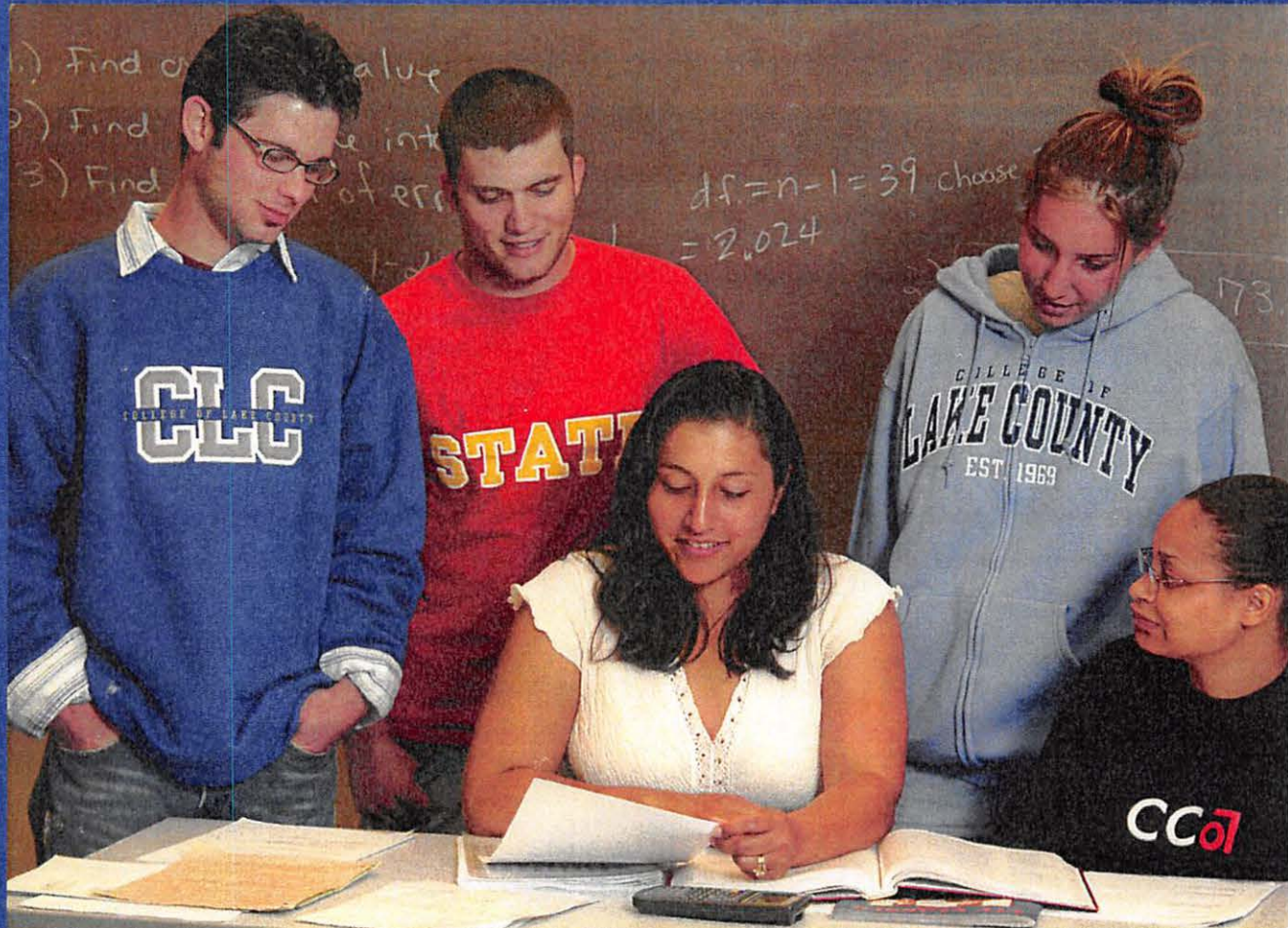




## COLLEGE OF LAKE COUNTY

Community College District No. 532

Grayslake, Illinois



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2006

Prepared By:

**James D. Rock**

**Vice President, Administrative Affairs**

**Ted P. Poulos**

**Dean, Business Services & Finance**

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

Grayslake, Illinois

Comprehensive Annual Financial Report

June 30, 2006 and 2005

(With Independent Auditors' Reports Thereon)

Prepared by:

James D. Rock  
Vice President, Administrative Affairs

Ted P. Poulos  
Dean, Business Services and Finance

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

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

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To: Dr. Richard Fonté and Members of the Board of Trustees

The attached document, the Comprehensive Annual Financial Report (CAFR), has been prepared for submission to the Government Finance Officers Association (GFOA) for a certificate of achievement for excellence in financial reporting. The report is submitted for the College of Lake County, Community College District No. 532 (the College), County of Lake, State of Illinois, for the fiscal year ending June 30, 2006. The report includes the College of Lake County Foundation as a component unit in compliance with Governmental Accounting Standards Board (GASB) Statement No. 39. A more detailed description of the legal entity is contained in the notes to the financial statements in the financial section.

The data contained in the report, to the best of our knowledge, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the changes in financial position of the various funds and account groups of the College. The College administration is responsible for the accuracy of the data and its presentation. It is a fair and complete representation of the financial affairs of the College as they relate to its mission, goals and objectives.

This letter of transmittal should be read in conjunction with the Management's Discussion and Analysis (pages 3-13) which focuses on current activities, accounting changes, and currently known facts. In 2003, the College implemented changes in the financial statements to comply with GASB Statement Nos. 34 and 35. The format and purpose of these changes are addressed in the notes to the financial statements. This presentation is designed to provide better information to the users of the CAFR.

The CAFR is presented in four sections: introductory, financial, special reports, and statistical reports. The introductory section includes this transmittal letter as well as the list of College principal officials and an organization chart. The financial section includes the management's discussion and analysis, the report of the independent auditors and the basic financial statements. The statistical section includes comparative financial and demographic information on a multi-year basis, wherever possible. The special reports section includes the uniform financial statements, certification of charge-back reimbursement; grant financial statements and enrollment schedules required by the Illinois Community College Board (ICCB).

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

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

### **BACKGROUND ON THE COLLEGE**

Established by the citizens of Lake County in 1969 within a framework of the Illinois Master Plan for Higher Education, the College of Lake County is a comprehensive community college dedicated to meeting the post-secondary educational and training needs of individuals within District 532. The College of Lake County is accredited by the Higher Learning Commission and is a member of the North Central Association.

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

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

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

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

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

Consistent with its values and mission, the College of Lake County sets forth the following goals for Fiscal Year 2007:

Strategic Goal 1: Learning

*The College of Lake County will enhance student learning.*

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

Strategic Goal 2: Community Outreach

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

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

Strategic Goal 3: Access and Student Success

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

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

Strategic Goal 4: Accountability and Responsible Stewardship

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

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

**ECONOMIC CONDITION AND OUTLOOK**

In Illinois, the state is divided into 40 community college districts. The College of Lake County's district is located in Lake County, north of Chicago, bordering Cook County on the south, Lake Michigan on the East and Wisconsin on the North. In the last census (2000), the population of Lake County increased by 25 percent over the 1990 level. This rate exceeded the metropolitan area of Chicago's 11 percent growth, and made Lake County one of the fastest-growing counties in Illinois. The Northeastern Illinois Planning Commission projects that Lake County's population will increase by 31 percent from 644,356 in 2000 to 844,315 in 2030. Since 2000, Lake County's population already increased by six percent to 684,726 in 2005.

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

Lake County, and therefore the College, has a strong economic base. The 2000 Census showed Lake County as having the highest median household income in Illinois. More current statistics in 2004 from the American Community Survey ranked Lake County 17<sup>th</sup> highest in the nation in median household income. Although primarily a residential area, Lake County is home to some of the largest businesses in Illinois including Hewitt Associates, Motorola, W.W. Grainger, CDW, Walgreen's, Baxter, Condell Medical Center, and Abbott Laboratories. It is also home to the third largest base in the Navy and the only U.S. Naval Training Recruit Center at Great Lakes, which contributed \$392 million to the Lake County economy in 1999. In addition, in recent years Lake County has become a major tourist attraction with the addition of a highly successful outlet mall, Gurnee Mills, and the popular amusement park, Six Flags Great America. In 2004, tourists spent \$873 million dollars in Lake County supporting 10,100 jobs with a payroll of over \$219 million. The assessed value of \$23.9 billion used for property tax calculation is the third highest in the State of Illinois.

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

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<b>Enrollment Summary (Fiscal Year)</b>					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Head Count (Fall)	15,457	15,828	15,866	15,745	15,558
Credit Hours	216,217	228,341	249,012	268,078	275,991
FTE	7,207	7,611	8,300	8,936	9,200

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## **COLLEGE OF LAKE COUNTY MAJOR INITIATIVES**

The College of Lake County plans to embark upon a number of major initiatives in Fiscal Year 2007. Under the leadership of its new president, Dr. Richard Fonté, the college will continue its participation in the Academic Quality Improvement Project (AQIP), an alternative method of accreditation offered by the Higher Learning Commission of the North Central Association. The three AQIP projects which will be undertaken include:

- 1) improvement of the academic advisement process,
- 2) a comprehensive review of the College's governance and decision-making process, and
- 3) a comprehensive facilities assessment.

A second major initiative will be the final completion of the College's new Dental Hygiene clinic at the Lakeshore campus in Waukegan. After installation of new equipment, the 12-chair facility will offer free and low-cost screening services, including teeth cleaning, X-rays, and exams. The clinic, which supports the college's Dental Hygiene Associate in Applied Science degree program, was formerly operated in association with the Navy Dental Services Department at the Great Lakes Naval Hospital in North Chicago.

A third major development will be the opening of the college's new classroom building at the Southlake Educational Center in Vernon Hills, scheduled for January 2007. Construction is nearing completion, and furniture and equipment contracts have been approved by the college's Board of Trustees for the building's classrooms, science laboratories, computer labs, library, and common areas. The building's design features energy-efficient technology, including a green roof system.

Finally, to further meet the diverse needs of the students and employers of Lake County, a number of new academic programs will be offered during the 2007 fiscal year, effective August 15, 2006. These programs include:

- 1) Medical Office Assistant Certificate
- 2) Medical Office Assistant Associate of Applied Science Degree
- 3) Computer Forensics Technician Certificate
- 4) Computer Forensics Analyst Certificate
- 5) Computer Forensics Associate of Applied Science Degree
- 6) CIS Security and Administration Certificate
- 7) LTA Public Service Option
- 8) LTA Library Technology Option
- 9) LTA Children's Services Option
- 10) LTA Library Marketing and Public Relations Option
- 11) LTA Human Resources Option
- 12) School Age Child Care Specialist Certificate
- 13) HUS Correctional Counseling Degree Option
- 14) HUS Correctional Counseling Certificate
- 15) Children and Adolescents Associate of Applied Science Degree

**In addition, seven programs are slated to be offered, pending Illinois Community College Board and Illinois Board of Higher Education approval. These programs include:**

- 1) Oracle Administrator Certified Associate Certificate**
- 2) Oracle Administrator Certified Professional Certificate**
- 3) CIS Game Development Associate of Applied Science Degree**
- 4) CIS Game Development Certificate**
- 5) Graphic Design Associate of Applied Science Degree**
- 6) Animation Associate of Applied Science Degree**
- 7) Special Education Associate in Arts Teaching Degree**

## FINANCIAL INFORMATION

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

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

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

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

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

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

**General Government Functions and Fund Balances.** The funds considered to be “General Government” are the Education Fund and the Operation and Maintenance Fund. These are more commonly referred to as the general funds or operating funds. Revenues that are regularly reoccurring are from predominately three sources: local property taxes, state sources and tuition and fees. The largest contributor to revenue is local property taxes. The Revenue Resource Table illustrates the property tax levy rates and the total property tax revenue collected for a two-year comparison. The strength of the financial base is the county assessed value, which totaled approximately \$23.9 billion in 2005 for tax collections in 2006.

The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5 percent, whichever is lower. The non-debt service tax levies will decline over time as the community grows, increasing the assessed values while generating increased tax revenue to support the College. The following table details the tax levy information.

Fund Type	Maximum Tax Rate	2005	2004	2003	2002	State Av. 2002(1)
Education	\$ .130	.128	.129	.129	.130	.195
Operations and Maintenance	.060	.058	.058	.059	.059	.055
Liability, Protection and Settlement	(2)	.003	.004	.004	.005	.049
Audit	.005	.000	.000	.000	.000	.001
Bond and Interest	(2)	.007	.008	.008	.010	.022
Medicare	(2)	.001	.001	.001	.002	.000
Plant:						
Operations and Maintenance (Restricted)	.000	.000	.000	.000	.000	.000
Life Safety	.050	.000	.000	.000	.002	.025
Other	.000	.000	.000	.000	.000	.043
<b>Total</b>		<b>\$ <u>.197</u></b>	<b><u>.200</u></b>	<b><u>.201</u></b>	<b><u>.208</u></b>	<b><u>.390</u></b>

Assessed value of taxable property for 2005 was \$23.9 billion, an increase of \$2.4 billion from 2004, or 9.6 %.

The College’s average collection rate, including collection of back taxes, over the past five years was 100.0 percent.

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

Revenue from tuition and fees has grown commensurate with enrollment and gradual increases in tuition rates. The tuition and fees charged in FY 2006 total \$70 per credit hour and will increase to \$80 per credit hour in FY 2007.

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

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

**Debt Administration.** The statutory debt limit based on the property tax assessed valuation totals \$670,000,000. The current indebtedness totals \$17,155,000 leaving a substantial margin for additional debt, as warranted by the previously described high assessed valuation and the current property taxes. Current indebtedness is due to six different outstanding series of bonds with varying maturity dates, with the last payment due in 2017. A working cash fund totaling \$17,539,278 million was established through the sale of bonds and is available for periodic transfer to the various fund groups as needed for cash flow purposes. Loans are established during the fiscal year and repaid from revenues received.

**Prospects for the Future.** The College forecasts for revenues and expenditures have historically been an accurate representation using a mathematical model as a basis for the projections. Revenues from the three major sources as previously described will continue to meet all of the College general fund obligations. Also, provisions are made within the general funds to transfer money for future capital projects. College funds have been set aside for a \$15 million instructional building without state funds scheduled for completion at the Southlake Educational Center site in late calendar year 2006. Additionally, funding has been set aside for the College's 25 percent share of the cost of a \$42 million Student Services/Adult Education/Lifelong Learning Center (Lakeshore) building, scheduled for completion in approximately 2009.

**Cash Management.** The College has an established policy that provides for the prudent, conservative, timely investment of excess funds. This policy approved by the Board of Trustees follows the Illinois Community College Act (Chapter 110 of Illinois Compiled Statutes Act 805) and the Illinois Public Funds Investment Act (Chapter 30 of the Illinois compiled statutes Act 235). The Treasurer, as appointed by the Board of Trustees, is delegated the responsibility for managing college investments. Investments are predominately placed in certificates of deposit either insured or properly collateralized. Interest income for Fiscal Year 2006 totaled \$871,968, constituting a net rate of return of 3.9 percent.

**General Fixed Assets.** The notes to financial statements elaborate on the activity for the fiscal year and the status of fixed assets at June 30, 2006.

**Risk Management.** The typical College property and casualty losses are insured through a conventional insurance program providing coverage for these losses under policies such as worker's compensation, building and property insurance, tort liability, school leaders professional liability and a \$15 million umbrella policy that provides excess insurance coverage to extend the basic limits of these policies. A special tax levy authorized by state statute allows the issuance of a property tax to pay for these risks excluding those with elements for property coverage. To minimize the risk of loss the College has a Campus Safety Department on duty 24-hours, seven days per week, a Health Services Department and an active Safety Committee to review and make recommendations for improving and/or minimizing risk to property, employees and students.

