ 88,633,915</u>
By object:			
Salaries	\$ 55,424,956	\$ 3,859,436	\$ 59,284,392
Employee benefits	9,169,097	1,936,652	11,105,749
Contractual services	2,994,801	1,029,669	4,024,470
General materials and supplies	3,717,823	249,980	3,967,803
Conference and meetings	740,476	14,608	755,084
Fixed charges	1,160,767	726,203	1,886,970
Utilities	-	2,979,924	2,979,924
Capital outlay	1,100,305	609,194	1,709,499
Other	2,898,265	21,759	2,920,024
Transfers	8,770,284	1,450,000	10,220,284
Total operating expenditures by object	85,976,774	12,877,425	98,854,199
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	8,770,284	1,450,000	10,220,284
Adjusted expenditures	<u>\$ 77,206,490</u>	<u>\$ 11,427,425</u>	<u>\$ 88,633,915</u>

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

College of Lake County
Community College District No. 532

Restricted Purposes Fund Revenues and Expenditures
 Uniform Financial Statement Number 4
 Year Ended June 30, 2014

	Restricted Purposes Fund
<hr/>	
Revenue by source:	
Local government:	
Local taxes	\$ -
Other local government	653,717
Total local government	<u>653,717</u>
State government:	
ICCB – State Adult Education Grant	779,795
ICCB – Career and Technical Education – Program Improvement Grant	374,363
Other	1,690,138
Total state government	<u>2,844,296</u>
Federal government:	
U.S. Department of Education	18,918,555
Other	842,931
Total federal government	<u>19,761,486</u>
Student tuition and fees:	
Tuition and fees	<u>519,811</u>
Other sources:	
Investment revenue	
Other	2,679,522
Total other sources	<u>2,679,522</u>
Total restricted purposes fund revenues	<u><u>\$ 26,458,832</u></u>

College of Lake County
Community College District No. 532

Restricted Purposes Fund Revenues and Expenditures
 Uniform Financial Statement Number 4
 Year Ended June 30, 2014

	Restricted Purposes Fund
<hr/>	
Restricted purposes fund expenditures, by program:	
Public services	\$ 10,767,759
Scholarships and student grants	<u>16,232,471</u>
Total restricted purposes fund expenditures, by program	<u><u>\$ 27,000,230</u></u>
Restricted purposes fund expenditures, by object:	
Salaries	\$ 5,362,632
Employee benefits	1,304,825
Contractual services	1,351,618
General materials and supplies	706,633
Travel and conference/meetings	213,481
Utilities	429
Fixed charges	3,675
Capital outlay	933,941
Other	<u>17,122,996</u>
Total restricted purposes fund expenditures, by object	<u><u>\$ 27,000,230</u></u>

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
 Uniform Financial Statement Number 5
 Year Ended June 30, 2014

Instruction:		
Instructional programs		\$ 37,647,496
Other		2,365,068
Total instruction		<u>40,012,564</u>
Academic support:		
Library center		1,998,420
Instructional materials center		3,017
Academic computing support		191,337
Academic administration and planning		172,261
Other		1,278,797
Total academic support		<u>3,643,832</u>
Student services:		
Admission and records		1,094,670
Counseling and career services		3,097,473
Financial aid administration		829,184
Other		2,605,724
Total student services		<u>7,627,051</u>
Public service:		
Community education		9,604,902
Community services		1,968,755
Other		913,460
Total public services		<u>12,487,117</u>
Auxiliary services		<u>11,608,265</u>
Operations and maintenance:		
Maintenance		2,013,952
Custodial services		2,464,624
Grounds		616,929
Transportation		50,877
Utilities		2,613,199
Administration		391,749
Other		358,185
Total operations and maintenance		<u>8,509,515</u>

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
 Uniform Financial Statement Number 5 (Continued)
 Year Ended June 30, 2014

Institutional support:	
Executive management	\$ 1,609,535
Fiscal operations	625,463
Community relations	2,370,761
Administrative support	1,770,676
Board of trustees	442,758
General institutional	14,704,580
Institutional research	544,035
Administrative data processing	5,659,949
Other	198,998
Total institutional support	<u>27,926,755</u>
Scholarships, student grants, and waivers	<u>16,417,151</u>
Total current funds expenditures	<u><u>\$ 128,232,250</u></u>

