Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

Community College District No. 532
Grayslake, Illinois

College of Lake County™

College of Lake County
Community College District No. 532

Grayslake, Illinois

Comprehensive Annual Financial Report
June 30, 2013 and 2012

Prepared by:

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Controller

College of Lake County
Community College District No. 532

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College of Lake County

Grayslake Campus

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College of Lake County

September 24, 2013

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

State law, as enacted in the Public Community College Act requires Community Colleges to submit audited financial statements with the Illinois Community College Board (ICCB) by October 15th. The Comprehensive Annual Financial Report (CAFR) for College of Lake County, Community College District No. 532 (the College), County of Lake, State of Illinois, for the fiscal year ended June 30, 2013, is hereby submitted. The report includes the College of Lake County Foundation as a component unit in compliance with Governmental Accounting Standards Board (GASB) Statement No. 39. A more detailed description of the legal entity is contained in the notes to the financial statements in the financial section.

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

McGladrey LLP, a firm of licensed public accountants, has audited the financial statements of the College and has issued an unmodified ("clean") opinion on the College's CAFR for the fiscal year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of the report.

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

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

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

BACKGROUND ON THE COLLEGE

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

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

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

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

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

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

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

MISSION, VISION & GOALS

The College of Lake County's Strategic Planning initiative, updated in Fiscal Year 2012, includes the following mission, vision and goals:

Mission Statement

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

Vision Statement

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

Goals

1. Advance student learning and success.

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

2. Maximize educational opportunity within the district.

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

3. Ensure fiscal stability and appropriate stewardship of resources.

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

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

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

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

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

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

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

COLLEGE OF LAKE COUNTY ACTION PROJECTS

Over the past few years, the College has been busy implementing its strategic plan as well as several operational plans which include the: College master plan, financial plan, information technology plan, sustainability plan, capital investment plan, and safety and emergency response plan. For Fiscal Year 2013, College of Lake County continued its focus on planning for the future.

There have been various projects planned throughout the College that relate to the strategic and operational plans, such as the annual Academic Quality Improvement Program (AQIP) projects. These projects are in furtherance of the College's accreditation through the Higher Learning Commission (HLC). In FY 2013, the College undertook AQIP projects related to 1) removing barriers to completion, 2) achieving student success, and 3) transitioning adult education students to College level coursework. As of the end of the fiscal year, these projects have led to improved processes. For FY 2014, the College has planned to continue its student success project and has added projects aimed at improving student transfer to four-year institutions and evaluating the effectiveness of mandatory holds and student advisement.

In addition to these large-scale AQIP projects, 44 departments have identified more than 225 action projects, initiatives, or activities that will support CLC's goals and objectives in FY 2014. 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." For FY 2014, key action projects identified to help the College meet this goal include:

- Educational Affairs will update the General Education Learning Outcomes assessment plan to include structures and processes that better support documentation of student assessment efforts and corresponding actions for improvement.

- Implement funding from the Student Success Fee to increase student success initiatives, which include the textbook reserve program, tutoring, computer boot camp, basic software workshops, and faculty professional development in high-impact courses; high-impact courses are courses with either high enrollment or are gateway courses for high-enrollment programs.

- Upgrade all Accounting, Administrative Office Systems, Computer Information Technology, Business and Paralegal Services software courses to Office 2013.

- In FY 2013 the Mentoring Network Program was established. Results of this pilot program will be analyzed and necessary changes put in place for fall of 2013. Program focus will be on the attainment and support of mentor/mentee relationships. The program provides a mentor (a person in a career), to a mentee (a CLC student), to help the student prepare to enter the work force or to understand the education required for a specific job type.

- Develop and implement a continuous evaluation of the nursing curriculum using selected criteria that include National League for Nursing Assessment scores, course grades, course to course progression, course evaluations and the National Council Licensure Examination Mountain Measurement reports.

- Develop and implement a process to use the degree audit tool to provide students in selected AAS and certificate programs in the Business division with a plan and timeline for completion.

- The Counseling, Advising and Transfer Center will collaborate with Educational Affairs division and the Advising Committee to create a more clearly defined advising process for career students with 30 or more credits.

- Educational Affairs division will provide workshops to high school students and parents to raise awareness regarding accessibility to College and College readiness.

Strategic Goal 2: Maximize educational opportunity within the district.

The goal of maximizing educational opportunities within the district focuses on “enhancing, developing, and promoting College-wide offerings that will anticipate and meet needs of the district.” Planned projects related to this goal for FY 2014 are highlighted below:

- Educational Affairs will develop, communicate, and implement updated procedures for the dual-credit program. The division will meet with each school currently offering dual credit to assess challenges and opportunities, research expansion to additional Lake County high schools, and offer a professional development workshop for high school dual-credit instructors and corresponding CLC department chairs.

- Enrollment Services will create an outreach and enrollment plan to recruit high school students. High school sophomores, juniors, and seniors from targeted schools, home schooled students, parents, and high-achieving students will receive special attention.

- Continuing Professional Development will research workforce trends to increase workforce skills and professional development programs by 20%.

- Social Science division will finalize major revisions to the Fire Sciences Program (FST) after two years of research. The crux of the revised curriculum is a bifurcation of the program into an introductory/basic operations degree and an advanced leadership and management degree to focus on training needed to achieve Firefighter Basic Operations (FBO) certification.

- Enrollment Services will create an outreach and enrollment plan to recruit students 24 years of age and older. Enrollment Services will focus efforts on returning adults, career programs, GED/ESL completers, businesses, community organizations, Latinos, and African Americans.

- The Financial Aid office will research loan management programs for opportunities to facilitate the student loan experience from loan request to start of repayment. Student financial literacy training and promotional activities will be included.

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

CLC strives to "efficiently manage and optimize its fiscal resources to ensure long-term growth and development." For FY 2014, several projects were developed to help the College meet this goal, a few of which are listed below.

- The Finance Department will implement Pending Aid and require students who apply for financial aid to also sign up for a FACTS payment plan operated by NelNet. Each student would be required to provide bank account information as a part of the payment plan process. Use of Pending Aid should reduce uncollectible debts to the College.