#### **OTHER INFORMATION**

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

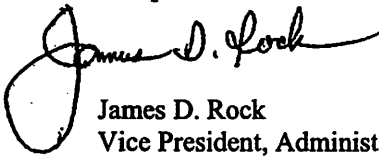
## AWARDS AND ACKNOWLEDGEMENTS

**GFOA Certificate of Achievement.** The GFOA awarded Certificates of Achievement for Excellence in Financial Reporting to the College of Lake County for its comprehensive annual financial reports for the fiscal years ended June 30, 2001, 2002, 2003, 2004, and 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

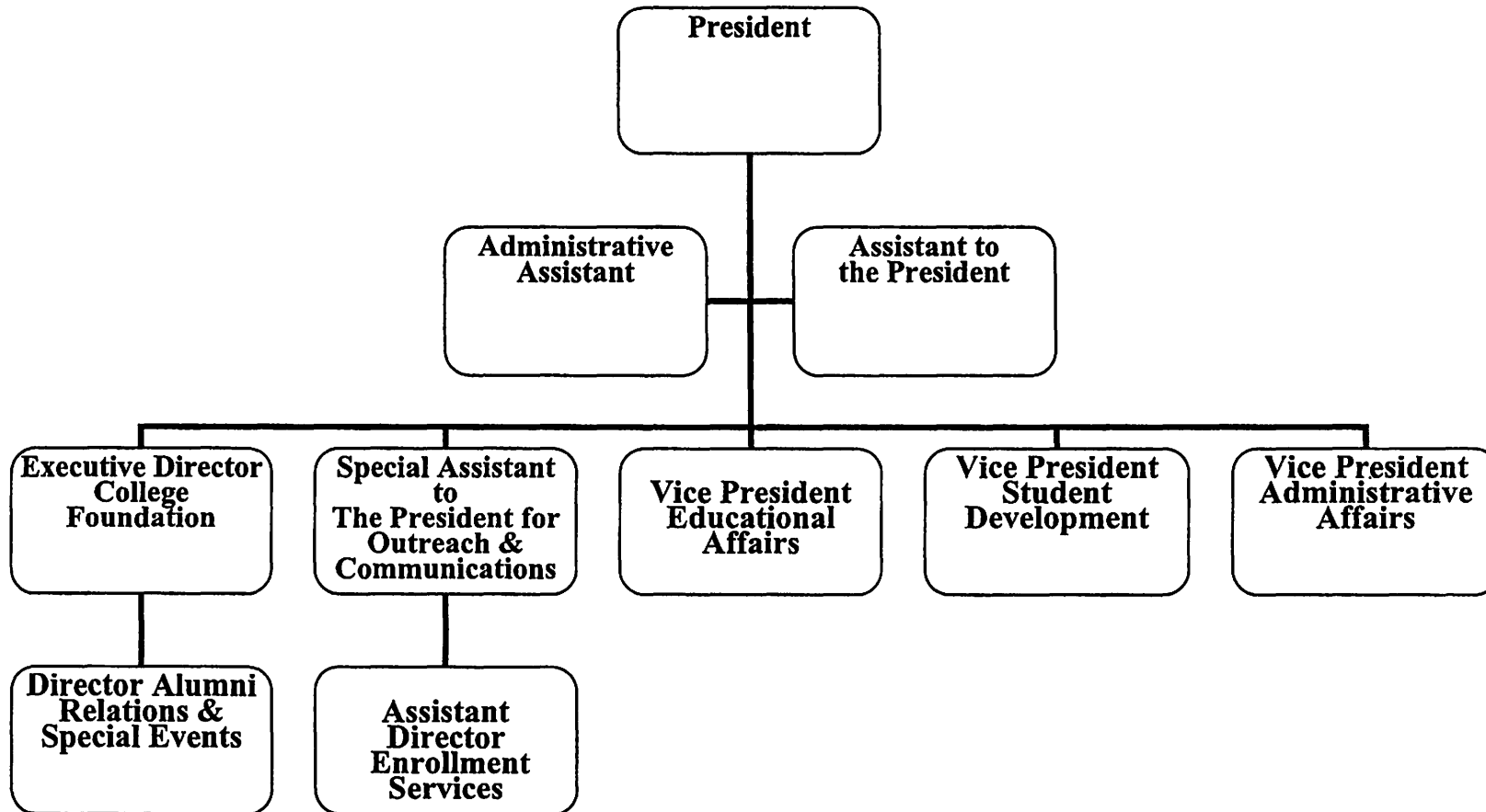
The comprehensive annual financial report presents the work of a variety of dedicated finance office administrators and staff members. It could not have been completed without the considerable effort of the audit team from KPMG applying their extensive professional experience as they work with community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

Respectfully,

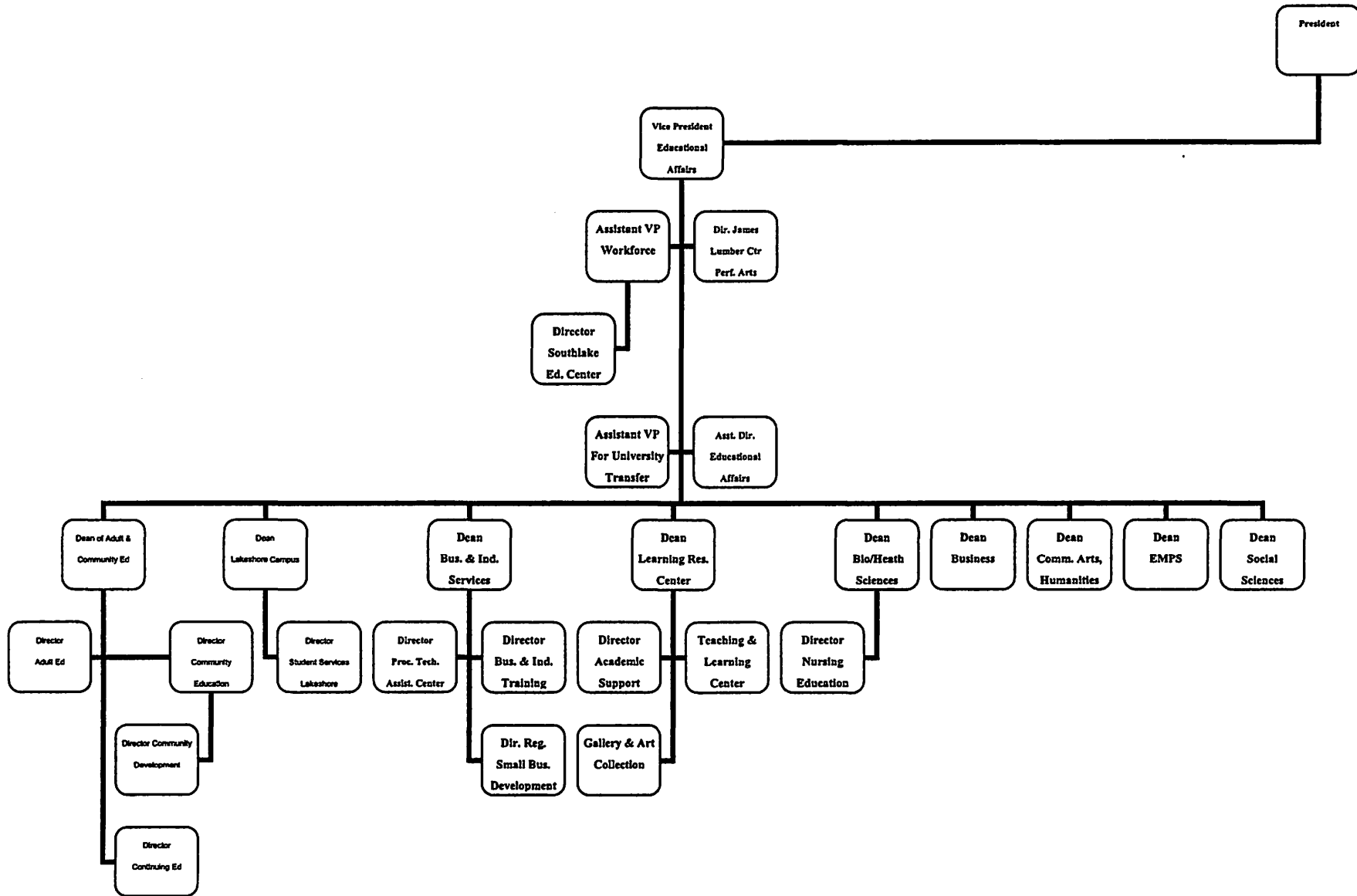
A handwritten signature in black ink, appearing to read "James D. Rock". The signature is written in a cursive style with a large, looping initial "J".

James D. Rock  
Vice President, Administrative Affairs

**COLLEGE OF LAKE COUNTY  
COMMUNITY COLLEGE DISTRICT NO. 532**  
Organization Chart  
Year ended June 30, 2006

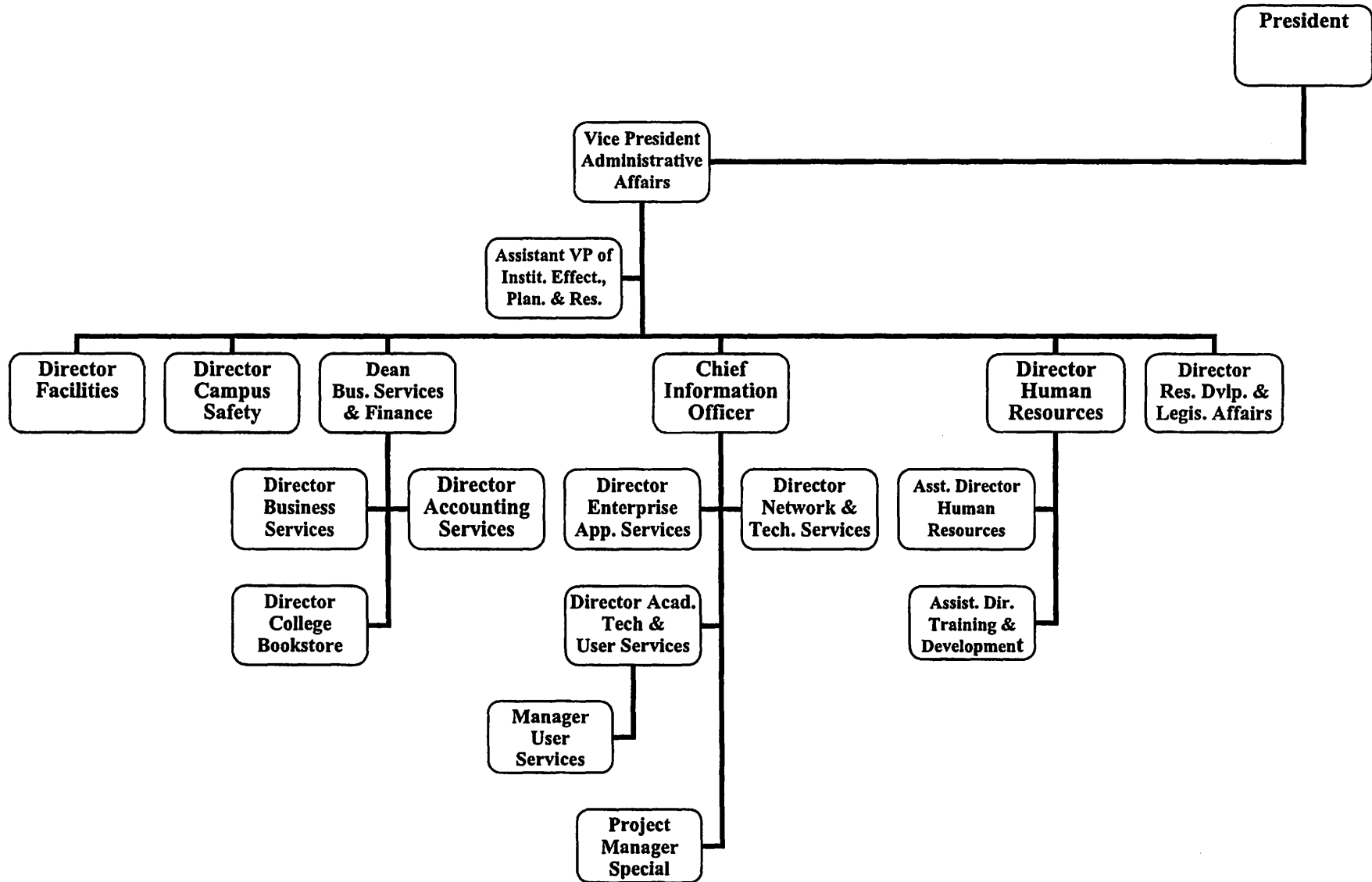


**COLLEGE OF LAKE COUNTY  
COMMUNITY COLLEGE DISTRICT NO. 532  
Organization Chart  
Year ended June 30, 2006**

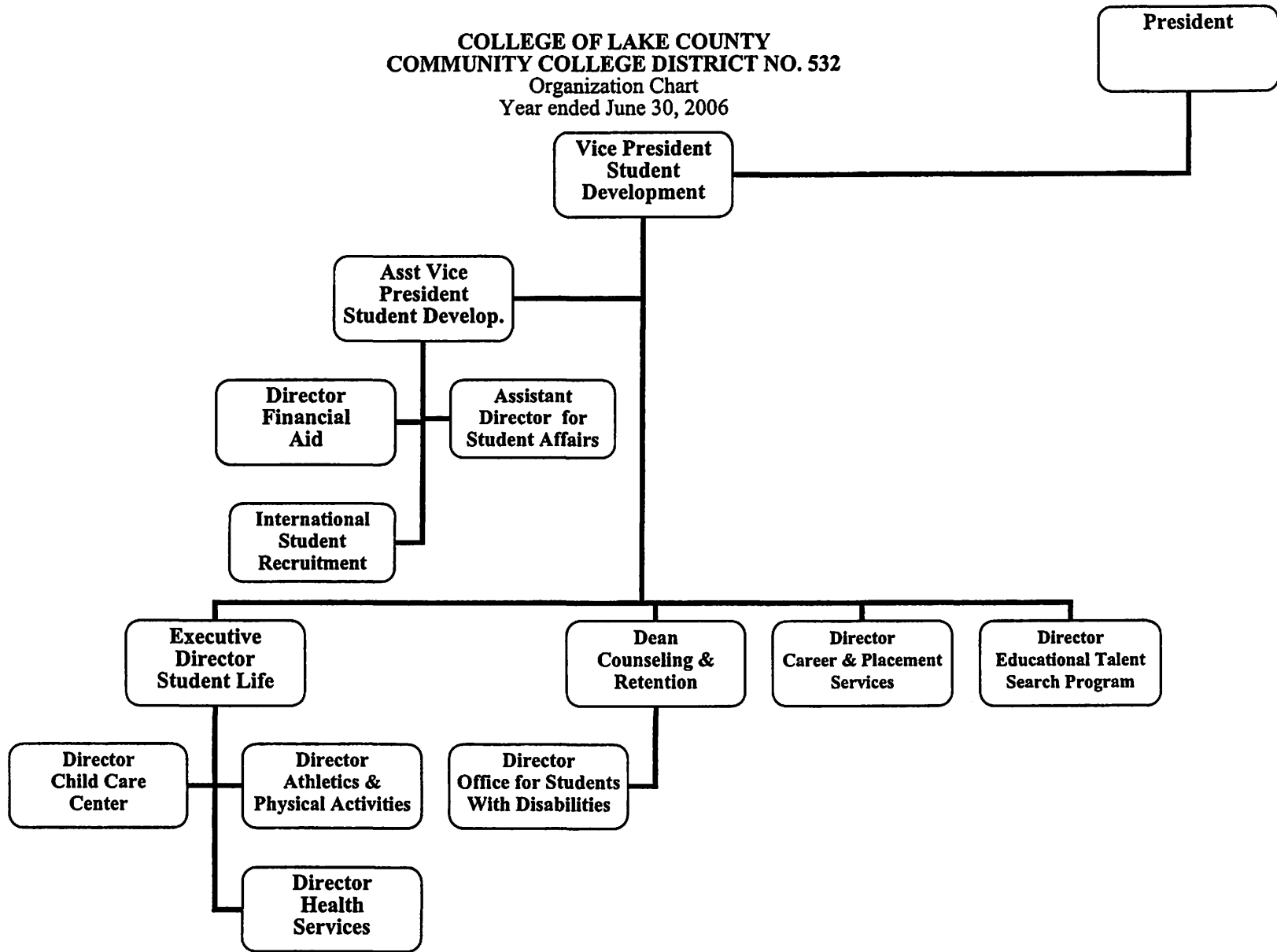




**COLLEGE OF LAKE COUNTY  
COMMUNITY COLLEGE DISTRICT NO. 532**  
Organization Chart  
Year ended June 30, 2006



**COLLEGE OF LAKE COUNTY  
COMMUNITY COLLEGE DISTRICT NO. 532**  
Organization Chart  
Year ended June 30, 2006



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

Principal Officials

Year ended June 30, 2006

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**BOARD OF TRUSTEES**

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	Position	Term Expires
William M. Griffin	Chairman	2009
Richard Anderson	Vice Chairman	2009
Robert C. Anderson	Trustee	2007
Philip J. Carrigan	Trustee	2011
Patricia Jones	Trustee	2009
Barbara D. Oilschlager	Trustee	2007
Thomas J. Schwartz	Trustee	2011
Kristina Cornish	Student Trustee	2007

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**OFFICERS OF THE COLLEGE OF LAKE COUNTY**

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Richard W. Fonté	President
DeRionne P. Pollard	Vice President, Educational Affairs
Darl E. Drummond	Vice President, Student Development
James D. Rock	Vice President, Administrative Affairs
	Treasurer/Secretary

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**OFFICIALS ISSUING REPORT**

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

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**DIVISION ISSUING REPORT**

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Administrative Affairs  
Business Services & Finance

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

College of Lake County  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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



*Carla E. Perry*

President

*Jeffrey R. Emery*

Executive Director



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

## Independent Auditors' Report

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

We have audited the accompanying basic financial statements of the College of Lake County, Community College District No. 532 (the College) and its discretely presented component unit, the College of Lake County Foundation, as of and for the years ended June 30, 2006 and 2005, as listed in the accompanying table of contents. These financial statements are the responsibility of management of the College. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College of Lake County, Community College District No. 532, and its discretely presented component unit, the College of Lake County Foundation, as of June 30, 2006 and 2005, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2006, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



Our 2006 audit was made for the purpose of forming opinions on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the 2006 basic financial statements taken as a whole.

