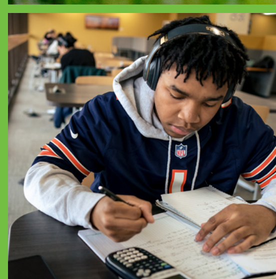
College Lake County



Community College District 532
Grayslake, Illinois

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2022 & 2023

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

Grayslake, Illinois

Annual Comprehensive Financial Report
June 30, 2023 and 2022

Prepared by:

Kevin Appleton, CPA
Vice President, Business Services & Finance/CFO
and
Y. Jean Stephan, CPA
Controller

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

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College of Lake County

Grayslake Campus

19351 West Washington Street
Grayslake, Illinois 60030-1198

www.clcillinois.edu

January 30, 2024

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

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

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

RSM US LLP, a firm of licensed public accountants, has audited the financial statements of the College and has issued an unmodified ("clean") opinion on the College's Annual Report for the fiscal year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of the report.

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

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

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

## PROFILE OF THE COLLEGE

Established in 1969 within a framework of the Illinois Master Plan for Higher Education, the College of Lake County is a comprehensive community college dedicated to meeting the post-secondary educational and training needs of individuals within District No. 532. The College of Lake County is accredited by the Higher Learning Commission (HLC) under the Open Pathway accreditation model. It is a member of the North Central Association of Colleges and Schools (NCA). CLC transitioned to the Open Pathway accreditation model in fall 2018 and is on a 10-year accreditation cycle. The next reaccreditation visit will occur in the 2027-2028 academic year.

1. 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. The College delivers education, training, and services across three campuses: Grayslake, Lakeshore (Waukegan), and Southlake (Vernon Hills). The 2020 U.S. Census population of Lake County was 714,342. Economic Modeling Specialists International (EMSI) figures show the 2021 population to be 692,855, a 3% decrease over the 2020 census. *EMSI* is projecting a population of 686,343 by 2030.

The College is recognized by the ICCB and governed by a locally elected seven-member Board of Trustees and one appointed, non-voting (advisory) student representative. The College employs more than 746 full-time and 1,490 part-time staff members, including administrator, professional, specialist and classified staff, as well as full-time faculty, adjunct faculty, and student employees.

As a public institution of higher learning, the College of Lake County serves its students and the larger community through its mission, vision, and values of purpose, integrity, excellence, inclusion, unity, and compassion. The College's mission statement is as follows: The College of Lake County is a comprehensive community college committed to equitable, high-quality education, cultural enrichment, and partnerships to advance the diverse communities we serve. The 2024 Strategic Plan Pillars include: (1) Access and Success for Students, (2) Equity and Inclusion, (3) Teaching and Learning Excellence, (4) Community and Workforce Partnerships, (5) Collaborative Culture, and (6) Strategic Use of Resources.

The College is an open access institution offering high quality affordable liberal arts and career credentials across nine fields of interest to meet the transfer and workforce needs of the community. The College provides access to credentials through multiple pathways including dual credit, adult education, and developmental education. Through these efforts, the College ensures opportunities for all people, regardless of race, ethnic origin, creed, gender, age, veteran status, sexual orientation, or non-disqualifying disability.

The College is committed to equity in access and success for every student through holistic student supports that help students achieve academic, personal and career growth. Supports provided to students include academic advising, mental health counseling, a food pantry, financial aid, career and job placement, tutoring, technology, disability services, emergency funding and scholarship resources. Additionally, the College provides a robust array of co-curricular opportunities through student life with 12 intercollegiate sports teams, 40 student clubs, and international study abroad programming.

The College aims to provide innovative education and workforce solutions to support businesses and economic development through incumbent workforce contract training, professional development, seminars, international trade, and small business development. The College also provides cultural enrichment to the community through music, theatre and dance, and art exhibits through the James Lumber Center for performing arts and the Robert T. Wright Community Gallery of Art, in addition to many special events., The College also offers resources and services to the community, such as affordable child care and dental hygiene services, a fitness center, a farm market, and a bike share program.

A component unit of the College is the College of Lake County Foundation (the Foundation). The Foundation, established in 1974, provides resources to advance the mission of the College and support projects in the 2024 Strategic Plan, the 2020 Master Plan, as well as provide resources for students to earn their academic credential. Resources raised through donations, grants, and events fund scholarships and grants that provide College of Lake County students with opportunities for a better future. Through these efforts, the Foundation strengthens the vitality and well-being of the diverse communities the College and Foundation serves. The Foundation is a private, not-for-profit organization that reports its financial results under Financial Accounting Standard Board (FASB) guidance. There are no other potential component units excluded from this report.

The College's established annual budget follows Illinois Statutes and the ICCB Fiscal Management Manual. As defined in the Illinois Community College Act (110 ILCS 805/3-20) and the College's Board Policy 105, the Board of Trustees prepares and adopts the annual College budget. The College aligns its planning and budget process with the Government Finance Officers Association's best practices in community college budgeting to ensure alignment of resources with student outcomes and continuous improvement. The process begins in October before the applicable fiscal year. The method utilizes broad college-wide engagement across units, divisions and departments, and shared governance, in addition to Board guidance and input at various points throughout the process.

The planning process begins with priority setting before budget entry processes begin and are used to guide decisions about budget allocation. The priorities are set as the aspiration and framework for the advancement of the strategic plan. Priorities emerge from the planning and budget process in the form of an annual college plan. Decisions are made within the context of the available resources (people, money, and time). Not all priorities require budget resources, and not all priorities are advanced as goals in the college plan.

The priorities are aligned with the 2024 Strategic Plan pillars, strategies, and metrics. The priorities are communicated in a formal document and used as a critical decision-making tool to prioritize requests and the strategic allocation of resources leading to the budget proposal.

The annual budget ensures that the College complies with all legal provisions, as defined by State statutes. 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 fund, and funds are categorized as follows:

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

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

## ECONOMIC CONDITION

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

**National Economic Conditions**. The national economy has remained stronger than most predicted due to a hardy job market and enough moderation in price increases to return some increased spending power back to households. Just this past year, economists had raised the possibility of an impending economic downturn due to prolonged periods of rampant inflation and borrowing costs not seen in 20 years, but a recession has yet to materialize. In its place have been multiple quarters of moderate economic growth. While an imminent recession is no longer the consensus opinion among economists, several recession related characteristics persist. While consumption is stable, consumers are tapping into personal savings and utilizing credit at increasing rates to maintain spending levels. Those factors, along with the resumption of student loan payments, could result in consumers slowing spending even if the job market remains strong. Government spending, particularly on defense, has helped to fuel growth over the past year, but divisions in Congress make a government shutdown a more likely outcome with an unknown economic impact. Energy and food prices also remain volatile and increased costs for housing and services are not likely to recede even under a lower inflationary environment.

- **Labor Market and Income**. A strong contributing factor for the national economy has been the stalwart labor market and its continued growth amid other complicating economic factors. Recessions are often accompanied by higher rates of unemployment, such as seen in the 2008 Financial Crisis. In this moment, the unemployment rate is still extraordinarily low, national unemployment has not been lower than the April 2023 mark of 3.4 percent since the 1960s and labor force participation continues to increase from its pandemic lows. During the pandemic, the labor force participation rate fell to as low as 60 percent as the number of retirements and discouraged workers increased. A rise in the labor force participation rate likely means that a number of workers have returned to the workforce or new workers have entered it altogether, which helps compensate for the retirement exits.

- **Inflation**. As the inflation rate climbed to the highest it has been since the 1980s, the primary policy focus for the Federal Reserve for the U.S. economy the last two years has been bringing the rate back down to its preferred target level of 2 percent. Headline inflation, which started calendar year 2023 at 6 percent, has moved to under 4 percent, as of September 2023.[8] In the most recent update, the Fed paused increases to the benchmark interest rate, keeping its target range at 5.25 to 5.5 percent.

**Illinois Economic Conditions and Forecast.** The economic conditions on the state level in Illinois are similar to national conditions. Both economies continue to show strong signs of growth in areas such as employment and consumer spending, although measures like housing starts are down. Illinoisans have not been spared the price increases for essential cost of living items. Prices for rent, energy and food all have increased year-over-year, similar to at the national level. Salaries and average wages have increased but have not kept pace with rising costs.

**Strategic and long-term financial planning.**

The College of Lake County is committed to good stewardship of the resources provided through local taxpayers, tuition, fees, and state funding through continuous improvement efforts that achieve cost efficiency in operations and revenue growth opportunities. The College engages in forward looking financial planning, which ensures that the College's financial projections are consistent with the institution's overall vision, strategic plan, master plan, and core values. The planning and budget cycle helps project available resources that integrates college improvement projects with the required financial resources to meet strategic planning objectives.

Financial planning includes review of enrollment projections, revenue and expense history, and the current budget totals. The budget and financial plan sets forth a framework for the Board of Trustees and the Administration to examine implications of major financial and policy decisions. The plan identifies the priorities, resources, time frame for preparing budgets, as well as revenue projections. The plan is updated annually to ensure that the College is current with financial trends, enrollment changes, property tax variables, and the needs of the internal and external community that may financially impact the College.

Strategic planning is a systematic and ongoing activity used to set the College's priorities and allocate resources. The 2024 Strategic Plan was established through a detailed examination of economic and social trends and a comprehensive collaborative input process with the community, workforce, students, and employees. The 2024 Strategic Plan, adopted June 25, 2019, aligns to the mission, vision, and values and provides direction through six strategic pillars, each with five strategies to effect transformative change and improved student success outcomes. The 2024 Strategic Plan also includes CLC's definition of student success, as well as the diversity, equity, and inclusion statements. For further information, please see http://dept.clcillinois.edu/res/CLCWebsite/Reports/Strategic_Plan.pdf.

With the adoption of the 2024 Strategic Plan to achieve a collaborative student-focused culture, CLC launched a master planning process in summer 2019. The goal of the master plan development process was to align the College's facilities and technological infrastructure with the 2024 Strategic Plan Pillars. The intent was to ensure physical spaces were designed to optimize student engagement in holistic student supports and state-of-the-art learning with specialized areas to meet the needs of the highly skilled industry sectors of Lake County.

The Administration has collaborated with the Board to evaluate proposed projects and prioritization for the Master Plan 2020. This review included establishing a Capital Financing Plan structure to continue CLC's history of optimizing College, State, and Grant funds to advance projects. In addition, the review leveraged the CLC Foundation and community partnerships in support of capital fundraising to support major capital projects and improvements. The College has set aside resources to build capacity within the Foundation for this development work. A target for resource development through capital fundraising and grants to support Master Plan 2020 Phase 0 efforts was set at 20%.

- The Board's continued endorsement for the full vision and concepts of Master Plan 2020 was provided with the FY2024 budget approval. Given some of the immediate workforce needs in Lake County, the Board supported the early launch of several projects that are represented in Master Plan 2020. Some projects were authorized, funded, and initiated during previous budget cycles to bridge the prior master plan and Master Plan 2020. These projects, those bridging the former master plan and those that were recently launched, collectively form the Master Plan 2020 Phase 0 projects. However, funding for the full vision was not requested in the FY2024 budget. We anticipate that funding for the full vision will include a mix of sources, including annual budgets, planned use of surplus funds, bond and other debt financing, grants and fundraising campaigns. In a still uncertain post-pandemic environment and with a commitment to finish what was started within the organizational capacity available and an intent to optimize all existing spaces before building new square footage, the funding in the FY2024 budget is limited to Phase 0 projects. Funding for Phase 0 projects is achieved through the FY2022 Bond and Surplus Allocation Plan. Capital fundraising is intentionally designed into the Master Plan funding strategy, but the Phase 0 projects are not dependent on these potential resources, with the exception of the Urban Farm at the Lakeshore Campus.

- The College of Lake County has a Aaa rating by Moody's Investor Services. It is one of few community colleges in the U.S. who have achieved this marker of financial stability. The College has a history of being well-managed and is financially sound. The College has maintained its Aaa bond rating from Moody’s Investor Services despite past financial challenges at the State of Illinois level, and uncertainty throughout the recent COVID-19 pandemic. The diversity of the College’s tax base contributes to this circumstance, but it would not be possible without sound financial management on the College’s part over an extended period. In December 2021, the college issued general obligation bonds to finance some capital costs associated with the Phase 0 projects, to refund the outstanding amounts from the Series 2012 bonds, and to retire outstanding 2020 debt certificates. The College is proceeding along the path of utilizing the bond funds for the approved projects.

**Relevant financial policies**.

The College has established policy with parameters and provides guidance governing the issuance, management, continuing evaluation of, and reporting on all debt obligations issued by the College of Lake County. This policy follows the Illinois Community College Act (Chapter 110 of Illinois Compiled Statutes Act 805/Article IIIA. Bonds). The Vice President for Business Services and Finance/Disclosure Officer, as appointed by the Board of Trustees, is responsible for managing College's bond disclosure policy, record- keeping policy, and post-issuance compliance matters.

College property and casualty losses are insured through a conventional insurance program. Providing coverage for these losses under policies such as workers' compensation, building, and property insurance, tort liability, professional liability, and a $20M 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 make recommendations for improving and mitigating risk to property, employees and students.

**Major initiatives:**

The College launched its **Equity in Student Access & Success Plan** subsequently with the 2024 Strategic Plan, which provides the detailed plan of initiatives from FY2021 to FY2025 to address systemic inequities in student credential completion. The Equity Plan sets the target of improved three-year graduation rates for the Fall 2024 cohort at 45% with no opportunity gaps among student groups. Progress is to be achieved through full-scale programming within the Lancer Success Framework, an intentionally designed student experience pathway from point of access to graduation. To support this transformational journey, the College joined national and regional networks to provide professional development, coaching resources, and connection to high-performing higher education peers, including the Strategic Horizons Network, Achieving the Dream, and the Illinois Equity in Attainment (ILEA) initiative.

**LancerNEXT.** The is embarking on a transformational, once-in-a-generation opportunity to modernize its student services, finance/payroll, human resources, and technology processes and systems by replacing the Enterprise Resource Planning software (ERP) that supports processes and work in these key functional areas. There are three primary components motivating CLC's case for change:

- Improve the student, faculty, and staff experience. Our current processes and systems are not keeping up with the needs and demands of the modern student, faculty, and staff experience. The current ERP cannot support necessary functionality changes to support students, faculty, and staff, and the college needs updated technology.
- Data-driven decision making. CLC's future needs include advanced data analytics that are readily available in modern tools to support data-driven decision making. The college must adopt new processes and tools that will support our efforts to allow us to enhance a culture of inquiry and evidence.
- PeopleSoft support will end. The company that manages our current administrative systems will stop supporting our technology within the next decade. We cannot wait for that support to end before we implement more effective processes and modern systems.

The **Advanced Technology Center (ATC)** is a world class facility created by CLC to strengthen Lake County's manufacturing workforce. The ATC, located in Gurnee, Illinois, opened fall 2022 and provides industry-relevant career education and training in some of today's most high demand and high-tech jobs. Currently, two associate degrees and nine certificates are offered at the ATC in Industrial Technology and Welding Fabrication Technologies.

In January 2023, the College hosted Governor J.B. Pritzker for the grand opening of the new **Lakeshore Campus Student Center.** The 62,692-square-foot, six-story building houses support services, a library, a welcome center and a career placement office, as well as adult education classes aimed at connecting nontraditional students to new careers. One goal of the project is to create more of a collegiate feel at the Waukegan campus, which consisted almost entirely of buildings the college purchased and renovated in the city's downtown. The student center is connected to existing buildings and the project also included enhancements to campus sidewalks, parking and landscaping. With the building's completion, the college continues its efforts to create a vibrant urban campus that supports students and the communities of Lake County.

For the Fiscal Year 2024, College of Lake County continues its focus the 2024 Strategic Plan, the 2020 Master Plan and the Equity in Access and Success Plan to enact improved outcomes for students, expand community and workforce partnerships, and develop a collaborative student-focused culture.

## SUSTAINABILITY

The College strives to be a leader in sustainability and has continued to make investments with the support of Federal and State grants, as well as college resources. Accomplishments include restored prairie and wetlands, geothermal heating and cooling, green roofs, 1.9 MW of solar PV ground mount and rooftop solar PV panels, and the Living Lab Trail. The College's recently constructed Science and Engineering building received the LEED Platinum designation, which is the highest sustainability rating with the U.S. Green Building Council. It is expected that the College's new Lakeshore Student Center will also qualify for LEED Platinum designation.

Sustainability Recognition:

- 2023 Edition of The Princeton Review, Green Colleges in the U.S.
- 2021 Tree Campus Higher Education recognition
- 2020 US Dept. of Ed. Green Ribbon Schools
- 2020 CLC Silver STARS rating
- 2017-19 Top 10 AASHE Sustainable Campus
- 2018 LEED Platinum for Science Building
- 2018 Illinois Sustainability Award
- 2017 Ill. Chapter USG BC Emerald Award
- 2016 Green Genome Award

## AWARDS AND ACKNOWLEDGMENTS

**GFOA Certificate of Achievement**. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the College of Lake County for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this comprehensive annual financial report for the year ended June 30, 2023, continues to meet the Certificate of Achievement Program's requirements.

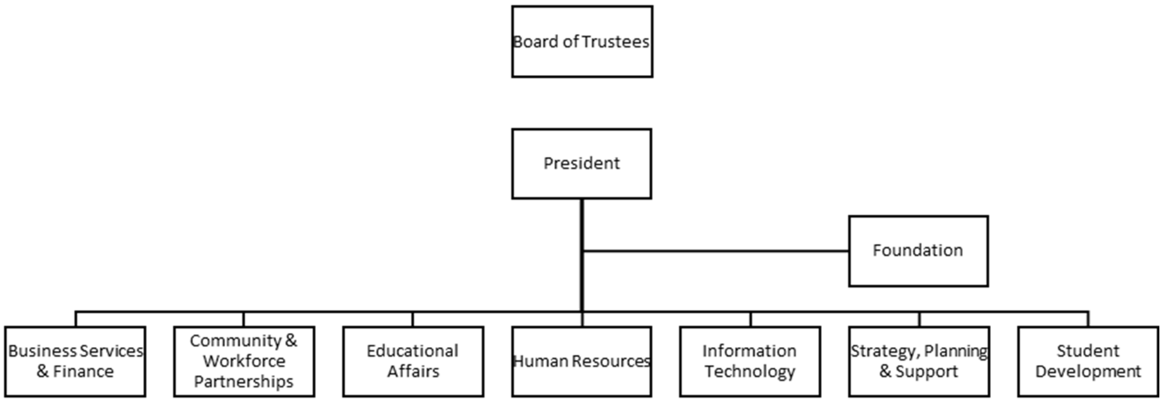
**Acknowledgments.** The ACFR represents the work of several dedicated finance office administrators and staff members. It could not have been completed without the considerable effort of the RSM US LLP audit team, utilizing their extensive professional experience garnered from work with community colleges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

Respectfully submitted,

Kevin Appleton

Kevin Appleton
Vice President of Business Services and Finance/CFO

## Chart of Organization – Community College District 532



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

**Principal Officials**

**Year ended, June 30, 2023**

| Board of Trustees | Position | Term Expires |
|---|---|---|
| Julie B. Shroka, M.A. | Chair | 2025 |
| Torrie Mark Newsome, J.D. | Vice Chair | 2025 |
| Paul Virgilio, B.S., S.E., P.E. | Secretary | 2027 |
| Allena Barbato, J.D., L.M.F.T. | Trustee | 2029 |
| William M. Griffin, Ed.D. | Trustee | 2029 |
| Amanda D. Howland, J.D. | Trustee | 2027 |
| Gerri Songer, M.A. | Trustee | 2027 |
| Daniel Blaine | Student Trustee | 2024 |

| Trustee Emeritus of the Board | Years of Service |
|---|---|
| Richard A. Anderson, J.D. | 1974 - 2021 |
| Patricia Jones | 1989 – 2009 |
| Barbara D. Oilschlager | 1989 – 2019 |

**Officers of the College**

Dr. Lori Suddick, President

Sue Fay, Chief Human Resources Officer

Derrick Harden, Vice President Strategic Advancement

Karen Hlavin, Vice President Student Development
Chief Student Services Officer

Greg Kozak, Chief Information Officer

Kevin Appleton, Vice President for Business Services and Finance/CFO

Dr. Ali O’Brien, Vice President Community & Workforce Partnerships

Dr. Kristen Jones, Vice President Education
Chief Academic Officer

**Officials Issuing Report**

Kevin Appleton, Vice President for Business Services and Finance/CFO

Y. Jean Stephan, Controller

**Unit/Division Issuing Report**

Business Services & Finance Unit
Finance Division

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**College of Lake County**
**Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

**Independent Auditor's Report**

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

***Opinions***
We have audited the financial statements of the business-type activities and the discretely presented component unit of College of Lake County, Community College District No. 532 (the College), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023 and 2022, 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.

***Basis for Opinions***
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***
As described in Note 1 to the accompanying financial statements, beginning capital assets (subscription-based assets) and obligations (subscription-based liabilities), as of July 1, 2021, of the College were restated for the implementation of Governmental Accounting Standards Board Statement Number 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefit obligations related information and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary 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 supplementary information as described in the table of contents (Schedules 1–5) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information as described in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section and Certification of Chargeback Reimbursement but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Chicago, Illinois
January 30, 2024

This section of the College of Lake County's (the College) Annual Comprehensive Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2023 and 2022. 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 2023

Total operating revenues were $31,557,567 and total operating expenses were $175,401,953 for the year ended June 30, 2023. The difference produced an operating loss of $143,844,386.

Net non-operating revenues of $142,778,732 for the year ended June 30, 2023 offset the operating loss and resulted in an overall decrease in net position (before state capital appropriations and capital contributions) of $1,065,654. Non-operating revenues included local property taxes of $78,766,809, replacement tax of $3,988,816 state appropriations of $40,931,461, federal grants and contracts of $14,496,379, local grants and contracts of $2,988,193 and investment income of $3,854,075; offset by interest expense of $2,257,001.

Operating revenue accounted for 18.1% of the College's total revenue and non-operating revenue accounted for 81.9% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling $24,925,213, auxiliary enterprise revenues totaling $5,629,684, and other operating revenues of $1,002,670.

Total net position increased from $166,533,719 at the beginning of the year to $196,690,038 at the end of the year.

### Financial Highlights Fiscal Year 2022

Total operating revenues were $29,148,332 and total operating expenses were $199,754,314 for the year ended June 30, 2022. The difference produced an operating loss of $170,605,982.

Net non-operating revenues of $171,889,058 for the year ended June 30, 2022 offset the operating loss and resulted in an overall increase in net position (before state capital appropriations and capital contributions) of $1,283,076. Non-operating revenues included local property taxes of $75,709,663 replacement tax of $3,822,023, state appropriations of $53,349,286 federal grants and contracts of $39,186,877, local grants and contracts of $2,553,159 offset by investment loss of $1,041,341 and interest expense of $1,690,609.

Operating revenue accounted for 14.3% of the College's total revenue and non-operating revenue accounted for 85.7% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling $22,499,351, auxiliary enterprise revenues totaling $5,908,015, and other operating revenues of $740,966.

Total net position increased from $164,486,518 at the beginning of the year (as restated) to $166,533,719 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's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

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

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

## Financial Analysis

### *Net Position*

The College's net position at June 30, 2023, 2022 and 2021 was $196.7 million, $166.5 million, and $164.5 million, respectively, a increase of $30.2 million, an increase of $2.0 million, and a decrease of $2.1 million, respectively. Total assets and deferred outflows of resources were $419.6 million, $406.4 million, and $361.1 million, and total liabilities and deferred inflows of resources were $222.9 million, $239.9 million, and $196.6 million at June 30, 2023, 2022 and 2021, respectively. The change in net position is an indicator of whether the financial condition has improved or worsened during the year. Capital assets are stated at historical cost, reduced by depreciation.

