College of Lake County

Community College District No. 532
Grayslake, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2011

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Grayslake, Illinois

Comprehensive Annual Financial Report

June 30, 2011 and 2010

(With Independent Auditors' Reports Thereon)

Prepared by:

David T. Agazzi
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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COMMUNITY COLLEGE DISTRICT NO. 532

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College of Lake County

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October 13, 2011

To: Members of the Board of Trustees

The attached document, the Comprehensive Annual Financial Report (CAFR), has been prepared for submission to the Government Finance Officers Association (GFOA) for a certificate of achievement for excellence in financial reporting. The report is submitted for the College of Lake County, Community College District No. 532 (the College), County of Lake, State of Illinois, for the fiscal year ending June 30, 2011. The report includes the College of Lake County Foundation as a component unit in compliance with Governmental Accounting Standards Board (GASB) Statement No. 39. A more detailed description of the legal entity is contained in the notes to the financial statements in the financial section.

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

This letter of transmittal should be read in conjunction with the Management's Discussion and Analysis (pages 3-11) which focuses on current activities, accounting changes, and currently known facts. In 2003, the College implemented changes in the financial statements to comply with GASB Statement Nos. 34 and 35. The format and purpose of these changes are addressed in the notes to the financial statements. This presentation is designed to provide better information to the users of the CAFR.

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

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

19351 West Washington Street, Grayslake, Illinois 60030-1198

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

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

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

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

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

MISSION, VISION & GOALS

Starting in Fiscal Year 2011 the College of Lake County set forth a new Strategic Planning initiative that includes a new mission, vision and goals. The following goals are for Fiscal Year 2011:

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

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

Goals

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

2. **Maximize educational opportunity within the district.**
   The College will enhance, develop and promote college-wide offerings that will anticipate and meet needs of the district.

3. **Ensure institutional sustainability and stewardship of resources.**
   The College will efficiently manage and optimize its resources to ensure sustainable future growth and development.

4. **Promote diversity and global engagement as strengths within the College and Lake County community.**
   The College will strive to build an inclusive community that recognizes, values, and respects people of all cultures and ways of life while cultivating social justice and global citizenship.

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

6. **Build the College's reputation as a premier educational institution.**
   The College will be recognized at the community, state and national levels for its academic quality, alumni achievement, and educational, economic, cultural, and arts leadership.

ECONOMIC CONDITION AND OUTLOOK

In Illinois, the state is divided into 48 colleges and one multi-community college center in 39 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 (2010), the population of Lake County reached 703,462 for a 9 percent increase over the 2000 census level. The *Chicago Metropolitan Agency for Planning* projects that Lake County's population will increase to 795,205 or 13 percent by 2020. From 2020 to 2030, it projects a growth rate of 10 percent to reach a total population of 878,607.

The College experienced strong enrollment in the 2000s due to the population growth of 25 percent in the 1990s among families with children. In the last two years of the decade, the College experienced record high enrollment growth in credit hours—6 percent in 2009 and 12 percent in 2010. This was due to the recession which caused many unemployed residents to enroll at the College to re-tool and learn new skills. Parents of college-age students also found the College as a viable alternative instead of the more expensive four-year college. Slower enrollment growth, however, is expected in the 2010s based on projections of the number of graduates in Lake County high schools by the Institutional Effectiveness, Planning and Research Office.

Lake County, and therefore the College, has a strong economic base. 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. Great Lakes in Lake County is also home to the U.S. Naval Station's headquarters for training. It is the largest military installation in Illinois and the largest training center in the Navy. In addition, 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. A water resort, Key Lime Cove, opened in 2008. Future development includes a new 3.5 million square feet of non-residential development—Alter Group's Cornerstone in Grayslake. Meanwhile, FedEx Ground just opened a 214,000 square feet package sorting and delivery facility in Grayslake.

Although Lake County has a strong economic base, it is susceptible to the peaks and troughs of the business cycle. Along with the rest of the state and national economies, Lake County experienced the recession with unemployment reaching 10.5 percent in 2010. Its economy is still in the process of a slow recovery with unemployment currently at 8.8 percent as of July 2011. Federally-funded construction projects and stimulus programs somewhat helped the local economy but not enough to fuel a full recovery. The lingering effects of the recession and the slow recovery in the local housing market continue to bring uncertainties to our state and local funding. With these tight economic and fiscal conditions, the College will still be able to provide quality education to students by looking for ways to raise revenue and cut costs.

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

Enrollment Summary (Fiscal Year)					
	2007	**2008**	**2009**	**2010**	**2011**
Annual Unduplicated Credit Headcount	27,103	27,912	28,834	31,351	31,131
Annual Unduplicated Non-Credit Headcount	36,541	37,424	36,250	32,894	30,408
Credit Hours	280,499	286,882	304,224	341,076	341,391
FTE	9,350	9,563	10,141	11,369	11,380

COLLEGE OF LAKE COUNTY ACTION PROJECTS

Overview

For fiscal year (FY) 2011, College of Lake County (CLC) is continuing its focus on planning for the future. The College completed the development of a strategic plan as recommended by Academic Quality Improvement Program (AQIP) reviewers during the spring 2009 AQIP Check-Up Visit. As a result of the strategic plan update, the College developed six new strategic goals supported by 31 Objectives. The new strategic goals are listed below.

Strategic Goals

1. Advance student learning and success.
2. Maximize educational opportunities within the district.
3. Ensure institutional sustainability and stewardship of resources.
4. Promote diversity and global engagement as strengths within the College and Lake County community.
5. Enable a culture of innovation, excellence, and continuous improvement.
6. Build the College's reputation as a premier educational institution.

CLC's next step is to implement the strategic plan as well as update or develop operational plans which include the: college master plan, financial plan, information technology plan, sustainability plan, capital investment plan, and safety and emergency response plan. These plans will be aligned with the strategic plan.

There are various projects planned that will support the strategic plan. Three of these projects are the 2010-2011 AQIP projects: (1) Branding, (2) High Impact Courses for First Year Students, and (3) Success of Male Students (with a focus on Veterans, Latino, and African American students).

In addition to the AQIP projects, 45 departments throughout the College have identified approximately 200 action projects, initiatives or activities that will support the six new goals and 31 objectives. Selected projects for each goal are highlighted in the following pages.

Strategic Goal 1: Advance student learning and success.

Through its goal of advancing student learning and success, the College intends to "maximize the quality of the CLC learning experience while helping students identify and reach their learning goals to become life-long learners and critical thinkers who are engaged in their communities, prepared to participate in the workforce and knowledgeable about the world in which we live". Five objectives and 42 action projects have been identified to help the College meet this goal. Key projects include:

- Helping to improve retention of first year students by identifying and working to improve the success of students in high impact courses (AQIP Project) and by providing quality advising that emphasizes time management skills, goal setting, academic planning, and the utilization of college support services.
- Increasing graduation and transfer rates in the Nursing-Biological and Health Sciences Division through the use of simulation activities and a new assessment test package that allows student scores to be nationally normed.
- Increasing the success of male African-American and Latino students will be the focus of one of the AQIP Projects. Also Educational Talent Search (ETS) will offer mentorship and tutoring to African-American and Latino male high school students and academic support, activities, workshops, discussion groups, and mentoring will be provided to African- American and Latino male CLC students through the Bridging the Gap program.
- Increasing awareness of college readiness expectations in Mathematics, English, Science, Information Literacy, and Technology by expanding outreach programs in Math and Earth Science as well as continuing to support college readiness initiatives that were implemented as a result of a 2010 AQIP project.
- Increasing the number of students who continue from GED, ESL and developmental courses to college-level courses by developing a Bridge to Careers program that will assist GED students or those that have repeated Math 101 in becoming basic algebra ready and language proficient, as well as developing the skills necessary to transition successfully to career programs or college-level courses.

In addition to the projects mentioned above, several programs in the Business and Biological & Health Sciences Divisions plan to add courses and/or update curriculum in an effort to meet the goal of advancing student learning and success. All Social Sciences academic programs, except for Criminal Justice, will undergo academic program review during FY2011.

Strategic Goal 2: Maximize educational opportunities within the district.

The goal of maximizing educational opportunities within the district focuses on "enhancing, developing, and promoting college-wide offerings that will anticipate and meet needs of the district". There are eight objectives related to this goal. A few of the 31 planned projects related to this goal are highlighted below:

- In an effort to increase enrollment of recent high school graduates, Educational Talent Search will assist participants in completing applications for admission and financial aid. Athletics and Physical Activities plans to distribute a monthly newsletter to high school athletic directors to highlight athletic and academic success of current CLC students that graduated from area high schools.
- Enrollment services plans to focus on promoting and recruiting underrepresented male populations through a variety of means while the Office of Students with Disabilities plans to continue attending disability fairs and collaborating with transition and parent groups to increase the enrollment of the disabled population at CLC.
- Lakeshore and Southlake campuses will implement several projects in order to increase access to and availability of information, courses, programs, and services. For example, Southlake plans to: increase the availability of student services such as counseling, financial aid, and health center; increase the availability of weekend course offerings; and increase academic support services such as librarian coverage and tutoring. Lakeshore plans to disseminate information about its programs and student support availability through various methods.
- In order to help respond to marketplace demand for educational courses Biological and Health Sciences and Facilities have each planned projects related to the completion of a new science building on the Grayslake campus.
- Enrollment services will promote career program options to various markets using a variety of means.
- In an effort to integrate sustainability into the college curriculum, Engineering, Math and Physical Sciences (EMPS) plans to create degrees in Wind Energy Technology and Environmental Systems Technology.
- The Alumni Relations and Special Events department is planning several activities to increase Alumni Association membership and support in an effort to increase alumni monetary support for student scholarships. Athletics and Physical Activities plans on developing a database to reach out to former student athletes for the same purpose.
- The Assistant Vice President (AVP) for University Transfer plans to develop articulation agreements with faculty and deans in an effort to strengthen partnerships with the University Center.

Strategic Goal 3: Ensure institutional sustainability and stewardship of resources.

CLC strives to "efficiently manage and optimize its resources to ensure sustainable future growth and development". Five objectives and 36 projects were developed to help the College meet this goal.

- Institutional Effectiveness, Planning, and Research plans to implement the Zogo Tech data warehouse in order to facilitate easy access to key data and information for Executive staff, deans, and IEPR staff.
- Facilities plans to reduce electric and natural gas usage by 1% through upgrading the HVAC and lighting systems.
- The Workforce and Professional Development Institute has developed a plan to become financially self-sufficient by 2014.

- As part of the integrated planning effort, facilities will work with an architect and the college community to develop a College Master Plan. In addition, the Assistant Vice President for Workforce will create a Sustainability Plan to lead the efforts in reducing our environmental impact and incorporating sustainable practices throughout the College.
- The Assistant Director of Operations for Ed Affairs plans to introduce a room scheduling system (Schedule25) in order to improve space utilization on all CLC campuses.
- The College Foundation and Alumni Relations & Special Events are planning to increase social networking and implement several projects to increase external and non-traditional funding resources such as Vision 2012 and 2010 Scholarship Gala Fundraiser.

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

Under this goal, the College "will strive to build an inclusive community that recognizes, values, and respects people of all cultures and ways of life while cultivating social justice and global citizenship". Seventeen projects related to five objectives are planned under this goal.

- Financial Aid plans to increase diversity in scholarship recipients by targeted marketing toward African American, veteran, and other minority male students.
- Counseling, Advising and the Transfer Center plan to engage in special populations outreach through student organizations, events, and clubs such as Latino Alliance, men of Vision, Veteran's Club, and THRIVE.
- Alumni Relations & Special Events plans to highlight diversity among CLC alumni.
- Lakeshore Campus plans to disseminate information about CLC cultural events and diversity efforts to community groups and organizations within its service area.
- Workforce & Professional Development Institute plans to develop more opportunities to assist area businesses with becoming involved in international trade.

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

Through strategic goal 5, CLC hopes to "promote employee engagement to create and sustain a culture of high performance, intellectual growth, collaboration, and innovation that supports continuous improvement of academic programs and college processes". Forty-four projects have been planned under this goal related to its four objectives.

- In an effort to improve internal processes and ensure continuous quality improvement, the Counseling, Advising & the Transfer Center will assess the effectiveness of the advising process.
- Information Technology Services plans to build and maintain an infrastructure to track and monitor its services in order to increase satisfaction with technology.
- Facilities plans to institute a professional development program for supervisors to improve their skill level in using technology.
- IEPR is planning the FY2011 AQIP Projects and Team Leadership Forum, System Portfolio update, collection of Key Performance Indicators, and facilitation of several department reviews in relation to this goal.

- The CLC Police department is planning several projects, which includes the Comprehensive Safety and Security Plan to ensure the safety of faculty, staff, and students at the College.

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

The college's goal for building its reputation as a premier educational institution is to "be recognized at the community, state, and national levels for its academic quality, alumni achievement, and educational, economic, cultural, and arts leadership". Thirty-five projects are planned under four objectives for this goal.

- Public Relations will be working on CLC brand enhancement, one of the three AQIP projects for FY2011. Parts of this project include a website redesign and Marketing Promotion Plan.
- Communication Arts will conduct a guest artist series that will present guest artists from the visual arts that will provide student workshops and demonstrations as well as public presentations and exhibitions for the community.
- Admissions and Records is planning a project to increase visibility, improve customer service, increase enrollment, and better serve the needs of veteran and military students at the Great Lakes Naval Base.
- The AVP for University Transfer plans to maximize CLC and University Center partnerships and resources. This project includes working with UCLC to identify opportunities for collaboration in the areas of: increased articulation agreements with partner institutions, collaborative advertising and promotion, and resource sharing.
- The AVP for Workforce is planning a Sustainability Curriculum Development program in an effort to lead Illinois community colleges in the area of sustainability.

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:

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

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

General Government Functions and Fund Balances. The funds considered to be "General Government" are the Education Fund and the Operation and Maintenance Fund. These are more commonly referred to as the general funds or operating funds. Revenues that are regularly reoccurring are from predominately three sources: local property taxes, state sources and tuition and fees. The largest contributor to revenue is local property taxes. The strength of the financial base is the county assessed value, which totaled approximately $27.26 billion in 2010 for tax collections in 2011.

The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5 percent, whichever is lower. Normally, we would expect the non-debt service tax levies to decline over time as the community grows which increases the assessed values. However, as noted below, the College's assessed value of taxable property decreased, therefore increasing the total tax rate in order to generate tax revenue needed to support the College. The following table details the tax levy information.