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

KPMG LLP

September 15, 2006

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

**Management's Discussion and Analysis**

June 30, 2006 and 2005

(Unaudited)

This section of the College of Lake County's (the College) Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2006 and 2005. Since this management's discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

**Using This Annual Report**

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

**Financial Highlights Fiscal Year 2006**

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

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

Operating revenue accounted for 28% of the College's total revenue and nonoperating revenue accounted for 72% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$14,969,164, auxiliary enterprise revenues totaling \$6,774,052, and other revenues of \$3,836,333.

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

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

**Financial Highlights Fiscal Year 2005**

Total operating revenues were \$23,522,779 and total operating expenses were \$83,923,286 for the year ended June 30, 2005. The difference produced an operating loss of \$60,400,507.

Nonoperating revenues, net, of \$61,390,278 for the year ended June 30, 2005 offset the loss and resulted in an overall increase in net assets before state capital appropriations of \$989,771. Nonoperating revenues included local property taxes of \$42,320,584, state appropriations and replacement tax of \$13,131,834, federal grants and contracts of \$4,840,223, local grants and contracts of \$1,346,526 and net investment income of \$466,066, offset by interest expense of \$714,955.

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

**Management's Discussion and Analysis**

**June 30, 2006 and 2005**

**(Unaudited)**

Operating revenue accounted for 28% of the College's total revenue and nonoperating revenue accounted for 72% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$13,598,272, auxiliary enterprise revenues totaling \$6,315,048, and other revenues of \$3,609,459.

State capital appropriations totaled \$6,223,910. The state capital appropriations plus the increase before capital contributions of \$989,771 produced an overall increase in net assets of \$7,213,681.

Total net assets increased from \$105,307,009 at the beginning of the year to \$112,520,690 at the end of the year.

**Overview of the Financial Statements**

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

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

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

The statement of net assets reports the College's assets, liabilities, and net assets. Net assets, the difference between the College of Lake County's assets and liabilities, are one way to measure the College's financial health or position. The increase in the College's net assets during 2006 and 2005 is an indicator of the change in assets acquired less assets consumed.



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

Management's Discussion and Analysis

June 30, 2006 and 2005

(Unaudited)

**Financial Analysis**

*Net Assets*

The College's net assets at June 30, 2006, 2005, and 2004 were \$116.5 million, \$112.5 million, and \$105.3 million, respectively, an increase of \$4.0 million, \$7.2 million, and \$11.2 million, respectively. Total assets were \$213.3 million, \$203.8 million, and \$188.3 million, and total liabilities were \$96.8 million, \$91.3 million, and \$83.1 million at June 30, 2006, 2005, and 2004, respectively. The change in net assets is an indicator of whether the financial condition has improved or worsened during the year. Assets and liabilities are measured using current values with the exception of capital assets. Capital assets are stated as historical cost, lowered by depreciation. A summary of net assets at June 30, 2006, 2005, and 2004 is as follows:

<b>Net Assets</b>			
June 30, 2006, 2005, and 2004			
(In thousands)			
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Current assets	\$ 86,485	85,083	74,941
Restricted assets	289	241	7,131
Other noncurrent assets	23,967	22,422	21,037
Capital assets, net of depreciation	<u>102,536</u>	<u>96,067</u>	<u>85,254</u>
Total assets	<u>213,277</u>	<u>203,813</u>	<u>188,363</u>
Current liabilities	56,768	51,362	48,587
Long-term liabilities	<u>39,997</u>	<u>39,930</u>	<u>34,469</u>
Total liabilities	<u>96,765</u>	<u>91,292</u>	<u>83,056</u>
Net assets:			
Invested in capital assets, net of related debt	85,719	79,451	72,537
Restricted	19,732	21,796	25,412
Unrestricted	<u>11,061</u>	<u>11,274</u>	<u>7,358</u>
Total net assets	<u>\$ 116,512</u>	<u>112,521</u>	<u>105,307</u>

The College had a current ratio of 1.5, 1.7, and 1.5 times at June 30, 2006, 2005, and 2004, respectively. The current ratio is total current assets divided by total current liabilities. For example, at June 30, 2006, for every dollar of current liabilities, the College has \$1.50 in current assets. This ratio is one indicator of the College's ability to pay its debts as they become due.

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

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

**Management's Discussion and Analysis**

**June 30, 2006 and 2005**

**(Unaudited)**

**Fiscal Year 2006 compared to 2005**

Current assets have increased by \$1.4 million.

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

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

**Fiscal Year 2005 compared to 2004**

Current assets have increased by \$10.1 million.

Capital assets increased by \$10.8 million due to the completion of the following projects: Technology Building and University Center – Lakeshore Campus. It also increased due to the construction in progress on the Southlake Classroom Building.

Current liabilities increased by \$2.8 million. Deferred revenue for property taxes increased by \$2.6 million.

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

Management's Discussion and Analysis

June 30, 2006 and 2005

(Unaudited)

***Changes in Net Assets***

The change in net assets for the years ended June 30, 2006, 2005, and 2004 was \$4.0 million, \$7.2 million, and \$11.2 million, respectively. Total revenues were \$90.5 million, \$91.9 million, and \$113.8 million, respectively, and total expenses were \$86.5 million, \$84.6 million, and \$102.6 million, respectively. A summary of changes in net assets for the years ended June 30, 2006, 2005, and 2004 is as follows:

**Revenue Summary**

Years ended June 30, 2006, 2005, and 2004  
(Dollars in thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues:			
Operating:			
Student tuition and fees, net	\$ 14,969	13,598	12,433
Auxiliary enterprise	6,774	6,315	6,361
Other operations	3,836	3,609	3,197
Total operating revenues	<u>25,579</u>	<u>23,522</u>	<u>21,991</u>
Nonoperating:			
Local property taxes	45,455	42,321	40,074
Personal property replacement taxes	1,157	913	754
State appropriations	11,188	12,219	33,436
Federal and local grants and contracts	5,885	6,186	5,886
Investment income, net	872	466	297
Total nonoperating revenues	<u>64,557</u>	<u>62,105</u>	<u>80,447</u>
State capital appropriations	<u>370</u>	<u>6,224</u>	<u>11,324</u>
Total revenues	<u>\$ 90,506</u>	<u>91,851</u>	<u>113,762</u>

**Fiscal Year 2006 Compared to 2005**

Operating revenue increased by \$2.1 million, which reflects an increase in auxiliary revenue of \$459 thousand, an increase in other operating revenue of \$227 thousand and an increase in net student tuition and fees of \$1.4 million. The tuition and fee increase was due to an increase in enrollment accompanied by a \$6 per credit hour increase in tuition and fees.

Nonoperating revenue increased by \$2.5 million. State appropriations decreased by \$1.0 million mainly due to a decrease in the State Universities Retirement System of Illinois (SURS) contribution made by the state. There was also an increase in property taxes of \$3.1 million. The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5%, whichever is lower. The formula also allows the College to capture property tax revenues available due to the assessed value of new construction. The increase in property tax revenues reflects the combination of the CPI and the assessed

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

Management's Discussion and Analysis

June 30, 2006 and 2005

(Unaudited)

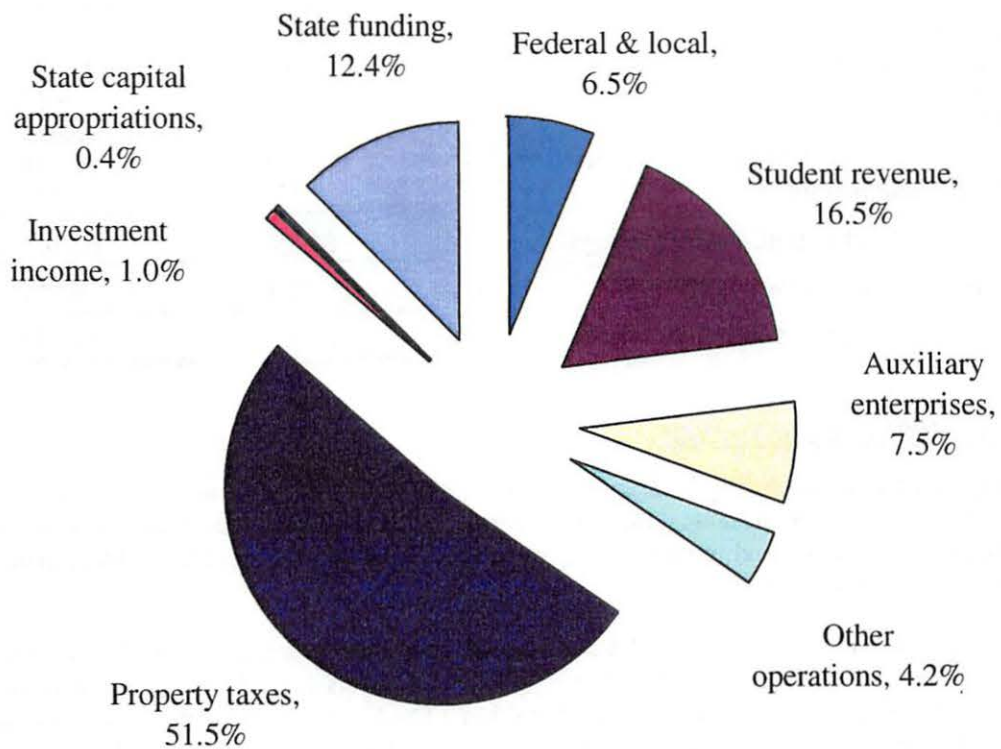
value of new construction. State capital appropriations of \$370 thousand reflect the funds expended by the Capital Development Board on the Technology Building.

The pie charts show all revenue from both operating and nonoperating sources. State funding in the pie charts and above includes both capital and noncapital appropriations. The first chart shows that property taxes accounted for the largest percentage of the College's revenue at 51.5%. The next highest was net student tuition and fees at 16.5%. State funding accounted for 12.8% of the College's revenue.

**College of Lake County**

**Revenues**

**Year ended June 30, 2006**



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

Management's Discussion and Analysis

June 30, 2006 and 2005

(Unaudited)

**Fiscal Year 2005 Compared to 2004**

Operating revenue increased by \$1.5 million, which reflects a decrease in auxiliary revenue of \$45.6 thousand, an increase in other operations of \$412 thousand, and an increase in net student tuition and fees of \$1.2 million.

Nonoperating revenue decreased by \$18.3 million. State appropriations decreased by \$21.2 million mainly due to a decrease in the State Universities Retirement System of Illinois (SURS) contribution made by the state. In fiscal year 2004, the State of Illinois made a contribution of \$23.8 million on behalf of the College to the State Universities Retirement System of Illinois (SURS). The normal contribution was \$4.3 million and the "special" contribution (or one-time catch-up) from House Bill 3759 (PA 93-002) was \$19.5 million. There was also an increase in property taxes of \$2.2 million.

State capital appropriations of \$6.2 million reflect the funds expended by the Capital Development Board on the Technology Building and the parking lot at the Performance Arts Building.

**Expenses**

**Years ended June 30, 2006, 2005, and 2004  
(Dollars in thousands)**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction	\$ 30,874	30,405	43,005
Academic support	4,722	4,725	6,041
Student services	5,097	4,729	5,943
Public service	6,957	6,903	9,618
Institutional support	16,845	17,202	17,548
Operations and maintenance of plant	7,522	6,606	6,593
Financial aid	2,354	2,648	2,541
Depreciation	4,114	3,899	3,395
Auxiliary enterprises	7,289	6,806	7,085
Interest expense	741	715	822
Total	<u>\$ 86,515</u>	<u>84,638</u>	<u>102,591</u>

**Fiscal Year 2006 Compared to 2005**

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

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

**Management's Discussion and Analysis**

June 30, 2006 and 2005

(Unaudited)

**Fiscal Year 2005 Compared to 2004**

Expenses decreased by \$18 million. In fiscal year 2004, the State of Illinois made a contribution of \$23.8 million on behalf of the College to the State Universities Retirement System of Illinois (SURS). The normal contribution was \$4.3 million and the "special" contribution from House Bill 3759 (PA 93-002) was \$19.5 million. SURS contributions are allocated to programs based on salaries. The "special" contribution was allocated as follows: \$12.2 million to instruction, \$1.3 million to academic support, \$1.4 million to student services, \$1.0 million to public service, \$2.6 million to institutional support, and \$1.0 million to operations and maintenance of plant.

**Operating Expenses**

The pie chart on the next page shows the operating expenses as a percentage of total expenses. Direct services to students accounted for 66.8% of total expenses. Direct services to students include instruction at 36.0%, academic support at 5.5%, student services at 5.9%, public service at 8.2%, financial aid at 2.7%, and auxiliary enterprises at 8.5%. Indirect services to students accounted for 33.2% of total expenses. Indirect services to students include operations and maintenance at 8.8%, institutional support at 19.6%, and depreciation at 4.8%.

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

Management's Discussion and Analysis

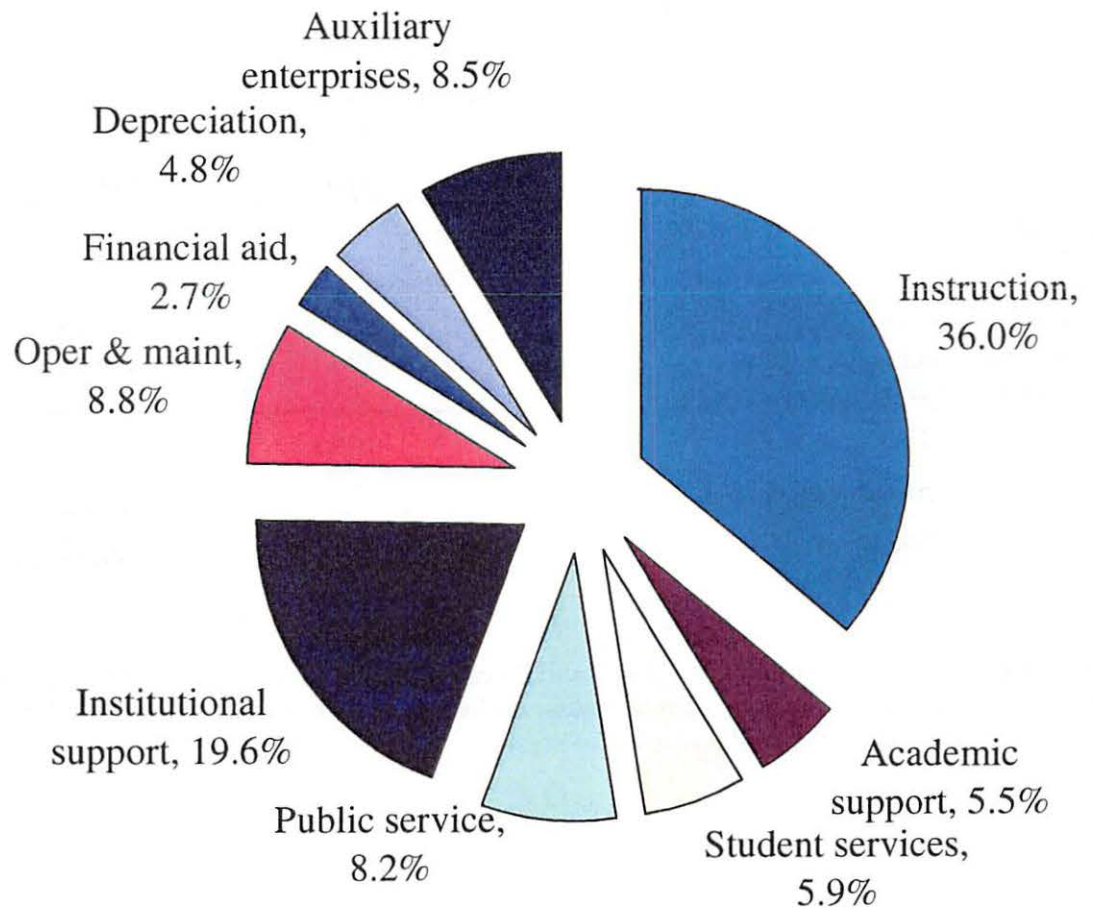
June 30, 2006 and 2005

(Unaudited)

**College of Lake County**

**Operating Expenses**

**Year ended June 30, 2006**



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

Management's Discussion and Analysis

June 30, 2006 and 2005

(Unaudited)

**Capital Asset and Debt Administration**

***Capital Assets***

As of June 30, 2006, 2005, and 2004, the College investment in capital assets totaled \$148.5 million, \$138.3 million, and \$123.6 million, respectively. Capital assets, net of accumulated depreciation of \$46.0 million, \$42.2 million, and \$38.4 million, totaled \$102.5 million, \$96.1 million, and \$85.3 million, respectively.