A summary of the statements of net position at June 30, 2023, 2022, and 2021 are as follows:

Statements of Net Position

June 30,
(in Thousands)

| | 2023 | 2022 (as restated) | 2021 |
|---|---|---|---|
| Current assets | $ 143,406 | $ 155,172 | $ 120,595 |
| Restricted assets | 3,892 | 11,412 | 11,476 |
| Other noncurrent assets | 30,747 | 30,599 | 33,105 |
| Capital assets, net of depreciation | 236,488 | 203,467 | 190,359 |
| Total assets | 414,533 | 400,650 | 355,535 |
| Deferred outflows of resources | 5,070 | 5,751 | 5,532 |
| Current liabilities | 26,888 | 28,519 | 21,740 |
| Long-term liabilities | 112,736 | 154,876 | 123,507 |
| Total liabilities | 139,624 | 183,395 | 145,247 |
| Deferred inflows of resources | 83,289 | 56,472 | 51,333 |
| Net position: | | | |
| Net investment in capital assets | 174,385 | 140,152 | 138,672 |
| Restricted | 10,936 | 19,077 | 18,543 |
| Unrestricted | 11,369 | 7,305 | 7,272 |
| Total net position | $ 196,690 | $ 166,534 | $ 164,487 |

The College had a current ratio of 5.3, 5.4, and 5.5 times at June 30, 2023, 2022 and 2021, respectively. The current ratio is total current assets divided by total current liabilities. For example, at June 30, 2023, for every dollar of current liabilities, the College has $5.20 in current assets. This ratio is one indicator of the College's ability to pay its debts as they become due.

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

Net Position - Fiscal Year 2023 Compared to 2022

Current assets decreased by $11.8 million primarily due to a decrease in short-term investments of $15.6 million offset by an increase in cash of $2.2 million.

Deferred outflows decreased by $.7 million due to change in assets related to post-employment benefits other than pensions (OPEB). Additional information can be found in Notes 1 and 8 in the basic financial statements.

Noncurrent assets increased by $25.6 million due to an increase in capital assets of $33.0 million as net capital additions were greater than depreciation and deletions during the year. This was offset by a decrease in restricted cash and cash equivalents of $7.5 million.

Current liabilities decreased by $1.6 million primarily due to a decrease in accrued expenses of $2.1 million offset by an increase in other current liabilities $1.9 million.

Deferred inflows increased by $26.8 million due to an increase in deferred property tax revenue of $2.5 million and an increase in post-employment benefits other than pensions (OPEB) of $25.2 million. Additional information can be found in Notes 1 and 8 in the basic financial statements.

Noncurrent liabilities decreased $42.1 million due to the recognition of subscription-based liabilities in the amount of $0.7 million offset by decrease of bond principal payments of $6.6 million and a decrease in the OPEB liability of $34.3 million.

Net Position - Fiscal Year 2022 Compared to 2021

Current assets increased by $34.6 million primarily due to an increase in cash and short-term investments of $31.1 millioin and an increase in property tax receivable of $2.6 million. The net increase in cash and short-term investments was mainly due to proceeds from bond issue of net of $40.0 million less $11.0 million expended as of June 30, 2022.

Deferred outflows increased by $0.2 million due to change in assets related to post-employment benefits other than pensions (OPEB). Additional information can be found in Notes 1 and 8 in the basic financial statements.

Noncurrent assets increased by $10.5 million due to an increase in capital assets of $13.1 million as net capital additions were greater than depreciation and deletions during the year. This was offset by a decrease in other long-term investments of $2.5 million.

Current liabilities increased by $7.8 million due to increases in accounts payable of $3.6 million and accrued expenses of $2.5 million. These increases were mainly related to construction in progress.

Deferred inflows increased by $5.1 million due to an increase in deferred property tax revenue of $1.0 million and an increase in credits related to post-employment benefits other than pensions (OPEB) of $4.1 million. Additional information can be found in Notes 1 and 8 in the basic financial statements.

Noncurrent liabilities increased $30.3 million due to new bond issues of $57.6 million, that included payoff of debt certificates of $9.0 million and refunding of $8.7 million of 2012 bonds. This was offset by other bond principal payments of $6.1 million and a decrease in the OPEB liability of $4.2 million.

### *Changes in Net Position*

Summary of the change in net position, total revenues less total expenses, for the years ended June 30, 2023, 2022 and 2021 is as follows:

Changes in Net Position
Years ended June 30,
(in thousands)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Total revenues | $ 207,815 | $ 203,492 | $ 200,951 |
| Total expenses | 177,659 | 201,445 | 203,080 |
| Increase in net position | 30,156 | 2,047 | (2,129) |
| Net position at the beginning of the year | 166,534 | 164,487 | 166,616 |
| Net position at the end of the year | $ 196,690 | $ 166,534 | $ 164,487 |

### *Revenues*

Summaries of revenues for the years ended June 30, 2023, 2022 and 2021 are as follows:

Revenue Summary
Years ended June 30,
(in thousands)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Operating: | | | |
| Student tuition and fees, net | $ 24,925 | $ 22,499 | $ 25,781 |
| Auxiliary enterprise | 5,630 | 5,908 | 6,474 |
| Other operations | 1,002 | 741 | 211 |
| Total operating revenues | 31,557 | 29,148 | 32,466 |
| Nonoperating: | | | |
| Local property taxes | 78,767 | 75,710 | 73,719 |
| Personal property replacement taxes | 3,989 | 3,822 | 1,768 |
| State appropriations | 40,931 | 53,349 | 70,820 |
| Federal and local grants and contracts | 17,495 | 41,740 | 21,003 |
| Investment income, net | 3,854 | (1,041) | 375 |
| Total nonoperating revenues | 145,036 | 173,580 | 167,685 |
| State capital appropriations | 29,126 | - | 800 |
| Capital contributions | 2,096 | 764 | - |
| Total capital contributions | 31,222 | 764 | 800 |
| Total revenues | $ 207,815 | $ 203,492 | $ 200,951 |

Revenues - Fiscal Year 2023 Compared to 2022

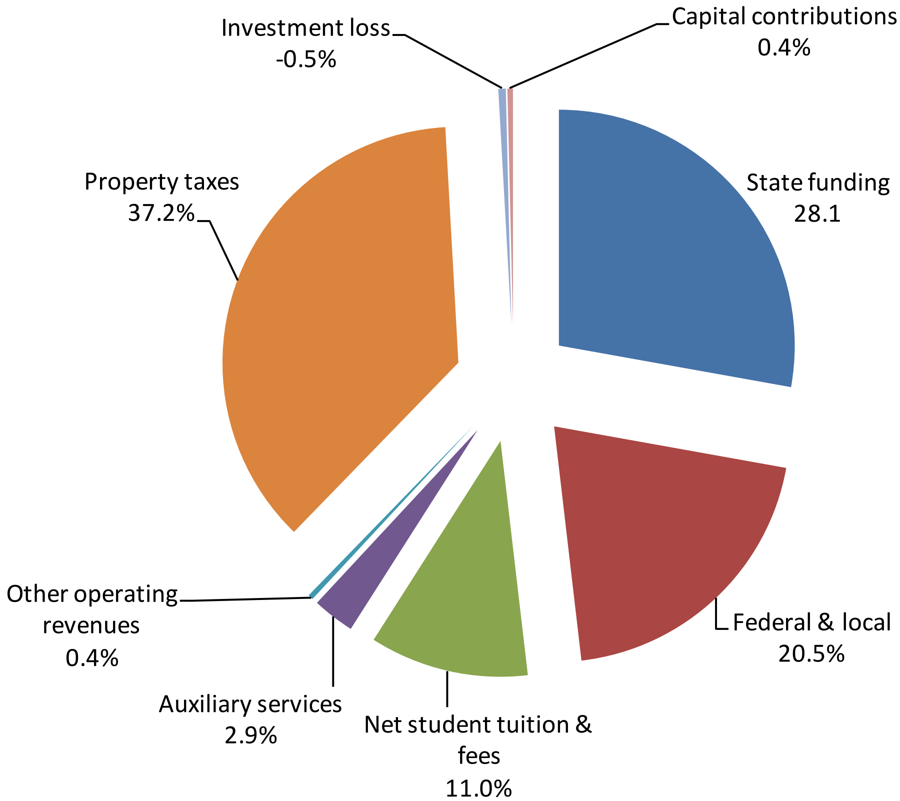
Operating revenue increased by $2.4 million. Student tuition and fees increased by $2.4 million. Non-operating revenue decreased by $28.5 million. Federal grants and contracts decreased by $24.2 million and state appropriations decreased by $12.4 million. Investment income increased by $4.9 million and local property taxes increased by $3.1 million.

The decrease in state appropriations was mainly due to an decrease in the State Universities Retirement System of Illinois (SURS) contribution made by the state of $6.5 million. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate. Contribution requirements are established and may be amended by the Illinois General Assembly. There was also a decrease in the on-behalf payment from the State for postemployment benefits other than pensions of $9.3 million. There was a $24.7 million decrease in Federal and local grants which is mostly attributed to the $25.4 million decrease in Higher Emergency Relief Funds (HEERF). This was slightly offset by increases of $277.5 thousand in Child Care Block Grant and $301.3 thousand in SBDC Cares. 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. There was a increase in investment income of $2 million as a result of a change in investment strategies.

Fiscal year 2023 State capital contributions was $29.1 million for a State grant for Lake Shore classroom and Science Building modernization.

The pie chart on the next page shows all revenue from both operating and non-operating sources. State funding in the pie chart and above includes both capital and noncapital appropriations. The chart shows that property taxes account for the largest percentage of the College's revenue at 37.2%. The next highest sources were state funding of 28.1% and federal and local at 20.5%.

**College of Lake County**
**Revenues**
**Year ended June 30, 2023**




<u>Revenues - Fiscal Year 2022 Compared to 2021</u>

Operating revenue decreased by $3.7 million. Student tuition and fees decreased by $3.2 million and auxiliary revenue increased by $1.0 million. Non-operating revenue increased by $5.9 million. State appropriations decreased by $17.5 million, Federal and local grants increased by $20.7 million and property taxes increased by $2.0 million. Investment income decreased by $1.4 million.

The decrease in state appropriations was mainly due to a decrease in the State Universities Retirement System of Illinois (SURS) contribution made by the state of $16.9 million. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate. Contribution requirements are established and may be amended by the Illinois General Assembly. There was also a decrease in the on-behalf payment from the State for postemployment benefits other than pensions of $1.5 million. There was an increase in the State for postemployment enefits other than pensions of $1.5 million. There was an increase in the State Monetary Award Program (MAP) of $0.7 million. There was an increase of $20.7 million in Federal and local grants. Higher Education Emergency Relief Fund grants as a result of COVID-19 related legislation were $18.8 million higher in fiscal year 2022 versus fiscal year 2021. This was also an increase in Pell funding of $0.8 million and an increase in local grants of $0.7 million. The increase in property tax revenues reflects the combination fo the CPI and assessed value of new construction. The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index

(CPI) or 5 percent, whichever is lower. There was a decrease in investment income of $1.4 million due to an overall decline in market values.

Fiscal year 2022 capital contributions was $0.8 million from various donors.

***Expenses***

Summaries of expenses for the years ended June 30, 2023, 2022 and 2021 are as follows:

Expenses

Years ended June 30,
(in thousands)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Instruction | $ 63,253 | $ 72,051 | $ 84,361 |
| Academic support | 4,880 | 5,740 | 6,125 |
| Student services | 12,764 | 13,583 | 18,157 |
| Public service | 9,459 | 13,723 | 11,426 |
| Institutional support | 37,277 | 35,803 | 34,307 |
| Operations and maintenance of plant | 13,066 | 15,244 | 15,553 |
| Financial aid | 12,358 | 24,409 | 12,944 |
| Depreciation | 15,553 | 12,637 | 12,184 |
| Auxiliary enterprises | 6,793 | 6,564 | 6,434 |
| Interest expense | 2,257 | 1,691 | 1,589 |
| Total | $ 177,660 | $ 201,445 | $ 203,080 |

Expenses - Fiscal Year 2023 Compared to 2022

Total expenses decreased by $23.8 million. Salaries increased by $3.9 million. The amount of the State's pension expense for the State University Retirement System (SURS) that is associated with the College is recorded by the College as pension expense (compensation and benefits) and nonoperating revenue (State appropriation) and decreased by $6.5 million compared to FY2022. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate.

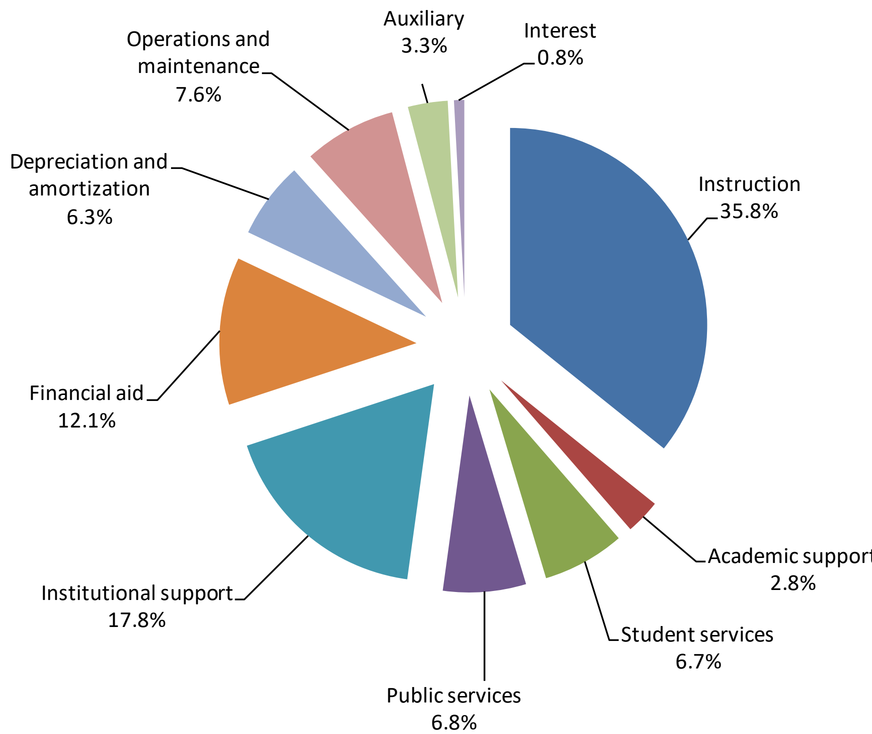
Post-retirement benefits other than pensions (OPEB) had a decrease of $3.4 million pertaining to the State's OPEB expense for CIP that is associated with the College and recorded by the College as OPEB expense (compensation and benefits) and nonoperating revenue (State appropriations).

Financial aid decreased by $12.1 million due to greater availability of COVID-19 grants available for students in prior year.

*Operating Expenses*

The pie chart on the next page shows the operating expenses as a percentage of total operating expenses. Direct services to students accounted for 61.6% of total operating expenses. Direct services to students include instruction at 35.6%, academic support at 2.7%, student services at 7.2%, public services at 5.3%, financial aid at 7.0%, and auxiliary enterprises at 3.8%. Indirect services to students accounted for 38.4% of total expenses. Indirect services to students include operations and maintenance at 7.3%, institutional support at 21.0%, depreciation and amortization at 8.8% and interest at 1.3%.

**College of Lake County**
**Operating Expenses**
**Year ended June 30, 2023**




<u>Expenses - Fiscal Year 2022 Compared to 2021</u>

Total expenses decreased by $1.6 million. Salaries increased by $1.9 million. The amount of the State's pension expense for the State University Retirement System (SURS) that is associated with the College is recorded by the College as pension expense (compensation and benefits) and nonoperating revenue (State appropriations) and decreased by $16.9 million compared to FY2020. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate.

Post-retirement benefits other than pensions (OPEB) had a decrease of $1.5 million pertaining to the State's OPEB expense for CIP that is associated with the College and recorded by the College as pension expense (compensation and benefits) and nonoperating revenue (State appropriations).

Financial aid increased by $11.5 million, mainly due to availability of COVID-19 grants available for students. Contractual services increased by $3.2 million mainly due to additional software/maintenance costs and planning for new College-wide ERP (enterprise resource planning) software project.

## Capital Asset and Debt Administration

### *Capital Assets*

As of June 30, 2023 2022, and 2021, the College investment in capital assets totaled $394.6 million, $346.5 million, and $320.9 million, respectively. Capital assets, net of accumulated depreciation of $158.1 million, $143 million, and $130.6 million, totaled $236.5 million, $203.5 million and $190.4 million, respectively.

Capital Assets

Years ended June 30,
(in thousands)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Capital assets: | | | |
| Construction in progress | $ 3,317 | $ 20,212 | $ 3,286 |
| Land | 14,525 | 14,525 | 14,714 |
| Capitalized collections | 1,220 | 1,220 | 1,220 |
| Land improvements | 13,575 | 13,431 | 13,438 |
| Buildings and improvements | 295,446 | 237,932 | 235,768 |
| Furniture and equipment | 63,625 | 57,047 | 52,030 |
| Leased assets | 2,918 | 2,110 | 491 |
| Total capital assets | 394,626 | 346,477 | 320,947 |
| Less accumulated depreciation | 158,138 | 143,010 | 130,588 |
| Capital assets, net | $ 236,488 | $ 203,467 | $ 190,359 |

### *Construction Projects*

Major construction projects in progress as of June 30, 2023 included:

- Brae Loch Culinary Renovation
- Advanced Technology Center (Equipment)

The total cost of construction in progress as of June 30, 2023 was $3.3 million.

### Capital Asset Additions (being depreciated)

Capital assets added during fiscal year 2023 include:

- Advanced Technology Center placed in service
- Waukegan Student Center Lakeshore Campus placed in service
- Conference Room Expansion
- Hyfex Project
- B Wing LL Culinary improvements

The total cost of capital asset additions in fiscal year 2023 was $58.5 million.

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

### *Debt Payments*

For the years ended June 30, 2023, 2022 and 2021, the College paid $6.2 million, $6.1 million, and $5.9 million, respectively, in principal on bonds and certificates of indebtedness. More detailed information on long-term debt activity can be found in Note 5 in the basic financial statements.

## 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, 2023 and 2022

| | 2023 | 2022 (as restated) |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents (notes 1 and 2) | $ 59,839,858 | $ 57,617,159 |
| Investments (note 2) | 29,875,995 | 45,511,443 |
| Receivables: | | |
| Property taxes, net of allowance of $386,925 in 2023 and $380,700 in 2022 | 42,009,296 | 42,428,430 |
| Government claims | 1,754,293 | 831,926 |
| Tuition, net of allowance of $3,071,930 in 2023 and $1,590,551 in 2022 | 4,733,521 | 3,502,697 |
| Other | 3,907,290 | 4,353,327 |
| Inventories | 354,451 | 475,548 |
| Prepaid expenses | 702,048 | 240,450 |
| Short-term lease receivable | 229,134 | 211,047 |
| Total current assets | 143,405,886 | 155,172,027 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents (notes 1 and 2) | 3,892,160 | 11,411,449 |
| Other long-term investments (note 2) | 30,746,652 | 30,369,777 |
| Long-term lease receivable | - | 229,134 |
| Capital assets, not being depreciated (note 3) | 19,061,796 | 35,956,826 |
| Capital assets being depreciated or amortized, net (note 3) | 217,426,171 | 167,510,335 |
| Total noncurrent assets | 271,126,779 | 245,477,521 |
| Total assets | 414,532,665 | 400,649,548 |
| **Deferred outflows of resources (note 1)** | 5,069,918 | 5,751,278 |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable | 6,483,482 | 7,324,417 |
| Accrued expenses (note 4) | 6,990,406 | 10,763,604 |
| Tuition refunds payable | 181,884 | 85,562 |
| Unearned tuition and rent | 3,260,438 | 3,073,850 |
| Current portion of long-term obligations (note 5) | 7,316,578 | 6,536,364 |
| Other current liabilities | 2,655,208 | 735,350 |
| Total current liabilities | 26,887,996 | 28,519,147 |
| Noncurrent liabilities: | | |
| Long-term obligations (notes 5 and 8) | 112,135,784 | 154,255,769 |
| Unearned rent revenue (note 13) | 600,000 | 620,000 |
| Total noncurrent liabilities | 112,735,784 | 154,875,769 |
| Total liabilities | 139,623,780 | 183,394,916 |
| **Deferred inflows of resources (note 1)** | 83,288,765 | 56,472,192 |
| **Net Position** | | |
| Net investment in capital assets | 174,385,458 | 140,151,562 |
| Restricted for: | | |
| Debt service | 1,873,383 | 1,807,787 |
| Capital projects | 3,892,160 | 11,411,449 |
| Student organizations | 675,217 | 1,146,825 |
| Grant purposes | 1,584,707 | 2,202,706 |
| Other | 2,910,127 | 2,507,984 |
| Unrestricted | 11,368,986 | 7,305,406 |
| Total net position | $ 196,690,038 | $ 166,533,719 |

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, 2023 and 2022

| | 2023 | 2022 (as restated) |
|---|---|---|
| Operating revenues: | | |
| Student tuition and fees | $ 33,676,203 | $ 33,684,370 |
| Less scholarship allowances | (8,750,990) | (11,185,019) |
| Net student tuition and fees | 24,925,213 | 22,499,351 |
| Auxiliary enterprises | 5,629,684 | 5,908,015 |
| Other operations | 1,002,670 | 740,966 |
| Total operating revenues | 31,557,567 | 29,148,332 |
| Operating expenses: | | |
| Education and general: | | |
| Instruction | 63,252,498 | 72,050,845 |
| Academic support | 4,880,182 | 5,740,326 |
| Student services | 12,764,096 | 13,582,986 |
| Public service | 9,458,676 | 13,722,734 |
| Institutional support | 37,277,047 | 35,802,514 |
| Operations and maintenance of plant | 13,066,153 | 15,244,438 |
| Financial aid | 12,357,790 | 24,408,627 |
| Amortization | 947,038 | 189,523 |
| Depreciation | 14,605,898 | 12,447,902 |
| Auxiliary enterprises | 6,792,575 | 6,564,419 |
| Total operating expenses | 175,401,953 | 199,754,314 |
| Operating loss | (143,844,386) | (170,605,982) |
| Nonoperating revenues (expenses): | | |
| Local property taxes | 78,766,809 | 75,709,663 |
| Personal property replacement tax | 3,988,816 | 3,822,023 |
| State appropriations | 40,931,461 | 53,349,286 |
| Federal grants and contracts | 14,496,379 | 39,186,877 |
| Local grants and contracts | 2,998,193 | 2,553,159 |
| Investment income gain/ (loss) | 3,854,075 | (1,041,341) |
| Interest expense | (2,257,001) | (1,690,609) |
| Total nonoperating revenues (expenses), net | 142,778,732 | 171,889,058 |
| (Decrease) increase before capital contributions | (1,065,654) | 1,283,076 |
| State capital appropriations | 29,126,098 | - |
| Capital contributions | 2,095,875 | 764,125 |
| Total capital contributions | 31,221,973 | 764,125 |
| Increase in net position | 30,156,319 | 2,047,201 |
| Net position at the beginning of the year | 166,533,719 | 164,486,518 |
| Net position at the end of the year | $ 196,690,038 | $ 166,533,719 |

See accompanying notes to basic financial statements.