- Finance will implement a process to electronically transfer financial aid refunds directly to a student's bank account (ACH payments).

- Resource Development will work with Finance on implementation of project cost accounting as it relates to external grants if funded in FY 2014.

- eSupplier Connection will be implemented by the Finance Department. This will give suppliers access to critical information, improve the services they provide, and reduce the time CLC employees spend researching and responding to status inquiries.

- Financial Aid will create a process to calculate student loan eligibility automatically within PeopleSoft to reduce error and staff workload.

- Educational Affairs will develop regular X25 (space utilization) reports, including a dashboard of common space utilization metrics to monitor and then optimize classroom space usage.

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

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

- Continuing Professional Development will increase community outreach to strengthen external relationships with stakeholders in areas such as the transportation industry, protective services, healthcare, and special education districts to provide vocational training for mild to moderate cognitively impaired.

- The Women's Center will expand educational and awareness programs (i.e. workshops, Women's History Month programs, sexual assault and safety training, emergency funding services, etc.).

- The office for Students with Disabilities (OSD) and the newly formed Disabled Student Alliance (DSA) to hold an event to increase awareness and foster a positive, resourceful relationship with community members and organizations.

- The Facilities Department will purchase and install solar thermal panels on the Grayslake Campus to reduce energy costs and carbon footprint.

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

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

- The Institutional Effectiveness, Planning & Research office (IEPR) will finalize a scorecard through a selected business intelligence vendor. The scorecard will be updated to reflect new strategic goals and meaningful objectives with qualitative and quantitative measures. This will communicate to the College and community the degree to which the College achieves its strategic goals.

- IEPR will develop dashboards and customized data elements for tracking students at important educational milestones, and to mine information that will inform strategic decisions about improving enrollment, retention, transfer and completion useful to specific audiences within the College.

- Human Resources will implement Compensation Study updates into PeopleSoft - Job Families, Job Codes, Series Levels and Position Titles may all need to be reconfigured based upon the outcomes of the study to improve new position creation and enable accuracy and consistency in job reporting. The outcomes of the study are the creation of job classification banding and new job classification codes.

- The Nursing Department will conduct a pilot project with full-time faculty and nursing students to implement the use of iPads throughout the nursing program to replace printed textbooks, reduce the amount of paper handouts, and create a centralized location for course material in an easy to access and carry format.

- Public Relations will implement a content management system as part of the website redesign to allow departments to make easy and quick updates of basic information (e.g., room changes, date changes, etc.) without going through the web team.

- The Professional Development Center will create instructional materials via lecture capture for face-to-face, blended, and online courses to continue pursuit of the "flipped classroom" concept where students watch lectures or presentations online and work on activities in-class. A solution is in place at CLC, but increasing demand requires rapid scaling campus wide.

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

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

- Public Relations will complete and launch the web redesign project to create consistency across web pages and increase ease of use.

- Facilities department expects to replace infield soil on baseball fields with newly engineered blend of materials for better drainage and player safety.

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

POPULATION AND ENROLLMENT

Illinois has 48 community Colleges and one multi-community College center in 39 community College districts. The College of Lake County's district is located in Lake County, Illinois, north of Chicago, bordering Cook County on the south, and Lake Michigan on the east, and Wisconsin on the north. In the 2010 census, the population of Lake County reached 703,462 for a 9% increase over the 2000 census level. As of 2012, the Lake County population was estimated to have decreased 0.2% over the 2010 census to a population of 702,120. The Chicago Metropolitan Agency for Planning projects that Lake County's population will increase to 808,663 by 2020 and 953,673 by 2040.

Despite this projected population growth, the number of projected area high school graduates is expected to decline by approximately 11% by 2022 (IEPR projection) resulting in an 11% decline in the number of public high school students who enroll at CLC in the fall semester of 2022 compared to the number enrolled in fall 2012. The College has already experienced a decline in College-level student enrollment although adult education enrollment has seen a 7% increase in credit hours from FY 2012 to FY 2013.

In 2009 and 2010, CLC experienced record high enrollment growth in credit hours (6% in 2009 and 12% in 2010). This was perhaps related to the recession which caused many unemployed residents and College-age residents to enroll at CLC as an alternative to attending four-year Colleges. Enrollment leveled out in 2011 and declined slightly in 2012 with a 2% decrease in credit hours. From 2012 to 2013, College-level credit hours declined another 2%. In fall 2013, credit hours were down 1.4% overall compared to the prior fall term. College-level credit hours also decreased 1.4%. So far, as the economy slowly rebounds, CLC's enrollment trend in the last three years has been similar to the experience of local peer Colleges that have also reported enrollment declines.

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

Enrollment Summary
FY2008-2012

	2009	2010	2011	2012	2013
College-Level Credit Hours	255,781	290,376	297,523	292,999	285,922
Adult/Vocational Credit Hours	50,538	51,397	44,580	43,039	45,921
Total Credit Hours	306,319	341,773	342,103	336,038	331,842
College-Level FTE	8,526	9,679	9,917	9,767	9,531

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

ECONOMIC CONDITION

Although primarily a residential area, Lake County is home to some of the largest businesses in Illinois including: AON-Hewitt Associates, Motorola Mobility, W.W. Grainger, CDW, Walgreen's, Baxter, Condell Medical Center, and Abbott Laboratories. Great Lakes Naval Station is the largest military installation in Illinois and the largest training center for the U.S. Navy. In addition, Lake County has tourist attractions such as Gurnee Mills, Six Flags Great America, and Key Lime Cove water resort. In 2011, FedEx Ground built a distribution center in Grayslake which gave an economic boost to the area. In 2012, Motorola Mobility announced that its headquarters would move from Libertyville to Chicago in early 2014. Although 3,000 jobs are planned to relocate, the assessed valuation of property within the College district is not expected to decline since Motorola employees who are Lake County residents are not expected to move out of Lake County.