**Capital Assets, Net**

June 30, 2006, 2005, and 2004  
(In thousands)

	2006	2005	2004
Capital assets:			
Land	\$ 7,233	7,233	7,233
Construction in progress	11,365	2,667	19,422
Land improvements	5,273	5,255	4,624
Buildings and improvements	106,125	105,507	78,652
Furniture and equipment	18,541	17,654	13,692
Total capital assets	148,537	138,316	123,623
Less accumulated depreciation	46,001	42,249	38,369
Capital assets, net	\$ 102,536	96,067	85,254

More detailed information on capital asset activity can be found in note 3 to the basic financial statements on pages 28 through 29. More detailed information on long-term debt activity can be found in note 4 to the basic financial statements on pages 29 through 32.



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

**Management's Discussion and Analysis**

**June 30, 2006 and 2005**

**(Unaudited)**

**Construction Projects**

During the year ended June 30, 2003, the College began construction on a new Technology Building on the Grayslake Campus. The building was in use for Spring Semester 2005. The College's share of project funding is \$6,250,000 (including furniture, fixtures and equipment) with the balance to be funded by the Illinois Capital Development Board. Funds expended (not including furniture, fixtures and equipment) as of June 30, 2006 and 2005 were \$2,667,808 and \$2,565,856, respectively, by College of Lake County and \$20,893,373 and \$20,523,672, respectively, by the Illinois Capital Development Board.

On October 4, 2002, the College purchased land and a building at a cost of \$550,000 to be improved and leased to the University Center and other tenants. Improvements are expected to cost approximately \$3,800,000. The leases began July 2004. Total funds expended in addition to the original cost of the land and building through June 30, 2006 and 2005 were \$3,801,012 and \$3,742,861, respectively.

During the year ended June 30, 2005, the College began construction of a classroom building on the Southlake campus. Total estimated costs are \$15,500,000. Funds expended as of June 30, 2006 and 2005 were \$11,364,927 and \$507,973, respectively.

**Debt Payments**

For the years ended June 30, 2006 and 2005, the College paid \$1,855,000 and \$2,060,000, respectively, in principal on bonds and certificates of indebtedness. During the year ended June 30, 2005, the College issued \$4,500,000 in general obligation bonds to pay off debt certificates which were issued for the construction of a classroom building on the Southlake campus. During the year ended June 30, 2006, the College did not issue any bonds.

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

Statements of Net Assets

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash (note 2)	\$ 17,851,173	26,366,988
Investments (note 2)	15,185,312	7,451,136
Receivables, net:		
Property and corporate personal property taxes	47,703,555	44,382,436
Government claims	696,930	684,279
Tuition and fees, net	2,224,459	1,988,973
Other	1,642,941	2,700,897
Inventories	1,180,105	1,508,389
<b>Total current assets</b>	<u>86,484,475</u>	<u>85,083,098</u>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	289,642	241,149
Property taxes receivable	23,925,000	22,375,000
Unamortized debt issue cost	41,927	46,541
Capital assets, net (note 3)	102,535,883	96,067,267
<b>Total noncurrent assets</b>	<u>126,792,452</u>	<u>118,729,957</u>
<b>Total assets</b>	<u>213,276,927</u>	<u>203,813,055</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	1,440,944	621,833
Accrued vacation	1,070,670	1,070,897
Other accrued expenses	2,837,102	1,700,716
Tuition refunds payable	25,026	31,401
Deferred revenues:		
Property taxes (note 1(o))	47,477,364	44,180,330
Tuition and other	1,939,737	1,659,878
Current portion of long-term obligations (note 4)	1,685,000	1,855,000
Amounts held in custody for others	166,532	60,875
Other current liabilities	125,248	181,681
<b>Total current liabilities</b>	<u>56,767,623</u>	<u>51,362,611</u>
<b>Noncurrent liabilities:</b>		
Long-term obligations (note 4)	15,132,165	16,594,754
Unearned revenue:		
Property taxes	23,925,000	22,375,000
Rent (note 11)	940,000	960,000
<b>Total noncurrent liabilities</b>	<u>39,997,165</u>	<u>39,929,754</u>
<b>Total liabilities</b>	<u>96,764,788</u>	<u>91,292,365</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	85,718,718	79,450,964
Restricted for:		
Working cash	17,539,278	17,528,336
Capital projects	1,090,088	3,111,141
Other	1,103,319	1,156,671
Unrestricted	11,060,736	11,273,578
<b>Total net assets</b>	<u>\$ 116,512,139</u>	<u>112,520,690</u>

See accompanying notes to basic financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2006 and 2005

	2006	2005
<b>Operating revenues:</b>		
Student tuition and fees	\$ 17,347,474	16,015,708
Less scholarship allowances	(2,378,310)	(2,417,436)
Net student tuition and fees	14,969,164	13,598,272
Auxiliary enterprises	6,774,052	6,315,048
Other operations	3,836,333	3,609,459
Total operating revenues	25,579,549	23,522,779
<b>Operating expenses:</b>		
Education and general:		
Instruction	30,873,970	30,405,117
Academic support	4,722,016	4,725,087
Student services	5,096,901	4,728,531
Public service	6,956,771	6,903,265
Institutional support	16,844,508	17,202,310
Operations and maintenance of plant	7,522,383	6,606,018
Financial aid	2,353,612	2,647,663
Depreciation	4,114,324	3,898,729
Auxiliary enterprises	7,289,152	6,806,566
Total operating expenses	85,773,637	83,923,286
Operating loss	(60,194,088)	(60,400,507)
<b>Nonoperating revenues (expenses):</b>		
Local property taxes	45,454,623	42,320,584
Personal property replacement tax	1,156,921	912,768
State appropriations	11,187,839	12,219,066
Federal grants and contracts	4,591,755	4,840,223
Local grants and contracts	1,293,677	1,346,526
Investment income	871,968	466,066
Interest expense	(741,305)	(714,955)
Total nonoperating revenues (expenses), net	63,815,478	61,390,278
Increase before capital contributions	3,621,390	989,771
State capital appropriations	370,059	6,223,910
Increase in net assets	3,991,449	7,213,681
Net assets at the beginning of the year	112,520,690	105,307,009
Net assets at the end of the year	\$ 116,512,139	112,520,690

See accompanying notes to basic financial statements.

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

Statements of Cash Flows  
Years ended June 30, 2006 and 2005

	2006	2005
<b>Cash flows from operating activities:</b>		
Tuition and fees	\$ 15,112,819	13,854,873
Payments to suppliers	(24,831,377)	(25,885,690)
Payments to employees	(52,682,977)	(50,371,856)
Auxiliary enterprise charges	6,774,052	6,315,048
Chargeback revenue	14,035	18,517
Other	3,602,649	3,518,398
	<b>(52,010,799)</b>	<b>(52,550,710)</b>
<b>Cash flows from noncapital financing activities:</b>		
Local property taxes	45,430,538	42,150,307
Personal property replacement tax	1,117,369	870,292
State appropriations	10,567,619	7,134,024
Federal grants and contracts	4,618,656	4,650,460
Local grants and contracts	1,293,677	1,346,526
	<b>63,027,859</b>	<b>56,151,609</b>
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from issuance of debt	—	9,192,075
Principal paid on debt	(1,855,000)	(6,560,000)
Interest paid on debt	(575,249)	(372,615)
Purchases of capital assets	(10,212,881)	(8,488,091)
	<b>(12,643,130)</b>	<b>(6,228,631)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sales and maturities of investments	13,198,274	12,605,816
Purchase of investments	(25,145,988)	(710,984)
Interest on investments	892,924	479,651
	<b>(11,054,790)</b>	<b>12,374,483</b>
Net increase (decrease) in cash and cash equivalents	<b>(12,680,860)</b>	<b>9,746,751</b>
Cash and cash equivalents, beginning of year	<b>33,360,954</b>	<b>23,614,203</b>
Cash and cash equivalents, end of year	<b>\$ 20,680,094</b>	<b>33,360,954</b>
<b>Noncash investing, capital, and financing activities:</b>		
Construction funded by Capital Development Board	<b>\$ 370,059</b>	<b>6,223,910</b>
<b>Reconciliation to statements of net assets:</b>		
<b>Cash and cash equivalents:</b>		
Cash	\$ 17,851,173	26,366,988
Short term investments (included in investments)	2,539,279	6,752,817
Restricted cash	289,642	241,149
<b>Total cash and cash equivalents</b>	<b>\$ 20,680,094</b>	<b>33,360,954</b>

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

Statements of Cash Flows

Years ended June 30, 2006 and 2005

	2006	2005
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	\$ (60,194,088)	(60,400,507)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,114,324	3,898,729
State payment for retirement obligation	2,198,953	3,506,309
Changes in assets and liabilities:		
Receivables (net)	(783,594)	(482,391)
Inventories	328,284	(289,223)
Accounts payable	819,111	151,459
Accrued vacation	(227)	(134,617)
Other accrued expenses	1,197,355	507,762
Other current liabilities	(56,433)	25,321
Amounts held in custody for others	105,657	49,230
Deferred tuition and fees	259,859	617,218
Net cash used in operating activities	\$ (52,010,799)	(52,550,710)

See accompanying notes to basic financial statements.

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

Component Unit – College of Lake County Foundation

Statements of Financial Position

June 30, 2006 and 2005

<b>Assets</b>	<b>2006</b>	<b>2005</b>
Cash and cash equivalents	\$ 370,431	253,105
Investments	2,207,301	2,163,642
Interest receivable	—	1,697
Pledges receivable, net	102,732	175,803
Other receivable	19,657	—
Due from College of Lake County	2,285	5,500
<b>Total assets</b>	<b>\$ 2,702,406</b>	<b>2,599,747</b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 890	19,906
Grants and scholarships payable	129,212	—
Contributions payable to College of Lake County	50,000	50,000
Due to College of Lake County	2,244	2,244
<b>Total liabilities</b>	<b>182,346</b>	<b>72,150</b>
Net assets:		
Unrestricted	614,749	701,659
Temporarily restricted	1,360,092	1,282,388
Permanently restricted	545,219	543,550
<b>Total net assets</b>	<b>2,520,060</b>	<b>2,527,597</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,702,406</b>	<b>2,599,747</b>

See accompanying notes to basic financial statements.

**COLLEGE OF LAKE COUNTY**  
**COMMUNITY COLLEGE DISTRICT NO. 532**  
Component Unit – College of Lake County Foundation

Statement of Activities

Year ended June 30, 2006

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

See accompanying notes to basic financial statements.

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

Component Unit – College of Lake County Foundation

Statement of Activities

Year ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
<b>Public support and revenue:</b>				
Contributions and gifts	\$ 73,258	267,087	—	340,345
Special events revenue	246,428	—	—	246,428
Special events expense	(165,541)	—	—	(165,541)
Donated services	257,977	—	—	257,977
Other noncash donations	8,637	—	—	8,637
Net assets released from restrictions	112,137	(122,137)	10,000	—
Total public support	<u>532,896</u>	<u>144,950</u>	<u>10,000</u>	<u>687,846</u>
<b>Other income:</b>				
Investment income	98,175	61,390	1,920	161,485
Total public support and revenue	<u>631,071</u>	<u>206,340</u>	<u>11,920</u>	<u>849,331</u>
<b>Expenses:</b>				
<b>Program services:</b>				
Grants and scholarships	417,821	—	—	417,821
Gallery operations	36,639	—	—	36,639
Noncash donations to College of Lake County	8,637	—	—	8,637
<b>General and administrative:</b>				
Management and general	341,790	—	—	341,790
Contractual services	20,414	—	—	20,414
Travel/meeting	3,250	—	—	3,250
Miscellaneous	4,700	—	—	4,700
Total expenses	<u>833,251</u>	<u>—</u>	<u>—</u>	<u>833,251</u>
Increase (decrease) in net assets	(202,180)	206,340	11,920	16,080
Net assets at beginning of year	903,839	1,076,049	531,629	2,511,517
Net assets at end of year	<u>\$ 701,659</u>	<u>1,282,389</u>	<u>543,549</u>	<u>2,527,597</u>

See accompanying notes to basic financial statements.



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

Notes to Basic Financial Statements

June 30, 2006 and 2005

**(1) Organization and Summary of Significant Accounting Policies**

**(a) Organization**

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

**(b) Reporting Entity**

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

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

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

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

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

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

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

**(c) *Basis of Accounting***

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

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

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

**(d) *Cash and Cash Equivalents***

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

**(e) *Investments***

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

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

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

**(f) Inventories**

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

**(g) Restricted Cash**

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

**(h) Capital Assets**

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the College's capitalization policy includes all items with a unit cost of \$2,500 or more, or computer assets with a unit cost of \$500 or more, and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Capital assets are depreciated using the straight-line method over the estimated useful life of the assets, generally 25 to 50 years for buildings, 15 to 25 years for depreciable land improvements, 5 years for computer equipment, and 5 to 20 years for all other equipment.

**(i) Premiums, Discounts, and Issuance Costs**

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method. Long-term obligations (general obligation bonds) are reported net of the applicable bond premium and discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**(j) Deferred Revenues**

Deferred revenues include (1) tax levy passed that is legally restricted for fiscal years 2006 and 2005 (2) amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal years that are related to the subsequent accounting period, (3) amounts received from grant and contract sponsors that have not yet been earned, and (4) building rentals received in advance.

**(k) Noncurrent Liabilities**

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

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

**(l) Net Assets**

The College's net assets are classified as follows:

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

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

**(2) Restricted Net Assets**

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

**(3) Unrestricted Net Assets**

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

**(m) Classification of Revenues**

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

**(1) Operating Revenue**

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

**(2) Nonoperating Revenue**

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

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

**(n) *Classification of Expenses***

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

**(o) *Property Taxes***

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

In accordance with the College Board resolution, 50% of the property taxes extended for the 2005 tax year are recorded as revenue in the fiscal year ended June 30, 2006. The remaining revenue related to the 2005 tax year extension has been deferred and will be recorded as revenue in fiscal year 2007. Based upon collection histories, the College records real property taxes at 100% of the extended levy.

**(p) *Eliminating Interfund Activity***

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

**(q) *Component Unit***

The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

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

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

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

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

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

**Notes to Basic Financial Statements**

June 30, 2006 and 2005

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

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

**(r) Use of Estimates**

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

**(s) New Accounting Pronouncements**

The College implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, during the year ended June 30, 2006. This Statement establishes accounting and financial reporting standards for impairment of capital assets. No changes were made to the reported value of capital assets based on the College's implementation of this pronouncement.

In June 2004, the GASB issued Statement No. 45, *Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. This Statement establishes accounting and financial reporting standards for post employment benefits. The College is currently evaluating the impact of adopting Statement No. 45. The College plans to implement GASB Statement No. 45 beginning with the year ending June 30, 2008.

The College implemented GASB issued Statement No. 46, *Net Assets Restricted by Legislation* during the year ended June 30, 2006. This Statement clarifies the definition of legally enforceable enabling legislation. No changes were made to the classification of net assets based on the College's implementation of this pronouncement.

In June 2005, the GASB issued Statement No. 47, *Accounting for Termination Benefits*. This Statement establishes accounting and financial reporting for termination benefits. The College plans to implement Statement No. 47 beginning with the year ending June 30, 2007. The College has not yet evaluated the impact this Statement will have on its financial statements; however, the College does not believe the impact will be material.

**(t) Reclassifications**

Certain amounts in the 2005 financial statements have been reclassified to conform with the 2006 presentation.

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

**(2) Investments and Deposits**

As of June 30, 2006 and 2005, the College had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>2006 Fair value</u>	<u>2005 Fair value</u>
ISDLAF Plus	Less than 1 year	\$ 66,942	6,752,817
Money markets and other	Less than 1 year	161,979	241,194
Repurchase agreements	Less than 1 year	2,600,000	—
Federal National Mortgage Assn Note	Less than 1 year	3,199,768	—
Total investments		<u>\$ 6,028,689</u>	<u>6,994,011</u>

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

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

The College is also authorized to invest in short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if such obligations are rated at the time of purchase within the three highest classifications established by two or more standard rating services, the obligations mature within 180 days, no more than 1/3 of the total average balances from all funds available at the end of each month is invested in such obligations at any time and such purchases do not exceed 10% of a corporation's outstanding obligations. Investments may be made only in banks, which are insured by the Federal Deposit Insurance Corporation (FDIC).