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

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Tuition and fees | $ 23,977,299 | $ 21,563,406 |
| Payments to suppliers | (71,680,380) | (66,739,976) |
| Payments to employees | (78,759,993) | (79,083,282) |
| Auxiliary enterprise charges | 5,629,684 | 5,908,015 |
| Other | 192,316 | 319,322 |
| Net cash used in operating activities | (120,641,074) | (118,032,515) |
| Cash flows from noncapital financing activities: | | |
| Local property taxes | 81,693,919 | 74,111,440 |
| Personal property replacement tax | 3,986,019 | 3,526,531 |
| State appropriations | 19,849,750 | 15,466,223 |
| Federal grants and contracts | 14,229,483 | 39,730,805 |
| Local grants and contracts | 3,104,696 | 2,553,159 |
| Net cash provided by noncapital financing activities | 122,863,867 | 135,388,158 |
| Cash flows from capital and related financing activities: | | |
| Proceeds from issuance of debt | - | 58,831,797 |
| Principal paid on debt | (6,245,000) | (23,845,000) |
| Interest paid on debt | (2,525,816) | (2,058,384) |
| Proceeds from sale of capital assets | - | 190,000 |
| Purchases of capital assets | (17,752,544) | (20,566,481) |
| Net cash (used in) provided by capital and related financing activities | (26,523,360) | 12,551,932 |
| Cash flows from investing activities: | | |
| Proceeds from sales and maturities of investments | 73,737,792 | 52,583,431 |
| Purchases of investments | (61,272,346) | (73,675,096) |
| Interest on investments | 6,538,532 | 752,686 |
| Net cash provided by (used in) investing activities | 19,003,978 | (20,338,979) |
| Net (decrease) increase in cash and cash equivalents | (5,296,590) | 9,568,596 |
| Cash and cash equivalents, beginning of year | 69,028,608 | 59,460,012 |
| Cash and cash equivalents, end of year | $ 63,732,018 | $ 69,028,608 |
| Reconciliation to Statements of Net Position: | | |
| Unrestricted cash and cash equivalent | $ 59,839,858 | $ 57,617,159 |
| Restricted cash and cash equivalents | 3,892,160 | 11,411,449 |
| Total cash and cash equivalents | $ 63,732,018 | $ 69,028,608 |

(Continued)

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

Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2022

| | 2023 | 2022 | |
|---|---|---|---|
| Reconciliation of net operating loss to net cash used in operating activities: | | | |
| Operating loss | $ (143,844,386) | $ (170,605,982) | |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | | |
| Depreciation | 14,605,899 | 12,447,902 | |
| Amortization | 947,038 | 189,523 | |
| Pension expense for special funding situation | 31,850,473 | 38,381,564 | |
| OPEB expense for special funding situation | (10,362,003) | (464,414) | |
| Changes in assets, liabilities and deferrals: | | | |
| Net College OPEB related deferred outflows/inflows | (190,266) | 2,141,157 | |
| Net CIP OPEB related deferred outflows/inflows | 25,350,085 | 1,944,395 | |
| Net lease revenue deferred inflows | 32,403 | (19,122) | |
| Receivables (net) | (1,800,701) | (1,178,113) | |
| Inventories and prepaid expenses | (340,501) | 95,854 | |
| Accounts payable | (840,938) | 3,578,190 | |
| Accrued expenses | (36,477,282) | (4,745,014) | |
| Other current liabilities | 1,899,858 | 383,231 | |
| Deferred tuition and fees | 186,589 | 16,205 | |
| Lease and subscription based technology obligations | (1,657,342) | (197,891) | |
| Net cash used in operating activities | $ (120,641,074) | $ (118,032,515) | |
| Supplemental schedule of noncash capital and related financing activities: | | | |
| Capital contributions | $ 2,095,875 | $ 764,125 | |
| State capital appropriations | 29,126,098 | - | |
| (Decrease) increase in fair value of investments | (2,793,126) | (1,904,126) | |
| Purchases of capital assets included in payables | 1,383,346 | 2,992,093 | |
| Subscription based information technology agreement asset | 1,837,458 | 1,116,163 | * |
| Leased equipment asset | 87,848 | - | |
| Subscription based information technology agreement liability | (937,651) | (1,116,163) | * |
| Leased equipment liability | (66,834) | - | |

See accompanying notes to basic financial statements.
* Restated for implementation of GASB 96.

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

Component Unit – College of Lake County Foundation
Statements of Financial Position
June 30, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 3,864,118 | $ 5,691,296 |
| Pledges receivables | 477,445 | 280,352 |
| Prepaid expenses | 125 | 302 |
| Investments | 6,535,831 | 5,773,184 |
| Total assets | $ 10,877,519 | $ 11,745,134 |
| **Liabilities** | | |
| Accounts payable | $ 614,730 | $ 194 |
| Deferred revenue | 2,500 | 7,600 |
| Total liabilities | 617,230 | 7,794 |
| **Net Assets** | | |
| Without donor restrictions: | | |
| Undesignated | 1,199,118 | 1,063,293 |
| With donor restrictions: | | |
| Purpose restrictions | 6,559,995 | 8,308,562 |
| Perpetual in nature | 2,501,176 | 2,365,485 |
| | 9,061,171 | 10,674,047 |
| Total net assets | 10,260,289 | 11,737,340 |
| Total liabilities and net assets | $ 10,877,519 | $ 11,745,134 |

See accompanying notes to basic financial statements.

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

Component Unit – College of Lake County Foundation
Statements of Activities
Years Ended June 30, 2023 and 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Net assets at June 30, 2021 | $ 1,112,187 | $ 7,267,006 | $ 8,379,193 |
| Public support and revenue: | | | |
| Contributions and gifts | 359,948 | 5,935,973 | 6,295,921 |
| Special events revenue | 116,400 | - | 116,400 |
| Less: cost of direct benefits to donors | (18,868) | - | (18,868) |
| Donated services | 646,472 | - | 646,472 |
| Other noncash donations | 26,838 | - | 26,838 |
| Net assets released from restrictions | 2,055,164 | (2,055,164) | - |
| Total public support | 3,185,954 | 3,880,809 | 7,066,763 |
| Other income: | | | |
| Investment income | (443,860) | (463,268) | (907,128) |
| Total other income | (443,860) | (463,268) | (907,128) |
| Total public support and revenue | 2,742,094 | 3,417,541 | 6,159,635 |
| Expenses: | | | |
| Program services: | | | |
| Grants and scholarships | 2,199,165 | - | 2,199,165 |
| Noncash donations to College of Lake County | 26,838 | - | 26,838 |
| Supporting services: | | | |
| Management and general | 253,381 | - | 253,381 |
| Travel/meeting | 3,913 | - | 3,913 |
| Fundraising | 318,191 | - | 318,191 |
| Total expenses | 2,801,488 | - | 2,801,488 |
| (Decrease) increase in net assets before other item | (59,394) | 3,417,541 | 3,358,147 |
| Other item: | | | |
| Change in donor designation | 10,500 | (10,500) | - |
| Increase in net assets | (48,894) | 3,407,041 | 3,358,147 |
| Net assets at June 30, 2022 | 1,063,293 | 10,674,047 | 11,737,340 |
| Public support and revenue: | | | |
| Contributions and gifts | 147,994 | 2,135,985 | 2,283,979 |
| Special events revenue | 160,295 | - | 160,295 |
| Less: cost of direct benefits to donors | (36,867) | - | (36,867) |
| Donated services | 594,619 | - | 594,619 |
| Other noncash donations | 108,919 | - | 108,919 |
| Net assets released from restrictions | 4,016,687 | (4,016,687) | - |
| Total public support | 4,991,647 | (1,880,702) | 3,110,945 |
| Other income: | | | |
| Investment income | 270,425 | 279,401 | 549,826 |
| Total other income | 270,425 | 279,401 | 549,826 |
| Total public support and revenue | 5,262,072 | (1,601,301) | 3,660,771 |
| Expenses: | | | |
| Program services: | | | |
| Grants and scholarships | 4,490,078 | - | 4,490,078 |
| Noncash donations to College of Lake County | 108,919 | - | 108,919 |
| Supporting services: | | | |
| Management and general | 331,388 | - | 331,388 |
| Travel/meeting | 4,339 | - | 4,339 |
| Fundraising | 203,098 | - | 203,098 |
| Total expenses | 5,137,822 | - | 5,137,822 |
| Increase (decrease) in net assets before other item | 124,250 | (1,601,301) | (1,477,051) |
| Other item: | | | |
| Change in donor designation | 11,575 | (11,575) | - |
| Increase (decrease) in net assets | 135,825 | (1,612,876) | (1,477,051) |
| Net assets at June 30, 2023 | $ 1,199,118 | $ 9,061,171 | $ 10,260,289 |

See accompanying 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 Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

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

2. Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

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

1. The primary government is legally entitled to or can otherwise access the component unit's resources.

2. The primary government is legally required or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the component unit.

3. The primary government is obligated in some manner for the other component unit's debt.

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

**Basis of accounting**: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-entity transactions have been eliminated.

Nonexchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

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

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

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

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

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

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

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

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

The College reports intangible right-to-use assets. These assets, as defined by GASB Statement No. 87, *Leases*, are for lease contracts of nonfinancial equipment and real estate assets.

The College also capitalizes subscription-based information technology arrangement (SBITA) assets over $10,000 and amortizes them over the life of the assets contract.

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

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

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

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

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

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

Changes in proportion and differences between employer contributions and share of contributions of the College's allocation of the State of Illinois' College Insurance Program (CIP) other postemployment benefit (OPEB) plan are considered to be deferred outflows. See Note 8 for further discussion of the College's deferred outflows of resources.

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

Deferred Outflows of Resources are summarized below:

| **Deferred Outflows of Resources** | 2023 | 2022 |
|---|---|---|
| Deferred charges - College OPEB plan | $ 408,716 | $ 874,630 |
| Deferred charges - CIP OPEB plan | 3,820,326 | 4,009,963 |
| Subtotal - deferred outflows of pension-related resources | 4,229,042 | 4,884,593 |
| Deferred grant-related pension contributions | 144,818 | 106,871 |
| Deferred refunding cost | 696,058 | 759,814 |
| Total deferred outflows of resources | $ 5,069,918 | $ 5,751,278 |

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

Property tax revenues levied for the subsequent fiscal year and future lease revenues related to GASB 87, *Leases*, are considered to be deferred inflows. Unearned revenues include (1) amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that are related to the subsequent accounting period, (2) amounts received from grant and contract sponsors that have not yet been earned, and (3) building rentals received in advance.

Changes in assumptions, changes in proportion and differences between employer contributions and proportionate share of contributions, differences between expected and actual experience and net difference between projected and actual investment earnings on plan investments of the College's CIP plan are considered to be deferred inflows. See Note 8 for further discussion of the College's deferred inflows of resources.

Differences between expected and actual experience and changes of assumptions of the College's other post employment benefit plan are considered to be deferred inflows. See Note 8 for further discussion of the College's deferred inflows of resources.

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

Deferred Inflows of Resources are summarized below:

| **Deferred Inflows of Resources** | 2023 | 2022 |
|---|---|---|
| Deferred property tax revenue | $ 40,604,549 | $ 38,096,575 |
| Deferred lease revenue | 197,985 | 393,654 |
| Deferred credits - College OPEB plan | 1,760,067 | 2,416,247 |
| Deferred credits - CIP OPEB plan | 40,726,164 | 15,565,716 |
| Total deferred inflows of resources | $ 83,288,765 | $ 56,472,192 |

**Noncurrent liabilities**: Noncurrent liabilities include (1) principal amounts of bond obligations with maturities greater than one year, (2) net post-employment benefit obligations, (3) a portion of unearned rental revenue, and (4) noncurrent portions of leases and SBITAs.

**Pensions**: For the purpose of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS) and additions to/deductions from SURS plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For financial reporting purposes, the State of Illinois (State) and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the College) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The College recognizes its proportionate share of the State's pension expense relative to the College's employees as non-operating revenue and pension expense, with the expense further allocated to the related function by employees. See Note 6 for additional discussion.

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

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

*Net Investment in Capital Assets*

This represents the College's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations (net of unspent bond proceeds and deferred refunding costs) 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.

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

*Unrestricted Net Position*

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

The Board of Trustees has designated $7,200,000 of the College's unrestricted net position for the future payment of OPEB costs and claims.

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.

*Nonoperating Revenue*

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

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

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

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

In accordance with a College Board resolution, 50% of the property taxes extended for the 2022 tax year are recorded as revenue in the fiscal year ended June 30, 2023. The remaining revenue related to the 2022 tax year extension has been deferred and will be recorded as revenue in fiscal year 2024. Based upon collection histories, the College records real property taxes at approximately 100% of the extended levy.

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

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

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

**Pending accounting pronouncements:** The objectives of GASB Statement No. 99, *Omnibus 2022*, are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the College beginning with its year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, will be effective for the College beginning with its year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, will be effective for the College beginning with its year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Management has not yet completed its evaluation of the impact of the provisions of the standards on its financial statements.

**Recently adopted accounting pronouncements:** In fiscal year 2023, the College adopted the provisions of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Adoption of this accounting pronouncement had no effect on the College's financial statements.

Effective July 1, 2022, the College adopted the provisions of GASB Statement No 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangement (SBITAs) for government end users (governments). Under this Statement, the College recognized SBITA assets and corresponding SBITA liabilities during fiscal year 2023. A SBITA liability is initially measured at the present value of subscription payments expected to be made during the subscription term, with amortization of the discount on the liability recognized as interest expense in subsequent reporting periods. A SBITA asset is initially measured at the amount of the SBITA liability adjusted for certain other payments costs or incentives as specified in the pronouncement. Amortization of the subscription-based asset is recognized over the shorter of the subscription term or the useful life of the underlying information technology asset.

**Restatement:** The adoption of GASB 96, *Subscription-Based information Technology Arrangements*, on July 1, 2022, resulted in a restatement of July 1, 2021 capital assets, net of depreciation and amortization, in the amount of $ 1,116,163, as well as the addition of the July 1, 2021 balance for responding subscription-based liabilities in the amount of $1,219,501. The adoption of this statement had no effect on the College's beginning net position.

**Subsequent events:** The College's management has performed an analysis of the activities and transactions subsequent to June 30, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through January 30, 2024, the date the financial statements were available to be issued.

## Note 2. Deposits and Investments

As of June 30, 2023 and 2022, the College had the following cash, cash equivalents and investments:

| | 2023 | 2022 |
|---|---|---|
| | Carrying Value | |
| Cash and cash equivalents: | | |
| Cash accounts | $ 7,127,350 | $ 20,104,739 |
| Restricted accounts - money market | 3,892,160 | 11,411,449 |
| Illinois Trust IIIT Class | 52,712,508 | 34,519,065 |
| Illinois Term | - | 895,000 |
| Commercial paper | - | 2,098,355 |
| Total cash and cash equivalents | 63,732,018 | 69,028,608 |
| Investments: | | |
| Certificates of deposit | 1,678,532 | 992,000 |
| U.S. Treasury Bond/Note | 22,497,258 | 26,608,696 |
| U.S. Agency Collat. Mortgage Obligation | 249,954 | 381,516 |
| U.S. Agency Bond/Note | 329,415 | 3,675,350 |
| U.S. Mortgage-Backed Security | 623,963 | 892,501 |
| U.S. Commercial Mortgage-Backed Security | 2,222,614 | 1,128,878 |
| Commercial Paper | 13,187,716 | 12,297,255 |
| Supra-National Agency Bond/Note | 949,498 | 14,528,083 |
| Corporate Note | 17,966,349 | 13,303,182 |
| Municipal Bond/Note | 917,348 | 2,073,759 |
| Total investments | 60,622,647 | 75,881,220 |
| Total cash, cash equivalents and investments | $ 124,354,665 | $ 144,909,828 |
| Current assets: | | |
| Cash and cash equivalents | $ 59,839,858 | $ 57,617,159 |
| Investments | 29,875,995 | 45,511,443 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | 3,892,160 | 11,411,449 |
| Other long-term investments | 30,746,652 | 30,369,777 |
| Total cash, cash equivalents and investments | $ 124,354,665 | $ 144,909,828 |

## Note 2. Deposits and Investments (Continued)

As of June 30, 2023 and 2022, the College's investments had the following maturities:

| | 2023 Maturities | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | 6 to 10 years | Greater than 10 years | Total |
| Certificates of deposit | $ 1,678,532 | $ - | $ - | $ - | $ 1,678,532 |
| U.S. Treasury Bond/Note | 5,723,039 | 16,774,219 | - | - | 22,497,258 |
| U.S. Agency Collat. Mortgage Obligation | - | 144,763 | 92,916 | 12,275 | 249,954 |
| U.S. Agency Bond/Note | - | 329,415 | - | - | 329,415 |
| U.S. Mortgage-Backed Security | - | 157,380 | 383,921 | 82,662 | 623,963 |
| U.S. Commercial Mortgage-Backed Security | 8,530 | 2,061,973 | 152,111 | | 2,222,614 |
| Commercial Paper | 13,187,716 | - | - | - | 13,187,716 |
| Supra-National Agency Bond/Note | 629,080 | 320,418 | - | - | 949,498 |
| Corporate Note | 7,797,824 | 10,168,525 | - | - | 17,966,349 |
| Municipal Bond/Note | 326,593 | 590,755 | - | - | 917,348 |
| Total investments | $ 29,351,314 | $ 30,547,448 | $ 628,948 | $ 94,937 | $ 60,622,647 |

| | 2022 Maturities | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | 6 to 10 years | Greater than 10 years | Total |
| Certificates of deposit | $ 992,000 | $ - | $ - | $ - | $ 992,000 |
| U.S. Treasury Bond/Note | 11,238,613 | 15,370,083 | - | - | 26,608,696 |
| U.S. Agency Collat. Mortgage Obligation | - | - | 359,912 | 21,604 | 381,516 |
| U.S. Agency Bond/Note | 1,117,078 | 2,558,272 | - | - | 3,675,350 |
| U.S. Mortgage-Backed Security | - | 69,825 | 650,142 | 172,534 | 892,501 |
| U.S. Commercial Mortgage-Backed Security | 468,942 | 659,936 | - | | 1,128,878 |
| Commercial Paper | 12,297,255 | - | - | - | 12,297,255 |
| Supra-National Agency Bond/Note | 13,190,268 | 1,337,815 | - | - | 14,528,083 |
| Corporate Note | 5,069,863 | 8,233,319 | - | - | 13,303,182 |
| Municipal Bond/Note | 1,137,424 | 936,335 | - | - | 2,073,759 |
| Total investments | $ 45,511,443 | $ 29,165,585 | $ 1,010,054 | $ 194,138 | $ 75,881,220 |

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

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

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

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

## Note 2. Deposits and Investments (Continued)

The Illinois Trust measures the Illinois Portfolio, IIIT Class at net asset value based on amortized cost, which approximates fair value. The Illinois Trust also maintains a weighted average maturity of 60 days or less. The value of the Colleges' investments in the funds is the same as the value of the pool shares. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as cash equivalents. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Portfolio, IIIT class is rated AAAm by Standard & Poor's. There are no limitations or restrictions on withdrawals.

The Illinois Trust - Illinois TERM series is a fixed-rate, fixed-term portfolio with a maximum term of one year. The term program is designed to meet the cash flow requirements of investors with the cash flows from the portfolio. A participant selects a planned maturity date on which the portfolio seeks to produce a share price of at least $1.00 for the participant that redeems on said date. Participants may request premature redemption, but the portfolio may charge significant penalties for any redemption prior to the agreed-upon redemption date and the net asset value may be more or less than $1.00 per share. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235. The Illinois TERM series is rated AAAf by Fitch.

Credit ratings for the College's investments in debt securities as described by Standard & Poor's and Moody's at June 30, 2023 and 2022 (excluding investments in U.S. Treasuries and FDIC Insured Bank Certificates of Deposit which are not considered to have credit risk) are as follows:

2023:

| | Disclosure Rating for Debt Securities (S&P/Moody's) (As a percentage of total fair value for debt securities) | | | | | |
|---|---|---|---|---|---|---|
| Investment Type | AAA/Aaa | A-1+/P-1 | A-1/P-1 | AA+/Aaa | A-2/P-1 | A-1/NR |
| U.S. Agency Collat. Mortgage Obligation | 0% | 0% | 0% | 100% | 0% | 0% |
| U.S. Agency Bond/Note | 0% | 0% | 0% | 100% | 0% | 0% |
| U.S. Mortgage-Backed Security | 0% | 0% | 0% | 100% | 0% | 0% |
| U.S. Commercial Mortgage-Backed Security | 0% | 0% | 0% | 100% | 0% | 0% |
| Commercial Paper | 0% | 8% | 69% | 0% | 0% | 23% |
| Supra-National Agency Bond/Note | 100% | 0% | 0% | 0% | 0% | 0% |

2022:

| | Disclosure Rating for Debt Securities (S&P/Moody's) (As a percentage of total fair value for debt securities) | | | | | |
|---|---|---|---|---|---|---|
| Investment Type | AAA/Aaa | A-1+/P-1 | A-1/P-1 | AA+/Aaa | A-2/P-1 | A-1/NR |
| U.S. Agency Collat. Mortgage Obligation | 0% | 0% | 0% | 100% | 0% | 0% |
| U.S. Agency Bond/Note | 0% | 0% | 0% | 100% | 0% | 0% |
| U.S. Mortgage-Backed Security | 0% | 0% | 0% | 100% | 0% | 0% |
| U.S. Commercial Mortgage-Backed Security | 0% | 0% | 0% | 100% | 0% | 0% |
| Commercial Paper | 0% | 14% | 78% | 0% | 0% | 8% |
| Supra-National Agency Bond/Note | 100% | 0% | 0% | 0% | 0% | 0% |

### Note 2. Deposits and Investments (Continued)

Due to the mix of corporate notes and municipal bond/notes, the ratings as of June 20, 2023 and 2022 for those are listing below:

**2023:**

| S&P/Moody's | Percent of total fair value for Corporate Notes | fair value for Municipal Bond/Notes |
|---|---|---|
| AAA/Aaa | 0% | 0% |
| AAA/Aa1 | 0% | 0% |
| AA+/Aaa | 1% | 0% |
| AA+/NR | 0% | 10% |
| AA/Aa1 | 1% | 0% |
| AA/Aa2 | 3% | 0% |
| AA/Aa3 | 0% | 28% |
| AA/A1 | 1% | 0% |
| AA-/Aa2 | 1% | 0% |
| AA-/Aa3 | 10% | 0% |
| AA-/A1 | 1% | 0% |
| AA-/A3 | 1% | 0% |
| A+/Aa2 | 3% | 0% |
| A+/Aa3 | 0% | 0% |
| A+/A1 | 7% | 0% |
| A+/A2 | 0% | 0% |
| A+/A3 | 1% | 0% |
| A/A1 | 3% | 0% |
| A/A2 | 8% | 0% |
| A-/A1 | 9% | 0% |
| A-/A2 | 1% | 0% |
| A-/A3 | 18% | 0% |
| BBB+/A1 | 1% | 0% |
| BBB+/A2 | 1% | 0% |
| BBB+/A3 | 29% | 0% |
| NR/Aa1 | 0% | 26% |
| NR/NR | 0% | 36% |

**2022:**

| S&P/Moody's | Percent of total fair value for Corporate Notes | fair value for Municipal Bond/Notes |
|---|---|---|
| AAA/Aaa | 0% | 9% |
| AAA/Aa1 | 0% | 22% |
| AA+/Aaa | 1% | 0% |
| AA+/NR | 0% | 19% |
| AA/Aa1 | 1% | 0% |
| AA/Aa2 | 0% | 22% |
| AA/Aa3 | 3% | 5% |
| AA/A1 | 4% | 0% |
| AA-/Aa2 | 1% | 0% |
| AA-/Aa3 | 4% | 0% |
| AA-/A1 | 2% | 0% |
| AA-/A3 | 1% | 0% |
| A+/Aa2 | 2% | 0% |
| A+/Aa3 | 0% | 4% |
| A+/A1 | 6% | 0% |
| A+/A2 | 1% | 0% |
| A+/A3 | 9% | 0% |
| A/A1 | 3% | 0% |
| A/A2 | 8% | 0% |
| A-/A1 | 4% | 0% |
| A-/A2 | 7% | 0% |
| A-/A3 | 15% | 0% |
| BBB+/A1 | 9% | 0% |
| BBB+/A2 | 4% | 0% |
| BBB+/A3 | 15% | 0% |
| NR/Aa1 | 0% | 14% |
| NR/NR | 0% | 5% |

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The College is considered to have a concentration of credit risk if its investment in any one single issuer is greater than 5% of the total fixed income investments. The College's investment policy prohibits the total investment in any one obligation to exceed 5% of the overall portfolio. The College held no single investment that exceeded 5% of the total invested balance at June 30, 2023 and 2022.