While the local economy has not been exempt from the recent recession, unemployment reached a high of 10.5% in 2010 and lowered slightly to 9.4% in 2011 and 9% in 2012, it is currently in the process of a slow recovery with unemployment currently at 8.2% as of June 2013. U.S. Bureau of Labor Statistics reports slight growth (0.1%) in non-farm wages as well as increased consumer prices (1.7%) for the Lake-Kenosha County area for the month of June 2013 from the one year prior. Federally-funded construction projects and stimulus programs have helped the local economy but not enough to fuel a full recovery. The Illinois Association of Realtors reports that in Lake County sales of residential property and median price increased in the second quarter of 2013 – a sign of slow recovery in the local housing market. Though the lingering effects of the recession continue to bring uncertainties to our state and local funding, the College remains focused on providing an affordable quality education to students by continuously looking for ways to increase revenue and cut costs.

FINANCIAL INFORMATION

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

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

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

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

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

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

General Government Functions and 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 $23.2 billion in 2012 for tax collections in 2013.

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**	**2012**	**2011**	**2010**	**2009**
Education	$0.750	.207	.180	.148	.132
Operations and Maintenance	.100	.055	.051	.062	.061
Liability, Protection and Settlement	(1)	.002	.002	.002	.002
Audit	.005	.000	.000	.000	.000
Bond and Interest	(1)	.008	.007	.006	.005
Medicare	(1)	.000	.000	.000	.000
Plant: Operations and Maintenance (Restricted)	.000	.000	.000	.000	.000
Life Safety	.050	.000	.000	.000	.000
Other	.000	.000	.000	.000	.000
Total tax rate		0.272	0.240	0.218	0.200

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

The assessed value of taxable property for levy year 2012 was $23.22 billion, a decrease of $2.2 billion compared to levy year 2011, or a decrease of 8.5%.

The College's average collection rate, including collection of back taxes, over the past five years is approximately 99.39%.

Revenue from tuition and fees has grown over time due to increases in tuition rates. The tuition and fees charged in fiscal year 2013 totaled $112 per credit hour and will remain flat in fiscal year 2014.

Revenue from state sources, as a percentage of total revenue, has remained essentially flat from FY 2012 to FY 2013. 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 $667,542,488. Current total indebtedness is $22,005,000 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 three different outstanding series of bonds with varying maturity dates, with the last payment due in 2027. A working cash fund, with a current balance of $17,645,359, was established through the sale of bonds and is available for periodic transfer to the various fund groups as needed for cash flow purposes. Loans are established during the fiscal year and repaid from revenues received.

Prospects for the Future. The College forecasts for revenues and expenditures have historically been an accurate representation using a mathematical model as a basis for the projections. Revenues from the three major sources as previously described will continue to meet all of the College general fund obligations.

The College is in the early stages of implementing its comprehensive master plan for facilities, which was approved in FY 2013. Local projects contained in the master plan will be funded from $60 million in bonds approved in May 2013 and issued in September/October 2013. Total funding for local projects is approximately $75 million with $60 million in bond funding and $15 million from accumulated fund balance in the Operations and Maintenance (Restricted) Fund.

In Fiscal Year 2011, the state of Illinois passed a capital bill for the first time in over five years. In this bill the College will receive state funding for a new science building in Grayslake and a new student center in Waukegan. The State will provide 75 percent of the costs and the College has agreed to pay the remaining 25 percent. The total funds appropriated by the state are $53.5 million and the College will contribute an additional $17.8 million. The College issued non-referendum bonds in Fiscal Year 2012 to cover their portion of the costs. These two new buildings will allow the College to grow and meet the expanding population needs of Lake County. Local projects and these two buildings are estimated to cost $148 million and will take five years to complete.

The state of Illinois continues to have difficulty meeting its financial obligations and a large unfunded liability in its pension systems remains despite a recent income tax increase. Pension reform proposals may shift costs to the College in the future. Given the uncertainty of pension projections, potential costs are not included in College financial forecasts. However, the College will continue to monitor discussions at the state level.

Cash Management. The College has an established policy that provides for the prudent, conservative, timely investment of excess funds. This policy, approved by the Board, follows the Illinois Community College Act (Chapter 110 of Illinois Compiled Statutes Act 805) and the Illinois Public Funds Investment Act (Chapter 30 of the Illinois Compiled Statutes Act 235). The Treasurer, as appointed by the Board of Trustees, is delegated the responsibility for managing College investments. Investments are predominately placed in certificates of deposit either insured or properly collateralized. Interest income for Fiscal Year 2013 totaled $126,529, constituting a net rate of return of 0.20 percent.

General Capital Assets. The notes to financial statements elaborate on the activity for the fiscal year and the status of capital assets at June 30, 2013.

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

OTHER INFORMATION

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

AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement. The GFOA awarded Certificates of Achievement for Excellence in Financial Reporting to the College of Lake County for its comprehensive annual financial reports for the fiscal years ended June 30, 2001 through 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