Fund Type	Maximum Tax Rate	2010	2009	2008	2007
Education	$0.750	.148	.132	.129	.128
Operations and Maintenance	.100	.062	.061	.057	.054
Liability, Protection and Settlement	(1)	.002	.002	.003	.003
Audit	.005	.000	.000	.000	.000
Bond and Interest	(1)	.006	.005	.006	.006
Medicare	(1)	.000	.000	.001	.001
Plant: Operations and Maintenance (Restricted)	.000	.000	.000	.000	.000
Life Safety	.050	.000	.000	.000	.000
Other	.000	.000	.000	.000	.000
Total tax rate		0.218	0.200	0.196	0.192

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

The assessed value of taxable property for levy year 2010 was $27.26 billion, a decrease of $1.4 billion compared to levy year 2009, or a decrease of 4.9%.

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

Revenue from tuition and fees has grown due to increases in tuition rates. The tuition and fees charged in fiscal year 2011 totaled $106 per credit hour and will increase to $109 per credit hour in fiscal year 2012.

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

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

Debt Administration. The statutory debt limit, based on the current property tax assessed valuation, is $783,583,627. Current total indebtedness is $9,435,000 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 four different outstanding series of bonds with varying maturity dates, with the last payment due in 2018. A working cash fund, with a current balance of $17,663,493, 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. Currently, the College is preparing a comprehensive update of its master plan for facilities. The last major revision of the master plan occurred in 2003, with an update in 2006. The master plan will include a new student services building and heating and cooling upgrades for the B and C wings on the main campus.

In the past year, the state of Illinois passed a capital bill for the first time in over five years. In this bill the College will receive state funding for two new buildings. The State will provide 75% of the costs and the College has agreed to pay the remaining 25 percent. The total funds received from the state were $53.5 million and the College will contribute an additional $17.8 million. The College is planning to issue bonds to cover their portion of the costs. The bonds will include a combination of non-referendum debt service and alternate revenue bonds. These two new buildings will allow the College to grow to meeting the expanding population needs of Lake County.

Cash Management. The College has an established policy that provides for the prudent, conservative, timely investment of excess funds. This policy, approved by the Board, follows the Illinois Community College Act (Chapter 110 of Illinois Compiled Statutes Act 805) and the Illinois Public Funds Investment Act (Chapter 30 of the Illinois Compiled Statutes Act 235). The Treasurer, as appointed by the Board of Trustees, is delegated the responsibility for managing College investments. Investments are predominately placed in certificates of deposit either insured or properly collateralized. Interest income for Fiscal Year 2011 totaled $109,959, constituting a net rate of return of 0.65 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, 2011.

Risk Management. The typical College property and casualty losses are insured through a conventional insurance program providing coverage for these losses under policies such as worker's compensation, building and property insurance, tort liability, school leaders professional liability and a $20 million umbrella policy that provides excess insurance coverage to extend the basic limits of these policies. A special tax levy authorized by state statute allows the issuance of a property tax to pay for these risks excluding those with elements for property coverage. To minimize the risk of loss the College has a Campus Police Department on duty 24-hours, seven days per week, a Health Services Department and an active Safety Committee to review and make recommendations for improving and/or minimizing risk to property, employees and students.

OTHER INFORMATION

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

AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement. The GFOA awarded Certificates of Achievement for Excellence in Financial Reporting to the College of Lake County for its comprehensive annual financial reports for the fiscal years ended June 30, 2001 through 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

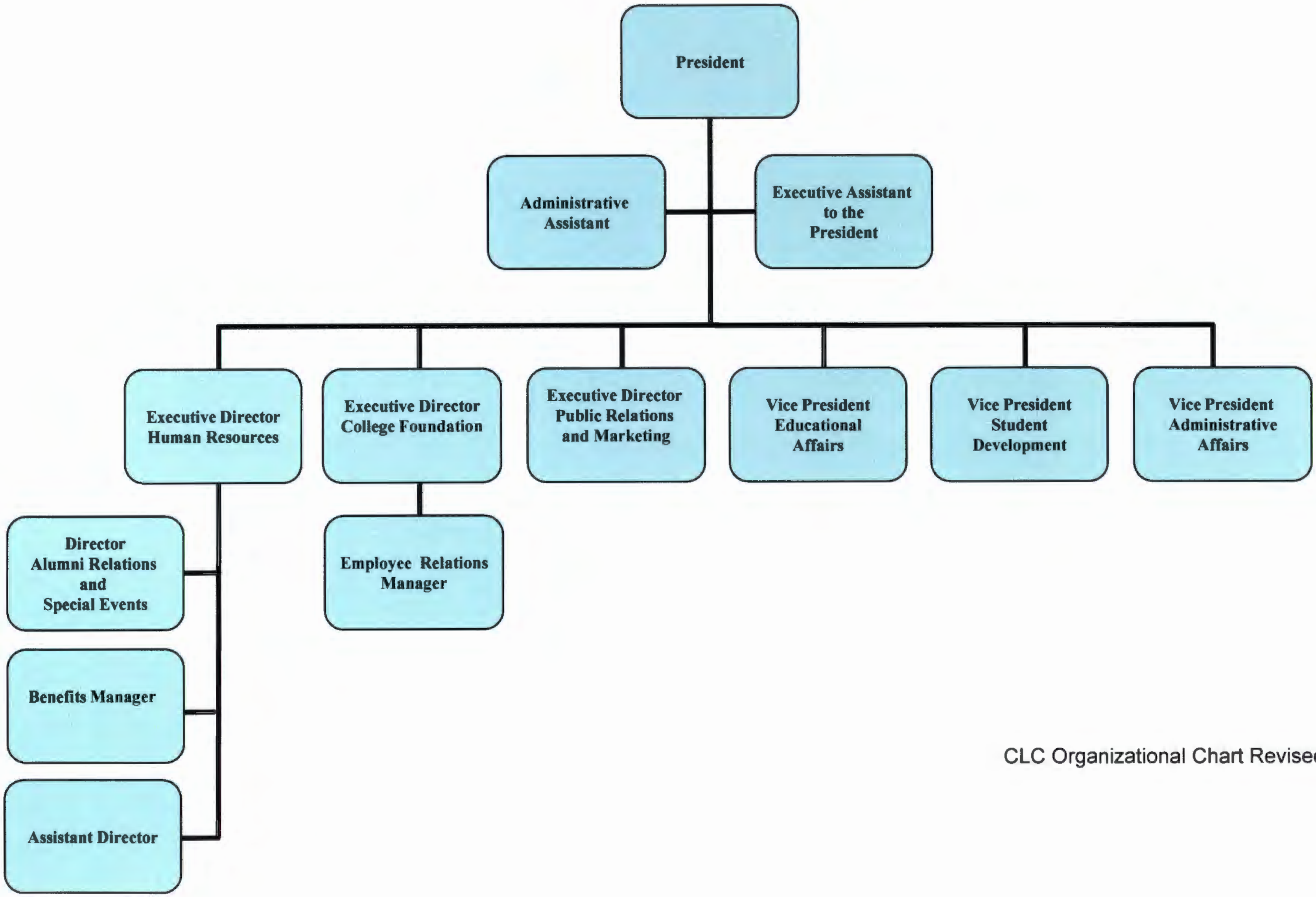
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully,

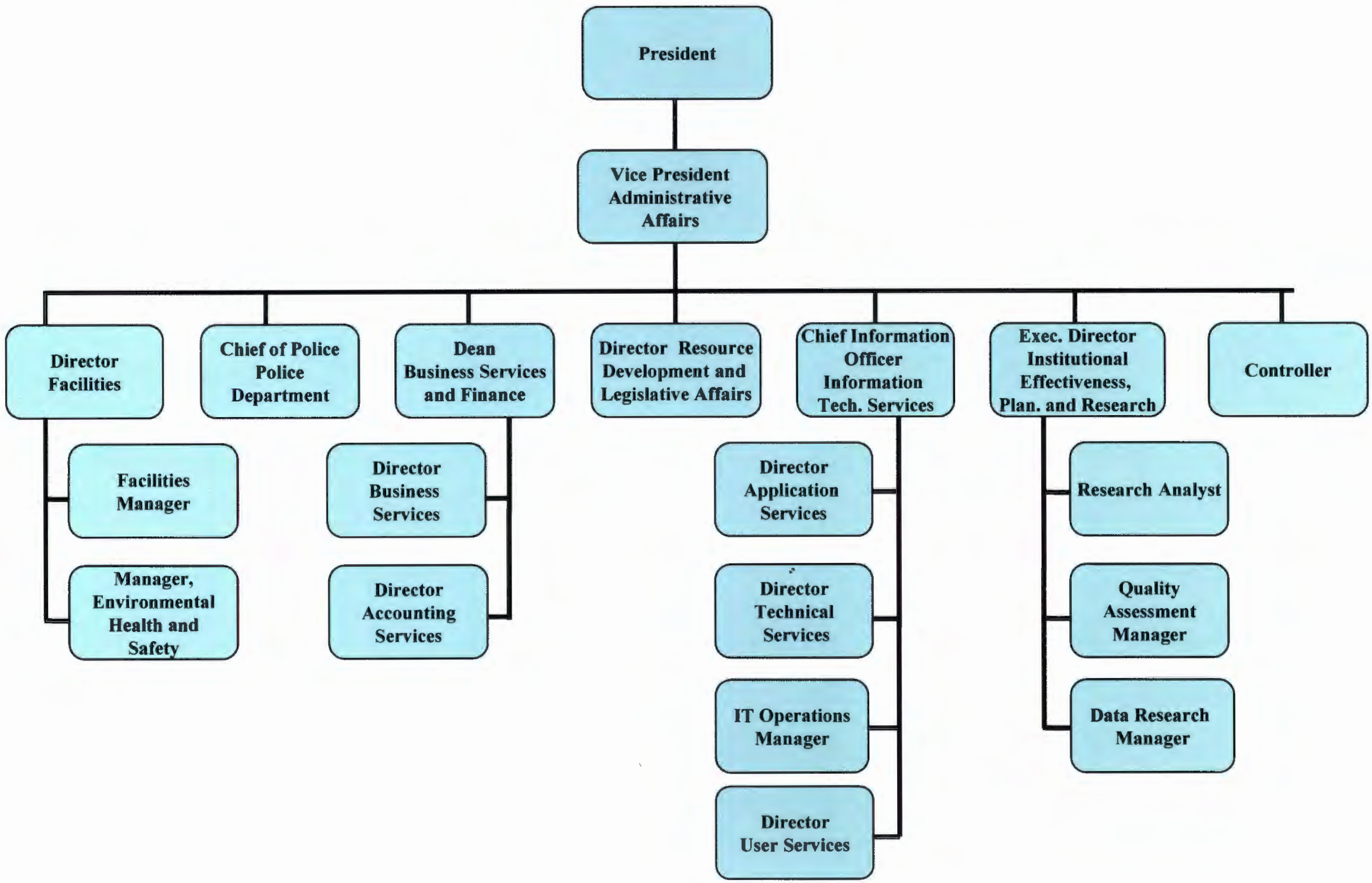
David Agazzi
Vice President for Administrative Affairs