*Custodial Credit Risk.* With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2023 and 2022, the bank balance of the College's deposits with financial institutions were all fully collateralized and insured. There were no investments exposed to custodial credit risk.

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

## Note 2. Deposits and Investments (Continued)

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

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

Investments measured at fair value on a recurring basis as of June 30, 2023 are summarized below:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| Investment | | Level 1 | Level 2 | Level 3 |
| U.S. Treasury Bond/Note | $ 22,497,258 | $ 22,497,258 | $ - | $ - |
| U.S. Agency Collat. Mortgage Obligation | 249,954 | - | 249,954 | - |
| U.S. Agency Bond/Note | 329,415 | - | 329,415 | - |
| U.S. Mortgage-Backed Security | 623,963 | - | 623,963 | - |
| U.S. Commercial Mortgage-Backed Security | 2,222,614 | - | 2,222,614 | - |
| Commercial Paper | 13,187,716 | - | 13,187,716 | - |
| Supra-National Agency Bond/Note | 949,498 | - | 949,498 | - |
| Corporate Note | 17,966,349 | - | 17,966,349 | - |
| Municipal Bond/Note | 917,348 | - | 917,348 | - |
| Total | $ 58,944,115 | $ 22,497,258 | $ 36,446,857 | $ - |

Investments measured at fair value on a recurring basis as of June 30, 2022 are summarized below:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| Investment | | Level 1 | Level 2 | Level 3 |
| U.S. Treasury Bond/Note | $ 26,608,696 | $ 26,608,696 | $ - | $ - |
| U.S. Agency Collat. Mortgage Obligation | 381,516 | - | 381,516 | - |
| U.S. Agency Bond/Note | 3,675,350 | - | 3,675,350 | - |
| U.S. Mortgage-Backed Security | 892,501 | - | 892,501 | - |
| U.S. Commercial Mortgage-Backed Security | 1,128,878 | - | 1,128,878 | - |
| Commercial Paper | 12,297,255 | - | 12,297,255 | - |
| Supra-National Agency Bond/Note | 14,528,083 | - | 14,528,083 | - |
| Corporate Note | 13,303,182 | - | 13,303,182 | - |
| Municipal Bond/Note | 2,073,759 | - | 2,073,759 | - |
| Total | $ 74,889,220 | $ 26,608,696 | $ 48,280,524 | $ - |

The College has cash equivalents and investments as of June 30, 2023 and 2022 measured at amortized cost or net asset value (NAV) based on amortized cost as follows:

| | 2023 | 2022 |
|---|---|---|
| Illinois Trust IIIT Class | $ 52,712,507 | $ 34,519,065 |
| Certificates of deposit | 480,000 | 992,000 |
| Illinois TERM | - | 895,000 |
| Participating certificates of deposit | 1,198,533 | - |
| | $ 54,391,040 | $ 36,406,065 |

## Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

| | Balance June 30, 2022 | Additions | Deletions | Balance June 30, 2023 |
|---|---|---|---|---|
| Tangible capital assets not being depreciated: | | | | |
| Construction in progress | $ 20,212,438 | $ 11,720,990 | $ 28,616,020 | $ 3,317,408 |
| Land | 14,524,569 | - | - | 14,524,569 |
| Capitalized collections | 1,219,819 | - | - | 1,219,819 |
| Total tangible capital assets not being depreciated | 35,956,826 | 11,720,990 | 28,616,020 | 19,061,796 |
| Tangible capital assets being depreciated: | | | | |
| Land improvements | 13,431,082 | 143,545 | - | 13,574,627 |
| Buildings and improvements | 237,932,359 | 57,513,536 | - | 295,445,895 |
| Furniture and equipment | 57,047,067 | 7,003,665 | 425,873 | 63,624,859 |
| Total tangible capital assets being depreciated | 308,410,508 | 64,660,746 | 425,873 | 372,645,381 |
| Intangible right of use capital assets being amortized: | | | | |
| Equipment | 490,796 | 87,848 | - | 578,644 |
| Building | 502,805 | - | - | 502,805 |
| Subscription-Based Information Technology Arrangement | 1,116,163 | 721,295 | - | 1,837,458 |
| Total intangible right of use capital assets being amortized | 2,109,764 | 809,143 | - | 2,918,907 |
| Less accumulated depreciation (tangible assets): | | | | |
| Land improvements | 9,391,905 | 690,000 | - | 10,081,905 |
| Buildings and improvements | 95,590,013 | 9,581,731 | - | 105,171,744 |
| Furniture and equipment | 37,716,962 | 4,335,283 | 425,873 | 41,626,372 |
| Total accumulated depreciation | 142,698,880 | 14,607,014 | 425,873 | 156,880,021 |
| Less accumulated amortization (intangible right of use): | | | | |
| Equipment | 260,776 | 159,671 | - | 420,447 |
| Building | 50,281 | 150,842 | - | 201,123 |
| Subscription-Based Information Technology Agreement | - | 636,526 | - | 636,526 |
| Total accumulated amortization | 311,057 | 947,039 | - | 1,258,096 |
| Total capital assets being depreciated and amortized, net | 167,510,335 | 49,915,836 | - | 217,426,171 |
| Total capital assets, net | $ 203,467,161 | $ 61,636,826 | $ 28,616,020 | $ 236,487,967 |

## Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2022 was as follows (as restated for GASB 96, *Subscription-Based Information Technology Arrangements*):

| | Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 |
|---|---|---|---|---|
| Tangible capital assets not being depreciated: | | | | |
| Construction in progress | $ 3,286,082 | $ 17,083,725 | $ 157,369 | $ 20,212,438 |
| Land | 14,714,569 | - | 190,000 | 14,524,569 |
| Capitalized collections | 1,219,819 | - | - | 1,219,819 |
| Total tangible capital assets not being depreciated | 19,220,470 | 17,083,725 | 347,369 | 35,956,826 |
| Tangible capital assets being depreciated: | | | | |
| Land improvements | 13,437,752 | - | 6,670 | 13,431,082 |
| Buildings and improvements | 235,767,723 | 2,164,636 | - | 237,932,359 |
| Furniture and equipment | 52,030,512 | 5,231,707 | 215,152 | 57,047,067 |
| Total tangible capital assets being depreciated | 301,235,987 | 7,396,343 | 221,822 | 308,410,508 |
| Intangible right of use capital assets being amortized: | | | | |
| Equipment | 490,796 | - | - | 490,796 |
| Building | - | 502,805 | - | 502,805 |
| Subscription-Based Information Technology Agreement | 1,116,163 | - | - | 1,116,163 |
| Total intangible right of use capital assets being amortized | 1,606,959 | 502,805 | - | 2,109,764 |
| Less accumulated depreciation (tangible assets): | | | | |
| Land improvements | 8,702,999 | 688,906 | - | 9,391,905 |
| Buildings and improvements | 87,563,638 | 8,026,375 | - | 95,590,013 |
| Furniture and equipment | 34,199,493 | 3,732,621 | 215,152 | 37,716,962 |
| Total accumulated depreciation | 130,466,130 | 12,447,902 | 215,152 | 142,698,880 |
| Less accumulated amortization (intangible right of use): | | | | |
| Equipment | 121,534 | 139,242 | | 260,776 |
| Building | - | 50,281 | - | 50,281 |
| Total accumulated amortization | 121,534 | 189,523 | - | 311,057 |
| Total capital assets being depreciated and amortized, net | 172,255,282 | (4,738,277) | 6,670 | 167,510,335 |
| Total capital assets, net | $ 191,475,752 | $ 12,345,448 | $ 354,039 | $ 203,467,161 |

## Note 4. Accrued Expenses

Accrued expenses consisted of the following at June 30:

| | 2023 | 2022 |
|---|---|---|
| Accrued payroll and benefits | $ 1,170,664 | $ 3,330,587 |
| Accrued vacation | 3,361,853 | 3,148,917 |
| Accured construction retainage | 1,383,346 | 3,018,020 |
| Accred health insurance claims | 585,000 | 658,392 |
| Accured workers' compensation claims | 307,526 | 385,768 |
| Accured expenses - other | 182,017 | 221,920 |
| Total accrued expenses | $ 6,990,406 | $ 10,763,604 |

## Note 5. Long-Term Obligations

The College has the following outstanding bonds payable as of June 30, 2023 and 2022:

General Obligation Limited Tax Bonds, Series 2013A with a yield of 2% to 4% depending on the date of serial maturity through 2024. The certificates are general obligations of the College both as to principal and interest from the funds of the College lawfully available for payments. The original liability upon issuance was $31,690,000. The College received a premium of $2,076,140 and paid issue costs of $326,140. The principal balance at June 30, 2023 and 2022 was $1,760,000 and $6,335,000, respectively.

General Obligation Refunding Bonds, Series 2017 with a yield of 3.1% through 2034. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the College lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was $22,325,000. The College received no premium, nor incurred any discount and paid issue costs of $121,275. The bonds were issued as an advanced refunding of the Series 2013B General Obligation Limited Tax Bonds. The principal balance at June 30, 2023 and 2022 was $21,650,000 and $21,775,000, respectively.

General Obligation Bonds (Alternate Revenue), Series 2021A with a yield of 2% to 2.7% depending on the date of serial maturity through 2041. 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 $48,440,000. The College received a premium of $246,881 and paid issue costs of $972,855. The bonds were issued to pay a portion of an outstanding obligation of the College and to improve the sites of, build and equip additions to, and alter, repair and equip buildings and facilities of the College. The principal balance at June 30, 2023 and 2022 was $48,440,000 and $48,440,000, respectively.

General Obligation Limited Tax Bonds, Series 2021B with a yield of 1.4% to 5% depending on the date of serial maturity through 2026. The certificates are general obligations of the College both as to principal and interest from the 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 $1,275,000. The College received a premium of $41,304 and paid issue costs of $12,547. The bonds were issued to pay a portion of an outstanding obligation of the College. The principal balance at June 30, 2023 and 2022 was $1,185,000 and $1,275,000, respectively.

General Obligation Limited Tax Refunding Bonds, Series 2021C with a yield of 4% to 5% depending on the date of serial maturity through 2026. The certificates are general obligations of the College both as to principal and interest from the 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 $7,865,000. The College received a premium of $963,612 and paid issue costs of $63,243. The bonds were issued as an advanced refunding of the Series 2012 General Obligation Limited Tax Bonds. The principal balance at June 30, 2023 and 2022 was $6,410,000 and $7,865,000, respectively. As a result of the refunding in fiscal year 2022, the College had an economic gain (difference between the present values of the debt service payments on the old and new debt) of $529,652 and decreased the life of the debt by 4 years.

## Note 5. Long-Term Obligations (Continued)

Changes in long-term obligations during the year ended June 30, 2023 were as follows:

| | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| General obligation bonds: | | | | | |
| Par | $ 85,690,000 | $ - | $ 6,245,000 | $ 79,445,000 | $ 6,605,000 |
| Premium | 923,170 | - | 306,976 | 616,194 | - |
| Total general obligation bonds, net | 86,613,170 | - | 6,551,976 | 80,061,194 | 6,605,000 |
| Debt certificate | - | - | - | - | - |
| Postemployment benefits: | | | | | |
| College Plan | 15,507,932 | - | 420,633 | 15,087,299 | - |
| CIP plan | 56,857,154 | - | 33,954,091 | 22,903,063 | - |
| Total postemployment benefits | 72,365,086 | - | 34,374,724 | 37,990,362 | - |
| Lease obligations | 697,714 | 66,834 | 301,393 | 463,155 | 303,441 |
| Subscription-based liabilities | 1,116,164 | 721,295 | 899,808 | 937,651 | 408,137 |
| | $ 160,792,134 | $ 788,129 | $ 42,127,901 | $ 119,452,362 | $ 7,316,578 |

Changes in long-term obligations during the year ended June 30, 2022 were as follows (as restated for GASB 96, *Subscription-Based Information Technology Arrangements*):

| | Balance July 1, 2021 | Additions | Deletions | Balance June 30, 2022 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| General obligation bonds: | | | | | |
| Par | $ 42,955,000 | $ 57,580,000 | $ 14,845,000 | $ 85,690,000 | $ 6,245,000 |
| Premium | 187,499 | 1,251,797 | 516,126 | 923,170 | - |
| Total general obligation bonds, net | 43,142,499 | 58,831,797 | 15,361,126 | 86,613,170 | 6,245,000 |
| Debt certificate | 9,000,000 | - | 9,000,000 | - | - |
| Postemployment benefits: | | | | | |
| College Plan | 18,283,133 | - | 2,775,201 | 15,507,932 | - |
| CIP plan | 58,304,848 | - | 1,447,694 | 56,857,154 | - |
| Total postemployment benefits | 76,587,981 | - | 4,222,895 | 72,365,086 | - |
| Lease obligations | 369,262 | 456,204 | 127,752 | 697,714 | 278,835 |
| Subscription-based liabilities | 1,219,501 | - | 103,337 | 1,116,164 | 12,529 |
| | $ 130,319,243 | $ 59,288,001 | $ 28,815,110 | $ 160,792,134 | $ 6,536,364 |

## Note 5. Long-Term Obligations (Continued)

The following is a schedule of the future debt service payments for general obligation bonds as of June 30, 2023:

| Year ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 6,605,000 | $ 2,165,938 | $ 8,770,938 |
| 2025 | 5,035,000 | 1,918,463 | 6,953,463 |
| 2026 | 5,240,000 | 1,745,665 | 6,985,665 |
| 2027 | 5,430,000 | 1,583,118 | 7,013,118 |
| 2028 | 3,445,000 | 1,463,508 | 4,908,508 |
| 2029-2033 | 18,610,000 | 5,944,643 | 24,554,643 |
| 2034-2038 | 21,100,000 | 3,449,778 | 24,549,778 |
| 2039-2041 | 13,980,000 | 752,200 | 14,732,200 |
| | $ 79,445,000 | $ 19,023,313 | $ 98,468,313 |

The following is a schedule of the future debt service payments for lease obligations and subscription-based information technology arrangement as of June 30, 2023:

| Year ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 711,578 | $ 51,034 | $ 762,612 |
| 2025 | 501,106 | 21,372 | 522,478 |
| 2026 | 141,984 | 6,116 | 148,100 |
| 2027 | 46,139 | 1,561 | 47,700 |
| | $ 1,400,807 | $ 80,083 | $ 1,480,890 |

## Note 6. Defined Benefit Pension Plans

### General Information about the Pension Plan

Plan Description: The College of Lake County contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan (Plan) with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

## Note 6. Defined Benefit Pension Plans (Continued)

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 (enacted effective January 1, 1998), established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2022 can be found in the Financial Section of SURS Annual Comprehensive Financial Report.

Contributions: The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2022 and 2023, respectively, was 12.32% and 12.83% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary, except for police officers who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State's General Assembly.

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

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

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

Net Pension Liability: The net pension liability was measured as of June 30, 2022. At June 30, 2022, the collective net pension liability was $29,078,053,857. At June 30, 2021, the collective net pension liability was $28,528,477,079.

Employer Proportionate Share of Net Pension Liability: The amount of the proportionate share of the net pension liability to be recognized for the College is $0. The proportionate share of the State's net pension liability associated with the College is $487,178,076 or 1.6754%. The College's proportionate share changed by (0.0384%) from 1.6371% since the last measurement date on June 30, 2021. This amount is not recognized in the College's financial statements. The net pension liability and total pension liability as of June 30, 2022, was determined based on the June 30, 2021 actuarial valuation rolled forward to the measurement date. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2021.

## Note 6. Defined Benefit Pension Plans (Continued)

Defined Benefit Pension Expense: At June 30, 2022, collective net pension expense was $1,903,314,699. At June 30, 2021, collective net pension expense was $2,342,460,058.

Employer Proportionate Share of Defined Benefit Expense: The College's proportionate share of the State's pension expense that is associated with the College is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2022. As a result, the College recognized revenue and defined benefit pension expense of $31,888,420 from this special funding situation during the year ended June 30, 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position that is applicable to future reporting periods.

Collective Deferred Outflows and Deferred Inflows of Resources Sources:

| As of June 30, 2023 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 31,973,496 | $ 28,674,599 |
| Changes in assumptions | 279,362,441 | 982,954,268 |
| Net difference between projected and actual earnings on pension plan investments | 31,628,935 | - |
| Total | $ 342,964,872 | $ 1,011,628,867 |

Collective Deferred Outflows and Deferred Inflows of Resources:

| As of June 30, 2022 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 113,467,689 | $ - |
| Changes in assumptions | 776,968,084 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 2,283,514,660 |
| Total | $ 890,453,773 | $ 2,283,514,660 |

Collective Deferred Outflows and Deferred Inflows of Resources for the Plan by Year to be Recognized in Future Pension Expenses:

| Year Ending June 30, | Net Deferred Outflows of Resources |
|---|---|
| 2023 | $ (332,941,204) |
| 2024 | (528,966,820) |
| 2025 | (249,290,775) |
| 2026 | 442,534,804 |
| 2027 | - |
| Thereafter | - |
| Total | $ (668,663,995) |

## Note 6. Defined Benefit Pension Plans (Continued)

Deferral of Fiscal Year Contributions: The College paid $144,818 and $106,871 in federal, trust or grant contributions during the years ended June 30, 2023 and 2022, respectively. These contributions were made subsequent to the pension liability measurement date of June 30, 2022 and 2021, and are recognized as deferred outflows of resources as of June 30, 2023 and 2022.

### Assumptions and Other Inputs

*Actuarial Assumptions*. The actuarial assumptions used in the June 30, 2022 and June 30, 2021 valuations were based on the results of an actuarial experience study for the period June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2022 and June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.25% |
| Salary increases | 3.00% to 12.75%, including inflation |
| Investment rate of return | 6.50% beginning with the actuarial valuation as of June 30, 2022 |

Mortality rates were based on the Pub-2010 employee and retiree gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

## Note 6. Defined Benefit Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

| Defined Benefit Plan | Strategic Policy Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| **Traditional Growth** | | |
| Global Public Equity | 38.0% | 7.62% |
| **Stabilized Growth** | | |
| Credit Fixed Income | 9.0% | 4.20% |
| Core Real Assets | 4.5% | 4.98% |
| Options Strategies | 2.5% | 4.91% |
| Private Credit | 1.0% | 7.45% |
| **Non-Traditional Growth** | | |
| Private Equity | 10.5% | 11.91% |
| Non-Core Real Assets | 2.5% | 9.43% |
| **Inflation Sensitive** | | |
| U.S. TIPS | 5.0% | 1.23% |
| **Principal Protection** | | |
| Core Fixed Income | 8.0% | 1.79% |
| **Crisis Risk Offset** | | |
| Systematic Trend Following | 10.0% | 4.33% |
| Alternative Risk Premia | 5.0% | 3.59% |
| Long Duration | 4.0% | 2.16% |
| **Total** | 100.0% | 6.08% |
| **Inflation** | | 2.25% |
| **Expected arithmetic returns** | | **8.33%** |

## Note 6. Defined Benefit Pension Plans (Continued)

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

| Defined Benefit Plan | Strategic Policy Allocation | Weighted Average Long-Term Expected Real Rate of Return |
|---|---|---|
| **Traditional Growth** | | |
| Global Public Equity | 41.0% | 6.30% |
| **Stabilized Growth** | | |
| Credit Fixed Income | 14.0% | 1.82% |
| Core Real Assets | 5.0% | 3.92% |
| Options Strategies | 6.0% | 4.20% |
| **Non-Traditional Growth** | | |
| Private Equity | 7.5% | 10.45% |
| Non-Core Real Assets | 2.5% | 8.83% |
| **Inflation Sensitive** | | |
| U.S. TIPS | 6.0% | -0.22% |
| **Principal Protection** | | |
| Core Fixed Income | 8.0% | -0.81% |
| **Crisis Risk Offset** | | |
| Systematic Trend Following | 3.5% | 3.45% |
| Alternative Risk Premia | 3.0% | 2.30% |
| Long Duration | 3.5% | 0.91% |
| **Total** | 100.0% | 4.43% |
| **Inflation** | | 2.25% |
| **Expected arithmetic returns** | | **6.68%** |

*Discount Rate*. A single discount rate of 6.39% and 6.12% was used to measure the total pension liability as of June 30, 2022 and 2021, respectively. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% as of June 30, 2022 and 2021 and a municipal bond rate of 3.69% and 1.92% as of June 30, 2022 and 2021, respectively. The municipal bond rate was based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022 and was based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS' funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State's contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State's General Assembly.

## Note 7. Defined Contribution Pension Plan

Plan Description: The College contributes to the Retirement Savings Plan (RSP) administered by the State Universities Retirement System (SURS), a cost-sharing multiple employer defined contribution pension plan with a special funding situation whereby the State of Illinois (State) makes substantially all required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees.

SURS is governed by Chapter 40, Act 5, Article 15 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. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Benefits Provided: A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2022, can be found in the SURS Annual Comprehensive Financial Report-Notes to the Financial Statements.

Contributions: All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from "trust, federal, and other funds" as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State's General Assembly.

Forfeitures: Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee's RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State's contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State's General Assembly.

### Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense: For the year ended June 30, 2022, the State's contributions to the RSP on behalf of individual employers totaled $89,770,940. Of this amount, $80,902,699 was funded via an appropriation from the State and $8,868,241 was funded from previously forfeited contributions.

For the year ended June 30, 2021, the State's contributions to the RSP on behalf of individual employers totaled $76,280,832. Of this amount, $70,403,460 was funded via an appropriation from the State and $5,877,372 was funded from previously forfeited contributions.

## Note 7. Defined Contribution Pension Plan (Continued)

Employer Proportionate Share of Defined Contribution Pension Expense: The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2022. The College's share of pensionable contributions was 1.1425% in fiscal year 2023 and 1.1613% in fiscal year 2022. As a result, the College recognized revenue and defined contribution pension expense of $1,025,617 from this special funding situation during the year ended June 30, 2023, of which $101,318 constituted forfeitures. During the year ended June 20, 2022, the College recognized revenue and defined contribution pension expense of $885,820 from this special funding situation, of which $68,252 constituted forfeitures.

## Note 8. Postemployment Benefits Other Than Pensions

The College participates in two OPEB plans, the State of Illinois' Community College Health Insurance Program (CIP) and an OPEB plan provided by the College. OPEB amounts for these plans are as follows for the years ended June 30:

| | 2023 | 2022 |
|---|---|---|
| Net OPEB liability | $ 37,990,362 | $ 72,365,086 |
| Deferred Inflows related to OPEB | 4,299,042 | 4,884,593 |
| Deferred Outflows related to OPEB | 42,486,231 | 17,981,963 |
| OPEB (benefit) expense | (18,077,537) | 328,123 |

| | 2023 | 2022 |
|---|---|---|
| CIP OPEB plan (benefit) expense | $ (8,270,926) | $ 812,202 |
| Less: deferred outflows | (333,070) | (315,501) |
| CIP OPEB on-behalf plan (benefit) | (9,815,732) | (469,409) |
| College OPEB plan expense | 342,191 | 300,831 |
| Total OPEB plans' (benefit) expense | $ (18,077,537) | $ 328,123 |

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

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

CIP has a special funding situation as described in 40 ILCS 15/1.4. The State is required by statute to contribute a defined percentage of participant payroll directly to the OPEB plan, which is administered through a trust.

## Note 8. Postemployment Benefits Other Than Pensions (Continued)

*Benefits Provided*: CIP provides health, vision and dental benefits to retired staff and dependent beneficiaries of participating community colleges. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced 5% for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits.