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

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The College's investment policy does not limit the amount the College may invest in any one issuer. The College is considered to have a concentration of credit risk if its investment in any one single issue is greater than 5% of the total fixed income investments. At June 30, 2006, the College's investment in Federal National Mortgage Association notes represented 53% of the College's total investments. At June 30, 2005, The College did not have any investments in a single issuer which represented more than 5% of total fixed income investments.

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

Certificates of deposit are classified as investments for financial reporting purposes, but are excluded from this note as they are considered to be bank deposits.

**(3) Capital Assets**

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

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



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

Notes to Basic Financial Statements

June 30, 2006 and 2005

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 7,232,934	—	—	7,232,934
Construction in progress	<u>19,422,255</u>	<u>10,707,643</u>	<u>27,463,349</u>	<u>2,666,549</u>
Total capital assets not being depreciated	<u>26,655,189</u>	<u>10,707,643</u>	<u>27,463,349</u>	<u>9,899,483</u>
<b>Capital assets being depreciated:</b>				
Land improvements	4,624,004	630,960	—	5,254,964
Buildings and improvements	78,651,669	26,855,435	—	105,507,104
Furniture and equipment	<u>13,691,665</u>	<u>3,981,312</u>	<u>18,452</u>	<u>17,654,525</u>
Total capital assets being depreciated	<u>96,967,338</u>	<u>31,467,707</u>	<u>18,452</u>	<u>128,416,593</u>
<b>Less accumulated depreciation:</b>				
Land improvements	2,416,727	279,965	—	2,696,692
Buildings and improvements	25,711,755	2,201,491	—	27,913,246
Furniture and equipment	<u>10,240,050</u>	<u>1,417,273</u>	<u>18,452</u>	<u>11,638,871</u>
Total accumulated depreciation	<u>38,368,532</u>	<u>3,898,729</u>	<u>18,452</u>	<u>42,248,809</u>
Total capital assets being depreciated, net	<u>58,598,806</u>	<u>27,568,978</u>	<u>—</u>	<u>86,167,784</u>
Total capital assets, net	<u>\$ 85,253,995</u>	<u>38,276,621</u>	<u>27,463,349</u>	<u>96,067,267</u>

**(4) Long-term Debt**

The College has the following outstanding bonds payable as of June 30, 2006 and 2005:

General Obligation Bonds, Series 1989, Alternate Revenue Source, at varying interest rates between 6.95% and 7.40% per annum depending on the date of serial maturity through 2005. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the District lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was \$8,125,000. The bonds were repaid in full at June 30, 2005.

Capital Appreciation Limited Tax Bonds, Series 1997, as deep discount bonds which will appreciate in principal amount, based on the semiannual compounding of the original principal amount at varying interest rates between 4.90% and 5.20%. The accretion will result in each bond appreciating

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

to \$5,000 on the date of maturity. The compound accreted value of the bonds will be payable annually on December 1 of each of the years 2003 through 2006. The bonds are full faith and credit obligations of the College payable from funds of the District lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance, including future discount accretion, was \$5,040,000. The remaining liability at June 30, 2006 and 2005, including future discount accretion, was \$640,000 and \$1,740,000, respectively. The carrying amount at June 30, 2006 and 2005, including discount accretion through that date, was \$626,480 and \$1,672,113, respectively.

General Obligation Bonds, Series 1998A, Alternate Revenue Source, at varying interest rates between 3.90% and 4.90% per annum depending on the date of serial maturity through 2009. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the District lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was \$2,300,000. The principal balance at June 30, 2006 and 2005 was \$1,155,000 and \$1,390,000, respectively.

Capital Appreciation Limited Tax Bonds, Series 1998B, as deep discount bonds which will appreciate in principal amount, based on the semiannual compounding of the original principal amount at varying interest rates between 4.25% and 4.90%. The accretion will result in each bond appreciating to \$5,000 on the date of maturity. The compound accreted value of the bonds will be payable annually on December 1 of each of the years 2003 through 2010. The bonds are full faith and credit obligations of the College payable from funds of the District lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance, including future discount accretion, was \$5,545,000. The remaining liability at June 30, 2006 and 2005, including future discount accretion, was \$4,545,000 and \$4,795,000, respectively. The carrying amount at June 30, 2006 and 2005, including discount accretion through that date, was \$4,021,333 and \$4,081,350, respectively.

General Obligation Limited Tax Funding Bonds, Series 2002A, at varying interest rates between 3.40% and 4.80% per annum depending on the date of serial maturity through 2014. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the District lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was \$4,250,000. The principal balance at June 30, 2006 and 2005 was \$3,150,000 and \$3,200,000, respectively.

General Obligation Limited Tax Debt Certificates, Series 2003A, at varying interest rates between 1.40% and 4.25% per annum depending on the date of serial maturity through December 1, 2017. The bonds are general obligations of the District both as to principal and interest from the funds of the District lawfully available for payments. The original liability upon issuance was \$3,385,000. The principal balance at June 30, 2006 and 2005 was \$3,165,000 and \$3,385,000, respectively.

The College issued \$4,500,000 Debt Certificates, Series 2004 in December, 2004 pursuant to the provisions of the applicable law. The proceeds of the short-term debt certificates were used to

**COLLEGE OF LAKE COUNTY  
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Notes to Basic Financial Statements

June 30, 2006 and 2005

provide funds for the construction and equipping of a certain classroom facilities at the Southlake Classroom Building and to fund certain issuance costs. The College issued the General Obligation Limited Tax Funding Bonds, Series 2005 to repay the debt certificates in their entirety.

General Obligation Limited Tax Funding Bonds, Series 2005 with a yield of 3.55% to 3.95% depending on the date of serial maturity through 2018. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the District lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was \$4,500,000. They received a premium of \$243,230 and paid issue costs of \$51,155. The principal balance at June 30, 2006 and 2005 was \$4,500,000.

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

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

Changes in long-term obligations during the year ended June 30, 2005 were as follows:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005	Amounts due within one year
General obligation bonds:					
Par	\$ 16,570,000	4,500,000	2,060,000	19,010,000	1,855,000
Premium	—	243,230	21,939	221,291	—
Discount	(1,078,237)	—	(296,700)	(781,537)	—
Total general obligation bonds, net	<u>\$ 15,491,763</u>	<u>4,743,230</u>	<u>1,785,239</u>	<u>18,449,754</u>	<u>1,855,000</u>

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

The following is a schedule of the future debt service payments for bonds payable as of June 30, 2006.

Year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,685,000	494,366	2,179,366
2008	1,715,000	472,866	2,187,866
2009	1,740,000	446,375	2,186,375
2010	1,780,000	416,958	2,196,958
2011	1,325,000	395,638	1,720,638
2012	1,340,000	360,544	1,700,544
2013	1,400,000	299,814	1,699,814
2014	1,275,000	236,774	1,511,774
2015	1,160,000	175,810	1,335,810
2016	1,200,000	123,789	1,323,789
2017	1,245,000	76,491	1,321,491
2018	1,290,000	25,957	1,315,957
	<u>\$ 17,155,000</u>	<u>3,525,382</u>	<u>20,680,382</u>

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

**(5) Pension Plan**

**Plan Description** – The College participates in to the State Universities Retirement System of Illinois (SURS). SURS is a cost-sharing multiple employer pension plan offering defined benefit with a special funding situation whereby the State of Illinois’ makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois’ financial reporting entity and is included in the state’s financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

**Funding Policy** – Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 10.18% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS directly appropriated by the State for the years ending June 30, 2006, 2005, and 2004 were \$2,198,953, \$3,506,309, and \$23,813,709, respectively, equal to the required contributions for each year.

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

**Notes to Basic Financial Statements**

June 30, 2006 and 2005

The College recognizes the amount appropriated by the state as additional state appropriations (nonoperating) revenue and also recognizes corresponding expense. While the majority of the employer contribution is made by the state, employer contributions for some positions that are not state funded are the responsibility of the employer. The College contributed \$34,952, \$48,786, and \$56,999, for the years ended June 30, 2006, 2005, and 2004, respectively.

**(6) Compensated Absences (Vacation and Sick Leave)**

In the event of job termination, an employee is reimbursed for an accumulated maximum number of vacation days, which ranges from 40 to 52 days, depending on the classification of the employee. Employees may accumulate unused sick leave subject to certain limits, and receive additional service credit under the State Retirement System (SURS) as discussed in note 5.

**(7) Contingent Liabilities**

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

**(8) Postretirement Health Care Benefits**

In addition to the pension benefits described in note 5, the College provides postretirement healthcare benefits to employees who are eligible for an annuity under the State University Retirement System. As of June 30, 2006 and 2005, 181 and 170 retirees, respectively, were receiving benefits. Benefits expensed under this plan for the years ended June 30, 2006 and 2005 were \$236,978 and \$209,736, respectively. The College finances the plan on a pay-as-you-go basis.

**(9) Risk Management**

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

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

**(10) Health Insurance**

Beginning July 1, 2003, the College established a self-insured plan to cover health and dental benefits for its employees through a third-party administrator. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2006 and 2005, the amount of these liabilities was \$535,000. This liability is the College's best estimate based on available information. Changes in the College's liability for employee health claims for the years ended June 30, 2006 and 2005 are as follows:

	2006	2005
Claims payable – beginning of year	\$ 535,000	805,000
Claims and other expenses incurred – during year	4,142,283	3,958,972
Claims paid – during year	(4,142,283)	(4,228,972)
Claims payable – end of year	\$ 535,000	535,000

**(11) Operating Lease Commitments**

The College leases a building on its Grayslake campus to an agency of the State of Illinois. The lease has entered into its renewal term of five years. Either party has the option to terminate the lease by giving 30 days written notice prior to the renewal date of July 1 each year. The book value of the leased building at June 30, 2006 and 2005 is \$2,339,716 and \$2,395,275, respectively.

The College purchased a building in Waukegan, Illinois to house the University Center, an Illinois not-for-profit corporation. The University Center rents approximately 30% of the building in perpetuity for \$1,000,000, which was prepaid in full. The University Center has the right of first refusal to additional space as it becomes available and will pay current market rates for any additional space leased. The College is amortizing the prepayment to income over the term of the lease (estimated to be 50 years). Lease income recognized during each of the years ended June 30, 2006 was \$20,000. Deferred revenue related to the lease was \$960,000 and \$980,000 at June 30, 2006 and 2005, respectively.

The College leases additional space at this location to other non-profit organizations.

One lease term is five years with one five year renewal option. State and County appropriations are used to fund this lease. If both State and County fundings are cancelled, the lessee has the right to terminate the lease upon 60 days written notice.

The other lease is three years with two one year renewal options. The lessee has the option to terminate the lease during any year provided lessee gives written notice not later than January 31 of lessee's intention to conclude the lease on July 31 of that calendar year. The lessee terminated this lease as of July 31, 2006. The College plans to utilize the space.

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

Notes to Basic Financial Statements

June 30, 2006 and 2005

The following is a schedule by years of future minimum rentals under the leases at June 30, 2006:

Year ending June 30:	
2007	\$ 466,345

**(12) Expenses by Natural Classification**

Expenses are reported in the statements of revenues, expenses, and changes in net assets by functional classification. The College's operating expenses by natural classification for the years ended June 30, 2006 and 2005 are as follows:

	2006	2005
Natural classification of total expenses:		
Salaries	\$ 44,605,606	43,056,930
Benefits	11,885,055	12,717,038
Contractual Services	5,292,449	5,205,294
Materials and Supplies	9,871,019	9,129,346
Travel and Meetings	607,628	598,043
Fixed Charges	1,612,147	2,328,115
Utilities	2,868,651	2,257,877
Interest	741,305	714,955
Depreciation	4,114,324	3,898,729
Other	4,916,758	4,731,914
Total expenses	\$ 86,514,942	84,638,241

**(13) Commitments and Contingencies**

***Southlake Campus Classroom Building***

At June 30, 2006, construction is in progress for a classroom building on the Southlake campus. Total estimated costs are \$15,500,000. Total funds expended by the College as of June 30, 2006 and 2005 were \$11,364,927 and \$2,666,549, respectively.

***Repayment of Student Financial Aid***

During the year ended June 30, 2006, the College reviewed federal student aid awards disbursed to students during fiscal year 2005 and determined they awarded students \$49,474 in excess of allowable limits and should have returned \$200,641 to the U.S. Department of Education and participating lenders for students who withdrew from the College during the year. Accordingly, the College has accrued a liability of \$250,115 in the financial statements as of June 30, 2006. The College is currently in the process of reviewing federal student aid awards disbursed to students during fiscal year 2006 and believes there may be similar overawards and amounts that should have been returned for students who withdrew from the College. However, the College can not estimate the amount at this time but believes that it is not material to the financial statements as of June 30, 2006.

COLLEGE OF LAKE COUNTY  
COMMUNITY COLLEGE DISTRICT NO. 532

All Funds Summary  
Uniform Financial Statement Number 1  
Year ended June 30, 2006

	Education Fund	O & M Fund	O & M Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Agency Fund	Audit Fund	Liability Protection and Settlement Funds	Total
Fund balance (deficit) at June 30, 2005	\$ (4,321,351)	7,809,465	11,664,207	3,118,894	(816,192)	853,450	17,528,336	60,875	379,435	(379,608)	35,897,511
Revenues:											
Local tax revenue	29,659,082	13,285,854	—	1,712,976	—	—	—	—	—	796,711	45,454,623
All other local revenue	14,035	—	—	—	—	525,196	—	—	—	—	539,231
ICCB grants	6,504,406	—	—	—	—	1,549,615	—	—	—	—	8,054,021
All other state revenue	1,402,666	—	—	—	—	1,669,042	—	—	—	—	3,071,708
Federal revenue	—	—	—	—	—	4,591,755	—	—	—	—	4,591,755
Student tuition and fees	17,347,474	—	—	—	—	—	—	786,917	—	—	18,134,391
All other revenue	1,294,298	96,154	2,246,613	—	7,468,528	2,873,302	385,942	45,054	—	—	14,409,891
Total revenues	56,221,961	13,382,008	2,246,613	1,712,976	7,468,528	11,208,910	385,942	831,971	—	796,711	94,255,620
Expenditures:											
Instruction	27,683,820	—	—	—	—	—	—	—	—	—	27,683,820
Academic support	4,326,101	—	—	—	—	—	—	—	—	—	4,326,101
Student services	4,604,239	202,819	—	—	—	—	—	726,314	—	—	5,533,372
Public service	3,427,052	—	—	—	—	3,728,905	—	—	—	—	7,155,957
Auxiliary services	—	—	—	—	7,291,708	—	—	—	—	—	7,291,708
Operations and maintenance	—	7,001,941	—	—	—	—	—	—	—	—	7,001,941
Institutional support	13,763,707	5,274,244	10,028,057	1,748,022	—	—	—	—	182,882	759,847	31,756,759
Scholarships and student grants	98,759	—	—	—	—	7,432,688	—	—	—	—	7,531,447
Total expenditures	53,903,678	12,479,004	10,028,057	1,748,022	7,291,708	11,161,593	—	726,314	182,882	759,847	98,281,105
Other financing sources (uses):											
Net transfers	375,000	(792,000)	792,000	—	—	—	(375,000)	—	—	—	—
Fund balance (deficit) at June 30, 2006	\$ (1,628,068)	7,920,469	4,674,763	3,083,848	(639,372)	900,767	17,539,278	166,532	196,553	(342,744)	31,872,026

See accompanying independent auditors' report.



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

**Summary of Capital Assets and Debt  
Uniform Financial Statement Number 2**

Year ended June 30, 2006

	<b>Capital asset/ debt account groups June 30, 2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>Capital asset/ debt account groups June 30, 2006</b>
<b>Fixed assets:</b>				
Sites and improvements	\$ 12,487,898	17,475	—	12,505,373
Buildings, additions, and improvements	105,507,104	618,062	—	106,125,166
Construction work in progress	2,666,549	8,698,378	—	11,364,927
Equipment, furniture, and machinery	<u>17,654,525</u>	<u>1,249,025</u>	<u>(362,088)</u>	<u>18,541,462</u>
<b>Fixed assets</b>	<b>138,316,076</b>	<b>10,582,940</b>	<b>(362,088)</b>	<b>148,536,928</b>
Accumulated depreciation	<u>(42,248,809)</u>	<u>(4,114,324)</u>	<u>362,088</u>	<u>(46,001,045)</u>
<b>Net fixed assets</b>	<b>\$ <u>96,067,267</u></b>	<b><u>6,468,616</u></b>	<b><u>—</u></b>	<b><u>102,535,883</u></b>
<b>Fixed debt:</b>				
Bonds payable	\$ <u>19,010,000</u>	<u>—</u>	<u>(1,855,000)</u>	<u>17,155,000</u>
<b>Total fixed liabilities</b>	<b>\$ <u>19,010,000</u></b>	<b><u>—</u></b>	<b><u>(1,855,000)</u></b>	<b><u>17,155,000</u></b>

The College has no tax anticipation warrants or notes outstanding at June 30, 2006.