Office of the President

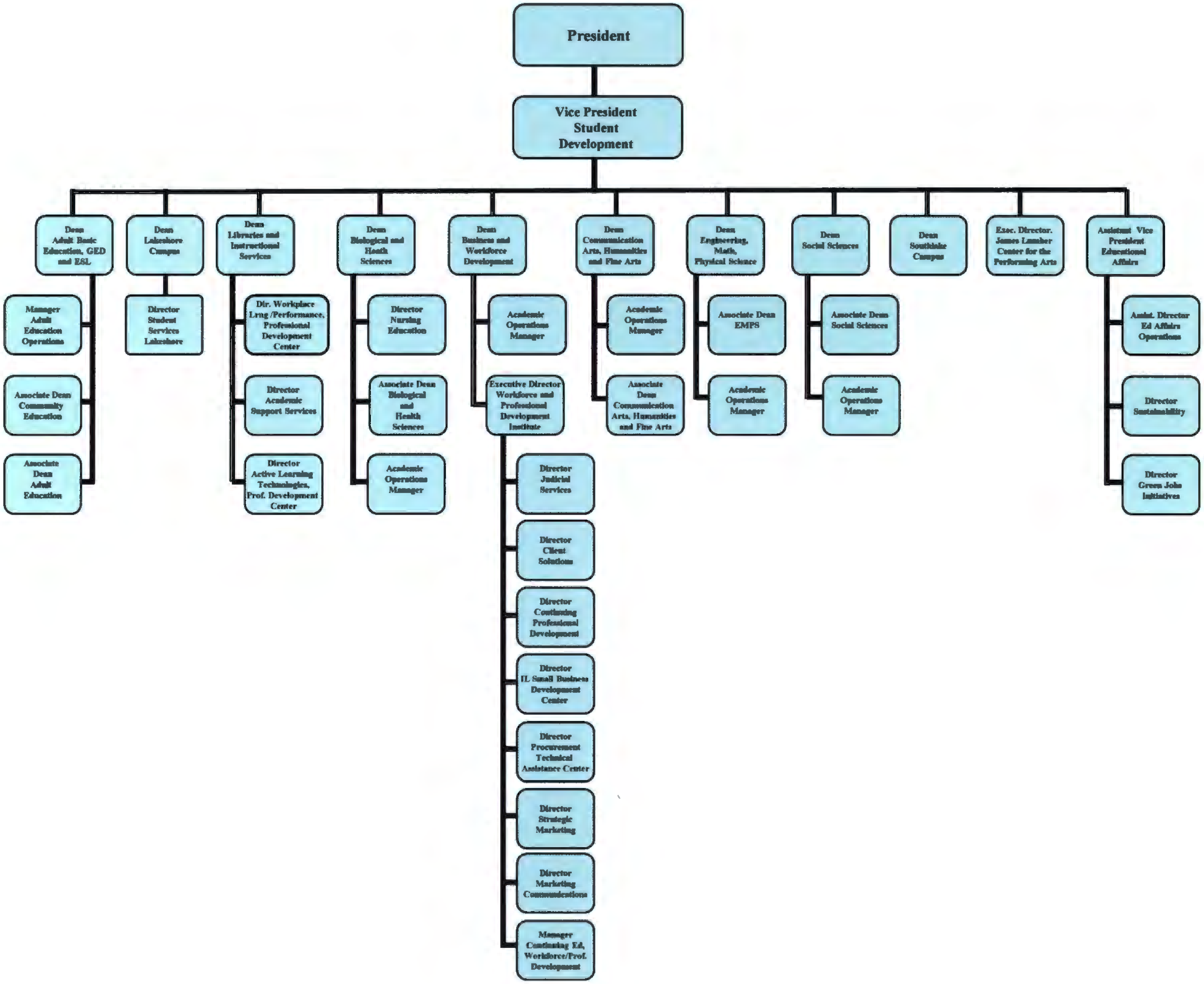


CLC Organizational Chart Revised: 6/11

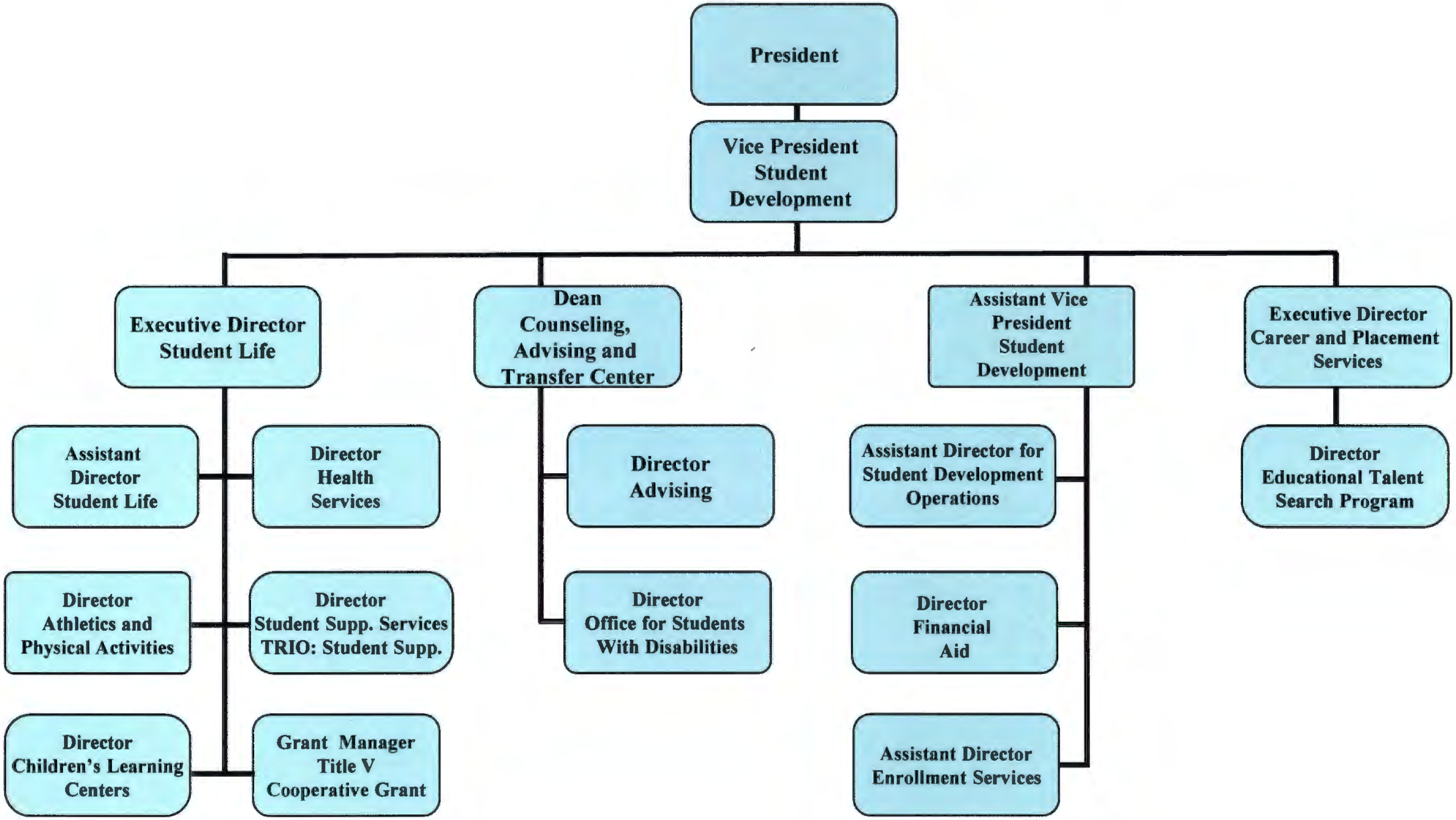
Office of Administrative Affairs



Office of Educational Affairs



Office of Student Development



College of Lake County
Community College District No. 532

Principal Officials

Year ended June 30, 2011

BOARD OF TRUSTEES

	Position	Term Expires
William M. Griffin	Chairman	2015
Richard Anderson	Vice Chairman	2015
Amanda Howland	Trustee	2015
Barbara D. Oilschlager	Trustee	2013
John W. Lumber	Trustee	2013
Jeanne Goshgarian	Trustee	2017
Lynda Paul	Trustee	2017
Nathan Wegbreit	Student Trustee	2012

OFFICERS OF THE COLLEGE OF LAKE COUNTY

Girard W. Weber	President
Richard Haney	Vice President for Educational Affairs
Darl E. Drummond	Vice President for Student Development
David Agazzi	Vice President for Administrative Affairs Treasurer/ Secretary

OFFICIALS ISSUING REPORT

David Agazzi	Vice President for Administrative Affairs
Ted P. Poulos	Dean of Business Services and Finance

DIVISION ISSUING REPORT

Administrative Affairs
Business Services and Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

College of Lake County Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.

Linda C. Davison

President

Jeffrey R. Esser

Executive Director

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the College of Lake County, Community College District No. 532 (the College) and its discretely presented component unit, the College of Lake County Foundation, as of and for the years ended June 30, 2011 and 2010, as listed in the accompanying table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our 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 College of Lake County Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2011 and 2010, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Our 2011 audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the College. This information is required by the Illinois Community College Board and is presented on the modified accrual basis of accounting. 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 2011 basic financial statements taken as a whole.

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

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
October 13, 2011

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, 2011 and 2010. Since this management's discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

Financial Highlights Fiscal Year 2011

Total operating revenues were $35,948,004 and total operating expenses were $121,745,507 for the year ended June 30, 2011. The difference produced an operating loss of $85,797,503.

Net nonoperating revenues of $99,697,583 for the year ended June 30, 2011 offset the operating loss and resulted in an overall increase in net assets before state capital appropriations of $13,900,080. Nonoperating revenues included local property taxes of $58,363,768, state appropriations and replacement tax of $25,819,862, federal grants and contracts of $14,874,344, local grants and contracts of $951,778 and net investment income of $109,959; offset by interest expense of $422,128.

Operating revenue accounted for 26.5% of the College's total revenue and nonoperating revenue accounted for 73.5% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling $23,756,337, auxiliary enterprise revenues totaling $10,713,481, and other operating revenues of $1,478,186.

Total net assets increased from $133,522,359 at the beginning of the year to $147,422,439 at the end of the year.

Financial Highlights Fiscal Year 2010

Total operating revenues were $35,043,072 and total operating expenses were $120,180,424 for the year ended June 30, 2010. The difference produced an operating loss of $85,137,352.

Net nonoperating revenues of $91,825,223 for the year ended June 30, 2010 offset the operating loss and resulted in an overall increase in net assets before state capital appropriations of $6,687,871. Nonoperating revenues included local property taxes of $57,133,098, state appropriations and replacement tax of $21,237,260, federal grants and contracts of $12,736,502, local grants and contracts of $1,067,360 and net investment income of $155,791; offset by interest expense of $504,788.

(Continued)

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 \$22,647,301, auxiliary enterprise revenues totaling \$11,067,046, and other operating revenues of \$1,328,725.

Total net assets increased from \$126,834,488 at the beginning of the year to \$133,522,359 at the end of the year.

Overview of the Financial Statements

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

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

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

(Continued)

Financial Analysis

Net Assets

The College's net assets at June 30, 2011, 2010, and 2009 were $147.4 million, $133.5 million, and $126.8 million, respectively, an increase of $13.9 million, $6.7 million, and $3.5 million, respectively. Total assets were $260.5 million, $243.3 million, and $236.7 million, and total liabilities were $113.1million, $109.8 million, and $109.9 million at June 30, 2011, 2010, and 2009, 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, reduced by depreciation. A summary of net assets at June 30, 2011, 2010, and 2009 is as follows:

Net Assets

June 30,
(in thousands)

	2011	2010	2009
Current assets	$ 133,179	115,446	106,187
Restricted assets	125	123	208
Other noncurrent assets	29,456	28,478	28,101
Capital assets, net of depreciation	97,750	99,229	102,199
Total assets	260,510	243,276	236,695
Current liabilities	72,843	69,136	68,727
Long-term liabilities	40,244	40,617	41,134
Total liabilities	113,087	109,753	109,861
Net assets:			
Invested in capital assets, net of related debt	88,245	88,360	89,509
Restricted	22,823	22,898	23,362
Unrestricted	36,354	22,264	13,963
Total net assets	$ 147,422	133,522	126,834

The College had a current ratio of 1.83, 1.67, and 1.55, times at June 30, 2011, 2010, and 2009, respectively. The current ratio is total current assets divided by total current liabilities. For example, at June 30, 2011, for every dollar of current liabilities, the College has $1.83 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.

(Continued)

Net Assets - Fiscal Year 2011 compared to 2010

Current assets have increased by $17.7 million primarily due to increases in cash and investments of $13.3 million and receivables of $4.4 million.

Capital assets decreased by $1.5 million due to the fact that depreciation expense was greater than capital additions during the year.

Current liabilities increased by $3.7 million primarily due to increases in accounts payable and accrued expenses of $1.2 million and deferred property tax and tuition revenue of $2.3 million.

Net Assets - Fiscal Year 2010 compared to 2009

Current assets have increased by $9.3 million primarily due to an increase in cash and investments of $11.4 million offset by a decrease of $3.1 million in government claims receivable.

Capital assets decreased by $3.0 million due to the fact that depreciation expense was greater than capital additions during the year.

Current liabilities increased by $0.4 million due to increases in accrued expenses of $0.9 million and deferred property tax revenue of $0.7 million offset by a decrease in accounts payable of $1.2 million.

Changes in Net Assets

The change in net assets, total revenues less total expenses, for the years ended June 30, 2011, 2010, and 2009 is as follows:

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

	2011	2010	2009
Total revenues	$ 136,068	127,373	112,949
Total expenses	122,168	120,685	109,467
Increase in net assets	$ 13,900	6,688	3,482

Revenues

Summaries of revenues for the years ended June 30, 2011, 2010, and 2009 are as follows:

Revenue Summary
Years ended June 30,
(in thousands)

		2011	2010	2009
Operating:				
Student tuition and fees, net	$	23,756	22,647	20,993
Auxiliary enterprise		10,714	11,067	10,539
Other operations		1,478	1,329	1,921
Total operating revenues		35,948	35,043	33,453
Nonoperating:				
Local property taxes		58,364	57,133	55,126
Personal property replacement taxes		1,239	955	1,181
State appropriations		24,581	20,282	15,655
Federal and local grants and contracts		15,826	13,804	6,855
Investment income, net		110	156	679
Total nonoperating revenues		100,120	92,330	79,496
State capital appropriations		—	—	213
Total revenues	$	136,068	127,373	113,162

Revenues - Fiscal Year 2011 Compared to 2010

Operating revenue increased by $0.9 million, which primarily reflects an increase in net student tuition and fees offset by a slight decrease in auxiliary revenue. The increase in net tuition and fees was due to an increase in tuition.

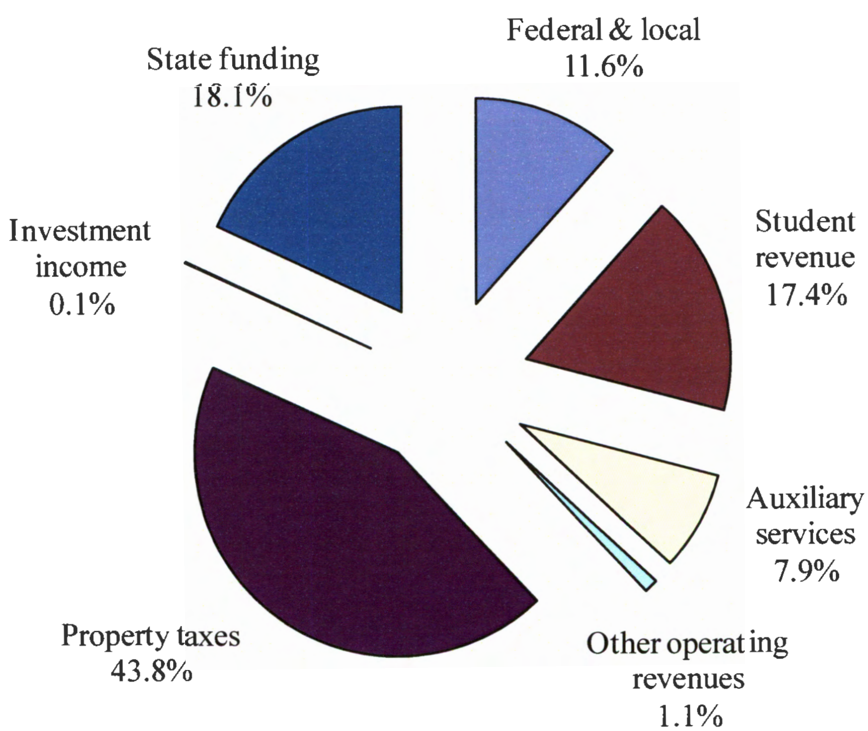
Nonoperating revenue increased by $7.9 million primarily due to increases in local property taxes of $1.2 million, state appropriations of $4.3 million, and grants of $2.0 million. The increase in property tax revenues reflects the combination of the CPI and the assessed value of new construction. The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5%, whichever is lower. The increase in state appropriations was due to an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state of $1.5 million and an increase in state appropriations of $2.8 million. The increase in federal and local grants was due to increased federal Pell grant awards.

The pie chart shows all revenue from both operating and nonoperating sources. State funding in the pie chart and above includes both capital and noncapital appropriations. The chart shows that property taxes accounted for the largest percentage of the College's revenue at 43.8%. The next highest sources were state funding of 18.1% and net student tuition and fees of 17.4%.

College of Lake County

Revenues

Year ended June 30, 2011



Revenues - Fiscal Year 2010 Compared to 2009

Operating revenue increased by $2.0 million, which primarily reflects an increase in net student tuition and fees of $1.7 million and an increase in auxiliary revenue of $0.5 million. The increase in net tuition and fees was due to increased enrollment.

Nonoperating revenue increased by $12.8 million primarily due to increases in local property taxes of $2.0 million, state appropriations of $4.6 million, and federal grants of $6.9 million. The increase in property tax revenues reflects the combination of the CPI and the assessed value of new construction. The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5%, whichever is lower. The increase in state appropriations was mainly due to an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state. The increase in federal and local grants was due to increased federal student loans.

Expenses

Summaries of expenses for the years ended June 30, 2011, 2010, and 2009 are as follows:

Expenses
Years ended June 30,
(in thousands)

		2011	2010	2009
Instruction	$	48,268	46,853	40,662
Academic support		5,464	5,507	5,419
Student services		8,136	7,862	7,416
Public service		7,576	6,426	7,128
Institutional support		21,841	21,549	22,160
Operations and maintenance of plant		8,898	9,558	9,215
Financial aid		6,588	7,350	2,478
Depreciation		4,246	4,151	4,393
Auxiliary enterprises		10,729	10,924	10,003
Interest expense		422	505	593
Total	$	122,168	120,685	109,467

Expenses - Fiscal Year 2011 Compared to 2010

Expenses increased by $1.5 million. The increase in instruction costs, student services, and public services, is primarily due to the annual increase in employee salaries and benefits, including state SURS benefits. The increase in financial aid expenses is due to increased student scholarships.