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

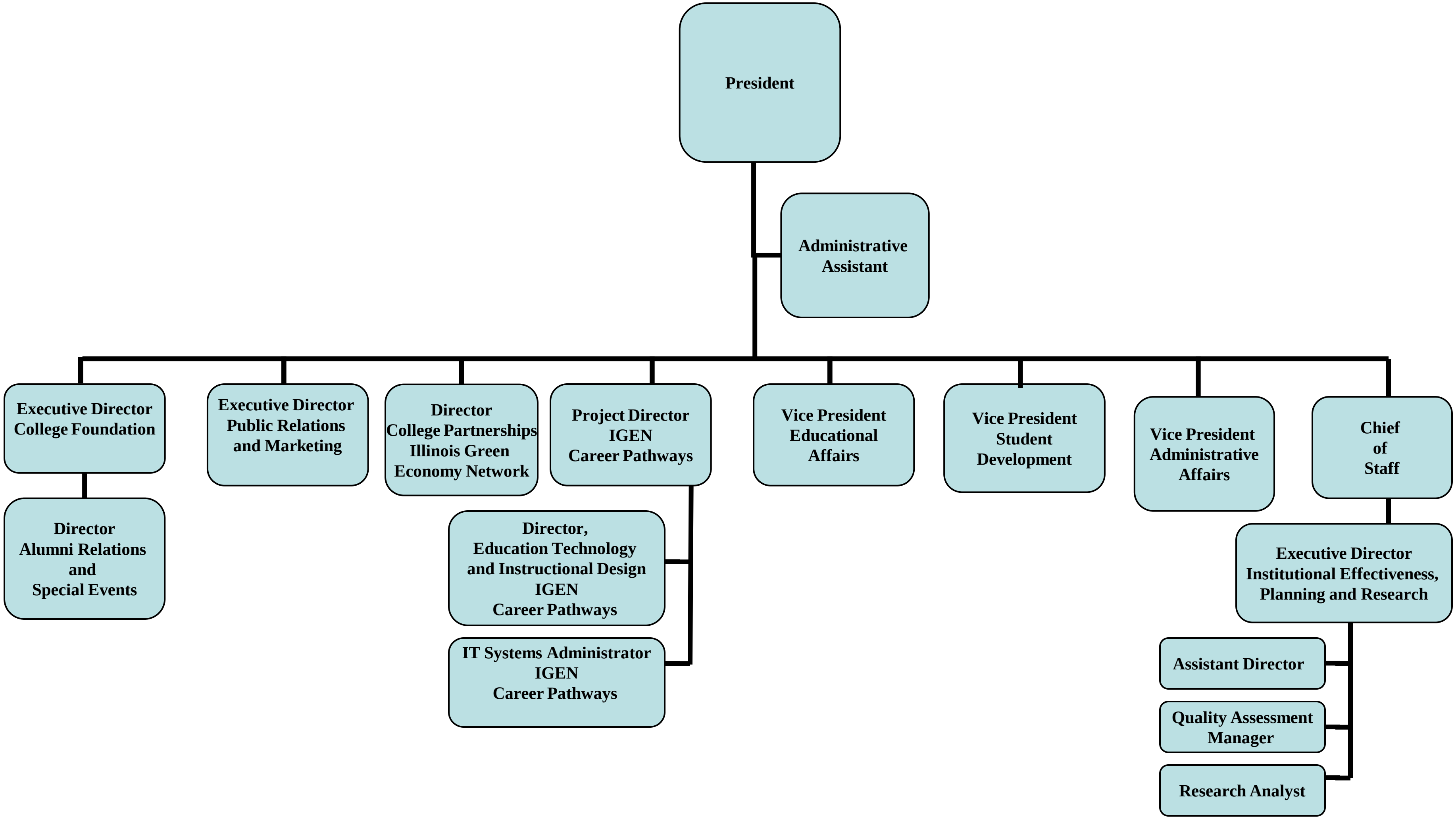
The comprehensive annual financial report presents the work of a variety of dedicated finance office administrators and staff members. It could not have been completed without the considerable effort of the audit team from McGladrey LLP applying their extensive professional experience as they work with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

Respectfully,

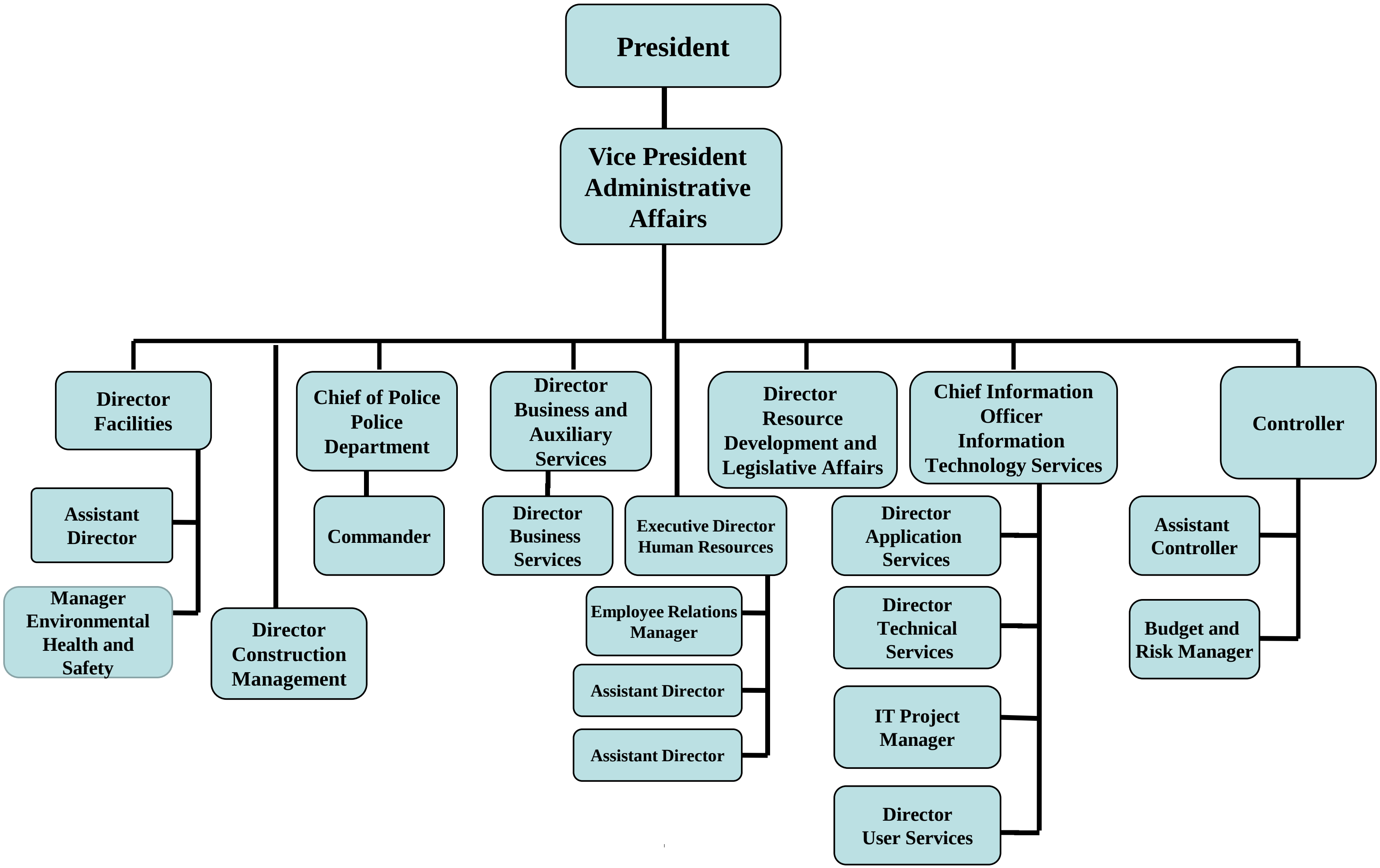
David Agazzi
Vice President for Administrative Affairs