See accompanying independent auditors' report.

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

**Operating Funds Revenues and Expenditures  
Uniform Financial Statement Number 3**

Year ended June 30, 2006

	<u>Education Fund</u>	<u>O&amp;M Fund</u>	<u>Total operating</u>
<b>Operating revenues by source:</b>			
<b>Local government:</b>			
Current taxes	\$ 29,659,082	13,285,854	42,944,936
Charge-back revenue	14,035	—	14,035
Total local government	<u>29,673,117</u>	<u>13,285,854</u>	<u>42,958,971</u>
<b>State government:</b>			
ICCB credit hour grants	6,504,406	—	6,504,406
Corporate personal property replacement taxes	1,156,921	—	1,156,921
Vocational education and other	245,745	—	245,745
Total state government	<u>7,907,072</u>	<u>—</u>	<u>7,907,072</u>
<b>Student tuition and fees:</b>			
Tuition and fees	17,347,474	—	17,347,474
Total student tuition and fees	<u>17,347,474</u>	<u>—</u>	<u>17,347,474</u>
<b>Other sources:</b>			
Investment revenue	310,322	—	310,322
Other	983,976	96,154	1,080,130
Transfers	375,000	—	375,000
Total other sources	<u>1,669,298</u>	<u>96,154</u>	<u>1,765,452</u>
Total fiscal year 2006 revenue	<u>56,596,961</u>	<u>13,382,008</u>	<u>69,978,969</u>
<b>Less nonoperating items*:</b>			
Tuition charge-back revenue	14,035	—	14,035
Transfers from nonoperating funds	375,000	—	375,000
Adjusted revenue	<u>\$ 56,207,926</u>	<u>13,382,008</u>	<u>69,589,934</u>

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

**Operating Funds Revenues and Expenditures  
Uniform Financial Statement Number 3**

Year ended June 30, 2006

	<u>Education Fund</u>	<u>O&amp;M Fund</u>	<u>Total operating</u>
<b>Operating expenditures:</b>			
Instruction	\$ 27,683,820	—	27,683,820
Academic support	4,326,101	—	4,326,101
Student services	4,604,239	202,819	4,807,058
Public service	3,427,052	—	3,427,052
Auxiliary services	—	—	—
Operations and maintenance	—	7,001,941	7,001,941
Institutional support	13,763,707	5,274,244	19,037,951
Scholarships, student grants	98,759	—	98,759
Transfers	—	792,000	792,000
	<hr/>	<hr/>	<hr/>
<b>Total operating expenditures by     program</b>	53,903,678	13,271,004	67,174,682
<b>Less nonoperating items*:</b>			
Tuition charge-back	—	—	—
Transfers to nonoperating funds	—	792,000	792,000
	<hr/>	<hr/>	<hr/>
<b>Adjusted expenditures</b>	\$ 53,903,678	12,479,004	66,382,682
	<hr/>	<hr/>	<hr/>
<b>By object:</b>			
Salaries	\$ 37,951,382	3,648,925	41,600,307
Employee benefits	6,444,651	2,094,172	8,538,823
Contractual services	3,212,081	1,380,160	4,592,241
General materials and supplies	3,027,230	701,922	3,729,152
Conference and meeting expense	426,194	11,736	437,930
Fixed charges	830,075	567,834	1,397,909
Utilities	—	2,868,651	2,868,651
Capital outlay	28,490	1,205,604	1,234,094
Other	1,983,575	—	1,983,575
Transfers	—	792,000	792,000
	<hr/>	<hr/>	<hr/>
<b>Total operating expenditures by     object</b>	53,903,678	13,271,004	67,174,682
<b>Less nonoperating items*:</b>			
Tuition charge-back	—	—	—
Transfers to nonoperating funds	—	792,000	792,000
	<hr/>	<hr/>	<hr/>
<b>Adjusted expenditures</b>	\$ 53,903,678	12,479,004	66,382,682
	<hr/>	<hr/>	<hr/>

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

See accompanying independent auditors' report.

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

**Restricted Purpose Fund Revenues and Expenditures  
Uniform Financial Statement Number 4**

Year ended June 30, 2006

	<b>Restricted Purposes Fund</b>
<b>Revenue by source:</b>	
<b>Local government:</b>	
Local taxes	\$ —
Other local government	525,196
<b>Total local government</b>	<b>525,196</b>
<b>State government:</b>	
ICCB – Workforce Development Grants	93,174
ICCB – P-16 Initiative Grant	141,399
ICCB – State Adult Education Grant	808,493
ICCB – Career and Technical Education – Program Improvement Grant	33,350
Illinois Student Assistance Commission	985,921
Other	1,156,320
<b>Total state government</b>	<b>3,218,657</b>
<b>Federal government:</b>	
<b>U.S. Department:</b>	
Dept of Education	4,489,626
Dept of Health and Human Services	50,605
Other	51,524
<b>Total federal government</b>	<b>4,591,755</b>
<b>Other sources:</b>	
Investment revenue	15,775
Other	2,857,527
<b>Total other sources</b>	<b>2,873,302</b>
<b>Total restricted purposes fund revenues</b>	<b>\$ 11,208,910</b>

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

**Restricted Purpose Fund Revenues and Expenditures  
Uniform Financial Statement Number 4**

Year ended June 30, 2006

	<b>Restricted Purposes Fund</b>
	<u>                    </u>
Restricted purposes fund expenditures, by program:	
Public services	\$ 3,728,905
Scholarships and student grants	7,432,688
	<u>                    </u>
Total restricted purposes fund expenditures, by program	\$ 11,161,593
	<u>                    </u>
Restricted purposes fund expenditures, by object:	
Salaries	\$ 1,729,723
Employee benefits	368,252
Contractual services	117,951
General materials and supplies	275,715
Travel and conference/meeting expenses	102,926
Utilities	—
Fixed charges	5,152
Capital outlay	408,263
Other	8,153,611
	<u>                    </u>
Total restricted purposes fund expenditures, by object	\$ 11,161,593
	<u>                    </u>

See accompanying independent auditors' report.

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

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

Year ended June 30, 2006

<b>Instruction:</b>	
Instructional programs	\$ 25,876,804
Other	1,807,016
	<hr/>
Total instruction	27,683,820
	<hr/>
<b>Academic support:</b>	
Library center	1,692,362
Instructional materials center	317,976
Education media center	82,731
Academic computing support	1,111,151
Academic administration and planning	156,822
Other	965,059
	<hr/>
Total academic support	4,326,101
	<hr/>
<b>Student services:</b>	
Admission and records	764,571
Counseling and career services	1,842,457
Financial aid administration	635,900
Other	1,564,130
	<hr/>
Total student services	4,807,058
	<hr/>
<b>Public service:</b>	
Community education	4,434,433
Customized training	1,402,326
Community services	187,002
Other	1,132,196
	<hr/>
Total public services	7,155,957
	<hr/>
<b>Auxiliary services</b>	7,291,708
	<hr/>
<b>Operations and maintenance:</b>	
Maintenance	1,454,786
Custodial services	2,256,750
Grounds	587,145
Transportation	58,254
Utilities	2,451,906
Administration	193,100
Other	—
	<hr/>
Total operations and maintenance	7,001,941
	<hr/>

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

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

Year ended June 30, 2006

<b>Institutional support:</b>	
Executive management	\$ 1,881,041
Fiscal operations	572,526
Community relations	1,608,665
Administrative support	1,563,162
Board of trustees	133,700
General institutional	10,404,342
Institutional research	314,563
Administrative data processing	3,350,257
Other	<u>152,424</u>
Total institutional support	19,980,680
Scholarships, student grants, and waivers	<u>7,531,447</u>
Total current funds expenditures	<u><u>\$ 85,778,712</u></u>

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

See accompanying independent auditors' report.

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

Certification of Chargeback Reimbursement

Fiscal year 2007

All fiscal year 2006 noncapital audited operating expenditures from the following funds:

1. Education Fund	\$ 53,875,188
2. Operations and Maintenance Fund	11,273,400
3. Operations and Maintenance Fund (Restricted)	740,269
4. Bond and Interest Fund	1,748,022
5. Public Building Commission Rental Fund	
6. Restricted Purposes Fund	10,753,330
7. Audit Fund	182,882
8. Liability, Protection, and Settlement Fund	759,847
9. Auxiliary Enterprise Fund (Subsidy Only)	—
10. Total noncapital audited expenditures	<u>79,332,938</u>
11. Plus depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds	<u>3,242,818</u>
12. Total costs included	82,575,756
13. Total certified semester credit hours for FY 2006	<u>232,654</u>
14. Per capita cost	354.93
15. All FY2006 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>9,676,915</u>
16. Less FY 2006 state and federal grants per semester credit hour	<u>41.59</u>
17. Less each district's average ICCB grant rate for fiscal year 2007	<u>30.06</u>
18. Less each district's student tuition per semester credit hour for fiscal year 2007	<u>80.00</u>
19. Equals charge-back reimbursement per semester credit hour	\$ <u><u>203.28</u></u>

Approved:     /s/ James D. Rock    

Vice-President of Administrative Affairs

\_\_\_\_\_  
Date

Approved:     /s/ Russell O. Peterson    

President

\_\_\_\_\_  
Date





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

## Independent Auditors' Report on Audits of Grant Program Financial Statements

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

We have audited the balance sheets of the Workforce Development (Business/Industry Services) Grant, P-16 Initiative Grant, State Adult Education (State Basic, Public Assistance, and State Performance) Grant, and Career and Technical Education – Postsecondary Program Improvement Grant programs (the Grant Programs) of the College of Lake County, Community College District No. 532 (the College) as of June 30, 2006, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting of the Grant Programs. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The financial statements presented are only for the grant programs referred to above and are not intended to present the financial position or changes in financial position of the College of Lake County – Community College District No. 532.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Workforce Development (Business/Industry Services) Grant, P-16 Initiative Grant, State Adult Education (State Basic, Public Assistance, and State Performance) Grant, and Career and Technical Education – Postsecondary Program Improvement Grant programs of the College of the Lake County, Community College District No. 532 at June 30, 2006, and the results of their operations for the year then ended in conformity with U.S. generally accepted accounting principles.



In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2006, on our consideration of the College's internal control over financial reporting of the Grant Programs and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole for each of the Grant Programs referred to in the first paragraph. The supplementary information included on pages 51 and 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Workforce Development (Business/Industry Services) Grant and State Adult Education Grant programs. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole for the Workforce Development (Business/Industry Services) Grant and State Adult Education Grant programs.

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

KPMG LLP

September 15, 2006



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

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

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

We have audited the financial statements of the Workforce Development (Business/Industry Services) Grant, P-16 Initiative Grant, State Adult Education (State Basic, Public Assistance, and State Performance) Grant, and Career and Technical Education – Postsecondary Program Improvement Grant programs (the Grant Programs) of the College of the Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2006, and have issued our report thereon dated September 15, 2006. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*.

**Internal Control over Financial Reporting**

In planning and performing our audits, we considered the College's internal control over financial reporting of the Grant Programs in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

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



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

KPMG LLP

September 15, 2006

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

**Workforce Development (Business/Industry) Grant Program**

**Balance Sheet**

**June 30, 2006**

**Assets**

Cash

\$           —

**Liabilities and Fund Balance**

Liabilities

\$           —

Fund balance

          —

Total liabilities and fund balance

\$           —

See accompanying notes to ICCB State Grants financial statements.

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

**Workforce Development (Business/Industry) Grant Program**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance**

**Year ended June 30, 2006**

<b>Revenues:</b>		
State sources	\$	93,174
<b>Expenditures:</b>		
Current year's grant:		
Salaries		58,415
Employee benefits		30,482
Contractual services		—
Materials and supplies		90
Conference and meeting		582
Capital outlay		3,605
Total expenditures		93,174
Excess of revenues over expenditures		—
Fund balance at July 1, 2005		—
Fund balance at June 30, 2006	\$	—

See accompanying notes to ICCB State Grants financial statements.

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

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

Year ended June 30, 2006

	Column A	Column B	Column C
	General	Operation of Workforce Devel. Office	Total
<b>Expenditures:</b>			
1. Personnel (salaries and benefits)**	\$ —	88,897	88,897
2. Contractual expense	—	—	—
3. Instructional materials	—	90	90
4. Instructional equipment*	—	—	—
5. Promotional materials	—	—	—
6. Staff development	—	—	—
7. Conference and meeting expenses	—	28	28
8. Travel**	—	554	554
9. Costs of operating a business assistance center/economic development workforce preparations offices:			
a. Office equipment*	—	3,605	3,605
b. Utilities and telephone	—	—	—
c. Consumable supplies	—	—	—
d. Duplicating	—	—	—
e. Facility rental	—	—	—
10. Totals	\$ —	93,174	93,174 ***

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

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

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

See accompanying independent auditors' report.

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

**P-16 Initiative Grant Program**

**Balance Sheet**

**June 30, 2006**

**Assets**

Cash

\$     —

**Liabilities and Fund Balance**

Liabilities

\$     —

Fund balance

    —

**Total liabilities and fund balance**

\$     —

See accompanying notes to ICCB State Grants financial statements.



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

**P-16 Initiative Grant Program**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance**

**Year ended June 30, 2006**

Revenues:		
State sources		\$ <u>141,399</u>
Expenditures:		
Student tuition		136,609
Teacher preparation and professional development		<u>4,790</u>
Total expenditures		<u>141,399</u>
Excess of revenues over expenditures		—
Fund balance at July 1, 2005		<u>—</u>
Fund balance at June 30, 2006		\$ <u><u>—</u></u>

See accompanying notes to ICCB State Grants financial statements.

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

State Adult Education Grant Program

Balance Sheet

June 30, 2006

<b>Assets</b>	<b>State Basic</b>	<b>Public Assistance</b>	<b>State Performance</b>	<b>Total</b>
Cash	\$ —	5,949	—	5,949
<b>Liabilities and Fund Balance</b>				
Liabilities – due to ICCB	\$ —	5,949	—	5,949
Fund balance	—	—	—	—
Total liabilities and fund balance	\$ —	5,949	—	5,949

See accompanying notes to ICCB State Grants financial statements.

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

State Adult Education Grant Program

Statement of Revenues, Expenditures, and  
Changes in Fund Balance

Year ended June 30, 2006

	<u>State Basic</u>	<u>Public Assistance</u>	<u>State Performance</u>	<u>Total</u>
Revenues:				
State sources	\$ 356,974	163,091	288,428	808,493
Expenditures – by program:				
Instructional and student services:				
Instruction	293,117	102,428	40,662	436,207
Social work services	—	—	—	—
Guidance services	—	—	—	—
Assistive and adaptive equipment	—	—	—	—
Assessment and testing	—	—	—	—
Student transportation services	4,037	—	83,065	87,102
Literacy services	28,858	—	48,899	77,757
Child care services	—	—	—	—
Total instructional and student services	<u>326,012</u>	<u>102,428</u>	<u>172,626</u>	<u>601,066</u>
Program support:				
Improvement of instructional services	—	—	13,702	13,702
General administration	15,112	—	24,298	39,410
Operation and maintenance of plant services	—	—	—	—
Workforce coordination	—	38,035	16,878	54,913
Data and information services	15,850	22,628	60,924	99,402
Approve indirect costs	—	—	—	—
Total program support	<u>30,962</u>	<u>60,663</u>	<u>115,802</u>	<u>207,427</u>
Total expenditures	<u>356,974</u>	<u>163,091</u>	<u>288,428</u>	<u>808,493</u>
Excess of revenues over expenditures	—	—	—	—
Fund balance at July 1, 2005	—	—	—	—
Fund balance at June 30, 2006	\$ —	—	—	—

See accompanying notes to ICCB State Grants financial statements.

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

**State Adult Education Grant Program**

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

**Year ended June 30, 2006**

<b>State basic</b>	<b>Actual expenditure amount</b>	<b>Actual expenditure percentage</b>
<b>Instruction (45% minimum required)</b>	\$293,117	82%
<b>General administration (9% maximum allowed)</b>	\$15,112	4%
<b>State public assistance</b>	<b>Actual expenditure amount</b>	<b>Actual expenditure percentage</b>
<b>Instruction (45% minimum required)</b>	\$102,428	63%
<b>General administration (9% maximum allowed)</b>	\$0	0%
<b>State performance</b>	<b>Actual expenditure amount</b>	<b>Actual expenditure percentage</b>
<b>General administration (9% maximum allowed)</b>	\$24,298	8%

See accompanying independent auditors' report.

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

Career and Technical Education – Postsecondary Program Improvement Grant Program

Balance Sheet

June 30, 2006

<b>Assets</b>		
Cash		\$ <u>50</u>
<b>Liabilities and Fund Balance</b>		
Liabilities – deferred revenue		\$ 50
Fund balance		<u>—</u>
Total liabilities and fund balance		\$ <u>50</u>

See accompanying notes to ICCB State Grants financial statements.