(Continued)

Expenses - Fiscal Year 2010 Compared to 2009

Expenses increased by $11.2 million. The increase in instruction costs, student services, and public services, is due primarily to the annual increase in employee salaries and benefits, including state SURS benefits. The increase in financial aid expenses is due to increased student scholarships.

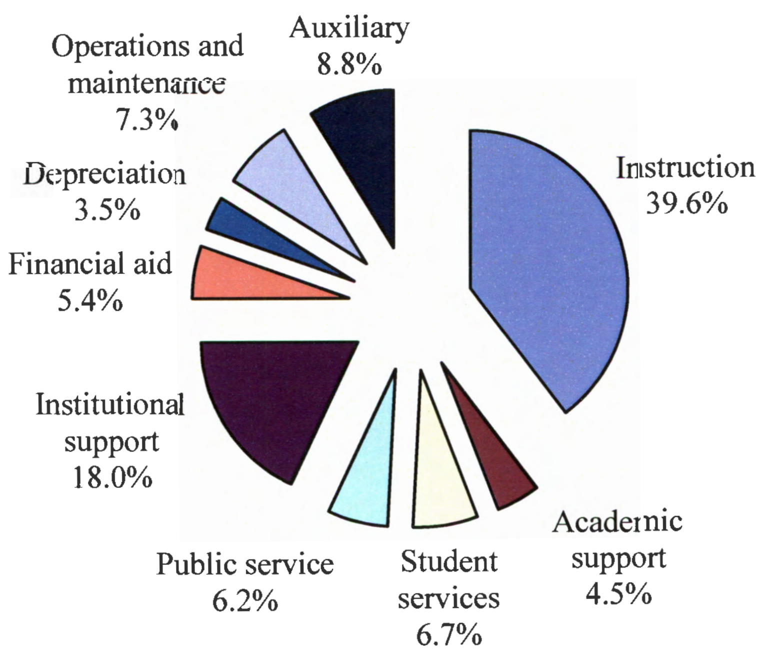
Operating Expenses

The pie chart shows the operating expenses as a percentage of total operating expenses. Direct services to students accounted for 71.2% of total operating expenses. Direct services to students include instruction at 39.6%, academic support at 4.5%, student services at 6.7%, public service at 6.2%, financial aid at 5.4%, and auxiliary enterprises at 8.8%. Indirect services to students accounted for 28.8% of total expenses. Indirect services to students include operations and maintenance at 7.3%, institutional support at 18.0%, and depreciation at 3.5%.

College of Lake County

Operating Expenses

Year ended June 30, 2011



Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011, 2010, and 2009, the College investment in capital assets totaled $162.6 million, $160.3 million, and $160.3 million, respectively. Capital assets, net of accumulated depreciation of $64.8 million, $61.1 million, and $58.1 million, totaled $97.8 million, $99.2 million, and $102.2 million, respectively.

Capital Assets, Net
June 30,
(in thousands)

		2011	2010	2009
Capital assets:				
Land	$	7,702	7,233	7,233
Land improvements		5,914	5,914	5,914
Buildings and improvements		125,612	124,885	124,825
Furniture and equipment		23,360	22,322	22,302
Total capital assets		162,588	160,354	160,274
Less accumulated depreciation		64,838	61,125	58,075
Capital assets, net	$	97,750	99,229	102,199

More detailed information on capital asset activity can be found in Note 3 to the basic financial statements on pages 26 through 27. More detailed information on long-term debt activity can be found in Note 5 to the basic financial statements on pages 30 through 32.

Construction Projects

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

Debt Payments

For the years ended June 30, 2011 and 2010, the College paid $1,800,000 and $2,230,000, respectively, in principal on bonds and certificates of indebtedness. The College did not issue any new debt in either fiscal year 2011 or 2010.

Contacting The College's Financial Management

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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Statements of Net Assets

June 30,

Assets	**2011**	**2010**
Current assets:		
Cash (note 2)	$ 33,188,665	27,675,900
Investments (note 2)	31,741,465	23,943,710
Receivables:		
Property taxes, net of allowance of $594,889 in 2011 and $574,358 in 2010	59,361,427	57,486,000
Government claims	1,647,206	1,111,580
Tuition and fees, net of allowance of $2,150,940 in 2011 and $1,698,201 in 2010	2,221,273	1,581,180
Other	4,066,574	2,667,424
Deposits	—	50,750
Inventories	952,545	929,954
Total current assets	133,179,155	115,446,498
Noncurrent assets:		
Restricted cash and cash equivalents	125,246	122,626
Property taxes receivable	29,436,500	28,454,500
Unamortized debt issue cost	18,856	23,470
Capital assets, net (note 3)	97,750,405	99,228,805
Total noncurrent assets	127,331,007	127,829,401
Total assets	260,510,162	243,275,899
Liabilities		
Current liabilities:		
Accounts payable	2,269,354	1,655,992
Accrued expenses (note 4)	5,327,212	4,743,518
Tuition refunds payable	40,248	200,981
Unearned revenue:		
Property taxes (note 1(o))	59,144,540	57,117,231
Tuition and rent	3,030,224	2,732,994
Current portion of long-term obligations (note 5)	1,865,000	1,800,000
Amounts held in custody for others	523,533	322,788
Other current liabilities	643,219	562,647
Total current liabilities	72,843,330	69,136,151
Noncurrent liabilities:		
Long-term obligations (notes 5 and 9)	9,967,893	11,302,889
Unearned revenue:		
Property taxes	29,436,500	28,454,500
Rent (note 12)	840,000	860,000
Total noncurrent liabilities	40,244,393	40,617,389
Total liabilities	113,087,723	109,753,540
Net Assets		
Invested in capital assets, net of related debt	88,244,604	88,360,119
Restricted for:		
Working cash	17,550,000	17,550,000
Debt service	3,821,509	3,683,898
Capital projects	754,227	1,063,084
Other	698,222	601,233
Unrestricted	36,353,877	22,264,025
Total net assets	$ 147,422,439	133,522,359

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,

	2011	2010
Operating revenues:		
Student tuition and fees	$ 31,341,476	27,687,389
Less scholarship allowances	(7,585,139)	(5,040,088)
Net student tuition and fees	23,756,337	22,647,301
Auxiliary enterprises	10,713,481	11,067,046
Other operations	1,478,186	1,328,725
Total operating revenues	35,948,004	35,043,072
Operating expenses:		
Education and general:		
Instruction	48,268,132	46,853,367
Academic support	5,464,060	5,506,810
Student services	8,136,053	7,861,672
Public service	7,575,936	6,426,550
Institutional support	21,841,211	21,549,383
Operations and maintenance of plant	8,897,716	9,557,706
Financial aid	6,587,783	7,349,762
Depreciation	4,245,907	4,151,105
Auxiliary enterprises	10,728,709	10,924,069
Total operating expenses	121,745,507	120,180,424
Operating loss	(85,797,503)	(85,137,352)
Nonoperating revenues (expenses):		
Local property taxes	58,363,768	57,133,098
Personal property replacement tax	1,238,741	955,215
State appropriations	24,581,121	20,282,045
Federal grants and contracts	14,874,344	12,736,502
Local grants and contracts	951,778	1,067,360
Investment income	109,959	155,791
Interest expense	(422,128)	(504,788)
Total nonoperating revenues (expenses), net	99,697,583	91,825,223
Increase in net assets	13,900,080	6,687,871
Net assets at the beginning of the year	133,522,359	126,834,488
Net assets at the end of the year	$ 147,422,439	133,522,359

See accompanying notes to basic financial statements.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Statements of Cash Flows

Years ended June 30,

		2011	2010
Cash flows from operating activities:			
Tuition and fees	$	23,453,486	22,803,368
Payments to suppliers		(43,009,733)	(47,983,612)
Payments to employees		(60,643,291)	(57,383,767)
Auxiliary enterprise charges		10,713,481	11,067,046
Chargeback revenue		25,663	22,125
Other		586,140	1,280,496
Net cash used in operating activities		(68,874,254)	(70,194,344)
Cash flows from noncapital financing activities:			
Local property taxes		58,515,650	57,323,268
Personal property replacement tax		1,229,266	996,485
State appropriations		12,200,314	10,103,667
Federal grants and contracts		14,042,285	15,786,862
Local grants and contracts		1,075,239	1,067,360
Net cash provided by noncapital financing activities		87,062,754	85,277,642
Cash flows from capital and related financing activities:			
Principal paid on debt		(1,800,000)	(2,230,000)
Interest paid on debt		(423,240)	(461,260)
Purchases of capital assets		(2,767,507)	(1,180,555)
Net cash used in capital and related financing activities		(4,990,747)	(3,871,815)
Cash flows from investing activities:			
Interest on investments		115,387	149,421
Net cash provided by investing activities		115,387	149,421
Net increase in cash and cash equivalents		13,313,140	11,360,904
Cash and cash equivalents, beginning of year		51,742,236	40,381,332
Cash and cash equivalents, end of year	$	65,055,376	51,742,236

		2011	2010
Reconciliation to statements of net assets:			
Cash and cash equivalents:			
Cash	$	33,188,665	27,675,900
Short term investments (included in investments)		31,741,465	23,943,710
Restricted cash		125,246	122,626
Total cash and cash equivalents	$	65,055,376	51,742,236

(Continued)

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Statements of Cash Flows

Years ended June 30,

	2011	2010
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	$ (85,797,503)	(85,137,352)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,245,907	4,151,105
State payment for retirement obligation	11,682,036	10,178,378
Changes in assets and liabilities:		
Receivables (net)	(1,273,436)	(105,427)
Inventories	(22,591)	(157,690)
Accounts payable	613,362	(1,242,617)
Accrued vacation	152,849	93,862
Other accrued expenses	966,575	1,657,421
Other current liabilities	60,572	16,992
Amounts held in custody for others	200,745	209,859
Deferred tuition and fees	297,230	141,125
Net cash used in operating activities	$ (68,874,254)	(70,194,344)

See accompanying notes to basic financial statements.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Component Unit – College of Lake County Foundation

Statements of Financial Position

June 30,

Assets		**2011**	**2010**
Cash and cash equivalents	$	214,173	129,021
Investments		2,412,001	2,187,031
Other receivables		3,166	—
Deferred expense		7,600	19,909
Total assets	$	2,636,940	2,335,961
Liabilities			
Accounts payable	$	696	206
Miscellaneous payable		11,522	10,093
Deferred revenue		15,800	500
Grants and scholarships payable		3,882	472
Due to College of Lake County		2,244	2,244
Total liabilities		34,144	13,515
Net Assets			
Unrestricted		253,324	(118,701)
Temporarily restricted		1,547,464	1,894,724
Permanently restricted		802,008	546,423
Total net assets		2,602,796	2,322,446
Total liabilities and net assets	$	2,636,940	2,335,961

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, 2011 and 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at June 30, 2009	$ 93,824	1,836,774	545,111	2,475,709
Public support and revenue:				
Contributions and gifts	143,658	132,432	—	276,090
Special events revenue	222,979	—	—	222,979
Special events expense	(127,283)	—	—	(127,283)
Donated services	363,583	—	—	363,583
Other noncash donations	100,738	—	—	100,738
Net assets released from restrictions	146,236	(146,236)	—	—
Total public support	849,911	(13,804)	—	836,107
Other income:				
Investment income	46,790	71,754	1,312	119,856
Total public support and revenue	896,701	57,950	1,312	955,963
Expenses:				
Program services:				
Grants and scholarships	600,588	—	—	600,588
Gallery operations	34,343	—	—	34,343
Noncash donations to College of Lake County	100,738	—	—	100,738
General and administrative:				
Management and general	370,799	—	—	370,799
Travel/meeting	2,758	—	—	2,758
Total expenses	1,109,226	—	—	1,109,226
Increase (decrease) in net assets	(212,525)	57,950	1,312	(153,263)
Net assets at June 30, 2010	(118,701)	1,894,724	546,423	2,322,446
Public support and revenue:				
Contributions and gifts	315,206	272,984	—	588,190
Special events revenue	280,273	—	—	280,273
Special events expense	(126,087)	—	—	(126,087)
Donated services	333,573	—	—	333,573
Other noncash donations	178,573	—	—	178,573
Net assets released from restrictions	181,728	(181,728)	—	—
Total public support	1,163,266	91,256	—	1,254,522
Other income (loss):				
Investment income (loss)	69,597	149,969	5,585	225,151
Total public support and revenue	1,232,863	241,225	5,585	1,479,673
Expenses:				
Program services:				
Grants and scholarships	643,749	—	—	643,749
Gallery operations	33,560	—	—	33,560
Noncash donations to College of Lake County	178,573	—	—	178,573
General and administrative:				
Management and general	341,088	—	—	341,088
Travel/meeting	2,353	—	—	2,353
Total expenses	1,199,323	—	—	1,199,323
Increase (decrease) in net assets	33,540	241,225	5,585	280,350
Net asset transfers	338,485	(588,485)	250,000	—
Net assets at June 30, 2011	$ 253,324	1,547,464	802,008	2,602,796

See accompanying notes to basic financial statements.

(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) Accounting Standards Codification®* (Codification) which is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (see note 1(q)) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

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

(c) Basis of Accounting

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

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

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

(d) Cash and Cash Equivalents

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

(e) Investments

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

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

(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, 3 years for computer equipment, and 5 to 20 years for all other equipment.

For the year ended June 30, 2010, the College implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. It defines an intangible asset's required characteristics, and generally requires that they be treated as capital assets. Implementation of this statement did not have a material affect on the College therefore prior periods were not required to be restated. The College follows the same capitalization policy and estimated useful life for its intangible asset as it does for its equipment capital assets. The College will also amortize intangible assets utilizing the straight-line method. The College had no intangible assets for the years ended June 30, 2011 and 2010.

(i) Premiums, Discounts, and Issuance Costs

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

(j) Unearned Revenues

Deferred revenues include (1) tax levy passed that is legally restricted for fiscal years 2011 and 2010 (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.

(l) ***Net Assets***

The College's net assets are classified as follows:

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

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

(2) Restricted Net Assets

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

(3) Unrestricted Net Assets

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

(m) ***Classification of Revenues***

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

(1) Operating Revenue

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

(2) Nonoperating Revenue

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

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

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

(o) Property Taxes

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

In accordance with the College Board resolution, 50% of the property taxes extended for the 2010 tax year are recorded as revenue in the fiscal year ended June 30, 2011. The remaining revenue related to the 2010 tax year extension has been deferred and will be recorded as revenue in fiscal year 2012. 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. However, for financial statement reporting the Foundation reports activities based on the existence of restrictions placed on the resources as specified by donors. Accordingly, net assets and changes therein are classified as follows:

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

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

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

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

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

(s) ***New Accounting Pronouncements***

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcy*. The Statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for Bankruptcy under Chapter 9 of the United States Bankruptcy Code. There was no impact on the College's implementation of this pronouncement.