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



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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State Adult Education Grant (State Basic, Public Assistance, and State Performance), and Career and Technical Education Program Improvement Grants (the Grant Programs) of the College of Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2014 and the related notes to the ICCB State grants financial statements, which collectively comprise the College's grant program financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College's State Adult Education Grant (State Basic, Public Assistance, and State Performance), and Career and Technical Education Program Improvement Grants as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The grant program financial statements present only the Grant Programs referred to above and do not purport to, and do not present the financial position of the College as of June 30, 2014, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the grant program financial statements of the College. The ICCB Compliance Statement on page 68 is presented for purposes of additional analysis and is not a required part of the grant program financial statements.

The ICCB Compliance Statement on page 68 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the grant program financial statements. Such information has been subjected to the auditing procedures applied in the audits of the grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statement on page 68 is fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014 on our consideration of the College's internal control over financial reporting of the grant programs and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Chicago, Illinois
September 26, 2014



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the State Adult Education Grant (State Basic, Public Assistance, and State Performance), and Career and Technical Education Program Improvement Grants (the Grant Programs) of the College of Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2014, and the related notes to the ICCB State grants financial statements, and have issued our report thereon dated September 26, 2014.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "McGladrey LLP".

Chicago, Illinois
September 26, 2014

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

State Adult Education Grant
Balance Sheet
June 30, 2014

	State Basic	Public Assistance	State Performance	Total
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Accounts receivable	29,146	19,285	16,552	64,983
Total assets	<u>29,146</u>	<u>19,285</u>	<u>16,552</u>	<u>64,983</u>
Liabilities and Fund Balance				
Liabilities				
Due to other funds	\$ 29,146	\$ 19,285	\$ 16,552	\$ 64,983
Total liabilities	<u>29,146</u>	<u>19,285</u>	<u>16,552</u>	<u>64,983</u>
Fund balance	-	-	-	-
Total liabilities and fund balance	<u>29,146</u>	<u>19,285</u>	<u>16,552</u>	<u>64,983</u>

See accompanying notes to ICCB State Grants financial statements.

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

State Adult Education Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2014

	State Basic	Public Assistance	State Performance	Total
Revenues:				
State sources	\$ 349,747	\$ 231,419	\$ 198,629	\$ 779,795
Expenditures – by program:				
Instructional and student services:				
Instruction	180,477	145,558	5,317	331,352
Social work services				
Guidance services	12,709	14,655	11,605	38,969
Assistive and adaptive equipment				
Assessment and testing	91,471	116	56,645	148,232
Student transportation services				
Literacy services	29,230	13,114	4,082	46,426
Child care services				
Total instructional and student services	<u>313,887</u>	<u>173,443</u>	<u>77,649</u>	<u>564,979</u>
Program support:				
Improvement of instructional services			2,780	2,780
General administration	9,945	8,507	70,306	88,758
Operation and maintenance of plant services				
Workforce coordination	15,750	12,482	31,500	59,732
Data and information services	10,165	36,987	16,394	63,546
Approve indirect costs				
Total program support	<u>35,860</u>	<u>57,976</u>	<u>120,980</u>	<u>214,816</u>
Total expenditures	<u>349,747</u>	<u>231,419</u>	<u>198,629</u>	<u>779,795</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at July 1, 2013	-	-	-	-
Fund balance at June 30, 2014	<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
ICCB Compliance Statement
Expenditure Amounts and Percentages for ICCB Grant Funds Only
Year Ended June 30, 2014

State basic	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	\$180,477	52%
General administration (9% maximum allowed)	\$9,945	3%
State public assistance	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	\$145,558	63%
General administration (9% maximum allowed)	\$8,507	4%

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

Career and Technical Education Program Improvement Grant
Balance Sheet
June 30, 2014

Cash	\$ -
Liabilities and Fund Balance	
Liabilities	-
Fund balance	-
	<hr/>
Total liabilities and fund balance	\$ -
	<hr/> <hr/>

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
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2014

<hr/>	
Revenues:	
State sources	\$ 37,366
Expenditures:	
Salaries	19,752
Employee benefits	-
Contractual services	2,800
Materials and supplies	1,554
Conference and meeting	2,831
Utilities	-
Capital outlay	-
Other	10,429
Total expenditures	<u>37,366</u>
Excess of revenues over expenditures	-
Fund balance at July 1, 2013	<u>-</u>
Fund balance at June 30, 2014	<u><u>\$ -</u></u>

See accompanying notes to ICCB State Grants financial statements.