College of Lake County
Community College District No. 532

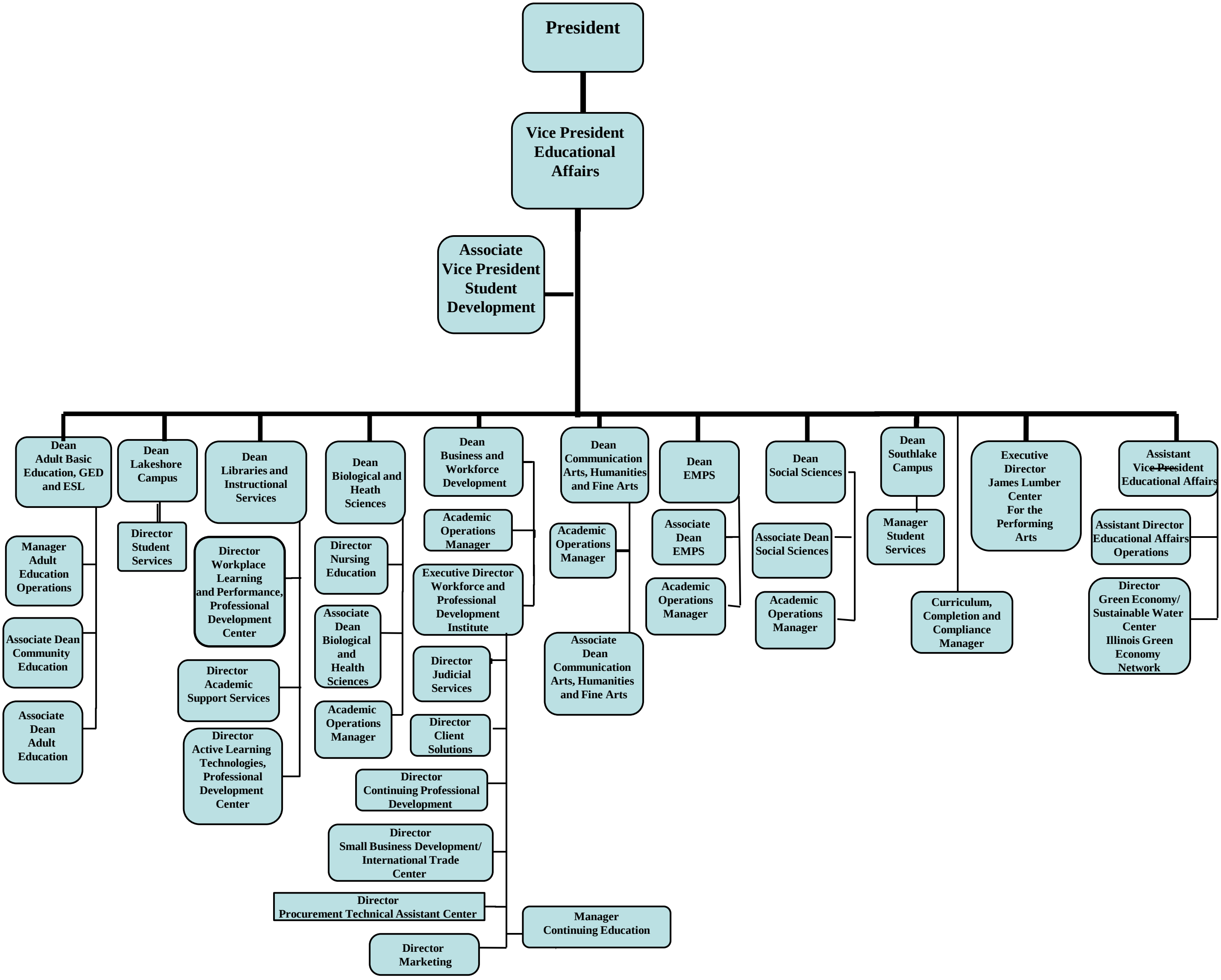
Office of the President



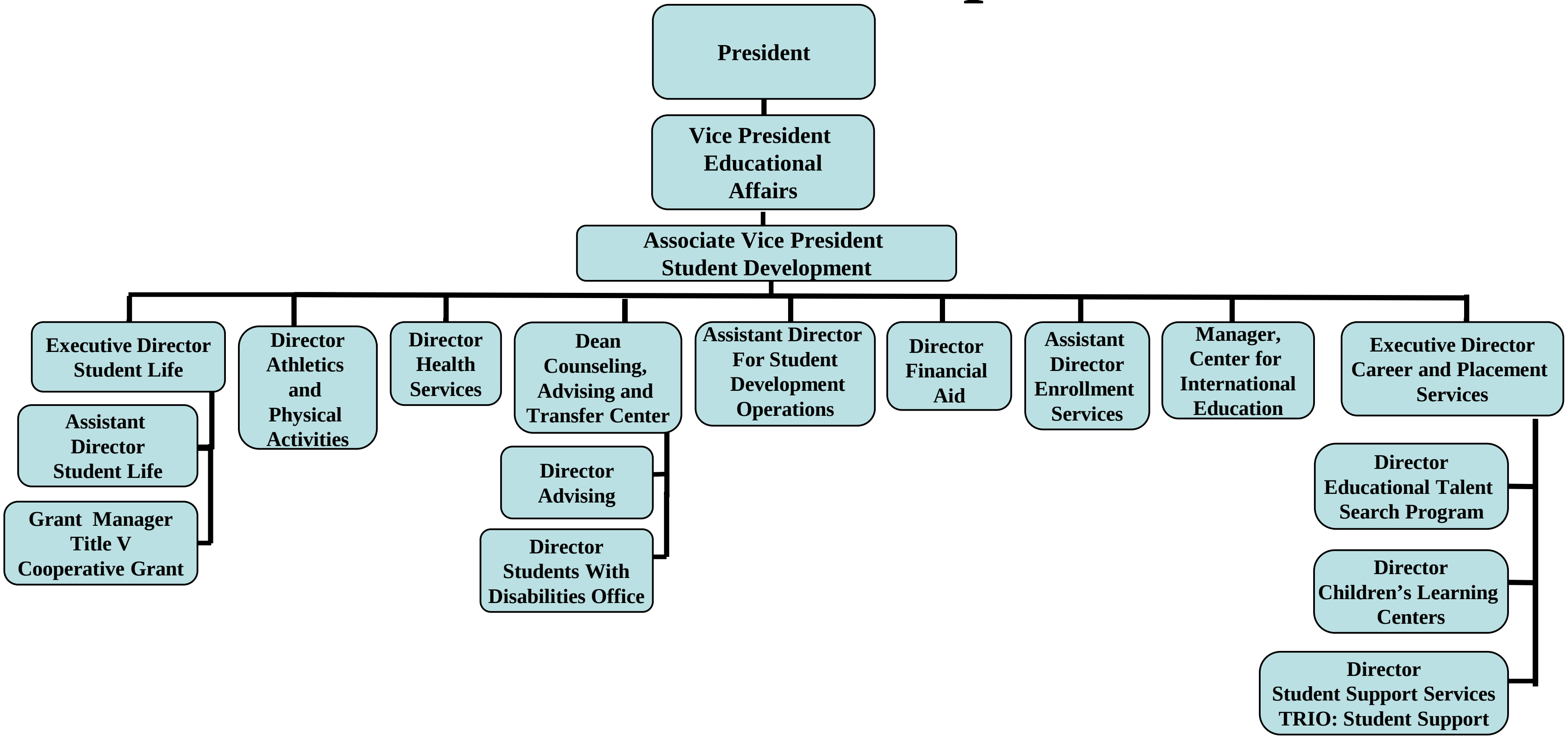
Office of Administrative Affairs



Office of Educational Affairs



Office of Student Development



College of Lake County
Community College District No. 532

Principal Officials

Year Ended June 30, 2013

BOARD OF TRUSTEES

	Position	Term Expires
Amanda D. Howland	Chairman	2015
Jeanne T. Goshgarian	Vice Chairman	2017
Dr. Philip J. Carrigan	Trustee/Secretary	2019
Barbara D. Oilschlager	Trustee	2019
Richard A. Anderson	Trustee	2015
Dr. William M. Griffin	Trustee	2015
Lynda C. Paul	Trustee	2017
Kendall Welton	Student Trustee	2014

OFFICERS OF THE COLLEGE OF LAKE COUNTY

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

OFFICIALS ISSUING REPORT

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

DIVISION ISSUING REPORT

Administrative Affairs
Finance Department

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

College of Lake County

Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

McGladrey

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

The Uniform Financial Statements and Certificate of Chargeback Reimbursement (schedules 1 through 6), as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Uniform Financial Statements and Certificate of Chargeback Reimbursement are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Prior Year Other Auditor

The financial statements of the College, as of and for the year ended June 30, 2012, were audited by other auditors whose report dated October 11, 2012, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

McGladrey LLP

Chicago, Illinois
October 11, 2013

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, 2013 and 2012. Since this management's discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

Financial Highlights Fiscal Year 2013

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

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

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

Total net position increased from $156,132,659 at the beginning of the year to $167,145,818 at the end of the year.

Financial Highlights Fiscal Year 2012

Total operating revenues were $35,303,075 and total operating expenses were $131,442,486 for the year ended June 30, 2012. The difference produced an operating loss of $96,139,411.

Net non-operating revenues of $104,849,631 for the year ended June 30, 2012 offset the operating loss and resulted in an overall increase in net assets of $8,710,220. Non-operating revenues included local property taxes of $60,194,469, replacement tax of $1,139,553, state appropriations of $27,664,030, federal grants and contracts of $15,385,348, local grants and contracts of $911,393 and net investment income of $91,810; offset by interest expense of $536,972.