In June 2010 the GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. Statement No. 59 is effective for fiscal years beginning after June 15, 2010, with earlier application encouraged. There was no impact on the College's implementation of this pronouncement.

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The Statement improves financial reporting by addressing issues related to service concession arrangements, which are arrangements between a transferor (government) and an operator (governmental or non-governmental entity in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 31, 2011. The College is currently evaluating the impact of adopting Statement No. 60.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The Statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity,* and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues This Statement is effective for fiscal years beginning after June 15, 2012, with earlier application encouraged. The College is currently evaluating the impact of adopting Statement No. 61.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for fiscal years beginning after December 15, 2011 with earlier application encouraged. The College is currently evaluating the impact of adopting Statement No. 62.

In June 2011, the GASB issued GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. This Statement is effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The College is currently evaluating the impact of adopting Statement No. 63.

In June 2011, the GASB issued GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions (an amendment of GASB Statement No. 53). This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. The conditions specified in this Statement are:

Collectibility of swap payments is considered to be probable;

Replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in GASB 64; and

The counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event.

When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied. This Statement is effective for periods beginning after June 15, 2011, with earlier application encouraged. The College is currently evaluating the impact of adopting Statement No. 64.

(t) ***Reclassifications***

Certain amounts from the prior year have been reclassified to conform to the current year presentation. The reclassifications had no affect on change in net assets or total net assets.

(2) Deposits and Investments

As of June 30, 2011 and 2010, the College had the following investments and maturities:

	Maturity	2011 Fair value	2010 Fair value
Deposits:			
Cash accounts		$ 33,188,665	27,675,900
Certificates of deposit		16,883,893	20,330,778
Total deposits		50,072,558	48,006,678
Investments:			
Repurchase agreements	Less than 1 year	—	2,000,000
Money markets and savings accounts	Less than 1 year	12,700,021	552,077
Restricted accounts:			
Money market accounts	Less than 1 year	125,246	122,626
The Illinois Funds	Less than 1 year	157,551	566,051
ISDLAF Plus	Less than 1 year	2,000,000	494,804
Total investments		14,982,818	3,735,558
Total cash deposits and investments		$ 65,055,376	51,742,236
Current assets:			
Cash		$ 33,188,665	27,675,900
Investments		31,741,465	23,943,710
Noncurrent assets:			
Restricted cash and cash equivalents		125,246	122,626
Total cash deposits and investments		$ 65,055,376	51,742,236

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, 2011 and 2010, the College did not have a concentration of credit risk.

(3) Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	$ 7,232,934	469,364	—	7,702,298
Total capital assets not being depreciated	7,232,934	469,364	—	7,702,298
Capital assets being depreciated:				
Land improvements	5,913,812	—	—	5,913,812
Buildings and improvements	124,530,943	1,081,762	—	125,612,705
Furniture and equipment	22,667,663	1,229,306	536,980	23,359,989
Total capital assets being depreciated	153,112,418	2,311,068	536,980	154,886,506
Less accumulated depreciation:				
Land improvements	3,942,012	269,374	—	4,211,386
Buildings and improvements	40,398,921	2,657,575	—	43,056,496
Furniture and equipment	16,775,614	1,318,958	524,055	17,570,517
Total accumulated depreciation	61,116,547	4,245,907	524,055	64,838,399
Total capital assets being depreciated, net	91,995,871	(1,934,839)	12,925	90,048,107
Total capital assets, net	$ 99,228,805	(1,465,475)	12,925	97,750,405

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated:				
Land	$ 7,232,934	—	—	7,232,934
Total capital assets not being depreciated	7,232,934	—	—	7,232,934
Capital assets being depreciated:				
Land improvements	5,913,812	—	—	5,913,812
Buildings and improvements	124,825,500	59,893	354,450	124,530,943
Furniture and equipment	22,302,323	1,120,662	755,322	22,667,663
Total capital assets being depreciated	153,041,635	1,180,555	1,109,772	153,112,418
Less accumulated depreciation:				
Land improvements	3,695,833	246,179	—	3,942,012
Buildings and improvements	38,081,437	2,671,934	354,450	40,398,921
Furniture and equipment	16,297,944	1,232,992	755,322	16,775,614
Total accumulated depreciation	58,075,214	4,151,105	1,109,772	61,116,547
Total capital assets being depreciated, net	94,966,421	(2,970,550)	—	91,995,871
Total capital assets, net	$ 102,199,355	(2,970,550)	—	99,228,805

(4) Accrued Expenses

Accrued expenses consisted of the following at June 30:

	2011	2010
Accrued payroll and benefits	$ 2,934,341	2,284,285
Accrued vacation	1,760,870	1,608,021
Accrued health insurance claims	535,000	535,000
Accrued expenses - other	97,001	316,212
Total accrued expenses	$ 5,327,212	4,743,518

(5) Long-term Debt

The College has the following outstanding bonds payable as of June 30, 2011 and 2010:

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, 2011 and 2010, including future discount accretion, was $0 and $1,000,000, respectively. The carrying amount at June 30, 2011 and 2010, including discount accretion through that date, was $0 and $980,267, 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, 2011 and 2010 was $2,420,000 and $2,500,000, respectively.

General Obligation Limited Tax Debt Certificates, Series 2003A, at varying interest rates between 1.40% and 4.25% per annum depending on the date of serial maturity through December 1, 2017. The certificates are general obligations of the District both as to principal and interest from the funds of the District lawfully available for payments. The original liability upon issuance was $3,385,000. The principal balance at June 30, 2011 and 2010 was $1,990,000 and $2,235,000, respectively.

General Obligation Limited Tax Funding Bonds, Series 2005 with a yield of 3.55% to 3.95% depending on the date of serial maturity through 2018. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the District lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was $4,500,000. They received a premium of $243,230 and paid issue costs of $51,155. The principal balance at June 30, 2011 and 2010 was $4,500,000.

General Obligation Limited Tax Debt Certificates, Series 2006, at an interest rate of 3.62% per annum through November 1, 2011. The certificates are general obligations of the District both as to principal and interest from the funds of the District lawfully available for payments. The original liability upon issuance was $2,200,000. The principal balance at June 30, 2011 and 2010 was $525,000 and $1,000,000, respectively.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Notes to Basic Financial Statements

June 30, 2011 and 2010

Changes in long-term obligations during the year ended June 30, 2011 were as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Amounts due within one year
General obligation bonds:					
Par	$ 11,235,000	—	1,800,000	9,435,000	1,865,000
Premium	111,596	—	21,939	89,657	—
Discount on capital appreciation bonds	(19,734)	—	(19,734)	—	—
Total general obligation bonds, net	11,326,862	—	1,802,205	9,524,657	1,865,000
Total long term debt, net	$ 11,326,862	—	1,802,205	9,524,657	1,865,000

The difference between the June 30, 2011 balance above, the June 30, 2010 balance below and the amount on the Statement of Net Assets is caused by the OPEB liability described in note 9.

Changes in long-term obligations during the year ended June 30, 2010 were as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Amounts due within one year
General obligation bonds:					
Par	$ 13,465,000	—	2,230,000	11,235,000	1,800,000
Premium	133,535	—	21,939	111,596	—
Discount on capital appreciation bonds	(85,127)	—	(65,393)	(19,734)	—
Total general obligation bonds, net	$ 13,513,408	—	2,186,546	11,326,862	1,800,000

The following is a schedule of the future debt service payments for bonds payable as of June 30, 2011.

		Principal	Interest	Total
Year ending June 30:				
2012	$	1,865,000	370,046	2,235,046
2013		1,400,000	299,814	1,699,814
2014		1,275,000	236,774	1,511,774
2015		1,160,000	175,810	1,335,810
2016		1,200,000	123,789	1,323,789
2017		1,245,000	76,491	1,321,491
2018		1,290,000	25,957	1,315,957
	$	9,435,000	1,308,681	10,743,681

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

(6) Pension Plan

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

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate (for FY 2012) is 24.21% 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, 2011, 2010, and 2009 were $11,429,071, $9,940,847 and $6,080,848, respectively, equal to the required contributions for each year.

The College recognizes the amount appropriated by the state as additional state appropriations (nonoperating) revenue and also recognizes corresponding expense. While the majority of the employer contribution is made by the state, employer contributions for some positions that are not state funded are the responsibility of the employer. The College contributed $113,891, $76,824, and $72,126, for the years ended June 30, 2011, 2010, and 2009, respectively.

(7) Compensated Absences (Vacation and Sick Leave)

In the event of job termination, an employee is reimbursed for an accumulated maximum number of vacation days, which ranges from 40 to 52 days, depending on the classification of the employee. Vacation days earned in one vacation year may not be carried forward beyond the end of the following year. Therefore, the entire accrued vacation liability on the statement of net assets is considered a current liability. Employees may accumulate unused sick leave subject to certain limits, and receive additional service credit under the State Retirement System (SURS) as discussed in Note 6.

Changes in the accrued compensated absences liability were as follows:

	2011	2010
Accrued Compensated Absenses – beginning of year	$ 1,608,021	1,514,159
Compensated absences incurred – during year	1,760,870	1,608,021
Compensated Absenses used – during year	(1,608,021)	(1,514,159)
Accrued Compensated Absenses – end of year	$ 1,760,870	1,608,021
Amounts due within one year	$ 1,760,870	1,608,021

(8) Contingent Liabilities

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

(9) Postretirement Health Care Benefits

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

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

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

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

	2011	2010
Annual required contribution	$ 1,307,777	1,604,895
Interest on the net OPEB obligation	89,382	44,891
Adjustment to annual required contribution	(116,288)	(58,405)
Annual OPEB cost (expense)	1,280,871	1,591,381
Contributions made	748,661	713,182
Increase in net OPEB obligation	532,210	878,199
Net OPEB obligation, beginning of year	1,776,026	897,827
Net OPEB	$ 2,308,236	1,776,026

The College's annual OPEB costs, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligations for 2011, 2010, and 2009 were as follows:

For the fiscal year ended June 30,	2011	2010	2009
Annual OPEB Cost	$1,280,871	1,591,381	1,535,624
Percentage of Annual OPEB Cost Contributed	58.4%	44.8%	41.5%
Net OPEB Obligation	$2,308,236	1,776,026	897,827

Funding Status – As of July 1, 2010, the actuarial accrued liability for benefits was $11,720,553, all of which was unfunded. The covered payroll (annual payroll of active employees covered under the plan) was $34,667,712 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 34 percent.

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

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

In the July 1, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 10.0% initial healthcare cost trend rate reduced to an ultimate healthcare inflation rate of 5.0%. The actuarial value of assets was not determined as the College has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized using a level dollar method over 30 years on an open group basis, combined with a total payroll growth rate of 3% per year.

(10) Risk Management

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

(11) Self Insurance

The College maintains a self-insured plan to cover health and dental benefits and workers' compensation for its employees through third-party administrators. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2011 and 2010, the amount of these liabilities was $535,000. This liability is the College's best estimate based on available information and is expected to be paid within the next fiscal year. Changes in the College's liability for employee health claims for the years ended June 30, 2011 and 2010 are as follows:

		2011	2010
Claims payable – beginning of year	$	535,000	535,000
Claims and other expenses incurred – during year		7,059,680	6,783,533
Claims paid – during year		(7,059,680)	(6,783,533)
Claims payable – end of year	$	535,000	535,000

(12) Operating Lease Commitments

The College leases a building on its Grayslake campus to an agency of the State of Illinois and an agency of the County. The State lease is in a renewal term of four years which expires November 30, 2012. The lease with the County agency has a four year term which expires October 31, 2012. The book value of the leased building at June 30, 2011 and 2010 is $2,061,914 and $2,117,475, 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, 2011 and 2010 was $20,000. Deferred revenue related to the lease was $860,000 and $880,000 at June 30, 2011 and 2010, respectively. The College also leases space in this building to the County of Lake. The lease is for a five year term which expires June 30, 2014. The monthly lease rental is adjusted annually based on the consumer price index.

The following schedule lists, by year, the future minimum rental due to the College under the various leases at June 30, 2011:

Year ending June 30:	2012	$	465,406
	2013		286,977
	2014		167,160
	Total	$	919,543

(13) Expenses by Natural Classification

Expenses are reported in the statements of revenues, expenses, and changes in net assets by functional classification. The College's operating expenses by natural classification for the years ended June 30, 2011 and 2010 are as follows:

		2011	2010
Natural classification of total expenses:			
Salaries	$	60,418,723	58,162,606
Benefits		23,617,666	22,920,728
Contractual services		6,977,480	7,075,113
Materials and supplies		11,193,478	12,145,372
Travel and meetings		855,930	820,554
Fixed charges		1,848,229	1,783,496
Utilities		3,173,901	3,317,603
Interest		422,128	504,788
Depreciation		4,245,907	4,151,105
Other		9,414,193	9,803,847
Total expenses	$	122,167,635	120,685,212

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

Required Supplementary Information

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532
Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress
June 30, 2011

Actuarial Valuation Date July 1,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percent Funded (1) / (2)	(4) Unfunded Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2010	$ -	$ 11,720,553	0.0%	$ 11,720,553	$ 34,667,712	33.8%
2009	-	13,560,889	0.0%	13,560,889	37,481,179	36.2%
2008	-	13,025,082	0.0%	13,025,082	36,389,494	35.8%
2007	N/A	N/A	N/A	N/A	N/A	N/A

The College implemented GASB 45 in the fiscal year ended June 30, 2009 report.
There is no informantion available for the preceding years.
Further details on Postemployment benefits can be found in Note 9 of the financial statements.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions
June 30, 2011

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percent Contributed
2011	$ 748,661	$ 1,307,777	57.2%
2010	713,182	1,604,895	44.4%
2009	637,797	1,535,624	41.5%
2008	N/A	N/A	N/A

The College implemented GASB 45 in the fiscal year ended June 30, 2009 report.
There is no informantion available for the preceding years.
Further details on Postemployment benefits can be found in Note 9 of the financial statements.