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

*Contributions*: The Act requires every active contributor (employee) of SURS to contribute 0.5% of covered payroll and every community college district to contribute 0.5% of covered payroll. Retirees pay a premium for coverage that is also determined by Illinois Compiled Statute (ILCS). The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires the state to make an annual appropriation to CIP to cover any expected expenditures in excess of the contributions by active employees, employers and retirees. The result is pay as you go financing of the plan. The employer contributions to the Plan for the years ended June 30, 2023 and 2022 were $330,070 and $315,501, respectively. The College contributions were equal to the required contributions for each year.

*OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources*: At June 30, 2023 and 2022, the College reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided for the College. The State's support and total are for disclosure purposes only. The OPEB proportionate shares are as follows:

| | 2023 | 2022 |
|---|---|---|
| College's proportionate share of the collective net OPEB liability | $ 22,903,063 | $ 56,857,154 |
| The portion of the State's proportionate share amount of the collective net OPEB liability associated with the College | 22,903,062 | 56,857,200 |
| Total CIP net collective OPEB liability associated with the College | $ 45,806,125 | $ 113,714,354 |

The collective net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to June 30, 2022. The prior fiscal year's collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to June 30, 2021. The College's proportion of the net OPEB liability was based on the College's actual contributions to the OPEB plan relative to the projected contributions of all participating Colleges and the State of Illinois, statutorily determined. At June 30, 2022 and 2021, the College's proportions were 3.345661% and 3.276063%, respectively.

## Note 8. Postemployment Benefits Other Than Pensions (Continued)

For the years ended June 30, 2023 and 2022, the College recognized revenue (expense) of ($9,815,732) and ($469,409), respectively, and OPEB expense of $1,544,809 and $342,793, respectively, for support provided by the State. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 180,930 | $ 9,539,836 |
| Changes in proportion and differences between the College's contributions and proportionate share of contributions | 3,306,326 | 312,530 |
| Net difference between projected and actual investment earnings | - | 1,184 |
| Changes of assumptions | - | 30,872,614 |
| Total deferred amounts to be recognized in expense in future periods | 3,487,256 | 40,726,164 |
| College's contributions subsequent to the measurement date | 333,070 | - |
| | $ 3,820,326 | $ 40,726,164 |

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 359,813 | $ 4,155,585 |
| Changes in proportion and differences between the College's contributions and proportionate share of contributions | 3,334,649 | 546,978 |
| Net difference between projected and actual investment earnings | - | 1,638 |
| Changes of assumptions | - | 10,861,515 |
| Total deferred amounts to be recognized in expense in future periods | 3,694,462 | 15,565,716 |
| College's contributions subsequent to the measurement date | 315,501 | - |
| | $ 4,009,963 | $ 15,565,716 |

### Note 8. Postemployment Benefits Other Than Pensions (Continued)

The College reported $333,070 as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the subsequent fiscal period. The College previously reported $315,501 as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date and was recognized as a reduction of the total OPEB liability for the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CIP will be recognized in OPEB expense as follows:

| Fiscal Year Ending June 30: | |
|---|---|
| 2024 | $ (9,209,465) |
| 2025 | (8,383,176) |
| 2026 | (7,776,020) |
| 2027 | (6,651,713) |
| 2028 | (5,218,534) |
| | $ (37,238,908) |

*Actuarial Assumptions*: The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022 the measurement date, and as of June 30, 2020, rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

| | 2022 | 2021 |
|---|---|---|
| Inflation | 2.25% | 2.25% |
| Salary rate increases | 3.00% to 12.75% | 3.25% to 12.25% |
| Investment rate of return | 0.00% | 0.00% |
| Healthcare cost trend rates | 8.00% trending to 4.25% | 8.00% trending to 4.25% |
| Asset valuation method | Market Value | Market Value |

For the actuarial valuation as of June 30, 2021, mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table. For disabled annuitants, mortality rates were based on the Pub-2010 Disabled Retiree Mortality Table. Mortality rates for pre-retirement were based on the Pub-2010 Employee Mortality Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.

For the actuarial valuation as of June 30, 2020, mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant Table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2017.

## Note 8. Postemployment Benefits Other Than Pensions (Continued)

The actuarial assumption used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2020.

The following OPEB-related assumption changes were made since the last actuarial evaluation as of June 30, 2020:

- The discount rate was changed from 1.92% at June 30, 2021 to 3.69% at June 30, 2022;
- Salary increases were adjusted from a range of 3.25% - 12.25% for all employees to 3.50% - 12.75% for employees under 50 and from 3.00% - 12.00% for employees over 50. The salary wage inflation assumption decreased from 3.25% to 3.00%;
- The mortality tables used for the actuarial assumptions changed from the RP-2014 tables as of June 30, 2022 to the Pub-2010 tables as of June 30, 2023. The new tables reflect future mortality improvements using Projection Scale MP-2020, compared to MP-2017, which were used as of June 30, 2022;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2021, projected plan cost for plan year-end June 30, 2022, premium changes through plan year-end 2022, and expectation of future trend increases after June 30, 2022;
- Per capita claim costs were updated based on projected claims and enrollment experience through June 30, 2022, and updated premium rates through play year 2023; and
- Healthcare plan participation rates by plan were updated based on observed experience.

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

*Discount Rate*: Since CIP is financed on a pay-as-you-go basis, a long-term rate of return was not used and the discount rate used to measure the total OPEB liability was the 20-year general obligation bond index rate (source was Fidelity Index's 20-year municipal GO AA Index). The discount rate as of June 30, 2022 was 3.69%, which was an increase from the June 30, 2021 rate of 1.92%. The discount rate as of June 30, 2021 was 1.92%, which was a decrease from the June 30, 2020 rate of 2.45%. The projection of cash flows used to determine the discount rate assumed that employee, employer, and State contributions would be made at the current statutorily-required rates. Based on those assumptions, CIP's fiduciary net position was not projected to be sufficient to make projected OPEB payments for current active and inactive employees beyond the current year.

*Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Single Discount Rate*: The following is a sensitivity analysis of the OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the OPEB liability of the College calculated using the discount rate of 1.92% and 2.45%, respectively, as well as what the College's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| College's proportionate share of the collective net OPEB liability 2023 | $ 25,071,481 | $ 22,903,063 | $ 21,048,754 |
| College's proportionate share of the collective net OPEB liability 2022 | $ 64,776,999 | $ 56,857,200 | $ 50,017,635 |

## Note 8. Postemployment Benefits Other Than Pensions (Continued)

The table below presents the College's OPEB liability, calculated using the healthcare cost trend rates as well as what the College's OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key current claims trend rates are 8.00% in 2024 decreasing to an ultimate trend rate of 4.25% in 2039. The key prior claims trend rates were 8.00% in 2022 decreasing to an ultimate trend rate of 4.25% in 2039.

| | 1% Decrease (a) | Healthcare Cost Trend Rates Assumption | 1% Increase (b) |
|---|---|---|---|
| College's proportionate share of the collective net OPEB liability 2023 | $ 20,467,394 | $ 22,903,063 | $ 25,879,240 |
| College's proportionate share of the collective net OPEB liability 2022 | $ 46,849,389 | $ 56,857,154 | $ 70,260,503 |

(a) For 2023, one percentage point decrease in healthcare trend rates are 7.00% in 2023 decreasing to an ultimate trend rate of 3.25% in 2038. For 2022, one percentage point decrease in healthcare trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037.

(b) For 2023, one percentage point increase in healthcare trend rates are 9.00% in 2023 decreasing to an ultimate trend rate of 5.25% in 2038. For 2022, one percentage point increase in healthcare trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037.

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

*Payable to the OPEB Plan*: The College had no outstanding contributions payable to the CIP plan for the years ended June 30, 2023 and 2022.

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

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

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

## Note 8. Postemployment Benefits Other Than Pensions (Continued)

### College of Lake County Single Employer Defined Benefit Postemployment Benefit Healthcare Plan – GASB 75 (Continued)

*Employees Covered by Benefit Terms:* As of June 30, 2023 and 2022, the following employees were covered by the benefit terms:

| | 2023 | 2022 |
|---|---|---|
| Active employees | 301 | 301 |
| Inactive employees entitled to but not yet receiving benefits | - | - |
| Inactive employees currently receiving benefits | 394 | 394 |
| Total | 695 | 695 |

*Funding Policy*: The College is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement. During the year ended June 30, 2023 and 2022, the College contributed $953,090 and $934,875, respectively, to the Plan.

*Total OPEB Liability:* The College's total OPEB liability of $15,087,299 and $15,507,932 was measured as of June 30, 2023 and 2022, respectively, and was determined by an actuarial valuation as of July 1, 2022, rolled forward to June 30, 2023.

*Actuarial Assumptions*: The total OPEB liability for June 30, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.25% |
| Salary rate increase | 3.25% |
| Discount rate | 3.65% |
| Healthcare cost trend rates | 2.50-15.30% for 2023 decreasing to an ultimate rate of 5.00% for 2030 and later years. Medicare Part B Premium of 3.8% per year. |
| Retirees' share of benefit-related costs | Same as healthcare trend |

The total OPEB liability for June 30, 2022 was determined using the following actuarial assumptions and other inputs:

| | |
|---|---|
| Inflation | 2.25% |
| Salary rate increase | 3.25% |
| Discount rate | 3.54% |
| Healthcare cost trend rates | 2.50-15.30% for 2022 decreasing to an ultimate rate of 5.00% for 2030 and later years. Medicare Part B Premium of 3.8% per year. |
| Retirees' share of benefit-related costs | Same as healthcare trend |

Since the College Plan is financed on a pay-as-you-go basis, a long-term rate of return was not used and the discount rate used to measure the total OPEB liability was a 20-year general obligation bond index rate. The discount rate was based on the Bond Buyer 20-Bond GO Index. The rate at June 30, 2023, 2022 and 2021 was 3.65%, 3.54% and 2.16%, respectively.

For June 30, 2023 and 2022, mortality rates were based on PubT-2010 Improved Generationally using MP-2020, weighted per SURS Experience Study Report dated June 1, 2021.

## Note 8. Postemployment Benefits Other Than Pensions (Continued)

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Balance as of June 30, 2021 | $ 18,283,133 |
| Changes for the year: | |
| Service cost | 234,970 |
| Interest | 384,819 |
| Changes of benefit terms | - |
| Differences by expected and actual experience | 523,526 |
| Changes in assumptions or other inputs | (2,983,641) |
| Benefit payments | (934,875) |
| Other changes | - |
| Net changes | (2,775,201) |
| Balance as of June 30, 2022 | $ 15,507,932 |
| Changes for the year: | |
| Service cost | 160,474 |
| Interest | 532,111 |
| Changes of benefit terms | - |
| Differences by expected and actual experience | - |
| Changes in assumptions or other inputs | (160,128) |
| Benefit payments | (953,090) |
| Other changes | - |
| Net changes | (420,633) |
| Balance as of June 30, 2023 | $ 15,087,299 |

Changes in assumptions reflect that the discount rate was changed to comply with the GASB Statement No. 75 standard. These changes also reflect that rates of retirement, withdrawal, and disability were changed to those in the State Universities Retirement System of Illinois Experience Study Report as of June 1, 2022.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following is a sensitivity analysis of the OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the OPEB liability of the College calculated as of June 30, 2023 and 2022 using the discount rate of 3.65% and 3.54%, respectively, as well as what the College's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| Total OPEB liability 2023 | $ 16,680,067 | $ 15,087,299 | $ 13,769,843 |
| Total OPEB liability 2022 | $ 17,205,217 | $ 15,507,932 | $ 14,108,147 |

### Note 8. Postemployment Benefits Other Than Pensions (Continued)

The table below presents the College's OPEB liability, calculated using the healthcare cost trend rates as well as what the College's OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates for non-Medicare coverage are 3.60% in 2023 increasing to an ultimate trend rate of 5.00% in 2025 for PPO Plans and 15.30% in 2023 decreasing to an ultimate trend rate of 5.00% in 2030 for CIP Plans. The key trend rates for Medicare coverage are 4.81% in 2023 decreasing to an ultimate trend rate of 3.80% for Medicare Part A and 6.72% decreasing to an ultimate trend rate of 3.80% for Medicare Part B.

| | 1% Decrease (a) | Healthcare Cost Trend Rates Assumption | 1% Increase (b) |
|---|---|---|---|
| Total OPEB liability 2023 | $ 14,332,121 | $ 15,087,299 | $ 15,955,197 |
| Total OPEB liability 2022 | $ 14,765,071 | $ 15,507,932 | $ 16,365,473 |

(a) For 2023, one percentage point decrease in healthcare trend rates for non-Medicare coverage are 3.60% in 2023 increasing to an ultimate trend rate of 5.50% in 2025 for PPO Plans and 15.30% decreasing to an ultimate trend rate of 5.00% in 2030 for CIP Plans. For Medicare coverage,

For 2022, one percentage point decrease in healthcare trend rates for non-Medicare coverage are 2.60% in 2022 increasing to an ultimate trend rate of 4.00% in 2025 for PPO Plans and 14.30% decreasing to an ultimate trend rate of 4.00% in 2031 for CIP Plans.

(b) For 2023, one percentage point increase in healthcare trend rates for non-Medicare coverage are 3.60% in 2023 increasing to an ultimate trend rate of 5.50% in 2025 for PPO Plans and 15.30% decreasing to an ultimate trend rate of 2.5% in 2030 for CIP Plans.

For 2022, one percentage point increase in healthcare trend rates for non-Medicare coverage are 4.60% in 2023 increasing to an ultimate trend rate of 6.00% in 2025 for PPO Plans and 16.30% decreasing to an ultimate trend rate of 6.00% in 2030 for CIP Plans. For Medicare coverage,

*OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*: For the years ended June 30, 2023 and 2022, the College recognized OPEB expense of $342,191 and $300,831, respectively. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 281,152 | $ 34,681 |
| Changes of assumptions | 127,564 | 1,725,386 |
| Total deferred amounts to be recognized in expense in future periods | $ 408,716 | $ 1,760,067 |

## Note 8. Postemployment Benefits Other Than Pensions (Continued)

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 202,119 |
| Changes of assumptions | 817,018 | 15,359 |
| Total deferred amounts to be recognized in expense in future periods | $ 817,018 | $ 217,478 |

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

| Fiscal Year Ending June 30: | |
|---|---|
| 2024 | $ (523,235) |
| 2025 | (596,958) |
| 2026 | (219,298) |
| 2027 | (11,860) |
| 2028 | - |
| | $ (1,351,351) |

## Note 9. Risk Management

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

The College maintains a self-insured plan to cover health and dental benefits and workers' compensation for its employees through third-party administrators. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported, net of the stop loss that is specific to each type of coverage. This liability is the College's best estimate based on available information and is expected to be paid within the next fiscal year. Changes in the College's liability for employee health and workers' compensation claims for the years ended June 30, 2023, 2022, and 2021, are as follows:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Claims payable – beginning of year | $ 1,044,160 | $ 893,104 | $ 1,006,824 |
| Claims and other expenses incurred | 11,741,519 | 11,854,531 | 13,771,388 |
| Claims paid | (11,893,153) | (11,703,475) | (13,885,108) |
| Claims payable – end of year | $ 892,526 | $ 1,044,160 | $ 893,104 |

## Note 10. Contingent Liabilities

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

## Note 11. Commitments

In conjunction with the Illinois Capital Development Board, a State of Illinois agency, the College is in the process of expanding the Lakeshore campus including a new Student Center, replacing the Performing Arts Building roofing system and replacing a parking lot on the Grayslake campus. Total estimated costs are $47,900,000, $2,740,000 and $1,150,000, respectively. The College's total share of the projects are $11,975,600, $1,035,000, and $287,500, respectively. Total funds expended on the Lakeshore Campus project as of June 30, 2023 were $9,754,826. No funds were expended on the other projects as of June 30, 2023.

## Note 12. Expenses by Natural Classification

Expenses are reported in the statements of revenues, expenses, and changes in net position by functional classification. The College's operating expenses by natural classification for the years ended June 30, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Natural classification of total expenses: | | |
| Salaries | $ 83,367,965 | $ 79,428,127 |
| Benefits | 27,139,057 | 52,234,128 |
| Contractual services | 12,440,582 | 11,287,673 |
| Materials and supplies | 8,428,985 | 7,276,947 |
| Travel and meetings | 1,013,947 | 654,720 |
| Fixed charges | 905,811 | 2,288,862 |
| Utilities | 2,282,717 | 3,228,742 |
| Interest | 2,257,001 | 1,690,609 |
| Depreciation and amortization | 15,552,935 | 12,637,425 |
| Other | 24,269,954 | 30,717,690 |
| Total expenses | $ 177,658,954 | $ 201,444,923 |

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

## Note 13. Leases

Lessor Activity

The College entered a lease for the entire first floor of a Waukegan property and 33 related parking spaces through June 30, 2024. The total amount of inflows (revenue) during the fiscal year ending June 30, 2023 is $185,046 for the property and $27,646 for the parking spaces. The total amount of inflows (revenue) during the fiscal year ending June 30, 2022 is $221,397 for the property and $38,733 for the parking spaces. The interest rate for this lease is 5.00%.

A. Lessee Activity

The College entered into a three-year lease for office and classroom space with related furniture and equipment for its Workforce and Professional Development program beginning May 1, 2022. The College has the option to renew in one year increments after the end of the initial three-year lease term. The total outflows (expense) recognized during the fiscal year ended June 30, 2023 is $170,369. The annual interest rate charged on this lease is 5.0%.

## Note 13. Leases (Continued)

The College entered into a five-year lease for mailing equipment beginning July 1, 2019. The lease automatically renews unless terminated in writing at least 90 days before the end of the lease. The total outflows (expense) recognized during the fiscal years ended June 30, 2023 and 2022 are $26,881 and $29,960, respectively. The annual interest rate charged on this lease is 5.0%.

The College entered into a six-year lease for copier equipment beginning January 1, 2019. The lease automatically renews unless either party provides notice of termination. The total outflows (expense) recognized during the fiscal years ended June 30, 2023 and 2022 are $98,177 and $108,864, respectively. The annual interest rate charged on this lease is 5.0%.

The College entered into a four-year lease for copier equipment beginning June 27, 2020. The lease automatically renews unless either party provides notice of termination. The total outflows (expense) recognized during the fiscal years ended June 30, 2023 and 2022 are $14,242 and $15,866, respectively. The annual interest rate charged on this lease is 5.0%.

The College entered into a two-year lease for wheel loader equipment beginning November 7, 2022. The College has the option to renew unless either party provides notice of termination. The total outflows (expense) recognized during the fiscal year ended June 30, 2023 is $30,919. The annual interest rate charged on this lease is 5.0%.

Future annual lease payments are as follows:

| Year ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 303,441 | $ 15,315 | $ 318,756 |
| 2025 | 159,714 | 4,359 | 164,073 |
| | $ 463,155 | $ 19,673 | $ 482,828 |

Other lease arrangements

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, 2023 and 2022 was $20,000. Unearned revenue related to the lease was $620,000 and $640,000 at June 30, 22023 and 2022, respectively.

The College entered into a 40-year lease with the Lake County Forest Preserve District property for its culinary arts program beginning January 1, 2021. The lease calls for annual lease payments of $1 plus 10% of gross receipts. The lease automatically renews for one year unless either party provides notice of termination. No rents have been paid under this lease for the fiscal years ended June 30, 2023 and 2022.

## Note 13. Leases (Continued)

B. Lessee Activity- Subscription-Based Liabilities:

The College has the noncancelable right to use certain third-party vendor information technology software. These subscription-based technology arrangements primarily consist of software used for student assessment and engagement, the College's contract management system, the enterprise resource planning system, and other software needs throughout the College. These arrangements have terms ranging from 1 to 4 years. The principal and interest payments to maturity of subscription-based liabilities at June 30, 2023 are as follows:

| Year ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 408,137 | $ 35,719 | $ 443,856 |
| 2025 | 341,390 | 17,013 | 358,403 |
| 2026 | 141,984 | 116 | 142,100 |
| 2027 | 46,140 | 1,561 | 47,701 |
| | $ 937,651 | $ 54,409 | $ 992,060 |

## Note 14. Component Unit

The Foundation's notes to the financial statements were as follows:

### Nature of Activities and Significant Accounting Policies

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

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

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

**Note 14. Component Unit (Continued)**

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

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

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

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

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

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

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

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

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

The Foundation receives donated services consisting of audit and accounting services, Foundation personnel time and other operating support from the College without charge. These services are recorded for the approximate amount of the direct and indirect costs incurred in providing the services to the Foundation. These amounts are included in unrestricted contributions and expenses in the statements of activities.

**Contributions**: Contributions, including unconditional pledges, are recognized in the appropriate category of net assets in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. An allowance for uncollectible pledges is recognized based on historical experience, as necessary.

## Note 14. Component Unit (Continued)

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

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

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

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

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

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

**Subsequent events**: Management has evaluated subsequent events through January 30, 2024, the date the financial statements were available to be issued.

### Availability and Liquidity

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

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

**Note 14. Component Unit (Continued)**

Cash and other financial assets available within one year at June 30, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Financial assets at year-end: | | |
| Cash and cash equivalents | $ 3,864,118 | $ 5,691,296 |
| Pledges receivable | 477,445 | 280,352 |
| Prepaid expense | 125 | 302 |
| Investments | 6,535,831 | 5,773,184 |
| Financial assets at year-end | 10,877,519 | 11,745,134 |
| Less amounts not available to be used within one year: | | |
| Investments not available for general expenditures | 4,774,865 | 5,030,614 |
| Pledges receivable due after one year | 211,000 | 91,666 |
| | 4,985,865 | 5,122,280 |
| Financial assets available to meet general expenditures within one year | $ 5,891,654 | $ 6,622,854 |

**Fair Value Measurements**

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

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

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

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

Level 3: Unobservable inputs where the valuations are derived from other methodologies. There were no Level 3 investments as of June 30, 2023 or June 30, 2022.

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

## Note 14. Component Unit (Continued)

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

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| Assets at June 30, 2023: | | | | |
| Multi-managed domestic equity | $ - | $ 1,851,608 | $ - | $ 1,851,608 |
| Multi-managed international equity | - | 959,070 | - | 959,070 |
| Multi-managed fixed income | - | 3,725,153 | - | 3,725,153 |
| | $ - | $ 6,535,831 | $ - | $ 6,535,831 |
| Assets at June 30, 2022: | | | | |
| Multi-managed domestic equity | $ - | $ 1,449,982 | $ - | $ 1,449,982 |
| Multi-managed international equity | - | 646,902 | - | 646,902 |
| Multi-managed fixed income | 417,877 | 3,174,250 | - | 3,592,127 |
| Publicly traded domestic equity | 84,173 | - | - | 84,173 |
| | $ 502,050 | $ 5,271,134 | $ - | $ 5,773,184 |

### Investments

The cost and fair value of the Foundation's investments at June 30, 2023 and 2022 are as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Multi-managed international equity | $ 904,665 | $ 959,070 | $ 677,513 | $ 646,902 |
| Publicly traded domestic fixed income | - | - | 100,337 | 84,173 |
| Multi-managed fixed income | 4,324,194 | 3,725,153 | 3,671,300 | 3,174,250 |
| Publicly traded domestic equity | - | - | 426,264 | 417,877 |
| Multi-managed domestic equity | 1,788,086 | 1,851,608 | 1,561,305 | 1,449,982 |
| | $ 7,016,945 | $ 6,535,831 | $ 6,436,719 | $ 5,773,184 |

Investment return for the years ended June 30, 2023 and 2022, was as follows:

| | 2023 | 2022 |
|---|---|---|
| Return on investments: | | |
| Interest and divdends | $ 377,585 | $ 125,861 |
| Realized gain on sale of investments | (10,035) | 366,160 |
| Investment income | 367,550 | 492,021 |
| Unrealized (loss) gain on investments | 182,276 | (1,399,149) |
| Total return on investments | $ 549,826 | $ (907,128) |

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

## Note 14. Component Unit (Continued)

### Pledges Receivable

Pledges receivable consisted of the following at June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Due in one year or less | $ 288,783 | $ 193,686 |
| Less: Allowance for uncollectibles | | |
| Due between one and five years | 211,000 | 91,666 |
| Unconditional promises to give | 499,783 | 285,352 |
| Less allowance for uncollectibles | (4,000) | (5,000) |
| Less pledges receivable discount | (18,338) | - |
| Total pledges receiveable—net | $ 477,445 | $ 280,352 |

Approximately 55% of pledges receivable were attributable to three donors at June 30, 2023. Collectability of the pledges is considered to be reasonably assured. A present value discount of $18,338 and $0 was recognized for the years ended June 30, 2023 and 2022, respectively. An allowance for uncollectible pledges of $4,000 and $5,000 was recognized for the years ended June 30, 2023 or 2022, respectively.