Operating revenue accounted for 25.1% of the College's total revenue and non-operating revenue accounted for 74.9% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling $23,372,065, auxiliary enterprise revenues totaling $10,757,207, and other operating revenues of $1,173,803.

Total net position increased from $147,422,439 at the beginning of the year to $156,132,659 at the end of the year.

Overview of the Financial Statements

The financial section of this report consists of five parts: the independent auditor's report, 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 position. All assets and liabilities associated with the operation of the College of Lake County are included in the statements of net position.

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

Financial Analysis

Net Position

The College's net position at June 30, 2013, 2012, and 2011 was $167.1 million, $156.1 million, and $147.4 million, respectively, an increase of $11.0 million, $8.7 million, and $13.9 million, respectively. Total assets were $237.7 million, $284.7 million, and $260.5 million, and total liabilities were $70.6 million, $128.5 million, and $113.1 million at June 30, 2013, 2012, and 2011, respectively. The change in net position is an indicator of whether the financial condition of the District 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 at historical cost, reduced by depreciation. A summary of net position at June 30, 2013, 2012, and 2011 is as follows:

Net Position

June 30,
(in Thousands)

	2013	2012	2011
Current assets	$ 137,493	$ 156,465	$ 133,179
Restricted assets	1,632	1,277	125
Other noncurrent assets	3,173	31,077	29,456
Capital assets, net of depreciation	95,381	95,833	97,750
Total assets	237,679	284,652	260,510
Current liabilities	46,108	72,192	72,843
Long-term liabilities	24,425	56,327	40,244
Total liabilities	70,533	128,519	113,087
Net position:			
Net investment in capital assets	90,351	89,841	88,245
Restricted	21,444	20,917	22,823
Unrestricted	55,351	45,375	36,354
Total net position	$ 167,146	$ 156,133	$ 147,422

The College had a current ratio of 2.98, 2.17, and 1.83 times at June 30, 2013, 2012, and 2011, respectively. The current ratio is total current assets divided by total current liabilities. For example, at June 30, 2013, for every dollar of current liabilities, the College has $2.98 in current assets. This ratio is one indicator of the College's ability to pay its debts as they become due.