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

**Career and Technical Education – Postsecondary Program Improvement Grant Program**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance**

Year ended June 30, 2006

	<b>Total</b>
<b>Revenues:</b>	
State sources	\$ <u>33,350</u>
<b>Expenditures:</b>	
Current year's grant:	
Salaries	—
Employee benefits	—
Contractual services	—
Materials and supplies	—
Conference and meeting	—
Utilities	—
Capital outlay	33,350
Total expenditures	33,350
Excess of revenues over expenditures	—
Fund balance at July 1, 2005	—
Fund balance at June 30, 2006	\$ —

See accompanying notes to ICCB State Grants financial statements.

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

Grants Programs

Notes to ICCB State Grants Financial Statements

June 30, 2006

**(1) Summary of Significant Accounting Policies**

**(a) General**

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

**(b) Basis of Accounting**

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

**(c) Budget**

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

**(d) Fixed Assets**

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

**(2) Background Information on Grant Activity**

***Unrestricted Grants***

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

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

***Restricted Grants***

**Workforce Development Grant**

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

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

Grants Programs

Notes to ICCB State Grants Financial Statements

June 30, 2006

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

**Restricted Adult Education Grant/State**

- (1) **State Basic** – Grants awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and older or persons under the age of 21 and not otherwise in attendance in public schools for the purpose of providing adults in the community, and other instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high schools and for Americanization and General Educational Developmental Review classes. Included in this grant are funds for support services, such as student transportation and child-care facilities or provisions.
- (2) **Public Assistance** – Grants awarded to Adult Education and Family Literacy providers to pay for any fees, books, and materials incurred in the program for students who are identified as recipients of public assistance.
- (3) **State Performance** – Grants awarded to Adult Education and Family Literacy providers based upon performance outcomes.

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





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

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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed (the Schedule) of the College of Lake County, Community College District No. 532 (the College) for the year ended June 30, 2006. The Schedule is the responsibility of the College's management. Our responsibility is to express an opinion on the Schedule based on our examination.

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

In our opinion, the schedule referred to above presents fairly, in all material respects, the enrollment data of the College for the year ended June 30, 2006, in accordance with the provisions of the aforementioned guidelines.

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

**KPMG LLP**

September 15, 2006

**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, 2006

	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	21,268.0	—	61,195.0	—	57,545.0	—	140,008.0	—
Business occupational	1,117.0	76.5	4,939.5	129.0	5,974.0	118.5	12,030.5	324.0
Technical occupational	1,815.0	—	8,905.0	—	8,650.8	—	19,370.8	—
Health occupational	1,686.0	—	4,915.0	—	5,304.0	—	11,905.0	—
Remedial development	2,277.0	—	10,312.0	—	8,379.0	—	20,968.0	—
Adult basic education/ secondary education	4,468.0	155.5	5,601.0	5,789.0	5,634.5	6,399.5	15,703.5	12,344.0
<b>Total</b>	<b>32,631.0</b>	<b>232.0</b>	<b>95,867.5</b>	<b>5,918.0</b>	<b>91,487.3</b>	<b>6,518.0</b>	<b>219,985.8</b>	<b>12,668.0</b>

	Attending in-district	Attending out-of-district on chargeback or contractual agreement	Total
Semester credit hours (all terms)	226,720.8	1,480.5	228,201.3

District 2004 equalized assessed valuation \$ 23,911,029,337

/s/ Dr. Richard Fonté  
Dr. Richard Fonté  
President

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

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

**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, 2006

	<u>Total unrestricted credit hours</u>	<u>Total unrestricted credit hours certified to the ICCB</u>	<u>Difference</u>	<u>Total restricted credit hours</u>	<u>Total restricted credit hours certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	140,008.0	140,008.0	—	—	—	—
Business occupational	12,030.5	12,030.5	—	324.0	324.0	—
Technical occupational	19,370.8	19,370.8	—	—	—	—
Health occupational	11,905.0	11,905.0	—	—	—	—
Remedial development	20,968.0	20,968.0	—	—	—	—
Adult basic education/ adult secondary	15,703.5	15,703.5	—	12,344.0	12,344.0	—
<b>Total</b>	<u>219,985.8</u>	<u>219,985.8</u>	<u>—</u>	<u>12,668.0</u>	<u>12,668.0</u>	<u>—</u>

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

	<u>Total attending</u>	<u>Total attending as certified to the ICCB</u>	<u>Difference</u>
Reimbursable in-district residents	226,721	226,721	—
Reimbursable out-of-district on charge-back or contractual agreement	1,579	1,481	98
<b>Total</b>	<u>228,300</u>	<u>228,202</u>	<u>98</u>

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

**COLLEGE OF LAKE COUNTY**  
**COMMUNITY COLLEGE DISTRICT NO. 532**  
Statistical Section Summary

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

<b><u>Contents</u></b>	<b><u>Tables</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand and assess how the College's financial position and operations have changed over time.	1-2
<b>Revenue Capacity</b> These tables contain information to help the reader understand and assess the College's most significant local revenue source, property taxes.	3-6
<b>Debt Capacity</b> These tables present information to help the reader understand and assess the College's debt burden and its ability to issue additional debt.	7-10
<b>Demographic and Economic Information</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.	11-13
<b>Operating Information</b> These tables provide information about the College's operations and resources to assist the reader with understanding the College's economic condition.	14-15

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

Table 2

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

Changes in Net Assets (Unaudited)

Last Four Fiscal Years

	2006	2005	2004	2003
<b>Operating revenues:</b>				
Student tuition and fees	\$ 17,347,474	16,015,708	14,739,759	14,175,964
Less scholarship allowances	(2,378,310)	(2,417,436)	(2,306,624)	(1,811,400)
Net student tuition and fees	14,969,164	13,598,272	12,433,135	12,364,564
Auxiliary enterprises	6,774,052	6,315,048	6,360,695	5,632,159
Other operations	3,836,333	3,609,459	3,196,838	2,842,392
Total operating revenues	25,579,549	23,522,779	21,990,668	20,839,115
<b>Operating expenses:</b>				
<b>Education and general:</b>				
Instruction	30,873,970	30,405,117	43,004,663	28,025,468
Academic support	4,722,016	4,725,087	6,041,056	4,353,475
Student services	5,096,901	4,728,531	5,943,060	4,254,298
Public service	6,956,771	6,903,265	9,618,435	7,639,509
Institutional support	16,844,508	17,202,310	17,547,649	16,850,617
Operations and maintenance of plant	7,522,383	6,606,018	6,593,290	5,290,009
Financial aid	2,353,612	2,647,663	2,541,326	2,747,394
Depreciation	4,114,324	3,898,729	3,394,547	3,448,988
Auxiliary enterprises	7,289,152	6,806,566	7,085,147	6,649,247
Total operating expenses	85,773,637	83,923,286	101,769,173	79,259,005
Operating loss	(60,194,088)	(60,400,507)	(79,778,505)	(58,419,890)
<b>Nonoperating revenues (expenses):</b>				
Local property taxes	45,454,623	42,320,584	40,073,769	37,677,986
Personal property replacement tax	1,156,921	912,768	754,353	663,710
State appropriations	11,187,839	12,219,066	33,436,415	13,296,240
Federal grants and contracts	4,591,755	4,840,223	4,418,667	3,959,306
Local grants and contracts	1,293,677	1,346,526	1,467,518	1,863,388
Investment income	871,968	466,066	297,426	675,548
Interest expense	(741,305)	(714,955)	(821,651)	(800,198)
Total nonoperating revenues (expenses), net	63,815,478	61,390,278	79,626,497	57,335,980
Increase (decrease) before capital contributions	3,621,390	989,771	(152,008)	(1,083,910)
State capital appropriations	370,059	6,223,910	11,323,668	3,382,989
Increase in net assets	\$ 3,991,449	7,213,681	11,171,660	2,299,079

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

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

See accompanying independent auditors' report.

Table 3

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

Assessed Value and Estimated Actual Value of Taxable Property (Unaudited)

Last Ten Fiscal Years

<u>Fiscal year ended June 30,</u>	<u>Levy year</u>		<u>Residential property</u>	<u>Commercial property</u>	<u>Industrial property</u>	<u>Farm &amp; other property</u>	<u>Total taxable assessed value</u>	<u>Total direct tax rate</u>	<u>Estimated actual taxable value</u>	<u>Assessed value as a percentage of actual value</u>
2006	2005	\$	19,610,105,688	3,280,579,317	885,271,430	135,072,902	23,911,029,337	0.197	\$ 71,733,088,728	33.33 %
2005	2004		17,757,398,911	3,069,446,188	851,317,368	127,167,862	21,805,330,329	0.200	65,415,991,641	33.33
2004	2003		16,500,329,646	2,955,899,095	821,353,626	117,376,097	20,394,958,464	0.201	61,184,875,393	33.33
2003	2002		15,096,304,053	2,753,203,480	762,433,758	120,746,176	18,732,687,467	0.208	56,198,062,401	33.33
2002	2001		13,733,063,408	2,641,221,105	754,281,352	121,250,580	17,249,816,445	0.211	51,749,449,335	33.33
2001	2000		12,629,410,656	2,486,936,171	710,408,596	119,677,803	15,946,433,226	0.235	47,839,299,678	33.33
2000	1999		11,866,243,221	2,330,290,309	721,729,327	118,165,009	15,036,427,866	0.213	45,109,283,598	33.33
1999	1998		11,216,483,971	2,089,175,249	711,056,309	117,557,545	14,134,273,074	0.221	42,402,819,222	33.33
1998	1997		10,690,085,317	1,928,209,270	675,015,691	110,664,023	13,403,974,301	0.222	40,211,922,903	33.33
1997	1996		10,094,988,619	1,792,806,542	691,318,556	110,028,989	12,689,142,706	0.220	38,067,428,499	33.33

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

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

Source: Lake County Clerk's Office.

See accompanying independent auditors' report.

Table 4

**COLLEGE OF LAKE COUNTY  
COMMUNITY COLLEGE DISTRICT NO. 532**  
Direct and Overlapping Property Tax Rates (Unaudited)  
Last Ten Years  
(rate per \$100 of assessed value)

	Year Taxes are Payable									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>College direct rates</b>										
Bonds	\$ 0.007	0.008	0.008	0.010	0.009	0.032	0.011	0.012	0.012	0.013
Educational	0.128	0.129	0.129	0.130	0.129	0.133	0.130	0.130	0.130	0.130
Medicare	0.001	0.001	0.001	0.002	0.003	-	-	-	-	-
Operation & maintenance	0.058	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060	0.060
Operation & maintenance (restricted)	-	-	-	-	-	0.006	0.004	0.004	0.004	0.003
Health & safety	-	-	-	0.002	0.004	-	-	-	-	-
Tort judgement & liability insurance	0.003	0.004	0.004	0.005	0.006	0.004	0.007	0.013	0.014	0.013
Audit	-	-	-	-	-	-	0.001	0.002	0.002	0.001
<b>Total direct rate</b>	<b>0.197</b>	<b>0.200</b>	<b>0.201</b>	<b>0.208</b>	<b>0.211</b>	<b>0.235</b>	<b>0.213</b>	<b>0.221</b>	<b>0.222</b>	<b>0.220</b>
<b>Lake County</b>	<b>0.454</b>	<b>0.465</b>	<b>0.490</b>	<b>0.502</b>	<b>0.516</b>	<b>0.521</b>	<b>0.521</b>	<b>0.531</b>	<b>0.531</b>	<b>0.525</b>
<b>Lake County Forest Preserves</b>	<b>0.210</b>	<b>0.219</b>	<b>0.225</b>	<b>0.232</b>	<b>0.221</b>	<b>0.231</b>	<b>0.187</b>	<b>0.157</b>	<b>0.155</b>	<b>0.156</b>
<b>Elementary School rates</b>	<b>1.013-3.670</b>	<b>1.051-4.137</b>	<b>1.101-3.679</b>	<b>1.152-3.836</b>	<b>.088-3.998</b>	<b>.089-4.044</b>	<b>.087-4.044</b>	<b>.097-4.030</b>	<b>.091-4.046</b>	<b>N/A</b>
<b>Unit School rates</b>	<b>3.246-5.872</b>	<b>3.401-5.941</b>	<b>3.200-5.938</b>	<b>3.353-5.960</b>	<b>3.733-5.440</b>	<b>3.330-5.400</b>	<b>3.565-5.481</b>	<b>3.781-5.510</b>	<b>3.358-5.566</b>	<b>N/A</b>
<b>High School rates</b>	<b>.965-3.197</b>	<b>1.003-3.233</b>	<b>1.045-3.061</b>	<b>1.092-2.798</b>	<b>1.157-2.772</b>	<b>1.201-2.364</b>	<b>1.219-2.309</b>	<b>1.251-2.327</b>	<b>1.255-2.185</b>	<b>N/A</b>
<b>Township rates</b>	<b>.289-.359</b>	<b>.028-.355</b>	<b>.027-.355</b>	<b>.028-.357</b>	<b>.029-.348</b>	<b>.029-.312</b>	<b>.029-.310</b>	<b>.028-.306</b>	<b>.027-.307</b>	<b>N/A</b>
<b>Sanitary district rates</b>	<b>.031-.191</b>	<b>.028-.198</b>	<b>.029-.198</b>	<b>.030-.209</b>	<b>.035-.216</b>	<b>.036-.214</b>	<b>.037-.213</b>	<b>.041-.214</b>	<b>.044-.214</b>	<b>N/A</b>
<b>Park district rates</b>	<b>.019-.711</b>	<b>.019-.730</b>	<b>.019-.791</b>	<b>.019-.763</b>	<b>.020-.689</b>	<b>.021-.702</b>	<b>.020-.599</b>	<b>.020-.600</b>	<b>.022-.630</b>	<b>N/A</b>
<b>Library district rates</b>	<b>.155-.438</b>	<b>.170-.452</b>	<b>.173-.451</b>	<b>.172-.446</b>	<b>.179-.472</b>	<b>.178-.468</b>	<b>.199-.460</b>	<b>.176-.459</b>	<b>.170-.454</b>	<b>N/A</b>
<b>Fire district rates</b>	<b>.136-.690</b>	<b>.142-.709</b>	<b>.141-.779</b>	<b>.148-.698</b>	<b>.155-.716</b>	<b>.124-.710</b>	<b>.151-.700</b>	<b>.150-.693</b>	<b>.152-.492</b>	<b>N/A</b>
<b>City &amp; Village rates</b>	<b>.013-2.060</b>	<b>.012-1.605</b>	<b>.012-1.613</b>	<b>.012-1.597</b>	<b>.012-1.449</b>	<b>.012-1.489</b>	<b>.012-1.497</b>	<b>.012-1.524</b>	<b>.012-1.545</b>	<b>N/A</b>
<b>TIFA (Tax Increment Financing) rates</b>	<b>5.714-10.809</b>	<b>5.832-10.886</b>	<b>5.676-11.014</b>	<b>4.253-10.862</b>	<b>5.748-10.564</b>	<b>4.622-9.227</b>	<b>4.630-9.628</b>	<b>4.723-9.624</b>	<b>4.755-9.463</b>	<b>N/A</b>

N/A= not available.

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's Office.

See accompanying independent auditors' report.

Table 5

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

Principal Property Tax Payers (Unaudited)

Current Year and Four Years Ago

Taxpayer	2006			2002		
	Taxable assessed value <sup>(a)(b)</sup>	Rank	Percentage of total district taxable assessed value <sup>(a)</sup>	Taxable assessed value <sup>(a)(b)</sup>	Rank	Percentage of total district taxable assessed value <sup>(a)</sup>
Abbott Laboratories	\$ 167,879,241	1	0.70 %	\$ 133,308,517	1	0.77 %
The Mills Corporation	56,083,523	2	0.23	—	—	—
Van Vlissingen & Co.	46,043,708	3	0.19	—	—	—
Discover Financial Services, Inc.	43,555,437	4	0.18	—	—	—
Carramerica Realty LP	37,969,855	5	0.16	48,050,369	3	0.28
Baxter Healthcare Corp	35,203,744	6	0.15	—	—	—
W.W. Grainger RE/Legal	28,201,176	7	0.12	—	—	—
Property Tax Services Co.	27,272,604	8	0.11	—	—	—
Corporate 500 Center	23,525,127	9	0.10	—	—	—
4 Overlook LLC	23,274,639	10	0.10	—	—	—
Exelon Generation Company LLC	—	—	—	78,089,827	2	0.45
Gurnee Properties Assoc.	—	—	—	47,043,829	4	0.27
Hewitt Properties III, LLC	—	—	—	36,361,869	5	0.21
American National Bank	—	—	—	30,405,096	6	0.18
LaSalle National Bank	—	—	—	28,551,984	7	0.17
Time Warner Entertainment Co.	—	—	—	26,953,217	8	0.16
Lumbermen's Mutual	—	—	—	—	—	—
Casualty Co.	—	—	—	25,894,154	9	0.15
Motorola, Inc.	—	—	—	25,579,905	10	0.15
	<u>\$ 489,009,054</u>		<u>2.05 %</u>	<u>\$ 480,238,767</u>		<u>2.79 %</u>

<sup>(a)</sup> Includes only the parcels with equalized assessed valuations of over \$5,000,000. Other parcels with equalized assessed valuations of under \$5,000,000 are not included.