### Restrictions on Net Assets

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

During fiscal years 2023 and 2022, $4,016,687 and $2,055,164, respectively, were released from net assets with donor restrictions and used for the following purposes:

| | 2023 | 2022 |
|---|---|---|
| Scholarships for students of the College | $ 679,883 | $ 667,273 |
| Grants benefiting the College | 3,336,804 | 1,387,891 |
| | $ 4,016,687 | $ 2,055,164 |

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

| | 2023 | 2022 |
|---|---|---|
| Purpose restrictions: | | |
| Scholarships for students of the College | $ 4,021,702 | $ 3,337,187 |
| Grants benefitting the College | 2,538,293 | 4,971,375 |
| | 6,559,995 | 8,308,562 |
| Perpetual in nature: | | |
| Scholarships for students of the College | 2,169,413 | 2,058,722 |
| Grants benefitting the College | 331,763 | 306,763 |
| | 2,501,176 | 2,365,485 |
| Total assets with donor restrictions | $ 9,061,171 | $ 10,674,047 |

## Note 14. Component Unit (Continued)

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. There were no funds designated by the Board of Directors to function as endowments as of June 30, 2023 and 2022.

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

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

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

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

| | 2023 | 2022 |
|---|---|---|
| Net assets, beginning of year | $ 2,868,035 | $ 2,661,590 |
| Investment return: | | |
| Interest income, net of fees | 176,917 | (276,131) |
| New gifts | 150,052 | 580,836 |
| Change in classification of donor restrictions | | |
| Appropriate for expenditure | (11,575) | (4,042) |
| Net assets, end of year | (50,084) | (94,218) |
| | $ 3,133,345 | $ 2,868,035 |

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

**Note 14. Component Unit (Continued)**

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

Donor-Restricted Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in eight donor-restricted endowment funds, which together have an original gift value of $384,794, a current fair value of $365,622 and a deficiency of $19,172 as of June 30, 2022. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and, if applicable, continued appropriation for certain programs that was deemed prudent by the Board of Directors.

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

**Donated Goods and Services**

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

***i) Donated Services***

As described in the *Nature of activities and significant accounting policies* section, the Foundation receives donated services and other operating support from the College. For the years ended June 30, 2023 and 2022, donated service revenue and related expenses with the College were approximately $594,617 and $646,472, respectively.

***ii) Donated Securities***

The Foundation received stock donations of $20,124 and $100,309 for the years ended June 30, 2023 and 2022, respectively.

***iii) Other Noncash Donations***

The Foundation receives various noncash donations, mostly equipment and supplies, from outside sources. These materials are then distributed to the College for use in its various programs. For the years ended June 30, 2023 and 2022, noncash donation revenue and related expenses were $108,919 and $26,838, respectively.

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

| | | |
|---|---|---|
| Donations received and distributed per donor-imposed restrictions to the College: | | |
| Vehicles | $ 14,029 | $ 20,838 |
| Equipment/supplies | 94,890 | 6,000 |
| Total contributed nonfinancial assets | $ 108,919 | $ 26,838 |

## Note 14. Component Unit (Continued)

The Foundation recognized the above contributed nonfinancial assets within revenue and program expense. Contributed nonfinancial assets received had donor-imposed restrictions as noted above.

Vehicles are used in the College of Lake County's automotive repair program. The estimated fair value of the vehicles are valued by the donor using an online valuing tool for vehicle sales in the Chicago metropolitan area.

Equipment and supplies are used in the receiving organization's related programs. The estimated fair value of equipment and supplies are valued by the donor based on the estimates of values that would be received for selling similar products in the Chicago metropolitan area.

# Required Supplementary Information

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

**Required Supplementary Information**

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

| For the fiscal year ending* | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
|---|---|---|---|---|---|---|---|---|---|
| College's proportion percentage of the net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| College's proportionate amount of the net pension liability | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| State's proportionate share of the net pension liability associated with the College | 487,178,076 | 467,028,287 | 502,516,432 | 474,426,856 | 435,486,283 | 409,201,081 | 396,192,850 | 358,337,760 | 345,012,299 |
| Total | $ 487,178,076 | $ 467,028,287 | $ 502,516,432 | $ 474,426,856 | $ 435,486,283 | $ 409,201,081 | $ 396,192,850 | $ 358,337,760 | $ 345,012,299 |
| College's covered payroll | $ 63,116,457 | $ 62,476,394 | $ 60,865,637 | $ 59,713,364 | $ 56,607,275 | $ 56,720,116 | $ 55,108,575 | $ 54,907,365 | $ 57,471,457 |
| College's proportionate share of the net pension liability as a percentage of its covered payroll | 771.87% | 747.53% | 825.62% | 794.51% | 769.31% | 721.44% | 718.93% | 652.62% | 600.32% |
| Plan fiduciary net position as a percentage of the total pension liability | 43.65% | 45.45% | 39.05% | 40.71% | 41.27% | 42.04% | 39.57% | 42.37% | 44.39% |

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

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

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

**Required Supplementary Information**

**Schedule of College Contributions - SURS Pension Plan - GASB 68**

| For the fiscal year ending | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 144,818 | $ 106,871 | $ 140,958 | $ 135,983 | $ 123,611 | $ 121,959 | $ 121,581 | $ 144,948 | $ 225,318 | $ 204,318 | $ 217,455 | $ 158,916 |
| Contributions in relation to the contractually required contribution | (144,818) | (106,871) | (140,958) | (135,983) | (123,611) | (121,959) | (121,581) | (144,948) | (225,318) | (204,318) | (217,455) | (158,916) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| College's covered payroll | $ 65,384,203 | $ 63,116,457 | $ 62,476,394 | $ 60,865,637 | $ 59,713,364 | $ 56,607,275 | $ 56,720,116 | $ 55,108,575 | $ 54,907,365 | $ 57,471,457 | $ 57,415,228 | $ 58,129,259 |
| Contributions as a percentage of covered payroll | 0.22% | 0.17% | 0.23% | 0.22% | 0.21% | 0.22% | 0.21% | 0.26% | 0.41% | 0.36% | 0.38% | 0.27% |

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

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

| **For the fiscal year ending** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** |
|---|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | | |
| Service cost | $ 160,474 | $ 234,970 | $ 227,347 | $ 130,195 | $ 116,499 | $ 124,271 |
| Interest on total OPEB liability | 532,111 | 384,819 | 398,034 | 612,131 | 670,353 | 638,090 |
| Changes of benefit terms | | - | - | - | - | - |
| Differences between expected and actual experience | | 523,526 | - | (369,557) | - | - |
| Changes of assumptions or other inputs | (160,128) | (2,983,641) | 103,052 | 917,286 | 576,324 | (57,339) |
| Benefit payments | (953,090) | (934,875) | (911,821) | (911,821) | (1,197,673) | (1,201,999) |
| Net change in total OPEB liability | (420,633) | (2,775,201) | (183,388) | 378,234 | 165,503 | (496,977) |
| Total OPEB liability - beginning | 15,507,932 | 18,283,133 | 18,466,521 | 18,088,287 | 17,922,784 | 18,419,761 |
| Total OPEB liability - ending | $ 15,087,299 | $ 15,507,932 | $ 18,283,133 | $ 18,466,521 | $ 18,088,287 | $ 17,922,784 |
| Covered-employee payroll | $ 30,060,485 | $ 29,114,271 | $ 32,849,553 | $ 32,048,345 | $ 32,734,614 | $ 33,547,455 |
| Total OPEB liability as a percentage of covered-employee payroll | 50.19% | 53.27% | 55.66% | 57.62% | 55.26% | 53.43% |

**Notes to Schedules**

Covered-employee payroll has been estimated based on total covered payroll for the postretirement plan members during the prior fiscal year.
The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75

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

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

| For the fiscal year ending* | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| Employer's proportion of the collective net OPEB liability | 3.345661% | 3.276063% | 3.198706% | 3.204598% | 3.062167% | 3.116623% | 2.961604% |
| Employer's proportionate share of the collective net OPEB liability | $ 22,903,063 | $ 56,857,154 | $ 58,304,848 | $ 60,520,140 | $ 57,729,548 | $ 56,835,882 | $ 53,899,845 |
| The portion of the State's proportionate share amount of the collective net OPEB liability associated with the employer | 22,903,063 | 56,857,200 | 58,304,936 | 60,520,118 | 57,729,509 | 56,087,349 | 56,158,988 |
| Total | $ 45,806,126 | $ 113,714,354 | $ 116,609,784 | $ 121,040,258 | $ 115,459,057 | $ 112,923,231 | $ 110,058,833 |
| Employee covered payroll | $ 65,841,534 | $ 60,883,808 | $ 58,803,521 | $ 57,714,148 | $ 53,482,032 | $ 54,077,972 | $ 53,683,264 |
| Collective net OPEB liability as a percentage of the employee covered payroll | 34.8% | 93.4% | 99.2% | 104.9% | 107.9% | 105.1% | 100.4% |
| Plan fiduciary net position as a percentage of the total pension liability | 0.00% | -6.38% | -5.07% | -4.13% | -3.54% | -2.87% | n/a |

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

**Note to Schedule**

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

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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

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

| For the fiscal year ending | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Statutorily-required contribution | $ 333,070 | $ 315,501 | $ 304,605 | $ 294,176 | $ 287,661 | $ 267,410 | $ 270,390 | $ 268,416 | $ 263,511 | $ 268,863 | $ 263,828 | $ 263,414 |
| Contributions in relation to the statutorily-required contribution | (333,070) | (315,501) | (304,605) | (294,176) | (287,661) | (267,410) | (270,390) | (268,416) | (263,511) | (268,863) | (263,828) | (263,414) |
| Contribution (excess) deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Employer's employee covered payroll | $ 65,384,203 | $ 63,116,457 | $ 60,883,808 | $ 58,803,521 | $ 57,714,148 | $ 53,482,032 | $ 54,077,972 | $ 53,683,264 | $ 52,702,160 | $ 53,772,584 | $ 52,765,600 | $ 52,682,896 |
| Contributions as a percentage of employee covered payroll | 0.51% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |

## Note 1. SURS Pension Plan

*Changes of benefit terms.* There were no benefit changes recognized in the collective total pension liability measured as of June 30, 2022.

*Changes of assumptions.* In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017 to June 30, 2020 was performed in February 2021, resulting in the adoption of the following new assumptions as of June 30, 2021. These assumptions are listed below and remained the same for the June 30, 2022 actuarial valuation:

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.00% to 12.75% based on years of service, with underlying wage inflation of 2.25%.
- Investment return. Decrease the investment return assumptions to 6.50%. This reflects maintaining an assumed real rate of return of 4.25% and decreasing the underlying assumed price inflation to 2.25%.
- Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50%.
- Normal retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Early retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.
- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

## Note 2. Community College Health Insurance Plan

| | |
|---|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Sponsor's Fiscal Year End | June 30, 2023 |

**Methods and assumptions used to determine contribution rates:**

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal, used to measure the Total OPEB Liability |
| Contribution Policy | Benefits are financed on a pay-as-you go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2022, contribution rates are 0.50% of pay for active members, 0.50% of pay for community colleges and 0.50% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs. |
| Asset Valuation Method | Market value |
| Investment Rate of Return | 0%, net of OPEB plan investment expense, including inflation, for all plan years. |
| Inflation | 2.25% |
| Salary Increases | Depends on service and ranges from 12.75% at less than 1 year of service to 3.50% at 34 or more years of service for employees under 50 and ranges from 12.00% at less than 1 year of service to 3.00% at 34 or more years of service for employees over 50. Salary increase includes a 3.00% wage inflation assumption. |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2021 actuarial valuation of SURS. |
| Mortality | Retirement and Beneficiary Annuitants: Pub-2010 Healthy Mortality Table. Disables Annuitants: Pub-2010 Disabled Retiree Mortality Table. Pre-Retirement: Pub-2010 Employee Mortality Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020. |
| Healthcare Cost Trend Rates | Trend used for plan year 2023 is based on actual premium increases. For non-Medicare costs, trend rates start at 8.00% for plan year 2024 and decrease gradually to an ultimate rate of 4.25% in 2039. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 5.86% in 2034, declining to an ultimate rate of 4.25% in 2039. |
| Aging Factors | Based on the 2013 SOA Study "Health Care Costs – From Birth to Death." |
| Expenses | Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense. |

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

Statistical Section Summary

This section of the College's annual comprehensive 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**<br>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**<br>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**<br>These tables present information to help the reader understand and assess the College's debt burden and its ability to issue additional debt. | 7 - 9 |
| **Demographic and Economic Information**<br>These tables offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place. | 10 - 12 |
| **Operating Information**<br>These tables provide information about the College's operations and resources to assist the reader with understanding the College's economic condition. | 13 - 15 |

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

Table 1

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

Net Position by Component (Unaudited)

Last Ten Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net investment in capital assets | $ 174,385,458 | $ 140,151,562 | 138,671,398 | $ 137,105,005 | $ 137,765,063 | $ 133,659,285 | $ 110,606,958 | $ 93,242,840 | $ 96,082,639 | $ 94,812,636 |
| Restricted for: | | | | | | | | | | |
| Debt service | 1,873,383 | 1,807,787 | 1,825,264 | 1,798,466 | 1,766,833 | 1,742,884 | 1,699,027 | 1,663,859 | 1,639,557 | 1,477,210 |
| Capital projects | 3,892,160 | 11,411,449 | 11,475,632 | 10,989,529 | 401,660 | 218,533 | 198,883 | 1,469,753 | 12,548,437 | 7,493,234 |
| Other | 5,170,051 | 5,857,515 | 4,213,362 | 5,024,429 | 1,069,392 | 972,947 | 981,553 | 856,651 | 617,430 | 790,910 |
| Unrestricted | 11,368,986 | 7,305,406 | 8,300,862 | 11,698,622 | 19,576,504 | 21,285,812 | 92,318,940 | 98,938,193 | 79,048,204 | 72,184,158 |
| Total net position | $ 196,690,038 | $ 166,533,719 | 164,486,518 | $ 166,616,051 | $ 160,579,452 | $ 157,879,461 | $ 205,805,361 | $ 196,171,296 | $ 189,936,267 | $ 176,758,148 |

Source: College's Annual Financial Statements.

Table 2

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

Changes in Net Position (Unaudited)

Last Ten Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating revenues: | | | | | | | | | | |
| Student tuition and fees | $ 33,676,203 | $ 33,684,370 | $ 34,479,843 | $ 34,670,241 | $ 32,575,340 | $ 33,337,717 | $ 33,337,854 | $ 31,874,294 | $ 31,146,347 | $ 31,049,548 |
| Less scholarship allowances | (8,750,990) | (11,185,019) | (8,560,494) | (8,066,845) | (8,473,503) | (9,582,422) | (6,324,730) | (7,171,782) | (7,117,501) | (7,092,007) |
| Net student tuition and fees | 24,925,213 | 22,499,351 | 25,919,349 | 26,603,396 | 24,101,837 | 23,755,295 | 27,013,124 | 24,702,512 | 24,028,846 | 23,957,541 |
| Auxiliary enterprises | 5,629,684 | 5,908,015 | 5,782,375 | 5,772,169 | 7,807,720 | 7,792,791 | 8,381,236 | 9,459,100 | 10,071,648 | 10,061,743 |
| Other operations | 1,002,670 | 740,966 | 764,708 | 1,393,709 | 790,868 | 1,106,003 | 1,531,002 | 1,051,736 | 1,087,468 | 1,472,404 |
| Total operating revenues | 31,557,567 | 29,148,332 | 32,466,432 | 33,769,274 | 32,700,425 | 32,654,089 | 36,925,362 | 35,213,348 | 35,187,962 | 35,491,688 |
| Operating expenses: | | | | | | | | | | |
| Education and general: | | | | | | | | | | |
| Instruction | 63,252,498 | 72,050,845 | 84,360,795 | 81,887,559 | 76,045,064 | 75,018,758 | 68,660,469 | 62,300,046 | 57,017,699 | 57,226,921 |
| Academic support | 4,880,182 | 5,740,326 | 6,125,172 | 6,532,572 | 6,489,262 | 6,769,502 | 6,294,811 | 6,235,402 | 5,732,988 | 5,051,720 |
| Student services | 12,764,096 | 13,582,986 | 18,157,529 | 16,516,333 | 14,231,942 | 13,532,836 | 12,132,575 | 10,710,983 | 10,615,904 | 10,302,808 |
| Public service | 9,458,676 | 13,722,734 | 11,426,304 | 9,490,378 | 7,077,855 | 7,662,649 | 6,803,924 | 8,774,300 | 10,657,857 | 12,527,397 |
| Institutional support | 37,277,047 | 35,802,514 | 34,163,698 | 34,314,871 | 30,299,698 | 31,349,783 | 26,829,298 | 28,289,814 | 27,282,833 | 26,795,577 |
| Operations and maintenance of plant | 13,066,153 | 15,244,438 | 15,552,767 | 14,470,925 | 15,525,058 | 12,445,257 | 10,918,085 | 10,755,620 | 10,981,649 | 10,849,289 |
| Financial aid | 12,357,790 | 24,408,627 | 12,944,144 | 9,339,131 | 6,038,694 | 5,969,760 | 5,003,653 | 4,856,633 | 5,741,816 | 7,246,038 |
| Amortization | 947,038 | 189,523 | 121,534 | - | - | - | - | - | - | - |
| Depreciation | 14,605,898 | 12,447,902 | 12,184,532 | 11,671,615 | 11,089,342 | 9,586,974 | 7,503,136 | 5,338,718 | 5,096,492 | 4,830,835 |
| Loss on disposition of assets | - | | - | - | - | - | 423,435 | - | - | - |
| Auxiliary enterprises | 6,792,575 | 6,564,419 | 6,433,610 | 6,916,037 | 7,354,175 | 7,657,860 | 7,719,970 | 9,009,866 | 10,059,357 | 11,015,661 |
| Total operating expenses | 175,401,953 | 199,754,314 | 201,470,085 | 191,139,421 | 174,151,090 | 169,993,379 | 152,289,356 | 146,271,382 | 143,186,595 | 145,846,246 |
| Operating loss | (143,844,386) | (170,605,982) | (169,003,653) | (157,370,147) | (141,450,665) | (137,339,290) | (115,363,994) | (111,058,034) | (107,998,633) | (110,354,558) |
| Nonoperating revenues (expenses): | | | | | | | | | | |
| Local property taxes | 78,766,809 | 75,709,663 | 73,718,780 | 72,033,390 | 70,188,736 | 68,268,042 | 66,976,264 | 66,153,206 | 64,961,915 | 63,591,948 |
| Personal property replacement tax | 3,988,816 | 3,822,023 | 1,767,670 | 1,268,697 | 1,173,320 | 1,054,387 | 1,280,857 | 1,159,689 | 1,266,744 | 1,177,861 |
| State appropriations | 40,931,461 | 53,349,286 | 70,820,292 | 67,561,737 | 56,831,307 | 61,287,667 | 44,951,735 | 34,646,252 | 37,894,602 | 34,341,721 |
| Federal grants and contracts | 14,496,379 | 39,186,877 | 19,122,053 | 18,536,382 | 12,425,833 | 13,006,462 | 11,361,992 | 13,867,176 | 16,509,843 | 19,782,912 |
| Local grants and contracts | 2,998,193 | 2,553,159 | 1,880,590 | 1,481,612 | 1,728,169 | 1,365,480 | 1,167,546 | 1,255,820 | 845,458 | 916,302 |
| Investment income (loss) | 3,854,075 | (1,041,341) | 374,978 | 2,933,132 | 3,349,198 | 866,590 | 534,166 | 407,757 | 326,129 | 238,692 |
| Interest expense | (2,257,001) | (1,690,609) | (1,610,243) | (1,649,000) | (1,600,623) | (1,438,766) | (1,274,501) | (196,847) | (627,939) | (212,979) |
| Net nonoperating revenues | 142,778,732 | 171,889,058 | 166,074,120 | 162,165,950 | 144,095,940 | 144,409,862 | 124,998,059 | 117,293,053 | 121,176,752 | 119,836,457 |
| (Decrease) increase before capital contributions | (1,065,654) | 1,283,076 | (2,929,533) | 4,795,803 | 2,645,275 | 7,070,572 | 9,634,065 | 6,235,019 | 13,178,119 | 9,481,899 |
| Capital contributions | 31,221,973 | 764,125 | 800,000 | 362,295 | 54,716 | 13,592,627 | - | - | - | - |
| (Decrease) increase in net position | $ 30,156,319 | $ 2,047,201 | $ (2,129,533) | $ 5,158,098 | $ 2,699,991 | $ 20,663,199 | $ 9,634,065 | $ 6,235,019 | $ 13,178,119 | $ 9,481,899 |

*GASB Statement No. 75 was implemented in 2018
**Certain figures in 2014 have been restated as a result of the implementation of GASB Statement No. 68

Source: College's Annual Financial Statements.

**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 |
|---|---|---|---|---|---|---|---|---|---|
| 2023 | 2022 | $ 21,832,831,261 | $ 4,291,592,371 | $ 1,141,103,836 | $ 188,528,531 | $ 27,454,055,999 | 0.296 | $ 82,362,167,997 | 33.33 |
| 2022 | 2021 | 20,865,509,181 | 4,087,915,767 | 1,087,328,671 | 181,624,291 | 26,222,377,910 | 0.293 | 78,667,133,730 | 33.33 |
| 2021 | 2020 | 20,581,699,143 | 4,090,385,245 | 1,040,264,295 | 177,196,556 | 25,889,545,239 | 0.290 | 77,668,635,717 | 33.33 |
| 2020 | 2019 | 20,587,233,421 | 4,127,785,289 | 1,038,989,785 | 173,381,722 | 25,927,390,217 | 0.282 | 77,782,170,651 | 33.33 |
| 2019 | 2018 | 20,165,580,283 | 3,914,091,856 | 1,015,593,123 | 178,673,420 | 25,273,938,682 | 0.282 | 75,821,816,046 | 33.33 |
| 2018 | 2017 | 19,732,823,101 | 3,816,875,479 | 990,872,787 | 170,685,275 | 24,711,256,642 | 0.281 | 74,133,769,926 | 33.33 |
| 2017 | 2016 | 18,858,676,470 | 3,660,173,211 | 962,532,649 | 165,258,554 | 23,646,640,884 | 0.285 | 70,939,922,652 | 33.33 |
| 2016 | 2015 | 17,691,329,830 | 3,474,770,039 | 920,970,005 | 154,174,058 | 22,241,243,932 | 0.299 | 66,723,731,796 | 33.33 |
| 2015 | 2014 | 16,965,816,311 | 3,447,636,200 | 918,230,490 | 149,873,143 | 21,481,556,144 | 0.306 | 64,444,668,432 | 33.33 |
| 2014 | 2013 | 17,214,391,095 | 3,481,459,284 | 938,486,166 | 146,943,115 | 21,781,279,660 | 0.296 | 65,343,838,980 | 33.33 |

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.