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

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

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

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

Table 1

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Net Assets by Component (Unaudited)

Last Five Fiscal Years

	2011	2010	2009	2008	2007
Invested in capital assets, net of related debt	$ 88,244,604	88,360,119	89,508,677	88,952,883	89,839,524
Restricted for:					
Working cash	17,550,000	17,550,000	17,550,000	17,550,000	17,550,000
Debt service	3,821,509	3,683,898	3,638,451	3,476,226	3,273,884
Capital projects	754,227	1,063,084	1,090,977	1,091,225	1,087,520
Other	698,222	601,233	1,083,162	1,112,681	1,543,755
Unrestricted	36,353,877	22,264,025	13,963,221	11,169,617	6,515,345
Total net assets	$ 147,422,439	133,522,359	126,834,488	123,352,632	119,810,028

Table 2

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Changes in Net Assets (Unaudited)

Last Five Fiscal Years

	2011	2010	2009	2008	2007
Operating revenues:					
Student tuition and fees	$ 31,341,476	27,687,389	24,431,056	22,068,220	19,230,727
Less scholarship allowances	(7,585,139)	(5,040,088)	(3,438,360)	(2,451,962)	(2,514,675)
Net student tuition and fees	23,756,337	22,647,301	20,992,696	19,616,258	16,716,052
Auxiliary enterprises	10,713,481	11,067,046	10,539,065	10,080,324	9,080,086
Other operations	1,478,186	1,328,725	1,921,201	1,728,044	4,175,887
Total operating revenues	35,948,004	35,043,072	33,452,962	31,424,626	29,972,025
Operating expenses:					
Education and general:					
Instruction	48,268,132	46,853,367	40,662,025	37,675,261	33,738,179
Academic support	5,464,060	5,506,810	5,418,601	4,942,062	4,829,196
Student services	8,136,053	7,861,672	7,416,388	6,344,790	6,083,190
Public service	7,575,936	6,426,550	7,127,721	5,807,824	7,614,717
Institutional support	21,841,211	21,549,383	22,160,018	21,005,231	21,575,050
Operations and maintenance of plant	8,897,716	9,557,706	9,214,707	8,785,206	8,090,545
Financial aid	6,587,783	7,349,762	2,478,091	1,945,642	2,002,225
Depreciation	4,245,907	4,151,105	4,393,484	4,254,000	4,289,978
Auxiliary enterprises	10,728,709	10,924,069	10,003,106	10,236,270	7,420,792
Total operating expenses	121,745,507	120,180,424	108,874,141	100,996,286	95,643,872
Operating loss	(85,797,503)	(85,137,352)	(75,421,179)	(69,571,660)	(65,671,847)
Nonoperating revenues (expenses):					
Local property taxes	58,363,768	57,133,098	55,125,615	52,163,382	48,818,356
Personal property replacement tax	1,238,741	955,215	1,180,747	1,349,780	1,262,216
State appropriations	24,581,121	20,282,045	15,655,068	13,807,432	12,559,165
Federal grants and contracts	14,874,344	12,736,502	5,716,530	4,046,087	4,243,973
Local grants and contracts	951,778	1,067,360	1,138,575	1,134,897	1,521,415
Investment income	109,959	155,791	679,593	1,246,168	1,156,004
Interest expense	(422,128)	(504,788)	(593,093)	(846,068)	(598,183)
Net nonoperating revenues (expenses)	99,697,583	91,825,223	78,903,035	72,901,678	68,962,946
Increase (decrease) before capital contributions	13,900,080	6,687,871	3,481,856	3,330,018	3,291,099
State capital appropriations	—	—	—	212,586	370,059
Increase in net assets	$ 13,900,080	6,687,871	3,481,856	3,542,604	3,661,158

Table 3

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

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

Last Ten Fiscal Years

Fiscal year ended June 30,	Levy year		Residential property	Commercial property	Industrial property	Farm & other property	Total taxable assessed value	Total direct tax rate	Estimated actual taxable value	Assessed value as a percentage of actual value	
2011	2010	$	22,224,909,605	3,844,218,020	1,027,794,240	158,160,815	27,255,082,680	0.218	81,765,248,040	33.33	%
2010	2009		23,479,024,924	3,977,027,085	1,051,356,708	155,323,495	28,662,732,212	0.200	85,988,196,636	33.33	
2009	2008		23,786,834,186	3,980,347,903	1,047,235,622	153,386,437	28,967,804,148	0.196	86,903,412,444	33.33	
2008	2007		22,992,716,946	3,799,304,015	988,337,508	143,089,901	27,923,448,370	0.192	83,770,345,110	33.33	
2007	2006		21,428,065,407	3,463,978,017	932,383,121	141,859,575	25,966,286,120	0.195	77,898,858,360	33.33	
2006	2005		19,610,105,688	3,280,579,317	885,271,430	135,072,902	23,911,029,337	0.197	71,733,088,728	33.33	
2005	2004		17,757,398,911	3,069,446,188	851,317,368	127,167,862	21,805,330,329	0.200	65,415,991,641	33.33	
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	

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

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

Source: Lake County Clerk's Office.

Table 4

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Years

(rate per $100 of assessed value)

	Year Taxes are Payable									
	2011	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
College direct rates										
Bonds	$ 0.006	0.005	0.006	0.006	0.007	0.007	0.008	0.008	0.010	0.009
Educational	0.148	0.132	0.129	0.128	0.128	0.128	0.129	0.129	0.130	0.129
Medicare	-		0.001	0.001	0.001	0.001	0.001	0.001	0.002	0.003
Operation & maintenance	0.062	0.061	0.057	0.054	0.056	0.058	0.058	0.059	0.059	0.060
Operation & maintenance (restricted)	-	-	-	-	-	-	-	-	-	-
Health & safety	-	-	-	-	-	-	-	-	0.002	0.004
Tort judgement & liability insurance	0.002	0.002	0.003	0.003	0.003	0.003	0.004	0.004	0.005	0.006
Audit	-	-	-	-	-	-	-	-	-	-
Total direct rate	0.218	0.200	0.196	0.192	0.195	0.197	0.200	0.201	0.208	0.211
Lake County rate	0.505	0.464	0.453	0.444	0.450	0.454	0.465	0.490	0.502	0.516
Lake County Forest Preserves rate	0.198	0.200	0.199	0.201	0.204	0.210	0.219	0.225	0.232	0.221
Elementary School rates	1.095-4.879	0.998 - 4.423	0.965 - 4.403	0.944 - 4.330	0.964 - 4.296	1.013 - 3.670	1.051 - 4.137	1.101 - 3.679	1.152 - 3.836	0.088 - 3.998
Unit School rates	3.438-6.921	3.272 - 5.986	3.064 - 5.691	3.023 - 5.639	3.386 - 5.834	3.246 - 5.872	3.401 - 5.941	3.200 - 5.938	3.353 - 5.960	3.733 - 5.440
High School rates	1.101-3.497	1.069 - 3.195	1.001 - 3.066	0.959 - 3.746	0.961 - 3.136	0.965 - 3.197	1.003 - 3.233	1.045 - 3.061	1.092 - 2.798	1.157 - 2.772
Township rates	0.033-0.372	0.031 - 0.364	0.029 - 0.372	0.028 - 0.368	0.029 - 0.375	0.029 - 0.359	0.028 - 0.355	0.027 - 0.355	0.028 - 0.357	0.029 - 0.348
Sanitary District rates	0.000-0.216	0.000- 0.194	0.000- 0.192	0.000- 0.186	0.030 - 0.187	0.031 - 0.191	0.028 - 0.198	0.029 - 0.198	0.030 - 0.209	0.035 - 0.216
Park District rates	0.000-0.767	0.000 - 0.703	0.000 - 0.707	0.019 - 0.707	0.019 - 0.728	0.019 - 0.711	0.019 - 0.730	0.019 - 0.791	0.019 - 0.763	0.020 - 0.689
Library District rates	0.170-0.450	0.161 - 0.452	0.150 - 0.477	0.152 - 0.433	0.161 - 0.436	0.155 - 0.438	0.170 - 0.452	0.173 - 0.451	0.172 - 0.446	0.179 - 0.472
Fire District rates	0.111-0.754	0.105 - 0.707	0.124 - 0.677	0.121 - 0.652	0.128 - 0.674	0.136 - 0.690	0.142 - 0.709	0.141 - 0.779	0.148 - 0.698	0.155 - 0.716
City & Village rates	0.000-2.954	0.000 - 2.616	0.000 - 2.491	0.000 - 2.446	0.012 - 2.123	0.013 - 2.060	0.012 - 1.605	0.012 - 1.613	0.012 - 1.597	0.012 - 1.449
Special Service Area rates	0.013-15.414	0.029 - 8.651	0.029 - 10.130	0.029 - 15.221	0.014 - 15.877	5.714 - 10.809	5.832 - 10.886	5.676 - 11.014	4.253 - 10.862	5.748 - 10.564

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

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

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

Source: Lake County Clerk

Table 5

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Principal Property Tax Payers (Unaudited)

Current Levy Year and Seven Years Ago

	2010			2003		
Taxpayer	**Taxable assessed value [a] [b]**	**Rank**	**Percentage of total district taxable assessed value [a]**	**Taxable assessed value [a] [b]**	**Rank**	**Percentage of total district taxable assessed value [a]**
Abbott Laboratories	$ 172,987,362	1	0.60 %	$ 167,305,939	1	0.82 %
Gurnee Mills	53,815,372	2	0.19	—	-	-
Discover Properties LLC	45,454,923	3	0.16	—	-	-
Midwest Family Housing LLC	40,424,333	4	0.14	—	-	-
Van Vlissingen & Co	38,885,591	5	0.14	75,937,403	2	0.37
Marvin F Poer & Company	33,864,282	6	0.12	—	-	-
JBC Funds Parkway North LLC	32,276,631	7	0.11	—	-	-
Baxter Healthcare Corp	29,461,064	8	0.10	34,245,621	6	0.17
Long Ridge Office Portfolio LP	29,217,672	9	0.10	—	-	-
Takeda Pharmaceuticals North America	28,994,016	10	0.10	—	-	-
The Mills Corporation	—	-	-	49,434,923	3	0.24
Carramerica Realty LP	—	-	-	47,801,739	4	0.23
Hewitt Properties III, LLC	—	-	-	41,992,495	5	0.21
Motorola	—	-	-	31,998,441	7	0.16
Property Tax Services Co.	—	-	-	27,728,290	8	0.14
W.W. Grainger, Inc.	—	-	-	26,850,192	9	0.13
Allegiance Healthcare Corp.	—	-	-	26,211,300	10	0.13
	$ 505,381,246		1.76 %	$ 529,506,343		2.60 %

[a] Includes only the parcels with equalized assessed valuations of over $5,000,000.

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

Source: Lake County Clerk's Office

Table 6

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years

Fiscal year ended June 30	Levy year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years[a]	Total collections to date	
			Amount	Percentage of levy		Amount	Percentage of levy
2011	2010	$ 59,416,080	29,491,153	49.63 %	$ —	29,491,153	49.63
2010	2009	57,325,464	57,199,885	99.78	—	57,199,885	99.78
2009	2008	56,776,896	56,627,879	99.74	—	56,627,879	99.74
2008	2007	53,613,021	53,467,319	99.73	—	53,467,319	99.73
2007	2006	50,634,258	50,549,528	99.83	—	50,549,528	99.83
2006	2005	47,104,728	46,911,144	99.59	—	46,911,144	99.59
2005	2004	43,610,661	43,497,924	99.74	—	43,497,924	99.74
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

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

[a] Prior year taxes collected are immaterial and not reported to the College by year.

Source: Lake County Treasurer's Office

Table 7

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Ratios of Outstanding Debt by Type (Unaudited)

Last Ten Fiscal Years

Fiscal year		General Obligation Limited Tax Funding Bonds	General Obligation Limited Tax Debt Certificates	Capital Appreciation Limited Tax Bonds	General Obligation Bonds - Alternate Revenue Source	Total	Percentage of taxable assessed value of property[a]	Per FTE student count[b]
2011	$	6,920,000	2,515,000	—	—	9,435,000	0.035%	946
2010		7,000,000	3,235,000	1,000,000	—	11,235,000	0.039%	1,133
2009		7,210,000	3,925,000	2,010,000	320,000	13,465,000	0.046%	1,570
2008		7,405,000	4,560,000	3,025,000	615,000	15,605,000	0.056%	1,902
2007		7,595,000	5,140,000	4,040,000	895,000	17,670,000	0.068%	2,154
2006		7,650,000	3,165,000	5,185,000	1,155,000	17,155,000	0.072%	2,096
2005		7,700,000	3,385,000	6,535,000	1,390,000	19,010,000	0.087%	2,383
2004		3,250,000	3,385,000	7,885,000	2,050,000	16,570,000	0.081%	2,131
2003		3,250,000	3,385,000	9,235,000	3,305,000	19,175,000	0.102%	2,671
2002		3,250,000	—	10,585,000	4,485,000	18,320,000	0.106%	2,765

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

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

[b] See Table 11 for FTE Student Count.

Table 8

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Ratios of General Bonded Debt Outstanding (Unaudited)

Last Ten Fiscal Years

Fiscal year	Net general bonded debt	Population	Percentage of taxable assessed value of property[a]	Net bonded debt per capita
2011	$ 9,435,000	703,462	0.035%	$ 13.41
2010	11,235,000	712,567	0.039%	15.77
2009	13,465,000	707,622	0.046%	19.03
2008	15,605,000	702,479	0.056%	22.21
2007	17,670,000	698,305	0.068%	25.30
2006	17,155,000	691,815	0.072%	24.80
2005	19,010,000	684,394	0.087%	27.78
2004	16,570,000	676,086	0.081%	24.51
2003	19,175,000	671,443	0.102%	28.56
2002	18,320,000	660,454	0.106%	27.74

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

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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years

Fiscal year	Levy year	Assessed valuation	Bond debt limit*	Amount of debt applicable to debt limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2011	2010	$ 27,255,082,680	783,583,627	9,435,000	774,148,627	1.20%
2010	2009	28,662,732,212	824,053,551	11,235,000	812,818,551	1.36%
2009	2008	28,967,804,148	832,824,369	13,465,000	819,359,369	1.62%
2008	2007	27,923,448,370	802,799,141	15,605,000	787,194,141	1.94%
2007	2006	25,966,286,120	746,530,726	17,670,000	728,860,726	2.37%
2006	2005	23,911,029,337	687,442,093	17,155,000	670,287,093	2.50%
2005	2004	21,805,330,329	626,903,247	19,010,000	607,893,247	3.03%
2004	2003	20,394,958,464	586,355,056	16,570,000	569,785,056	2.83%
2003	2002	18,732,687,467	538,564,765	19,175,000	519,389,765	3.56%
2002	2001	17,249,816,445	495,932,223	18,320,000	477,612,223	3.69%

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

Table 10

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Pledged Revenue Coverage (Unaudited)

Last Ten Fiscal Years

	Alternate Revenue Bonds[a]				Alternate Revenue Bonds[b]			
		Debt Service				Debt Service		
Fiscal Year	Available Revenue	Principal	Interest	Coverage	Available Revenue	Principal	Interest	Coverage
2011	$ —	—	—	—	$ —	—	—	—
2010	409,200	320,000	7,360	1.25	—	—	—	—
2009	395,400	295,000	21,358	1.25	—	—	—	—
2008	392,800	280,000	34,225	1.25	—	—	—	—
2007	382,700	260,000	46,175	1.25	—	—	—	—
2006	371,900	235,000	62,500	1.25	—	—	—	—
2005	365,600	210,000	82,495	1.25	604,125	450,000	33,300	1.25
2004	363,700	195,000	95,991	1.25	1,463,350	1,060,000	110,680	1.25
2003	354,700	180,000	103,727	1.25	1,478,975	1,000,000	183,180	1.25
2002	351,000	170,000	110,818	1.25	1,568,975	1,000,000	255,180	1.25

[a] Pledged Revenues consist of lease payments received by the College from the lease of the Series 1998A Project (rented to an agency of the State of Illinois). Although these rents are sufficient to pay the debt service, net bookstore revenues are pledged to the extent needed to provide the 1.25 coverage rate (Fiscal years 2001-2008). Bond repaid in full at June 30, 2010.