Grants Programs
Notes to ICCB State Grants Financial Statements

Note 1. Summary of Significant Accounting Policies

General: The financial statements include only those transactions resulting from the ICCB State Adult Education Grant (State Basic, Public Assistance, and State Performance) and Career and Technical Education Program Improvement Grant 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.

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.

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.

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

Note 2. Background Information on Grant Activity

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

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.

Grants Programs
Notes to ICCB State Grants Financial Statements

Note 2. Background Information on Grant Activity (Continued)

Career and Technical Education Program Improvement Grant

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



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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed (the Schedule) of the College of Lake County, Community College District No. 532 (the College) for the year ended June 30, 2014. The College's management is responsible for the Schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and, accordingly, included examining, on a test basis, evidence supporting the Schedule 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 are Filed is fairly presented in all material respects, in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*.

McGladrey LLP

Chicago, Illinois
September 26, 2014

**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, 2014

	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	27,788	-	70,447		67,374.0	—	165,609.0	—
Business occupational	1,715.5	12.0	5,115.5	23.5	5,398.0	—	12,229.0	35.5
Technical occupational	2,557.0	75.0	10,699.5	171.0	12,253.5	136.0	25,510.0	382.0
Health occupational	2,413.0	—	6,234.0	—	7,142.5	—	15,789.5	—
Remedial development	2,781.0	—	13,156.0	—	10,586.0	—	26,523.0	—
Adult basic education/ secondary education	2,192.0	451.1	6,039.8	5,745.8	8,037.6	14.0	16,269.4	6,210.9
Total	39,446.5	538.1	111,691.8	5,940.3	110,791.6	150.0	261,929.9	6,628.4
			Attending in-district	Attending out-of-district on chargeback or contractual agreement	Total			
Semester credit hours (all terms)			261,488.2	683.0	262,171.2			
			Dual Credit	Dual Enrollment	Total			
Reimbursable semester credit hours (all terms)			5,538.0	1,390.0	6,928.0			
District 2013 equalized assessed valuation	\$		21,781,279,660					

President

Vice-President for Administrative Affairs

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

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

Schedule of Enrollment Data and Other
Bases Upon Which Claims were Filed
Year ended June 30, 2014

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	165,609.0	165,609.0	—	42.0	42.0	—
Business occupational	12,229.0	12,229.0	—	35.5	35.5	—
Technical occupational	25,510.0	25,510.0	—	382.0	382.0	—
Health occupational	15,789.5	15,789.5	—	—	—	—
Remedial development	26,523.0	26,523.0	—	—	—	—
Adult basic education/ adult secondary	16,269.3	16,269.3	—	6,210.9	6,210.9	—
Total	261,929.8	261,929.8	—	6,670.4	6,670.4	—

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

	Total attending	Total attending as certified to the ICCB	Difference
Reimbursable in-district residents	261,488.2	261,488.2	—
Reimbursable out-of-district on charge-back or contractual agreement	683.0	683.0	—
Total	262,171.2	262,171.2	—

	Total reimbursable	Total reimbursable certified to ICCB	Difference
Dual Credit	5,538.0	5,538.0	—
Dual Enrollment	1,390.0	1,390.0	—
Total	6,928.0	6,928.0	—

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



Community College District No. 532

www.clcillinois.edu

Grayslake Campus

19351 West Washington Street, Grayslake, Illinois 60030

Lakeshore Campus

33 North Genesee Street, Waukegan, Illinois 60085

Southlake Campus

1120 South Milwaukee Avenue, Vernon Hills, Illinois 60061

www.clcillinois.edu