Table 4

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

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Years

(rate per $100 of assessed value)

| | Year Taxes are Payable | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| **College direct rates** | | | | | | | | | | |
| Bonds | $ 0.007 | $ 0.007 | $ 0.007 | $ 0.007 | $ 0.007 | $ 0.007 | $ 0.007 | $ 0.007 | $ 0.008 | $ 0.008 |
| Educational | 0.225 | 0.223 | 0.222 | 0.215 | 0.216 | 0.214 | 0.218 | 0.229 | 0.234 | 0.226 |
| Operation & maintenance | 0.060 | 0.059 | 0.059 | 0.057 | 0.057 | 0.057 | 0.058 | 0.061 | 0.062 | 0.060 |
| Tort judgement & liability insurance | 0.002 | 0.003 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 |
| Total direct rate | $ 0.294 | $ 0.292 | $ 0.290 | $ 0.282 | $ 0.282 | $ 0.281 | $ 0.285 | $ 0.299 | $ 0.306 | $ 0.296 |
| **Lake County rate** | 0.589 | 0.598 | 0.060 | 0.597 | 0.612 | 0.622 | 0.632 | 0.663 | 0.682 | 0.663 |
| **Lake County Forest Preserves rate** | 0.173 | 0.179 | 0.182 | 0.180 | 0.182 | 0.187 | 0.193 | 0.208 | 0.210 | 0.218 |
| **Elementary School rates** | 1.652 - 6.646 | 1.606-7.019 | 1.551 - 7.219 | 1.472 - 4.577 | 1.391 - 7.728 | 1.355 - 8.702 | 1.367 - 9.150 | 1.429 - 9.829 | 1.453 - 9.799 | 1.424 - 8.762 |
| **Unit School rates** | 4.659 - 7.106 | 4.685-7.012 | 4.544 - 7.013 | 4.396 - 7.058 | 4.395 - 8.790 | 4.372 - 9.08 | 4.437 - 9.598 | 4.468 - 10.430 | 4.697 - 10.380 | 4.607 - 9.418 |
| **High School rates** | 1.535 - 3.486 | 1.494-3.852 | 1.445 - 4.327 | 1.375 - 4.291 | 1.336 - 4.420 | 1.314 - 4.876 | 1.329 - 5.060 | 11.409 - 5.396 | 1.448 - 5.539 | 1.420 - 5.228 |
| **Township rates** | 0.037 - 0.285 | 0.037-0.301 | 0.094 - 4.490 | 0.015 - 4.587 | 0.035 - 0.808 | 0.034 - 0.421 | 0.034 - 0.465 | 0.037 - 0.508 | 0.039 - 0.533 | 0.027 - 0.490 |
| **Sanitary District rates** | 0.000 - 0.160 | 0.000-0.158 | 0.003 - 2.984 | 0.050 - 0.217 | 0.050 - 0.222 | 0.050 - 0.232 | 0.000 - 0.856 | 0.000 - 0.250 | 0.000 - 0.250 | 0.000 - 0.250 |
| **Park District rates** | 0.000 - 0.959 | 0.000-1.002 | 0.030 - 1.045 | 0.029 - 1.057 | 0.411 - 1.090 | 0.416 - 1.119 | 0.029 - 1.186 | 0.031 - 1.322 | 0.000 - 1.298 | 0.000 - 1.260 |
| **Library District rates** | 0.241 -0.536 | 0.240-0.537 | 0.232 - 0.553 | 0.223 - 0.574 | 0.218 - 0.623 | 0.217 - 0.642 | 0.220 - 0.680 | 0.225 - 0.709 | 0.231 - 0.719 | 0.228 - 0.656 |
| **Fire District rates** | 0.160 - 0.923 | 0.150-0.976 | 0.144 - 1.039 | 0.140 - 1.057 | 0.144 - 1.111 | 0.093 - 1.475 | 0.116 - 1.207 | 0.123 - 1.296 | 0.128 - 1.294 | 0.126 - 1.093 |
| **City & Village rates** | 0.000 - 4.503 | 0.000-4.509 | 0.094 - 4.490 | 0.015 - 4.587 | 0.015 - 5.617 | 0.015 - 5.735 | 0.016 - 6.170 | 0.170 - 6.515 | 0.000 - 5.535 | 0.000 - 4.963 |
| **Special Service Area rates** | 0.000 - 8.504 | 0.000-10.158 | 0.129 - 1.806 | 0.158 - 6.210 | 0.057 - 10.526 | 0.012 - 2.487 | 0.102 - 7.384 | 0.104 - 8.276 | 0.032 - 8.080 | 0.015 - 8.235 |

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

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

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

Source: Lake County Clerk

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

Principal Property Tax Payers (Unaudited)

Current Levy Year and Nine Years Ago

| Taxpayer | Levy Year 2022 Taxable Assessed Value [a] [b] | Levy Year 2022 Rank | Levy Year 2022 Percentage of Total District Taxable Assessed Value [a] | Levy Year 2013 Taxable Assessed Value [a] [b] | Levy Year 2013 Rank | Levy Year 2013 Percentage of Total District Taxable Assessed Value [a] |
|---|---|---|---|---|---|---|
| Abbott Manufacturing, Inc. | $ 166,756,050 | 1 | 0.61 % | $ 149,825,159 | 1 | 0.69 % |
| Chicago Title Land Trust Co | 107,988,582 | 2 | 0.39 | - | - | - |
| Abbvie Inc | 52,956,772 | 3 | 0.19 | - | - | - |
| Gurnee Mills (The Mills Corp) | 50,549,958 | 4 | 0.18 | 49,309,206 | 2 | 0.23 |
| Chicago Title Land Trust Company | 38,010,422 | 5 | 0.14 | - | - | - |
| Horizon Properties Holding LLC | 37,312,384 | 6 | 0.14 | - | - | - |
| Corporate 500 Properties LLC | 34,799,835 | 7 | 0.13 | - | - | - |
| Lake County Land F Property | 33,002,589 | 8 | 0.12 | - | - | - |
| Discover Properties LLC | 30,786,077 | 9 | 0.11 | 42,595,033 | 3 | 0.20 |
| Property Tax Service Co | 30,463,096 | 10 | 0.11 | - | 0 | - |
| Walmart Stores Inc | - | | - | 37,291,574 | 5 | 0.17 |
| Midwest Family Housing LLC | - | | - | 40,866,555 | 4 | 0.19 |
| Arden Realty Inc. | - | | - | 35,825,134 | 6 | 0.16 |
| Van Vlissingen & Co. | - | | - | 33,024,648 | 7 | 0.15 |
| Baxter Healthcare Corp | - | | - | 29,065,534 | 8 | 0.13 |
| Scott Dessing, Sr Mgr Taxation | - | | - | 28,149,369 | 9 | 0.13 |
| Property Tax Service Co | - | | - | 23,997,600 | 10 | 0.11 |
| | $ 582,625,765 | | 2.12 % | $ 469,949,812 | | 2.16 % |

[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 calendar year of the levy: Amount | Collected within the calendar year of the levy: Percentage of Levy | Collections in Subsequent Years[a] | Total Collections to Date: Amount | Total Collections to Date: Percentage of Levy |
|---|---|---|---|---|---|---|---|
| 2023 | 2022 | $ 81,209,098 | $ 39,647,542 | 48.82 % | $ - | $ 39,647,542 | 48.82 % |
| 2022 | 2021 | 76,954,550 | 35,562,519 | 46.21 | 40,147,110 | 75,709,629 | 98.38 |
| 2021 | 2020 | 74,994,505 | 37,093,830 | 49.46 | 34,829,665 | 71,923,495 | 95.91 |
| 2020 | 2019 | 72,991,048 | 31,042,418 | 42.53 | 40,881,077 | 71,923,495 | 98.54 |
| 2019 | 2018 | 71,235,607 | 35,293,993 | 49.55 | 35,514,249 | 70,808,242 | 99.40 |
| 2018 | 2017 | 69,349,671 | 39,041,580 | 56.30 | 30,095,695 | 69,137,275 | 99.69 |
| 2017 | 2016 | 67,483,966 | 34,447,030 | 51.04 | 32,756,824 | 67,203,854 | 99.58 |
| 2016 | 2015 | 66,587,615 | 33,717,350 | 50.64 | 32,702,485 | 66,419,835 | 99.75 |
| 2015 | 2014 | 65,748,169 | 33,275,974 | 50.61 | 32,252,571 | 65,528,545 | 99.67 |
| 2014 | 2013 | 64,472,588 | 32,508,420 | 50.42 | 31,729,184 | 64,237,603 | 99.64 |

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

**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)] |
|---|---|---|---|---|---|---|---|---|---|
| 2023 | $ 79,445,000 | $ - | $ - | $ - | $ 616,194 | $ - | $ 80,061,194 | 0.296% | 7,396 |
| 2022 | 85,690,000 | - | - | - | 923,170 | - | 86,613,170 | 0.293% | 7,054 |
| 2021 | 42,955,000 | 9,000,000 | - | - | 187,499 | - | 52,142,499 | 0.290% | 6,975 |
| 2020 | 48,815,000 | - | - | - | 342,605 | - | 49,157,605 | 0.282% | 9,975 |
| 2019 | 54,445,000 | - | - | - | 549,072 | - | 54,994,072 | 0.282% | 8,019 |
| 2018 | 59,860,000 | - | - | - | 804,874 | - | 60,664,874 | 0.281% | 8,163 |
| 2017 | 63,765,000 | 305,000 | - | - | 1,341,415 | - | 65,411,415 | 0.285% | 8,208 |
| 2016 | 68,660,000 | 605,000 | - | - | 1,725,715 | - | 70,990,715 | 0.299% | 8,365 |
| 2015 | 73,420,000 | 900,000 | - | - | 2,148,846 | - | 76,468,846 | 0.306% | 8,422 |
| 2014 | 77,990,000 | 1,185,000 | - | - | 2,544,400 | - | 81,719,400 | 0.296% | 9,463 |

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 10 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

| Fiscal year | | Total Outstanding Debt | | Less: Amounts Available in Debt Service Fund | | Net General Bonded Debt | | Population | Percentage of Taxable Assessed Value of Property[a] | | Net Bonded Debt Per Capita |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2023 | $ | 80,061,194 | $ | 1,873,383 | $ | 78,187,811 | * | 722,290 | 0.296% | $ | 108.25 |
| 2022 | | 86,613,170 | | 1,825,264 | | 84,787,906 | | 711,239 | 0.293% | | 119.21 |
| 2021 | | 52,142,499 | | 1,798,466 | | 50,344,033 | | 714,342 | 0.290% | | 70.48 |
| 2020 | | 49,157,605 | | 1,766,833 | | 47,390,772 | | 696,535 | 0.282% | | 68.04 |
| 2019 | | 54,994,072 | | 1,742,884 | | 53,251,188 | | 705,456 | 0.282% | | 75.95 |
| 2018 | | 60,664,874 | | 1,699,027 | | 58,965,847 | | 703,520 | 0.281% | | 83.82 |
| 2017 | | 65,411,415 | | 1,663,859 | | 63,747,556 | | 703,047 | 0.285% | | 90.67 |
| 2016 | | 70,990,715 | | 1,639,556 | | 69,351,159 | | 703,910 | 0.299% | | 98.52 |
| 2015 | | 76,468,846 | | 1,477,210 | | 74,991,636 | | 705,186 | 0.306% | | 106.34 |
| 2014 | | 81,719,400 | | 1,357,332 | | 80,362,068 | | 703,019 | 0.296% | | 114.31 |

[a] See Table 3 for Taxable Assessed Value of Property.

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

Table 9

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

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years

| Fiscal Year | Levy Year | Assessed Valuation | Bond Debt Limit* | Amount of Debt Applicable to Debt Limit | Legal Debt Margin | Total Net Debt Applicable to the Limit as a Percentage of Debt Limit |
|---|---|---|---|---|---|---|
| 2023 | 2022 | $ 27,454,055,999 | $ 789,304,110 | $ 80,061,194 | $ 709,242,916 | 10.14% |
| 2022 | 2021 | 26,222,377,910 | 753,893,365 | 86,613,170 | 667,280,195 | 11.49% |
| 2021 | 2020 | 25,889,545,239 | 744,324,426 | 52,142,499 | 692,181,927 | 7.01% |
| 2020 | 2019 | 25,927,390,217 | 745,412,469 | 49,157,605 | 696,254,864 | 6.59% |
| 2019 | 2018 | 25,273,938,682 | 726,625,737 | 54,994,072 | 671,631,665 | 7.57% |
| 2018 | 2017 | 24,711,256,642 | 710,448,628 | 60,664,874 | 649,783,754 | 8.54% |
| 2017 | 2016 | 23,646,640,884 | 679,840,925 | 65,411,415 | 614,429,510 | 9.62% |
| 2016 | 2015 | 22,241,243,932 | 639,435,763 | 70,990,715 | 568,445,048 | 11.10% |
| 2015 | 2014 | 21,481,556,144 | 617,594,739 | 76,468,846 | 541,125,893 | 12.38% |
| 2014 | 2013 | 21,781,279,660 | 626,211,790 | 81,719,400 | 544,492,390 | 13.05% |
| 2013 | 2012 | 23,218,869,144 | 667,542,488 | 22,598,202 | 644,944,286 | 3.39% |

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

Table 10

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

Student Enrollment Demographic Statistics (Unaudited)

Last Ten Fiscal Years

| | Enrollment | | Gender | | Attendance | | Enrollment Status | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Fall Term | Headcount | FTE | Male | Female | Full-time | Part-time | New | Continuing | Returning | In-District Residency | Average Age |
| 2023 | 12,290 | 7,323 | 5,405 | 6,885 | 4,011 | 8,289 | 3,134 | 7,488 | 1,717 | 93% | 26.5 |
| 2022 | 11,651 | 6,857 | 5,037 | 6,614 | 3,745 | 7,906 | 2,865 | 5,862 | 1,569 | 93% | 26.9 |
| 2021 | 12,117 | 7,054 | 5,056 | 7,061 | 3,800 | 8,317 | 2,712 | 5,942 | 2,017 | 94% | 27.0 |
| 2020 | 11,854 | 6,975 | 5,030 | 6,824 | 3,966 | 7,888 | 2,700 | 6,574 | 2,580 | 96% | 26.1 |
| 2019 | 13,743 | 9,975 | 6,205 | 7,538 | 4,140 | 9,603 | 3,487 | 7,177 | 3,079 | 95% | 27.5 |
| 2018 | 14,193 | 8,019 | 6,401 | 7,792 | 4,164 | 10,029 | 3,471 | 7,424 | 3,298 | 95% | 27.7 |
| 2017 | 14,590 | 8,163 | 6,619 | 7,971 | 4,222 | 10,368 | 3,058 | 7,438 | 4,094 | 95% | 27.6 |
| 2016 | 14,768 | 8,208 | 6,683 | 8,085 | 4,324 | 10,444 | 3,677 | 7,670 | 3,421 | 99% | 27.5 |
| 2015 | 14,964 | 8,365 | 6,837 | 8,127 | 4,292 | 10,672 | 3,572 | 7,937 | 3,455 | 94% | 27.5 |
| 2014 | 15,410 | 8,422 | 6,972 | 8,438 | 4,303 | 11,107 | 3,539 | 8,121 | 3,012 | 94% | 27.8 |

**Table 11**

**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 |
|---|---|---|---|---|---|---|---|
| 2023 | 142,540 | 8,397 | 20,001 | 12,812 | 6,172 | 13,806 | 203,728 |
| 2022 | 142,673 | 8,014 | 18,031 | 12,772 | 6,980 | 13,550 | 202,020 |
| 2021 | 157,713 | 7,861 | 15,151 | 11,801 | 8,214 | 12,680 | 213,420 |
| 2020 | 157,377 | 8,878 | 19,981 | 14,002 | 12,697 | 20,562 | 233,495 |
| 2019 | 152,718 | 7,962 | 18,316 | 13,543 | 19,072 | 20,578 | 232,189 |
| 2018 | 153,874 | 8,406 | 19,903 | 13,951 | 21,309 | 23,627 | 241,070 |
| 2017 | 154,732 | 8,842 | 20,946 | 14,048 | 22,189 | 23,578 | 244,335 |
| 2016 | 155,020 | 9,321 | 21,730 | 14,870 | 23,108 | 23,410 | 247,458 |
| 2015 | 158,496 | 10,116 | 23,135 | 14,704 | 25,700 | 21,454 | 253,603 |
| 2014 | 165,651 | 12,265 | 25,892 | 15,790 | 26,523 | 22,480 | 268,600 |

Amounts are based on midterm enrollment.

Table 12

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

Principal Employers (Unaudited)

Current Year and Nine Years Ago

| | 2023 | | | 2014 | | |
|---|---|---|---|---|---|---|
| **Employer** | **Employees[a]** | **Rank** | **Percentage of Total County Employees[a]** | **Employees[a]** | **Rank** | **Percentage of Total County Employees[a]** |
| Abbvie Inc | 15,000 | 1 | 4.07% | - | | - |
| Abbott Laboratories | 6,000 | 2 | 1.63% | 16,000 | 1 | 4.27% |
| Alight | 4,000 | 3 | 1.09% | - | | - |
| Walgreens Boots Alliance Inc. | 3,000 | 4 | 0.81% | - | | - |
| Discover Financial Services | 2,976 | 5 | 0.81% | - | | - |
| W. W. Grainger | 2,549 | 6 | 0.69% | - | | - |
| Advocate Health Care | 2,333 | 7 | 0.63% | - | | - |
| Visual Pak | 2,000 | 8 | 0.54% | - | | - |
| Baxter International | 2,500 | 9 | 0.68% | - | | - |
| Medline Industries, Inc. | 2,500 | 10 | 0.68% | - | | - |
| Walgreen Co | - | | - | 6,100 | 2 | 1.63% |
| Medline Industries Inc | - | | - | 5,000 | 3 | 1.33% |
| Aon Hewitt | - | | - | 4,000 | 4 | 1.07% |
| Baxter International Inc | - | | - | 4,000 | 5 | 1.07% |
| Discover Financial Svc Ins | - | | - | 3,000 | 6 | 0.80% |
| Hospira Inc | - | | - | 3,000 | 7 | 0.80% |
| Six Flags | - | | - | 3,000 | 8 | 0.80% |
| Medcrest | - | | - | 2,000 | 9 | 0.53% |
| Baxter Healthcare Corp | - | | - | 1,900 | 10 | 0.51% |
| | 42,858 | | 11.62% | 48,000 | | 12.80% |

(a) Civilian only.

Source:  Lake County Partners

**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 | 2022 Reaffirmation of Accreditation |
| Population in District 2023 estimate (note 1): | 722,290 |
| Percentage change from 2020 census estimate | 1.82% |
| Employment in District (note 2): | |
| Labor force, civilian (June 2023) | 368,416 |
| Unemployment rate (June 2023) | 4.6% |

Communities in District (note 3):

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Enrollment (Fall Semester, based on 10th day enrollment) (note 4): | | | | | | | | | | |
| Total headcount | 11,651 | 12,117 | 11,854 | 13,743 | 14,194 | 14,590 | 14,768 | 14,964 | 15,410 | 17,685 |
| Percent change | -3.80% | 2.20% | -13.75% | -3.18% | -2.71% | -1.21% | -1.31% | -2.89% | -12.86% | 0.61% |
| Total student semester hours | 102,854 | 105,840 | 104,682 | 117,740 | 120,288 | 122,477 | 123,131 | 125,468 | 126,344 | 141,940 |
| Total FTE semester hours | 6,857 | 7,056 | 6,979 | 7,849 | 8,019 | 8,165 | 8,209 | 8,365 | 8,423 | 9,463 |
| Percent change | -2.80% | 1.10% | -11.08% | -2.12% | -1.79% | -0.54% | -1.86% | -0.69% | -10.99% | -0.93% |
| Total seats taken | 31,783 | 32,264 | 31,398 | 34,988 | 35,389 | 36,071 | 36,178 | 38,874 | 37,064 | 44,709 |
| Percent change | -1.50% | 2.80% | -10.26% | -1.13% | -1.89% | -0.30% | -6.94% | 4.88% | -17.10% | -0.68% |
| Degrees and certificates awarded (note 5): | | | | | | | | | | |
| A.A., A.S., and A.E.S. | 1,037 | 1,190 | 969 | 1,045 | 1,030 | 1,084 | 1,105 | 1,042 | 975 | 995 |
| A.A.S. | 342 | 394 | 279 | 370 | 380 | 380 | 350 | 433 | 408 | 391 |
| A.F.A./A.P. | 4 | 3 | 2 | 1 | 5 | - | 4 | 1 | 4 | 4 |
| Certificates | 2,471 | 1,663 | 1,773 | 1,727 | 1,605 | 1,721 | 1,561 | 1,900 | 2,337 | 2,210 |
| Total, degrees/certificates | 3,854 | 3,250 | 3,023 | 3,143 | 3,020 | 3,185 | 3,020 | 3,376 | 3,724 | 3,600 |
| College Workforce (Fall semester) (note 6): | | | | | | | | | | |
| Faculty/academic support | 874 | 886 | 828 | 927 | 878 | 872 | 841 | 866 | 807 | 951 |
| Administrators | 51 | 65 | 65 | 61 | 59 | 56 | 51 | 58 | 60 | 60 |
| Prof./Tech. | 313 | 298 | 295 | 279 | 250 | 241 | 244 | 238 | 251 | 247 |
| Clerical | 119 | 125 | 124 | 128 | 99 | 135 | 145 | 144 | 138 | 150 |
| Maintenance and others | 109 | 87 | 106 | 111 | 119 | 114 | 115 | 118 | 124 | 127 |
| % Women* | 59% | 60% | 59% | 60% | 60% | 60% | 61% | 60% | 61% | 61% |
| % Minorities* | 32% | 32% | 36% | 33% | 31% | 31% | 29% | 29% | 30% | 28% |

* Excludes part-time faculty

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

Notes:

1. From Lake County Quick Facts, US Census Bureau 2021 estimate.
2. From Local Area Unemployment Statistics (Lake County, IL), IDES, Not Seasonally Adjusted.
3. From Lake County Planning, Building and Development website.
4. From College of Lake County Institutional Effectiveness, Research and Planning, Fact Files.
5. From College of Lake County Office of Institutional Effectiveness, Research and Planning, Graduate Extract Files.
6. From Illinois Community College Board CI (Faculty, Staff, and Salary) Datafile.