<sup>(b)</sup> 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.

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

Source: Lake County Clerk's Office

See accompanying independent auditors' report.



Table 6

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

Fiscal year ended June 30	Levy year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years <sup>(a)</sup>	Total collections to date	
			Amount	Percentage of levy		Amount	Percentage of levy
2006	2005	\$ 47,104,728	23,326,173	49.52 %	\$ —	23,326,173	49.52 %
2005	2004	43,610,661	43,497,924	99.74	—	43,497,924	99.74
2004	2003	40,993,867	40,805,598	99.54	—	40,805,598	99.54
2003	2002	38,963,990	38,845,545	99.70	—	38,845,545	99.70
2002	2001	36,397,113	36,270,250	99.65	—	36,270,250	99.65
2001	2000	37,474,118	37,382,753	99.76	—	37,382,753	99.76
2000	1999	32,027,591	31,978,095	99.85	—	31,978,095	99.85
1999	1998	31,236,743	31,158,997	99.75	—	31,158,997	99.75
1998	1997	29,756,823	29,755,966	100.00	—	29,755,966	100.00
1997	1996	27,916,114	27,926,410	100.04	—	27,926,410	100.04

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.

<sup>(a)</sup> Prior year taxes collected are immaterial and not reported to the College by year.

Source: Lake County Treasurer's Office

See accompanying independent auditors' report.

Table 7

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

Ratios of Outstanding Debt by Type (Unaudited)

Last Ten Fiscal Years

Fiscal year	General Obligation Limited Tax Funding Bonds	General Obligation Limited Tax Debt Certificates	General Obligation Capital Appreciation Refunding Bonds	Capital Appreciation Limited Tax Bonds	General Obligation Bonds - Alternate Revenue Source	General Obligation Bonds	Total	Percentage of taxable assessed value of property <sup>(a)</sup>	Per FTE student count <sup>(b)</sup>
2006	\$ 7,650,000	3,165,000	—	5,185,000	1,155,000	—	17,155,000	0.072%	\$ 2,091
2005	7,700,000	3,385,000	—	6,535,000	1,390,000	—	19,010,000	0.087%	2,323
2004	3,250,000	3,385,000	—	7,885,000	2,050,000	—	16,570,000	0.081%	2,077
2003	3,250,000	3,385,000	—	9,235,000	3,305,000	—	19,175,000	0.102%	2,466
2002	3,250,000	—	—	10,585,000	4,485,000	—	18,320,000	0.106%	2,552
2001	—	—	3,215,000	10,585,000	5,655,000	1,525,000	20,980,000	0.132%	3,166
2000	1,405,000	—	3,215,000	10,585,000	6,610,000	1,525,000	23,340,000	0.155%	3,674
1999	—	—	—	10,585,000	7,410,000	4,300,000	22,295,000	0.158%	3,650
1998	—	—	—	10,585,000	8,165,000	5,575,000	24,325,000	0.181%	4,031
1997	—	—	—	5,040,000	6,575,000	6,800,000	18,415,000	0.145%	3,081

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

<sup>(a)</sup> See Table 3 for Taxable Assessed Value of Property.

<sup>(b)</sup> See Table 11 for FTE Student Count.

See accompanying independent auditors' report.

Table 8

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

<u>Fiscal year</u>	<u>Net general bonded debt</u>	<u>Population<sup>(a)</sup></u>	<u>Percentage of taxable assessed value of property<sup>(b)</sup></u>	<u>Net bonded debt per capita</u>
2006	\$ 17,155,000	713,800	0.072%	\$ 24.03
2005	19,010,000	702,682	0.087%	27.05
2004	16,570,000	692,895	0.081%	23.91
2003	19,175,000	663,721	0.102%	28.89
2002	18,320,000	654,067	0.106%	28.01
2001	20,980,000	644,356	0.132%	32.56
2000	23,340,000	644,356	0.155%	36.22
1999	22,295,000	622,300	0.158%	35.83
1998	24,325,000	613,200	0.181%	39.67
1997	18,415,000	597,500	0.145%	30.82

<sup>(a)</sup>The estimated figure is given for year 2006.

<sup>(b)</sup> See Table 3 for Taxable Assessed Value of Property.

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

See accompanying independent auditors' report.

Table 9

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

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years

<b>Fiscal year</b>	<b>Levy year</b>	<b>Assessed valuation</b>	<b>Bond debt limit*</b>	<b>Amount of debt applicable to debt limit</b>	<b>Legal debt margin</b>	<b>Total net debt applicable to the limit as a percentage of debt limit</b>
2006	2005	\$ 23,911,029,337	687,442,093	17,155,000	670,287,093	2.50%
2005	2004	21,805,330,329	626,903,247	19,010,000	607,893,247	3.03%
2004	2003	20,394,958,464	586,355,056	16,570,000	569,785,056	2.83%
2003	2002	18,732,687,467	538,564,765	19,175,000	519,389,765	3.56%
2002	2001	17,249,816,445	495,932,223	18,320,000	477,612,223	3.69%
2001	2000	15,946,433,226	458,459,955	20,980,000	437,479,955	4.58%
2000	1999	15,036,427,866	432,297,301	23,340,000	408,957,301	5.40%
1999	1998	14,134,273,074	406,360,351	22,295,000	384,065,351	5.49%
1998	1997	13,403,974,301	385,364,261	24,325,000	361,039,261	6.31%
1997	1996	12,689,142,706	364,812,853	18,415,000	346,397,853	5.05%

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

See accompanying independent auditors' report.

Table 10

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

**Pledged Revenue Coverage (Unaudited)**

**Last Ten Fiscal Years**

Fiscal Year	Alternate Revenue Bonds <sup>(a)</sup>				Alternate Revenue Bonds <sup>(b)</sup>			
	Available Revenue	Debt Service		Coverage	Available Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2006	\$ 371,900	235,000	62,500	1.25	\$ —	—	—	—
2005	365,600	210,000	82,495	1.25	604,125	450,000	33,300	1.25
2004	363,700	195,000	95,991	1.25	1,463,350	1,060,000	110,680	1.25
2003	354,666	180,000	103,727	1.25	1,478,975	1,000,000	183,180	1.25
2002	351,049	170,000	110,818	1.25	1,568,975	1,000,000	255,180	1.25
2001	340,283	155,000	117,240	1.25	1,390,475	800,000	312,380	1.25
2000	216,517	—	120,262	1.80	1,461,475	800,000	369,180	1.25
1999	210,000	—	140,306	1.50	1,471,760	755,000	422,408	1.25
1998	—	—	—	0.00	1,477,635	710,000	472,108	1.25
1997	—	—	—	0.00	1,472,472	660,000	517,978	1.25

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

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

See accompanying independent auditors' report.

Table 11

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

Year	Fall Enrollment		Gender		Attendance		Enrollment Status			In-District Residency	Average Age	
	Headcount	FTE	Male	Female	Full-time	Part-time	Continuing	New	Returning			Transfer
2006	15,558	8,203	6,604	8,874	30%	70%	7,965	3,604	2,670	1,319	93%	28.6
2005	15,745	8,184	6,699	8,956	29%	71%	7,884	3,599	2,936	1,326	93%	28.7
2004	15,866	7,979	6,735	9,012	27%	93%	7,937	3,678	2,854	1,397	93%	28.8
2003	15,828	7,777	6,689	9,079	26%	74%	7,728	4,741	2,928	431	91%	29.1
2002	15,457	7,180	6,539	8,857	25%	75%	7,448	4,387	2,982	640	89%	29.8
2001	14,385	6,626	6,284	8,044	22%	78%	6,729	3,697	2,961	998	89%	32.2
2000	14,442	6,353	6,331	8,074	21%	79%	6,910	3,745	2,541	1,246	90%	31.1
1999	14,036	6,109	6,187	7,846	20%	80%	7,936	2,679	2,246	1,175	88%	30.8
1998	13,783	6,034	6,183	7,600	20%	80%	7,790	2,589	2,246	1,021	89%	30.7
1997	13,671	5,977	5,959	7,712	20%	80%	7,800	2,544	2,175	1,152	91%	30.4

See accompanying independent auditors' report.

**Table 12**

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

<u>Fiscal year</u>	<u>Baccalaur- eate</u>	<u>Business</u>	<u>Technical</u>	<u>Health</u>	<u>Remedial</u>	<u>Adult Basic Secondary Education</u>	<u>Total</u>	<u>Returning</u>	<u>Transfer</u>	<u>In-District Residency</u>	<u>Average Age</u>
2006	140,008	12,354	19,370	11,905	20,968	28,047	232,652	2,670	1,319	93%	28.0
2005	138,408	10,605	21,807	12,094	18,972	24,871	226,756	2,936	1,326	93%	28.7
2004	137,952	10,686	22,986	12,474	20,206	21,658	225,961	2,854	1,397	93%	28.8
2003	130,937	10,528	24,048	11,177	18,706	19,184	214,580	2,928	431	91%	29.1
2002	119,585	8,940	26,033	10,518	17,431	18,096	200,603	2,982	640	89%	29.0
2001	108,639	7,989	26,218	8,919	16,324	18,452	186,541	2,961	998	89%	32.2
2000	111,464	8,145	27,278	7,968	17,069	14,836	186,760	2,541	1,246	90%	31.1
1999	109,876	8,333	24,751	7,019	16,723	13,587	180,289	2,246	1,175	88%	30.8
1998	112,128	8,227	23,948	6,793	15,997	15,583	182,676	2,246	1,021	89%	30.7
1997	112,552	9,670	20,650	6,237	15,616	13,548	178,273	2,175	1,152	91%	30.4

See accompanying independent auditors' report.

**Table 13**

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

**Principal Employers (Unaudited)**

Current Year

Employer	2006		
	Employees <sup>(a)</sup>	Rank	Percentage of total County employees <sup>(a)</sup>
Abbott Laboratories	\$ 13,000	1	3.72%
Department of the Navy	10,000	2	2.86%
Hewitt Associates, LLC	6,600	3	1.89%
Motorola, Inc.	6,000	4	1.71%
Baxter Healthcare Corporation	4,500	5	1.29%
Discover Financial Services, Inc.	3,000	6	0.86%
CDW Corporation	2,500	7	0.71%
College of Lake County	2,000	8	0.57%
Condell Health Network	2,000	9	0.57%
Department of Veteran's Affairs	2,000	10	0.57%
	<u>\$ 51,600</u>		<u>14.75%</u>

<sup>(a)</sup> Civilian only.

Source: Lake County Planning, Building and Development Department

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

See accompanying independent auditors' report.



Table 14

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

Operating Information and Employees (Unaudited)

Last Ten Fiscal Years

Year founded:	1969									
Accreditation:										
Higher Learning Commission (HLC)	1974, 1979, 1985, 1986, 1996 (every 10 years)									
HLC-Academic Quality Improvement Program	2006 Systems Portfolio									
Population in District 2005 (note 1):	702,682									
Percentage change from 1990 census	36.1%									
Employment in District (note 2):										
Labor force, military & civilian (July 2006)	372,151									
Unemployment rate (July 2006)	4.3%									
Communities in District (note 3):										
Antioch	Grayslake	Lake Barrington	Mettawa	Round Lake Park						
Bannockburn	Green Oaks	Lake Bluff	Mundelein	Third Lake						
Barrington	Gurnee	Lake Forest	North Barrington	Tower Lakes						
Barrington Hills	Hainesville	Lake Villa	North Chicago	Vernon Hills						
Beach Park	Hawthorn Woods	Lake Zurich	Old Mill Creek	Volo						
Buffalo Grove	Highland Park	Lakemoor	Park City	Wadsworth						
Deer Park	Highwood	Libertyville	Riverwoods	Riverwoods						
Deerfield	Indian Creek	Lincolnshire	Round Lake	Waukegan						
Fox Lake	Island Lake	Lindenhurst	Round Lake Beach	Winthrop Harbor						
Fox River Valley	Kildeer	Long Grove	Round Lake Heights	Zion						
Enrollment (Fall Semester, based on 10th day enrollment) (note 4):										
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Total headcount	15,558	15,745	15,866	15,828	15,457	14,385	14,442	14,036	14,947	14,896
Percent change	-1.19%	-0.76%	0.24%	2.40%	7.45%	-0.39%	2.89%	1.84%	0.34%	27.00%
Total student semester hours	123,047	122,756	119,692	116,658	107,694	99,389	95,296	91,639	90,507	89,654
Total FTE semester hours	8,203	8,184	7,979	7,777	7,180	6,626	6,353	6,109	6,034	5,977
Percent change	0.23%	2.57%	2.60%	8.31%	8.36%	4.30%	3.99%	1.20%	0.95%	2.00%
Total seats taken	38,507	38,308	37,406	36,687	33,908	33,638	32,144	30,964	30,479	30,528
Percent change	0.52%	2.41%	1.96%	8.20%	0.80%	4.65%	3.81%	1.60%	-0.16%	1.00%
Average class size (number of seats per section at FY mid-term)	20.89									
		17.60	16.81	19.19	18.47	18.47	18.73	19.03	19.19	19.27
Degrees and certificates awarded (note 5):										
A.A., A.S., and A.E.S.		559	500	538	530	505	489	502	455	509
A.A.S.		330	320	296	290	270	251	275	328	291
A.F.A./A.P.		1	1	1	-	1	-	-	-	-
Certificates		1,044	993	709	699	543	424	337	284	171
Total, degrees/certificates		1,934	1,814	1,544	1,519	1,319	1,164	1,114	1,067	971
College Workforce (Fall semester) (note 6):										
Faculty/academic support	810	794	827	977	788	951	888	N/A	N/A	N/A
Administrators	50	50	53	57	60	56	54	N/A	N/A	N/A
Prof./Tech.	140	132	135	136	135	133	121	N/A	N/A	N/A
Clerical	104	106	105	107	138	102	99	N/A	N/A	N/A
Maintenance and others	149	138	137	135	78	132	127	N/A	N/A	N/A
% Full-time	46	46%	45%	48%	44%	39%	42%	N/A	N/A	N/A
% Women*	56	61%	57%	56%	60%	55%	54%	N/A	N/A	N/A
% Minorities*	20	27%	18%	15%	20%	14%	12%	N/A	N/A	N/A

N/A=not available.

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

Notes:

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

See accompanying independent auditors' report.

Table 15

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

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Grayslake Campus-purchased 1968</b>										
Size of campus (acres) <sup>(a)</sup>	225.1	225.1	225.1	225.1	226.1	226.1	226.1	226.1	226.1	226.1
Gross square footage <sup>(b)</sup>	814,174	814,174	679,174	679,174	679,174	679,174	679,174	679,174	654,416	654,416
Square footage rented <sup>(c)</sup>	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	—	—
Number of classrooms	102	102	81	81	81	81	81	81	79	79
Number of laboratories	94	94	51	51	51	51	51	51	51	51
<b>Lakeshore Campus-purchased 1979/1995</b>										
Size of campus (acres)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Gross square footage	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599
Number of classrooms	14	14	14	14	14	14	14	14	14	14
Number of laboratories	7	7	7	7	7	7	7	7	7	7
<b>Southlake Center-purchased 1997</b>										
Size of campus (acres) <sup>(d)</sup>	20.6	22.9	22.9	22.9	22.9	22.9	22.9	22.9	22.9	22.9
Gross square footage	16,269	16,269	16,269	16,269	16,269	16,269	16,269	16,269	16,269	16,269
Number of classrooms	9	9	9	9	9	9	9	9	9	9
Number of laboratories	2	2	2	2	2	2	2	2	2	2
<b>1 North Genesse-purchased 2002<sup>(e)</sup></b>										
Size of campus (acres)	0.25	0.25	0.25	0.25	0.25	—	—	—	—	—
Gross square footage	38,660	38,660	38,660	38,660	38,660	—	—	—	—	—
Square footage rented <sup>(c)</sup>	32,976	32,976	—	—	—	—	—	—	—	—
Number of classrooms available	—	—	—	—	—	—	—	—	—	—
Number of laboratories available	—	—	—	—	—	—	—	—	—	—

<sup>(a)</sup> 2003: Land transferred to Village of Grayslake for Fire Station.

<sup>(b)</sup> 1999: Job Center addition; 2005: Technology Building addition

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

<sup>(d)</sup> 2006: Land transferred to Village of Vernon Hills for future road development.

<sup>(e)</sup> Building renovated before occupancy began July 1, 2004.

Source: College of Lake County Facilities Department

See accompanying independent auditors' report.