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

Net Position - Fiscal Year 2013 compared to 2012
Current assets have decreased by $19.0 million primarily due to a change in the recognition of property tax receivable as further described in Note 1o of the financial statements. Other significant changes included increases in cash and investments of $8.9 million and receivables of $3.6 million.

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

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

Net Position - Fiscal Year 2012 compared to 2011
Current assets have increased by $23.3 million primarily due to increases in cash and investments of $20.8 million and receivables of $2.5 million.

Capital assets decreased by $1.9 million due to the fact that depreciation expense was greater than capital additions during the year.

Current liabilities decreased by $0.7 million primarily due to decrease of accrued expenses of $2.2 million and the current portion of long term obligations of $0.6 million offset by an increase in unearned property taxes of $1.8 million.

Changes in Net Position

The change in net position, total revenues less total expenses, for the years ended June 30, 2013, 2012, and 2011 is as follows:

Changes in Net Position

Years ended June 30,
(in thousands)

	2013	2012	2011
Total revenues	$ 155,951	$ 140,689	$ 136,068
Total expenses	144,938	131,980	122,168
Increase in net position	$ 11,013	$ 8,709	$ 13,900

Revenues

Summaries of revenues for the years ended June 30, 2013, 2012, and 2011 are as follows:

Revenue Summary

Years ended June 30,
(in thousands)

	2013	2012	2011
Operating:			
Student tuition and fees, net	$ 24,304	$ 23,372	$ 23,756
Auxiliary enterprise	10,410	10,757	10,714
Other operations	1,483	1,174	1,478
Total operating revenues	36,197	35,303	35,948
Nonoperating:			
Local property taxes	62,140	60,194	58,364
Personal property replacement taxes	1,164	1,140	1,239
State appropriations	34,601	27,664	24,581
Federal and local grants and contracts	21,038	16,296	15,826
Investment income, net	127	92	110
Total nonoperating revenues	119,070	105,386	100,120
State capital appropriations	684	-	-
Total revenues	$ 155,951	$ 140,689	$ 136,068

Revenues - Fiscal Year 2013 Compared to 2012

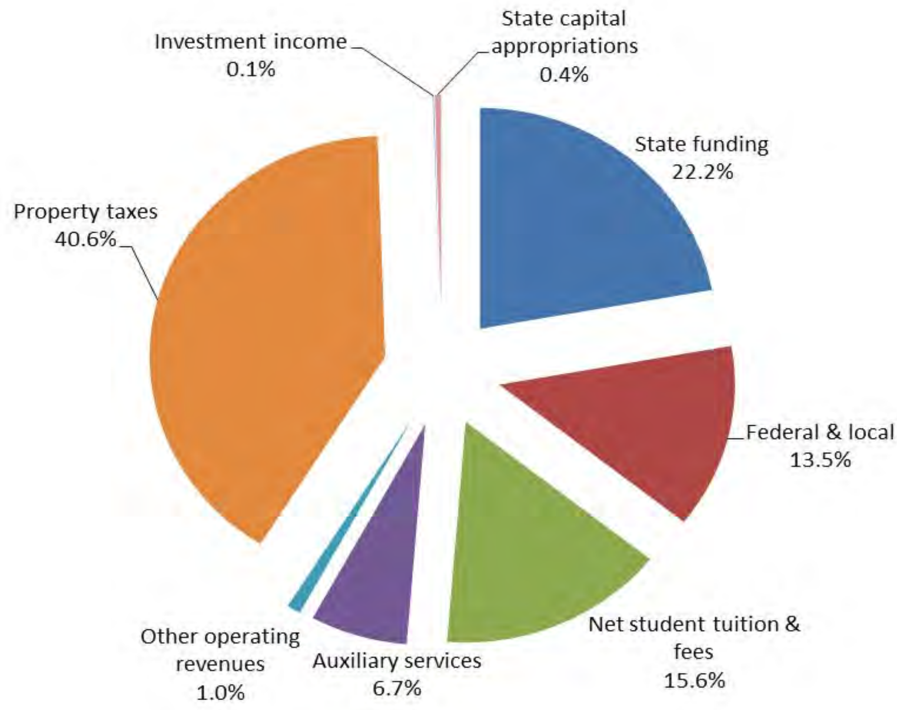
Operating revenue increased by $.9 million. This primarily reflects an increase in student fees based on a new $3 per credit hour capital fee to fund capital projects at the College.

Non-operating revenue increased by $13.6 million primarily due to increases in local property taxes of $1.9 million, state appropriations of $6.9 million, and grants of $4.7 million. The increase in property tax revenues reflects the combination of the CPI and the assessed value of new construction. The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5%, whichever is lower. The increase in state appropriations was due to an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state of $7.8 million offset by reductions in restricted purpose state grants. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate. Contribution requirements are established and may be amended by the Illinois General Assembly. The increase in federal and local grants was due to increased federal Pell grant awards and the College's Trade Adjustment Assistance Community College and Career Training Grant (TAACCCT) from the U.S. Department of Labor.

The pie chart shows all revenue from both operating and non-operating sources. State funding in the pie chart and above includes both capital and noncapital appropriations. The chart shows that property taxes accounted for the largest percentage of the College's revenue at 40.6%. The next highest sources were state funding of 22.2% and net student tuition and fees at 15.6%.

College of Lake County

Revenues
Year ended June 30, 2013



Revenues - Fiscal Year 2012 Compared to 2011

Operating revenue decreased by $0.6 million. This primarily reflects a decrease in net student tuition and fees. The decrease in net tuition and fees was due to decreased enrollment.

Non-operating revenue increased by $5.3 million primarily due to increases in local property taxes of $1.8 million, state appropriations of $3.1 million, and grants of $0.5 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 $3.1 million. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate. Contribution requirements are established and may be amended by the Illinois General Assembly. The increase in federal and local grants was due to increased federal Pell grant awards.