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

Capital Asset Statistics by Facility (Unaudited)

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| **Grayslake Campus-purchased 1968** | | | | | | | | | | |
| Size of campus (acres)[(a)] | 270.7 | 270.7 | 270.7 | 270.7 | 270.7 | 270.7 | 270.7 | 270.7 | 270.7 | 270.0 |
| Gross square footage[(b)] | 854,432 | 854,432 | 854,432 | 854,432 | 854,432 | 854,432 | 812,432 | 790,702 | 789,082 | 789,082 |
| Square footage rented [(c)] | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 20,000 |
| Number of classrooms [(h)] | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 97 |
| Number of laboratories [(h)] | 107 | 107 | 107 | 107 | 107 | 107 | 99 | 99 | 99 | 94 |
| **Lakeshore Campus-purchased 1979/1995** | | | | | | | | | | |
| Size of campus (acres)[(f)] | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 1.7 |
| Gross square footage[(g)] | 76,153 | 76,153 | 76,153 | 76,153 | 76,153 | 76,153 | 71,599 | 71,599 | 71,599 | 71,599 |
| Number of classrooms [(h)] | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 14 |
| Number of laboratories [(h)] | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 7 |
| **Southlake Center-purchased 1997** | | | | | | | | | | |
| Size of campus (acres)[(d)] | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 |
| Gross square footage[(i)] | 68,803 | 68,803 | 68,803 | 68,803 | 68,803 | 68,803 | 68,803 | 66,269 | 66,269 | 66,269 |
| Number of classrooms [(h)] | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 20 |
| Number of laboratories [(h)] | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 12 | 12 | 8 |
| **1 North Genesse-purchased 2002[(e)]** | | | | | | | | | | |
| Size of campus (acres) | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Gross square footage | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 |
| Square footage rented [(c)] | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 |
| Number of classrooms available | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Number of laboratories available | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| **Advanced Technology Center -purchased 2020** | | | | | | | | | | |
| Size of campus (acres)[(j)] | 14.31 | 14.31 | 14.31 | | | | | | | |
| Gross square footage | 142,000 | 142,000 | 142,000 | | | | | | | |
| Square footage rented | - | - | - | | | | | | | |
| Number of classrooms available | 7 | - | - | | | | | | | |
| Number of laboratories available | 6 | - | - | | | | | | | |
| **34 N. Sheridan Road (LSC Student Services Bldg.) - CDB Project Completed 2023** | | | | | | | | | | |
| Size of campus (acres)-already included in LSC campus totals | N/A | | | | | | | | | |
| Gross square footage | 62,692 | | | | | | | | | |
| Square footage rented | - | | | | | | | | | |
| Number of classrooms available | 9 | | | | | | | | | |
| Number of laboratories available | 12 | | | | | | | | | |

[(a)] 2003: Land transferred to Village of Grayslake for Fire Station. 2010: IDOT road expansion
2013: Glunz Property added. 2014: Gwaltney property added.
[(b)] 2005: Technology Building addition. 2010: Disposal of buildings 2, 3 and pole barn. 2017: Café Willow and infilled courtyard. 2018: Science building addition.
[(c)] The College no longer rents to the Lake County Job Center, however the Lake County Regional Board of Education is still onsite.
[(d)] 2006: Land transferred to Village of Vernon Hills for future road development.
[(e)] Building renovated before occupancy began July 1, 2004.
[(f)] 2015 Parking Garage purchased at the Lakeshore Campus, but is not heated.
[(g)] Lakeshore Parking Garage is not heated, so no additional square footage is added. 2018: 128 W. Madison (Campus Police).
[(h)] Information based on Spring 2015 Term from 25Live.
[(i)] Southlake Chemistry lab
[(j)] Advanced Technology Center purchased at NE corner of Grand Ave and Rolins Road, Gurnee, Ill
LSC Student Services Bldg (34N. Sheridan Rd.) - CDB project opened January 2023 (NASF = 57,613)
Source: College of Lake County Facilities Department

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

Certification of Chargeback Reimbursement
Fiscal Year 2023
Year Ended June 30, 2023

All fiscal year 2023 noncapital audited operating expenditures from the following funds:

| | |
|---|---|
| 1. Education Fund | $ 98,733,897 |
| 2. Operations and Maintenance Fund | 11,500,952 |
| 3. Operations and Maintenance Fund (Restricted) | 36,123,224 |
| 4. Bond and Interest Fund | 1,908,813 |
| 5. Public Building Commission Rental Fund | |
| 6. Restricted Purposes Fund | 30,556,181 |
| 7. Audit Fund | 159,586 |
| 8. Liability, Protection, and Settlement Fund | 587,621 |
| 9. Auxiliary Enterprise Fund (Subsidy Only) | 7,885,302 |
| 10. Total noncapital audited expenditures | 187,455,576 |
| 11. Plus depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds | (16,359,786) |
| 12. Total costs included | 171,095,790 |
| 13. Total certified semester credit hours for FY 2023 | 203,728 |
| 14. Per capita cost | 840 |
| 15. All FY 2023 state and federal operating grants for noncapital expenditures, except ICCB grants | 28,148,824 |
| 16. 98 state and federal grants per semester credit hour | 138 |
| 17. Less each district's average ICCB grant rate for fiscal year 2023 | 40.23 |
| 18. Less each district's student tuition per semester credit hour for fiscal year 2023 | 147 |
| 19. Equals charge-back reimbursement per semester credit hour | $ 514 |

Approved: Kevin Appleton — Date 1/30/24
Vice President of Business Services and Finance/CFO

Approved: Lori Suddick — Date 1-30-2024
President

Schedule 1

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

All Funds Summary
Uniform Financial Statement Number 1
Year Ended June 30, 2023

| | 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, 2022 | $ 38,721,963 | $ 5,137,157 | $ 66,838,822 | $ 1,801,935 | $ 652,232 | $ 3,842,374 | $ 17,081,149 | $ 1,146,826 | $ 31,688 | $ 219,977 | $ 1,208,667 | $ 136,682,790 |
| Revenues: | | | | | | | | | | | | |
| Local tax revenue | 60,240,901 | 15,908,308 | 122,954 | 1,980,261 | - | - | - | - | - | 514,386 | - | 78,766,810 |
| All other local revenue | 3,988,816 | - | - | - | - | 642,472 | (134,661) | - | - | - | - | 4,496,627 |
| ICCB grants | 9,674,845 | - | - | - | - | 4,203,596 | - | - | - | - | - | 13,878,441 |
| All other state revenue | - | - | - | - | - | 4,980,332 | - | - | - | - | - | 4,980,332 |
| Federal revenue | - | - | - | - | - | 15,825,953 | - | - | - | - | - | 15,825,953 |
| Student tuition and fees | 29,941,784 | - | 2,600,038 | - | - | 2,282,652 | - | 732,831 | - | - | - | 35,557,304 |
| All other revenue | 3,458,682 | 186,707 | 2,513,428 | - | 7,158,943 | 2,351,418 | 49,947 | - | - | - | (4,870) | 15,714,256 |
| Total revenues | 107,305,028 | 16,095,015 | 5,236,420 | 1,980,261 | 7,158,943 | 30,286,423 | (84,714) | 732,831 | - | 514,386 | (4,870) | 169,219,723 |
| Expenditures: | | | | | | | | | | | | |
| Instruction | 48,116,114 | - | - | - | - | - | - | - | - | - | - | 48,116,114 |
| Academic support | 3,956,436 | - | - | - | - | 5,956 | - | - | - | - | - | 3,962,392 |
| Student services | 9,671,663 | - | - | - | 35,183 | - | - | 1,204,438 | - | - | - | 10,911,284 |
| Public service | 1,590,390 | - | - | - | 2,955,876 | 7,626,702 | - | - | - | - | - | 12,172,968 |
| Auxiliary services | - | - | - | - | 4,736,053 | - | - | - | - | - | - | 4,736,053 |
| Operations and maintenance | 2,350,466 | 7,975,330 | - | - | - | - | - | - | - | - | - | 10,325,796 |
| Institutional support | 32,709,119 | 3,525,622 | 36,123,224 | 1,908,813 | - | - | - | - | 159,586 | 587,621 | - | 75,013,985 |
| Scholarships and student grants | 339,709 | - | - | - | 158,190 | 22,923,524 | - | - | - | - | - | 23,421,423 |
| Total expenditures | 98,733,897 | 11,500,952 | 36,123,224 | 1,908,813 | 7,885,302 | 30,556,181 | | 1,204,438 | 159,586 | 587,621 | | 188,660,015 |
| Other financing sources (uses): | | | | | | | | | | | | |
| Debt proceeds | - | - | - | - | - | - | - | - | - | - | - | - |
| Net transfers | (11,332,763) | (3,707,456) | 14,658,893 | - | - | - | - | - | 180,000 | 201,326 | - | - |
| Total other financing sources (uses) | (11,332,763) | (3,707,456) | 14,658,893 | - | - | - | - | - | 180,000 | 201,326 | - | - |
| Fund balance (deficit) | | | | | | | | | | | | |
| at June 30, 2023 | $ 35,960,331 | $ 6,023,764 | $ 50,610,911 | $ 1,873,383 | $ (74,127) | $ 3,572,616 | $ 16,996,436 | $ 675,218 | $ 52,102 | $ 348,068 | $ 1,203,797 | $ 117,242,498 |

Schedule 2

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

Summary of Capital Assets and Debt
Uniform Financial Statement Number 2
Year Ended June 30, 2023

| | Capital Asset/ Debt Account Groups June 30, 2022 | Additions | Deletions | Capital Asset/ Debt Account Groups June 30, 2023 |
|---|---|---|---|---|
| Fixed assets: | | | | |
| Sites and improvements | $ 27,955,651 | $ 143,545 | $ - | $ 28,099,196 |
| Buildings, additions, and improvements | 237,932,359 | 57,513,536 | - | 295,445,895 |
| Leased assets | 2,109,764 | 809,143 | - | 2,918,907 |
| Capitalized collections | 1,219,819 | - | - | 1,219,819 |
| Construction work in progress | 20,212,438 | 11,720,990 | 28,616,020 | 3,317,408 |
| Equipment, furniture, and machinery | 57,047,067 | 7,003,665 | 425,873 | 63,624,859 |
| Fixed assets | 346,477,098 | 77,190,879 | 29,041,893 | 394,626,084 |
| Accumulated depreciation | (143,009,937) | (15,554,053) | (425,873) | (158,138,117) |
| Net fixed assets | $ 203,467,161 | $ 61,636,826 | $ 28,616,020 | $ 236,487,967 |
| Fixed debt: | | | | |
| Bonds payable | $ 85,690,000 | $ - | $ (6,245,000) | $ 79,445,000 |
| Debt certificates | - | - | - | - |
| Total fixed liabilities | $ 85,690,000 | $ - | $ (6,245,000) | $ 79,445,000 |

The College has no tax anticipation warrants or notes outstanding at June 30, 2023.

Schedule 3

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

Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3
Year Ended June 30, 2023

| | Education Fund | O&M Fund | Total Operating |
|---|---|---|---|
| Operating revenues by source: | | | |
| Local government: | | | |
| Current taxes | $ 60,240,900 | $ 15,908,308 | $ 76,149,208 |
| CPPRT | 3,988,816 | - | 3,988,816 |
| Charge-back revenue | - | - | - |
| Total local government | 64,229,716 | 15,908,308 | 80,138,024 |
| State government: | | | |
| ICCB credit hour grants | 9,079,354 | - | 9,079,354 |
| Vocational education and other | 595,491 | - | 595,491 |
| Total state government | 9,674,845 | - | 9,674,845 |
| Student tuition and fees: | | | |
| Tuition and fees | 29,941,784 | - | 29,941,784 |
| Total student tuition and fees | 29,941,784 | - | 29,941,784 |
| Other sources: | | | |
| Investment revenue | 3,343,089 | - | 3,343,089 |
| Other | 115,594 | 186,707 | 302,301 |
| Transfers | - | - | - |
| Total other sources | 3,458,683 | 186,707 | 3,645,390 |
| Total revenue | 107,305,028 | 16,095,015 | 123,400,043 |
| Less nonoperating items*: | | | |
| Tuition charge-back revenue | - | - | - |
| Transfers from nonoperating funds | - | - | - |
| Adjusted revenue | $ 107,305,028 | $ 16,095,015 | $ 123,400,043 |

Schedule 3

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

Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3 (Continued)
Year Ended June 30, 2023

| | Education Fund | O&M Fund | Total Operating |
|---|---|---|---|
| Operating expenditures: | | | |
| Instruction | $ 48,116,114 | $ - | $ 48,116,114 |
| Academic support | 3,956,436 | - | 3,956,436 |
| Student services | 9,671,663 | - | 9,671,663 |
| Public service | 1,590,390 | - | 1,590,390 |
| Operations and maintenance | 2,350,466 | 7,975,330 | 10,325,796 |
| Institutional support | 32,709,119 | 3,525,622 | 36,234,741 |
| Scholarships and student grants | 339,709 | - | 339,709 |
| Transfers | 11,332,763 | 3,707,456 | 15,040,219 |
| Total operating expenditures by program | 110,066,661 | 15,208,408 | 125,275,068 |
| Less nonoperating items*: | | | |
| Tuition charge-back | - | - | - |
| Transfers to nonoperating funds | 11,332,763 | 3,707,456 | 15,040,219 |
| Adjusted expenditures | $ 98,733,898 | $ 11,500,952 | $ 110,234,849 |
| By object: | | | |
| Salaries | $ 73,090,365 | $ 4,832,624 | $ 77,922,989 |
| Employee benefits | 11,547,138 | 1,414,739 | 12,961,877 |
| Contractual services | 5,497,293 | 944,579 | 6,441,872 |
| General materials and supplies | 2,548,374 | 765,767 | 3,314,141 |
| Conference and meetings | 782,627 | 16,860 | 799,487 |
| Fixed charges | 1,339,928 | 1,025,973 | 2,365,901 |
| Utilities | 53,849 | 2,160,396 | 2,214,245 |
| Capital outlay | - | - | - |
| Other | 3,874,323 | 340,014 | 4,214,337 |
| Transfers | 11,332,763 | 3,707,456 | 15,040,219 |
| Total operating expenditures by object | 110,066,661 | 15,208,408 | 125,275,068 |
| Less nonoperating items*: | | | |
| Tuition charge-back | - | - | - |
| Transfers to nonoperating funds | 11,332,763 | 3,707,456 | 15,040,219 |
| Adjusted expenditures | $ 98,733,898 | $ 11,500,952 | $ 110,234,849 |

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

Schedule 4

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

Restricted Purposes Fund Revenues and Expenditures
Uniform Financial Statement Number 4
Year Ended June 30, 2023

| | Restricted Purposes Fund |
|---|---|
| Revenue by source: | |
| Local government: | |
| Other local government | $ 642,472 |
| Total local government | 642,472 |
| State government: | |
| ICCB – State Adult Education Grant | 587,290 |
| ICCB – State Basic and Performance Revenue Grant | 734,581 |
| ICCB – Preschool for All | 2,881,725 |
| Other | 4,980,332 |
| Total state government | 9,183,928 |
| Federal government: | |
| U.S. Department of Education | 15,417,507 |
| Other | 408,446 |
| Total federal government | 15,825,953 |
| Student tuition and fees: | |
| Tuition and fees | 2,282,652 |
| Other sources: | |
| Other | |
| Total other sources | 2,351,417 |
| Total restricted purposes fund revenues | $ 30,286,423 |

Schedule 4

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

Restricted Purposes Fund Revenues and Expenditures
Uniform Financial Statement Number 4 (Continued)
Year Ended June 30, 2023

| | Restricted Purposes Fund |
|---|---|
| Restricted purposes fund expenditures, by program: | |
| Public services | $ 7,626,702 |
| Academic support | 5,956 |
| Scholarships and student grants | 22,923,525 |
| Total restricted purposes fund expenditures, by program | $ 30,556,182 |
| Restricted purposes fund expenditures, by object: | |
| Salaries | $ 3,346,920 |
| Employee benefits | 462,764 |
| Contractual services | 801,494 |
| General materials and supplies | 1,116,741 |
| Travel and conference/meetings | 97,230 |
| Fixed charges | 5,000 |
| Utilities | 68,472 |
| Capital outlay | 1,150,538 |
| Other | 23,507,023 |
| Total restricted purposes fund expenditures, by object | $ 30,556,182 |

**Schedule 5**

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

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5
Year Ended June 30, 2023

| | |
|---|---|
| Instruction: | |
| Instructional programs | $ 48,116,114 |
| Academic support: | |
| Library center | 2,012,547 |
| Academic computing support | 23,399 |
| Other | 1,926,446 |
| Total academic support | 3,962,392 |
| Student services: | |
| Admission and records | 911,263 |
| Counseling and career services | 3,251,468 |
| Financial aid administration | 989,922 |
| Other | 4,554,193 |
| Total student services | 9,706,846 |
| Public service: | |
| Community education | 8,371,592 |
| Customized Training | 2,102,367 |
| Community Services | 809,583 |
| Other | 889,427 |
| Total public services | 12,172,968 |
| Auxiliary services | 4,736,053 |
| Operations and maintenance: | |
| Maintenance | 2,061,785 |
| Custodial services | 2,325,725 |
| Grounds | 696,731 |
| Transportation | 46,253 |
| Utilities | 1,911,263 |
| Administration | 933,573 |
| Other | 2,350,466 |
| Total operations and maintenance | $ 10,325,796 |

**Schedule 5**

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

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5 (Continued)
Year Ended June 30, 2023

| | | |
|---|---|---|
| Institutional support: | | |
| Executive management | | $ 1,773,227 |
| Fiscal operations | | 1,339,435 |
| Community relations | | 2,339,596 |
| Administrative support | | 2,951,565 |
| Board of trustees | | 377,670 |
| General institutional | | 20,591,380 |
| Institutional research | | 547,605 |
| Administrative data processing | | 7,061,469 |
| | Total institutional support | 36,981,947 |
| Scholarships, student grants, and waivers | | 23,421,424 |
| | Total current funds expenditures | $ 149,423,540 |

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

RSM

RSM US LLP

**Independent Auditor's Report on Audits of**
**Grant Programs Financial Statements**

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

**Report on the Audit of the Financial Statements**

***Opinion***
We have audited the accompanying statement of net position and statement of revenues, expenses, and changes in net position (financial statements) of the State Adult Education Grants (State Basic and State Performance) (the Grant Program) of the College of Lake County, Community College District No. 532 (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Grant Program, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Our responsibilities under those standards and guidelines are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***
As discussed in Note 1, the financial statements of the grant program of the College are intended to present the financial position and changes in financial position for the College that is attributable to transactions of the grant program. They do not purport to, and do not, present fairly the financial position of the College as of June 30, 2023, the changes in financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Responsibilities of Management for the Financial Statements***
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements***
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the guidelines of the Illinois Community College Board's *Fiscal Management Manual* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary Information***
Our audit was conducted for the purpose of forming an opinion on the grant program financial statements of the College. The ICCB Compliance Statement on page 101 is presented for purposes of additional analysis and is not a required part of the grant program financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statement 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 January 30, 2024, on our consideration of the College's internal control over financial reporting of the Grant Program and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
January 30, 2024

**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***

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the State Adult Education Grants (State Basic and State Performance) (the Grant Program) of the College of Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2024.

**Report on Internal Control over Financial Reporting**
In planning and performing our audit of the grant program financial statements, we considered the College's internal control over financial reporting (internal control) as a basis of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. 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 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**
As part of obtaining reasonable assurance about whether the College's Grant Program financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

RSM US LLP

Chicago, Illinois
January 30, 2024

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

State Adult Education Grant
Statements of Net Position
June 30, 2023

| | State Basic | State Performance | Total |
|---|---|---|---|
| **Assets** | | | |
| Cash | $ 84,546 | $ 108,985 | $ 193,531 |
| Total assets | $ 84,546 | $ 108,985 | $ 193,531 |
| **Liabilities** | | | |
| Due to ICCB | $ 84,546 | $ 108,985 | $ 193,531 |
| **Net Position** | - | - | - |
| Total liabilities and net position | $ 84,546 | $ 108,985 | $ 193,531 |

See accompanying notes to ICCB State Grants financial statements.

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

State Adult Education Grant
Statements of Revenues, Expenses, and
Changes in Net Position
Year Ended June 30, 2023

| | State Basic | State Performance | Total |
|---|---|---|---|
| Revenues: | | | |
| State sources | $ 560,746 | $ 173,834 | $ 734,580 |
| Expenses – by program: | | | |
| Instructional and student services: | | | |
| Instruction | 386,203 | 38,843 | 425,046 |
| Guidance services | 26,903 | 17,446 | 44,349 |
| Assessment and testing | 68,199 | 31,093 | 99,292 |
| Total instructional and student services | 481,305 | 87,382 | 568,687 |
| Program support: | | | |
| Workforce coordination | - | 86,452 | 86,452 |
| Data and information services | 79,441 | - | 79,441 |
| Total program support | 79,441 | 86,452 | 165,893 |
| Total expenses | 560,746 | 173,834 | 734,580 |
| Excess of Expenses over Revenues | - | - | - |
| Net Position at July 1, 2022 | - | - | - |
| Net Position at June 30, 2023 | $ - | $ - | $ - |

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, 2023

| State Basic | Actual expenditure amount | Actual expenditure percentage |
|---|---|---|
| Instruction (45% minimum required) | 420,188 | 65% |
| Program Support | 66,070 | 10% |
| State Performance | Actual expenditure amount | Actual expenditure percentage |
| Instruction (No minimum required) | 45,015 | 16% |
| Program Support | 36,952 | 13% |

## Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State Adult Education Grants (State Basic and State Performance) (grant program) of the College of Lake County – Community College District Number 532 (the College) are intended to present the financial position and changes in financial position of the College that is attributable to the transactions of the grant program. They do not purport to, and do not, present fairly the financial position of the College, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. These transactions have been accounted for in a Restricted Purposes Fund and conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The following is a summary of the significant policies.

Basis of Accounting:
These grant program financial statements are prepared using the accrual basis of accounting. Expenses are reported when services are rendered, or when goods are received.

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

**Due to ICCB:** A payable is recorded for the funds to be returned to the ICCB at June 30, 2023 for grant funds not utilized.

## Note 2. Background Information on Grant Activity

***Restricted Grants***

***Restricted Adult Education Grant/State***

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

2. State Performance – Grants awarded to Adult Education and Family Literacy providers based upon performance outcomes.

RSM US LLP

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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed (the Schedule) of College of Lake County, Community College District No. 532 (the College) for the year ended June 30, 2023. The College's management is responsible for preparing the Schedule in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual.* Our responsibility is to express an opinion on the Schedule based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule presented is in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule is presented in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects.

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

RSM US LLP

Chicago, Illinois
January 30, 2024

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

**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, 2023

**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 | 20,697.0 | — | 62,150.5 | — | 59,692.0 | — | 142,539.5 | — |
| Business occupational | 873.0 | — | 2,859.5 | — | 4,664.5 | — | 8,397.0 | — |
| Technical occupational | 1,584.0 | — | 8,083.5 | — | 10,333.0 | — | 20,000.5 | — |
| Health occupational | 1,912.0 | — | 4,586.5 | — | 6,313.0 | — | 12,811.5 | — |
| Remedial development | 608.0 | — | 3,499.0 | — | 2,065.0 | — | 6,172.0 | — |
| Adult basic education/secondary education secondary education | 577.3 | 485.0 | 2,682.5 | 3,642.5 | 6,137.0 | 281.5 | 9,396.8 | 4,409.0 |
| Total | 26,251.3 | 485.0 | 83,861.5 | 3,642.5 | 89,204.5 | 281.5 | 199,317.3 | 4,409.0 |

| | **Attending in-district** | **Attending out-of-district on chargeback or contractual agreement** | **Total** |
|---|---|---|---|
| Semester credit hours (all terms) | 195,232 | 587 | 195,819 |

| | **Dual Credit** | **Dual Enrollment** | **Total** |
|---|---|---|---|
| Reimbursable semester credit hours (all terms) | 13,200 | 1,263 | 14,463 |

District 2022 equalized assessed valuation $ 27,454,055,999

Lori Suddick
President

Kevin Appleton
Vice President of Business Services
and Finance/CFO

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, 2023

**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 | 142,539.50 | 142,539.50 | - | - | - | - |
| Business occupational | 8,397.00 | 8,397.00 | - | - | - | - |
| Technical occupational | 20,000.50 | 20,000.50 | - | - | - | - |
| Health occupational | 12,811.50 | 12,811.50 | - | - | - | - |
| Remedial development | 6,172.00 | 6,172.00 | - | - | - | - |
| Adult basic education/ adult secondary | 9,396.75 | 9,396.75 | - | 4,409.00 | 4,409.00 | - |
| Total | 199,317.25 | 199,317.25 | - | 4,409.00 | 4,409.00 | - |

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

| | Total attending | Total attending as certified to the ICCB | Difference |
|---|---|---|---|
| Reimbursable in-district residents | 195,232.00 | 195,232.00 | - |
| Reimbursable out-of-district on charge-back or contractual agreement | 587.00 | 587.00 | - |
| Total | 195,819.00 | 195,819.00 | - |

| | Total reimbursable | Total reimbursable certified to ICCB | Difference |
|---|---|---|---|
| Dual Credit | 13,200 | 13,200 | - |
| Dual Enrollment | 1,263 | 1,263 | - |
| Total | 14,463 | 14,463 | - |

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

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

ADVANCED TECHNOLOGY CENTER
7735 Grand Avenue, Gurnee, Illinois 60031

PRAIRIE RESTAURANT AT BRAE LOCH
33600 North US Highway 45, Grayslake, Illinois 60030

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