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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Student Enrollment Demographic Statistics (Unaudited)

Last Ten Fiscal Years

Fall Term	Enrollment		Gender		Attendance		Enrollment Status			In-District Residency	Average Age
	Headcount	FTE	Male	Female	Full-time	Part-time	New	Continuing	Returning		
2010	18,091	9,975	7,895	10,088	5,678	12,413	4,966	10,028	3,097	94%	28.7
2009	18,092	9,920	7,898	10,084	6,461	11,631	5,437	9,438	3,217	93%	28.9
2008	16,359	8,912	6,994	9,303	5,192	11,167	5,082	8,446	2,831	94%	28.6
2007	16,010	8,578	6,722	9,226	4,892	11,118	4,830	8,360	2,820	94%	28.7
2006	15,558	8,203	6,604	8,874	4,611	10,947	4,923	7,965	2,670	93%	28.6
2005	15,745	8,184	6,699	8,956	4,514	11,231	4,925	7,884	2,936	93%	28.7
2004	15,866	7,979	6,735	9,012	4,357	11,509	5,075	7,937	2,854	93%	28.8
2003	15,828	7,777	6,689	9,079	4,106	11,722	5,172	7,728	2,928	91%	29.1
2002	15,457	7,180	6,539	8,857	3,829	11,628	5,027	7,448	2,982	89%	29.8
2001	14,385	6,626	6,284	8,044	3,514	10,871	4,695	6,729	2,961	89%	32.2

Table 12

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Reimbursable Claimed Hours (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Baccalaureate	Business	Technical	Health	Remedial	Adult Basic Secondary Education	Total
2011	175,907	16,931	27,620	19,749	26,098	34,632	300,936
2010	172,894	16,706	26,774	20,182	24,940	40,631	302,127
2009	154,132	14,176	22,027	16,570	21,098	39,156	267,159
2008	145,866	13,124	21,509	14,516	19,814	36,633	251,462
2007	144,067	13,512	20,203	12,911	20,612	33,332	244,637
2006	140,008	12,354	19,370	11,905	20,968	28,047	232,652
2005	138,408	10,605	21,807	12,094	18,972	24,871	226,756
2004	137,952	10,686	22,986	12,474	20,206	21,658	225,961
2003	130,937	10,528	24,048	11,177	18,706	19,184	214,580
2002	119,585	8,940	26,033	10,518	17,431	18,096	200,603

Amounts are based on midterm enrollment.

Table 13

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Principal Employers (Unaudited)

Current Year

	2011		
Employer	**Employees[a]**	**Rank**	**Percentage of total County employees[a]**
Department of the Navy	26,200	1	7.07%
Abbott Laboratories	13,000	2	3.51%
AON/Hewitt	4,700	3	1.27%
Baxter International Inc.	4,500	4	1.21%
WW Grainger, Inc.	3,610	5	0.97%
Discover Financial Services, Inc.	3,500	6	0.94%
Motorola Inc.	3,400	7	0.92%
Vista Hospitals	2,850	8	0.77%
LaCosta Facility Support Services	2,800	9	0.76%
CDW Corp	2,500	10	0.67%
	67,060		18.09%

[a] Civilian only.

Source: Lake County Planning, Building and Development Department

2002 data (nine years ago) is not available per the Lake County Clerk's Office.

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 2010 (note 1):	703,462
Percentage change from 2000 census	9.2%
Employment in District (note 2):	
Labor force, civilian (June 2011)	370,479
Unemployment rate (June 2011)	8.5%

Communities in District (note 3):

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Enrollment (Fall Semester, based on 10th day enrollment) (note 4):										
Total headcount	18,091	18,092	16,359	16,010	15,558	15,745	15,866	15,828	15,457	14,385
Percent change	-0.01%	10.59%	2.18%	2.91%	-1.19%	-0.76%	0.24%	2.40%	7.45%	-0.39%
Total student semester hours	149,623	148,807	133,683	128,674	123,047	122,756	119,692	116,658	107,694	99,389
Total FTE semester hours	9,975	9,920	8,912	8,578	8,203	8,184	7,979	7,777	7,180	6,626
Percent change	0.55%	11.31%	3.89%	4.57%	0.23%	2.57%	2.60%	8.31%	8.36%	3.99%
Total seats taken	46,940	47,387	42,671	40,891	38,507	38,308	37,406	36,687	33,908	33,638
Percent change	-0.94%	11.05%	4.35%	6.19%	0.52%	2.41%	1.96%	8.20%	0.80%	4.65%
Degrees and certificates awarded (note 5):										
A.A., A.S., and A.E.S.	706	648	586	600	515	567	559	500	538	530
A.A.S.	377	423	381	341	316	305	330	320	296	290
A.F.A./A.P.	2	1	2	-	-	-	1	1	1	-
Certificates	926	910	800	930	998	944	1,044	993	709	699
Total, degrees/certificates	2,011	1,982	1,769	1,871	1,829	1,816	1,934	1,814	1,544	1,519
College Workforce (Fall semester) (note 6):										
Faculty/academic support	976	963	1,075	834	832	810	794	827	977	788
Administrators	59	60	59	54	50	50	50	53	57	60
Prof./Tech.	196	184	195	172	167	140	132	135	136	135
Clerical	160	150	114	110	110	104	106	105	107	138
Maintenance and others	141	148	156	144	148	149	138	137	135	78
% Women*	59%	60%	58%	57%	57%	56%	61%	57%	56%	60%
% Minorities*	21%	29%	20%	20%	20%	20%	27%	18%	15%	20%

* Excludes part-time faculty

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

Notes:

1. From U.S. Department of Commerce, U.S. Bureau of Census website.
2. From Illinois Department of Employment Security, Local Area Unemployment Statistics.
3. From Lake County Planning, Building and Development website.
4. From College of Lake County Institutional Effectiveness, Research and Planning, Fact Files.
5. From College of Lake County Office of Institutional Effectiveness, Research and Planning, Graduate Extract Files
6. From Illinois Community College Board CI (Faculty, Staff, and Salary) Datafile.

Schedule 1

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

All Funds Summary
Uniform Financial Statement Number 1

Year ended June 30, 2011

	Education Fund	O & M Fund	O & M Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Agency Fund	Audit Fund	Liability Protection and Settlement Funds	Insurance Reserve Fund	Total
Fund balance (deficit) at June 30, 2010	$ 12,251,594	6,836,461	6,437,965	3,683,898	1,702,818	(278,931)	17,663,493	322,788	12,559	(56,884)	—	48,575,761
Revenues:												
Local tax revenue	39,081,542	17,189,072	—	1,534,047	—	—	—	—	—	559,108	—	58,363,769
All other local revenue	25,663	—	—	—	—	1,282,313	—	—	—	—	—	1,307,976
ICCB grants	8,445,243	—	—	—	—	1,497,945	—	—	—	—	—	9,943,188
All other state revenue	1,238,741	—	—	—	—	2,955,897	—	—	—	—	—	4,194,638
Federal revenue	—	—	—	—	—	14,874,344	—	—	—	—	—	14,874,344
Student tuition and fees	27,911,740	—	2,855,722	—	—	623,850	—	904,073	—	—	—	32,295,385
All other revenue	166,085	58,887	507,146	—	12,306,245	2,411,556	47,871	39,555	—	—	—	15,537,345
Total revenues	76,869,014	17,247,959	3,362,868	1,534,047	12,306,245	23,645,905	47,871	943,628	—	559,108	—	136,516,645
Expenditures:												
Instruction	37,703,344	—	—	—	—	—	—	—	—	—	—	37,703,344
Academic support	4,477,268	—	—	—	—	—	—	—	—	—	—	4,477,268
Student services	6,472,607	197,442	—	—	—	—	—	742,883	—	—	—	7,412,932
Public service	1,961,532	—	—	—	—	5,501,399	—	—	—	—	—	7,462,931
Auxiliary services	—	—	—	—	11,123,310	—	—	—	—	—	—	11,123,310
Operations and maintenance	—	7,911,539	—	—	—	—	—	—	—	—	—	7,911,539
Institutional support	18,323,997	4,351,660	4,152,649	1,396,436	—	—	—	—	191,315	667,902	—	29,083,959
Scholarships and student grants	127,290	—	—	—	—	16,920,231	—	—	—	—	—	17,047,521
Total expenditures	69,066,038	12,460,641	4,152,649	1,396,436	11,123,310	22,421,630	—	742,883	191,315	667,902	—	122,222,804
Other financing sources (uses):												
Net transfers	(172,129)	(2,738,000)	1,538,000	—	—	—	(47,871)	—	220,000	—	1,200,000	—
Total other financing sources (uses)	(172,129)	(2,738,000)	1,538,000	—	—	—	(47,871)	—	220,000	—	1,200,000	—
Fund balance (deficit) at June 30, 2011	$ 19,882,441	8,885,779	7,186,184	3,821,509	2,885,753	945,344	17,663,493	523,533	41,244	(165,678)	1,200,000	62,869,602

Schedule 2

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Summary of Capital Assets and Debt
Uniform Financial Statement Number 2

Year ended June 30, 2011

	Capital asset/ debt account groups June 30, 2010	Additions	Deletions	Capital asset/ debt account groups June 30, 2010
Fixed assets:				
Sites and improvements	$ 13,146,746	469,364	—	13,616,110
Buildings, additions, and improvements	124,539,943	1,081,762	—	125,621,705
Construction work in progress	—	—	—	—
Equipment, furniture, and machinery	22,667,663	1,229,306	(536,980)	23,359,989
Fixed assets	160,354,352	2,780,432	(536,980)	162,597,804
Accumulated depreciation	(61,125,547)	(4,245,907)	524,055	(64,847,399)
Net fixed assets	$ 99,228,805	(1,465,475)	(12,925)	97,750,405
Fixed debt:				
Bonds payable	$ 11,235,000	—	(1,800,000)	9,435,000
Total fixed liabilities	$ 11,235,000	—	(1,800,000)	9,435,000

The College has no tax anticipation warrants or notes outstanding at June 30, 2011.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3

Year ended June 30, 2011

	Education Fund	O&M Fund	Total Operating
Operating revenues by source:			
Local government:			
Current taxes	$ 39,081,542	17,189,072	56,270,614
Charge-back revenue	25,663	—	25,663
Total local government	39,107,205	17,189,072	56,296,277
State government:			
ICCB credit hour grants	8,213,960	—	8,213,960
Corporate personal property replacement taxes	1,238,741	—	1,238,741
Vocational education and other	231,283	—	231,283
Total state government	9,683,984	—	9,683,984
Federal government:			
American Recovery and Reinvestment Act	—	—	—
Total federal government	—	—	—
Student tuition and fees:			
Tuition and fees	27,911,740	—	27,911,740
Total student tuition and fees	27,911,740	—	27,911,740
Other sources:			
Investment revenue	52,393	—	52,393
Other	113,692	58,887	172,579
Transfers	47,871	—	47,871
Total other sources	213,956	58,887	272,843
Total revenue	76,916,885	17,247,959	94,164,844
Less nonoperating items*:			
Tuition charge-back revenue	25,663	—	25,663
Transfers from nonoperating funds	47,871	—	47,871
Adjusted revenue	$ 76,843,351	17,247,959	94,091,310

(Continued)

Schedule 3

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3

Year ended June 30, 2011

		Education Fund	O&M Fund	Total Operating
Operating expenditures:				
Instruction	$	37,703,344	—	37,703,344
Academic support		4,477,268	—	4,477,268
Student services		6,472,607	197,442	6,670,049
Public service		1,961,532	—	1,961,532
Auxiliary services		—	—	—
Operations and maintenance		—	7,911,539	7,911,539
Institutional support		18,323,997	4,351,660	22,675,657
Scholarships and student grants		127,290	—	127,290
Transfers		—	2,738,000	2,738,000
Total operating expenditures by program		69,066,038	15,198,641	84,264,679
Less nonoperating items*:				
Tuition charge-back		—	—	—
Transfers to nonoperating funds		—	2,738,000	2,738,000
Adjusted expenditures	$	69,066,038	12,460,641	81,526,679
By object:				
Salaries	$	49,921,600	4,476,391	54,397,991
Employee benefits		8,611,020	1,542,775	10,153,795
Contractual services		3,333,507	1,253,360	4,586,867
General materials and supplies		2,999,921	971,752	3,971,673
Conference and meeting expense		572,856	20,644	593,500
Fixed charges		1,103,783	514,563	1,618,346
Utilities		—	3,173,901	3,173,901
Capital outlay		110,809	483,433	594,242
Other		2,412,542	23,822	2,436,364
Transfers		220,000	2,738,000	2,958,000
Total operating expenditures by object		69,286,038	15,198,641	84,484,679
Less nonoperating items*:				
Transfers to nonoperating funds		220,000	2,738,000	2,958,000
Adjusted expenditures	$	69,066,038	12,460,641	81,526,679

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

Schedule 4

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Restricted Purpose Fund Revenues and Expenditures
Uniform Financial Statement Number 4

Year ended June 30, 2011

		Restricted Purposes Fund
Revenue by source:		
Local government:		
Other local government	$	1,282,313
Total local government		1,282,313
State government:		
ICCB – Shifting Gears - CNC Bridge Grant		—
ICCB – Student Success Grant		476,729
ICCB – Workforce Development Grants		95,722
ICCB – State Adult Education Grant		887,745
ICCB – Career and Technical Education – Program Improvement Grant		37,749
Other		2,955,897
Total state government		4,453,842
Federal government:		
U.S. Department of Education		13,548,693
Other		1,325,651
Total federal government		14,874,344
Student tuition and fees:		
Tuition and fees		574,014
Other sources:		
Investment revenue		1,571
Other		2,459,821
Total other sources		2,461,392
Total restricted purposes fund revenues	$	23,645,905

(Continued)

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Restricted Purpose Fund Revenues and Expenditures
Uniform Financial Statement Number 4

Year ended June 30, 2011

	Restricted Purposes Fund
Restricted purposes fund expenditures, by program:	
Public services	$ 5,501,399
Scholarships and student grants	16,920,231
Total restricted purposes fund expenditures, by program	$ 22,421,630
Restricted purposes fund expenditures, by object:	
Salaries	$ 2,737,852
Employee benefits	497,098
Contractual services	718,409
General materials and supplies	396,911
Travel and conference/meeting expenses	175,167
Utilities	—
Fixed charges	40,407
Capital outlay	191,647
Other	17,664,139
Total restricted purposes fund expenditures, by object	$ 22,421,630

Schedule 5

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

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

Year ended June 30, 2011

Instruction:		
Instructional programs	$	35,323,034
Other		2,380,311
Total instruction		37,703,345
Academic support:		
Library center		1,996,357
Instructional materials center		274,293
Education media center		39,100
Academic computing support		728,912
Academic administration and planning		191,275
Other		1,247,331
Total academic support		4,477,268
Student services:		
Admission and records		1,173,711
Counseling and career services		2,537,916
Financial aid administration		641,784
Other		2,316,638
Total student services		6,670,049
Public service:		
Community education		5,018,899
Customized training		174,000
Community services		1,650,366
Other		619,188
Total public services		7,462,453
Auxiliary services		11,123,310
Operations and maintenance:		
Maintenance		1,778,647
Custodial services		2,453,550
Grounds		567,745
Transportation		50,239
Utilities		2,763,427
Administration		297,931
Total operations and maintenance	$	7,911,539

(Continued)

Schedule 5

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

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

Year ended June 30, 2011

Institutional support:		
Executive management	$	1,926,708
Fiscal operations		622,770
Community relations		1,983,381
Administrative support		1,986,512
Board of trustees		284,293
General institutional		16,209,302
Institutional research		615,675
Administrative data processing		3,796,681
Other		262,200
Total institutional support		27,687,522
Scholarships, student grants, and waivers		17,047,999
Total current funds expenditures	$	120,083,485

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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Certification of Chargeback Reimbursement

Fiscal year 2012

All fiscal year 2011 noncapital audited operating expenditures from the following funds:		
1. Education Fund	$	68,955,228
2. Operations and Maintenance Fund		11,977,208
3. Operations and Maintenance Fund (Restricted)		1,379,666
4. Bond and Interest Fund		1,396,436
5. Public Building Commission Rental Fund		—
6. Restricted Purposes Fund		22,229,983
7. Audit Fund		191,315
8. Liability, Protection, and Settlement Fund		667,902
9. Auxiliary Enterprise Fund (Subsidy Only)		—
10. Total noncapital audited expenditures		106,797,738
11. Plus depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds		3,378,099
12. Total costs included		110,175,837
13. Total certified semester credit hours for FY 2011		300,936.0
14. Per capita cost		366.11
15. All FY 2011 state and federal operating grants for noncapital expenditures, except ICCB grants		20,507,346
16. Less FY 2011 state and federal grants per semester credit hour		68.15
17. Less each district's average ICCB grant rate for fiscal year 2011		27.53
18. Less each district's student tuition per semester credit hour for fiscal year 2012		109.00
19. Equals charge-back reimbursement per semester credit hour	$	161.43

Approved: */s/ David T. Agazzi* — October 13, 2011
Vice-President for Administrative Affairs — Date

Approved: */s/ Girard W. Weber* — October 13, 2011
President — Date

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of the College of Lake County, Community College District No. 532 (the College) Workforce Development (Business/Industry), State Adult Education (State Basic, Public Assistance, and State Performance), Career and Technical Education – Program Improvement Grants and Tech Prep Support Grants (Grant Programs), and Student Success Grant as of June 30, 2011, and the related statements of revenues, expenditures, and changes in fund balances for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College's Workforce Development (Business/Industry), State Adult Education (State Basic, Public Assistance, and State Performance), Career and Technical Education – Program Improvement Grants and Tech Prep Support Grants, and Student Success Grant as of June 30, 2011, and the revenues, expenditures, and changes in fund balances for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was made for the purpose of forming opinions on the basic financial statements taken as a whole for each of the grant programs referred to in the first paragraph. The supplementary information included on pages 68 and 71 is presented for purposes of additional analysis and are not a required part of the basic financial statements of the Workforce Development (Business/Industry), and State Adult Education (State Basic, Public Assistance, and State Performance) Grant programs. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements of the Workforce Development (Business/Industry), State Adult Education (State Basic, Public Assistance, and State Performance) Grant programs taken as a whole.

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

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
October 13, 2011

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF GRANT PROGRAM FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the accompanying financial statements of the College of Lake County, Community College District No. 532 (the College) Workforce Development (Business/Industry), State Adult Education (State Basic, Public Assistance, and State Performance), and Career and Technical Education – Program Improvement Grants and Tech Prep Support Grants (Grant Programs), as of and for the year ended June 30, 2011, and have issued our report thereon dated the same date as this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board *Fiscal Management Manual*.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
October 13, 2011

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Workforce Development (Business/Industry) Grant Program

Balance Sheet

June 30, 2011

Assets

Accounts receivable	$	95,722

Liabilities and Fund Balance

Liabilities		
Due to other funds	$	95,722
Fund balance		—
Total liabilities and fund balance	$	95,722

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, 2011

Revenues:	
State sources	$ 95,722
Expenditures:	
Current year's grant:	
Salaries	—
Employee benefits	—
Contractual services	85,722
Materials and supplies	3,000
Conference and meeting	7,000
Capital outlay	—
Total expenditures	95,722
Excess of revenues over expenditures	—
Fund balance at July 1, 2010	—
Fund balance at June 30, 2011	$ —

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, 2011

		Column A	Column B	Column C
		General	**Operation of Workforce Devel. Office**	**Total**
Expenditures:				
1. Personnel (salaries and benefits)**	$	—	—	—
2. Contractual expense		—	85,722	85,722
3. Instructional materials		—	3,000	3,000
4. Instructional equipment*		—	—	—
5. Promotional materials		—	—	—
6. Staff development		—	—	—
7. Conference and meeting expenses		—	7,000	7,000
8. Travel**		—	—	—
9. Costs of operating a business		—	—	—
assistance center/economic		—	—	—
development workforce preparations		—	—	—
offices:		—	—	—
a. Office equipment*		—	—	—
b. Utilities and telephone		—	—	—
c. Consumable supplies		—	—	—
d. Duplicating		—	—	—
e. Facility rental		—	—	—
10. Totals	$	—	95,722	95,722 ***

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

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

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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

State Adult Education Grant Program

Balance Sheet

June 30, 2011

Assets		State Basic	Public Assistance	State Performance	Total
Cash	$	—	—	—	—
Accounts receivable		227,725	111,811	195,177	534,713
Total assets	$	227,725	111,811	195,177	534,713
Liabilities and Fund Balance					
Liabilities					
Due to other funds	$	227,725	111,811	195,177	534,713
Total liabilities		227,725	111,811	195,177	534,713
Fund balance		—	—	—	—
Total liabilities and fund balance	$	227,725	111,811	195,177	534,713

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, 2011

	State Basic	Public Assistance	State Performance	Total
Revenues:				
State sources	$ 385,126	185,886	316,733	887,745
Expenditures – by program:				
Instructional and student services:				
Instruction	195,754	95,634	66,697	358,085
Social work services	—	—	—	—
Guidance services	16,171	32,249	33,609	82,029
Assistive and adaptive equipment	—	—	—	—
Assessment and testing	70,167	15,125	6,277	91,569
Student transportation services	—	—	220	220
Literacy services	24,668	7,239	42,803	74,710
Child care services	—	—	—	—
Total instructional and student services	306,760	150,247	149,606	606,613
Program support:				
Improvement of instructional services	281	—	902	1,183
General administration	34,376	16,451	130,381	181,208
Operation and maintenance of plant services	—	—	—	—
Workforce coordination	21,850	12,109	14,841	48,800
Data and information services	21,859	7,079	21,003	49,941
Approve indirect costs	—	—	—	—
Total program support	78,366	35,639	167,127	281,132
Total expenditures	385,126	185,886	316,733	887,745
Excess of revenues over expenditures	—	—	—	—
Fund balance at July 1, 2010	—	—	—	—
Fund balance at June 30, 2011	$ —	—	—	—

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, 2011

State basic	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	$195,754	51%
General administration (9% maximum allowed)	$34,376	9%
State public assistance	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	$95,634	51%
General administration (9% maximum allowed)	$16,451	9%

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Career and Technical Education – Program Improvement Grant Program

Balance Sheet

June 30, 2011

Assets		
Cash	$	—
Accounts receivable		2,023
Total assets	$	2,023
Liabilities and Fund Balance		
Liabilities		
Due to other funds	$	—
Total liabilities		—
Fund balance		2,023
Total liabilities and fund balance	$	2,023

See accompanying notes to ICCB State Grants financial statements.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Career and Technical Education – Program Improvement Grant Program

Statement of Revenues, Expenditures, and
Changes in Fund Balance

Year ended June 30, 2011

		Total
Revenues:		
State sources	$	37,749
Expenditures:		
Salaries		14,319
Employee benefits		—
Contractual services		—
Materials and supplies		10,379
Conference and meeting		—
Utilities		—
Capital outlay		11,028
Total expenditures		35,726
Excess of revenues over expenditures		2,023
Fund balance at July 1, 2010		—
Fund balance at June 30, 2011	$	2,023

See accompanying notes to ICCB State Grants financial statements.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Career and Technical Education - Tech Prep Support Grant Program

Balance Sheet

June 30, 2011

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

Career and Technical Education - Tech Prep Support Grant Program

Statement of Revenues, Expenditures, and
Changes in Fund Balance

Year ended June 30, 2011

		Total
Revenues:		
State sources	$	50,000
Expenditures:		
Salaries		13,093
Employee benefits		—
Contractual services		11,200
Materials and supplies		13,282
Conference and meeting		5,656
Utilities		—
Capital outlay		6,769
Total expenditures		50,000
Excess of revenues over expenditures		—
Fund balance at July 1, 2010		—
Fund balance at June 30, 2011	$	—

See accompanying notes to ICCB State Grants financial statements.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Student Success Grant Program

Balance Sheet

June 30, 2011

Assets

Cash	$	62,307

Liabilities and Fund Balance

Liabilities	$	—
Fund balance		62,307
Total liabilities and fund balance	$	62,307

See accompanying notes to ICCB State Grants financial statements.

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Student Success Grant Program

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2011

		Total
Revenues:		
State sources	$	476,729
Expenditures:		
Salaries		249,193
Employee benefits		—
Contractual services		35,359
Materials and supplies		20,902
Conference and meeting		—
Utilities		—
Capital outlay		87,149
Other		21,819
Total expenditures		414,422
Excess of revenues over expenditures		62,307
Fund balance at July 1, 2010		—
Fund balance at June 30, 2011	$	62,307

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, 2011

(1) Summary of Significant Accounting Policies

(a) General

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

(b) Basis of Accounting

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

(c) Budget

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

(d) Fixed Assets

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

(2) Background Information on Grant Activity

Unrestricted Grants

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

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

Restricted Grants

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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Grants Programs

Notes to ICCB State Grants Financial Statements

June 30, 2011

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 provides 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.

Student Success Grant

This grant was provided to all Illinois community colleges in FY11. Monies were utilized for costs directly associated with providing services, supplemental instructional materials, and auxiliary aids designed to improve successful transition to postsecondary education, retention, and student learning outcomes for students with social, economic, physical/developmental disabilities and/or academic deficiencies that make it difficult to adapt to a college environment

INDEPENDENT ACCOUNTANTS' REPORT ON THE SCHEDULE OF ENROLLMENT DATA AND OTHERS BASED UPON WHICH CLAIMS ARE FILED

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed, of College of Lake County, Community College District No. 532 (the College) for the year ended June 30, 2011. The Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed is the responsibility of the College's management. Our responsibility is to express an opinion on the schedule based upon our examination.

Our examination was conducted in accordance with attestations standards established by the American Institute of Certified Public Accountants, in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence supporting the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed, in all material respects, is fairly presented in accordance with the provisions of the aforementioned guidelines.

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

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

Crowe Horwath LLP
Crowe Horwath LLP

Oak Brook, Illinois
October 13, 2011

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, 2011

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

	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	28,548.0	—	74,562.0	—	72,797.0	—	175,907.0	—
Business occupational	2,057.0	—	7,028.0	95.0	7,628.0	122.5	16,713.0	217.5
Technical occupational	2,714.5	—	11,217.5	—	13,687.5	—	27,619.5	—
Health occupational	2,709.0	51.0	8,215.0	—	8,774.0	—	19,698.0	51.0
Remedial development	3,395.0	—	11,970.0	—	10,733.0	—	26,098.0	—
Adult basic education/ secondary education	3,942.3	16.5	10,399.5	5,165.0	12,325.0	2,784.0	26,666.8	7,965.5
Total	43,365.8	67.5	123,392.0	5,260.0	125,944.5	2,906.5	292,702.3	8,234.0

	Attending in-district	Attending out-of-district on chargeback or contractual agreement	Total
Semester credit hours (all terms)	291,969.3	1,233.5	293,202.8

	Dual Credit	Dual Enrollment	Total
Reimbursable semester credit hours (all terms)	3,521.0	2,103.0	5,624.0

District 2010 equalized assessed valuation $ 27,255,082,680

/s/ Girard W. Weber
President

/s/ David T. Agazzi
Vice-President for Administrative Affairs

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

(Continued)

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, 2011

Reconciliation of Total Semester Credit Hours

	Total unrestricted credit hours	Total unrestricted credit hours certified to the ICCB	Difference	Total restricted credit hours	Total restricted credit hours certified to the ICCB	Difference
Baccalaureate	175,907.0	175,907.0	—	—	—	—
Business occupational	16,713.0	16,713.0	—	217.5	217.5	—
Technical occupational	27,619.5	27,619.5	—	—	—	—
Health occupational	19,698.0	19,698.0	—	51.0	51.0	—
Remedial development	26,098.0	26,098.0	—	—	—	—
Adult basic education/ adult secondary	26,666.8	26,666.8	—	7,965.5	7,965.5	—
Total	292,702.3	292,702.3	—	8,234.0	8,234.0	—

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

	Total attending	Total attending as certified to the ICCB	Difference
Reimbursable in-district residents	291,969.3	291,969.3	—
Reimbursable out-of-district on charge-back or contractual agreement	1,233.5	1,233.5	—
Total	293,202.8	293,202.8	—

	Total reimbursable	Total reimbursable certified to ICCB	Difference
Dual Credit	3,521.0	3,521.0	—
Dual Enrollment	2,103.0	2,103.0	—
Total	5,624.0	5,624.0	—

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