E*xpenses*

Summaries of expenses for the years ended June 30, 2013, 2012, and 2011 are as follows:

Expenses

Years ended June 30,
(in thousands)

	2013	2012	2011
Instruction	$ 56,918	$ 51,722	$ 48,268
Academic support	5,377	5,368	5,464
Student services	9,977	9,109	8,136
Public service	13,578	8,687	7,576
Institutional support	26,107	24,459	21,841
Operations and maintenance of plant	10,176	9,501	8,898
Financial aid	6,325	6,627	6,588
Depreciation	4,442	4,334	4,246
Auxiliary enterprises	11,401	11,635	10,729
Interest expense	637	537	422
Total	$ 144,938	$ 131,979	$ 122,168

Expenses - Fiscal Year 2013 Compared to 2012

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

Expenses - Fiscal Year 2012 Compared to 2011

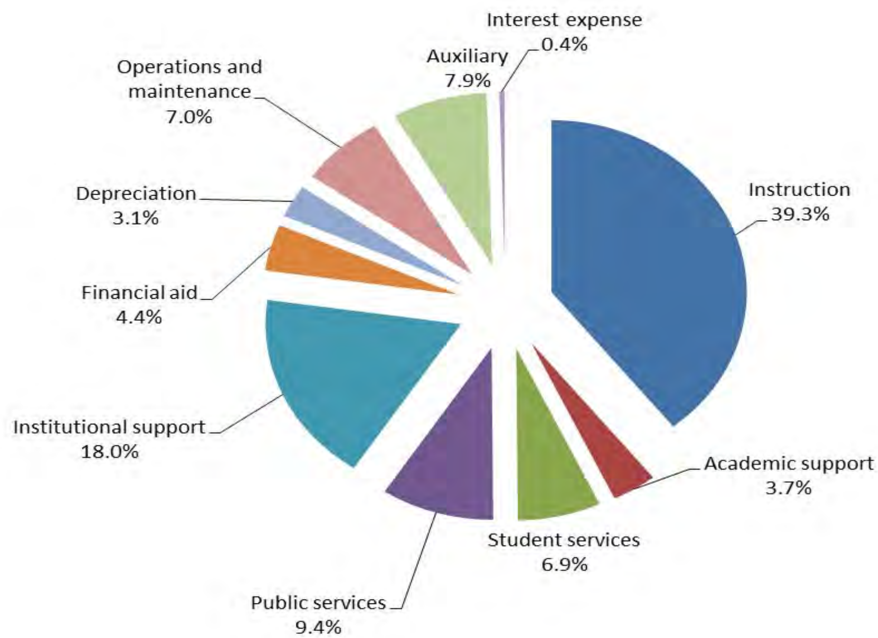
Expenses increased by $9.8 million. The increase in instruction costs, student services, and public services, is primarily due to the annual increase in employee salaries and benefits, including state SURS benefits. The increase in financial aid expenses is due to increased student scholarships. The increase in interest expense is based on the College's bond payment schedule.

Operating Expenses

The pie chart shows the individual categories of operating expenses as a percentage of total operating expenses. Direct services to students accounted for 71.6% of total operating expenses. Direct services to students include instruction at 39.3%, academic support at 3.7%, student services at 6.9%, public service at 9.4%, financial aid at 4.4%, and auxiliary enterprises at 7.9%. Indirect services to students accounted for 28.4% of total expenses. Indirect services to students include operations and maintenance at 7%, institutional support at 18%, interest expense at 0.4%, and depreciation at 3%.

College of Lake County

Operating Expenses
Year ended June 30, 2013



Capital Asset and Debt Administration

Capital Assets

As of June 30, 2013, 2012, and 2011, the College investment in capital assets totaled $168.5 million, $164.6 million, and $162.6 million, respectively. Capital assets, net of accumulated depreciation of $73.1 million, $68.7 million, and $64.8 million, totaled $95.4 million, $95.8 million, and $97.7 million, as of June 30, 2013, 2012, and 2011, respectively.

Capital Assets

Years ended June 30,
(in thousands)

	2013	2012	2011
Capital assets:			
Construction in progress	$ 1,575	$ 158	$ -
Land	8,165	8,146	7,702
Land improvements	5,949	5,949	5,914
Buildings and improvements	126,104	125,736	125,612
Furniture and equipment	26,691	24,606	23,360
Total capital assets	168,484	164,595	162,588
Less accumulated depreciation	73,103	68,762	64,838
Capital assets, net	$ 95,381	$ 95,833	$ 97,750

Construction Projects

No major construction projects (greater than $300,000) were completed during fiscal year 2013.

Construction projects in progress as of June 30, 2013 include the CCTV Expansion and an Uninterrupted Power System for the data center for a total of $765,292.

Land Purchase

The College purchased property at 31 N Genesee Street, in Waukegan during the fiscal year. The total cost of site acquisition with fees was $132,280. This property is a part of plans for expansion at the Lakeshore campus in Waukegan.

Capital Asset Additions (being depreciated)

Capital assets added during fiscal year 2013 include:

- Servers for internet protocol camera project
- Southlake restroom renovations
- Updated network equipment
- Computers and equipment based on a College-wide replacement schedule

The total cost of capital asset additions (being depreciated) in fiscal year 2013 was $2,382,035.

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

Debt Payments

For the years ended June 30, 2013 and 2012, the College paid $2,700,000 and $4,715,000, respectively, in principal on bonds and certificates of indebtedness. In fiscal year 2013, the College issued $1.5 million in limited tax refunding certificates. The College issued $19.9 million in non-referendum Series 2012 bonds in fiscal year 2012. More detailed information on long-term debt activity can be found in Note 5 to the basic financial statements.

Contacting The College's Financial Management

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

College of Lake County
Community College District No. 532

Statements of Net Position
June 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash (note 2)	$ 61,986,449	$ 36,059,883
Investments (note 2)	32,645,298	49,696,366
Receivables:		
Property taxes, net of allowance of $636,239 in 2013 and $616,392 in 2012	31,531,495	60,880,717
Government claims	4,553,119	3,972,684
Tuition and fees, net of allowance of $3,692,230 in 2013 and $2,727,138 in 2012	2,016,284	2,392,623
Other	3,704,039	2,421,997
Inventories	1,056,360	1,041,715
Total current assets	137,493,044	156,465,985
Noncurrent assets:		
Restricted cash and cash equivalents (notes 1g and 2)	1,631,704	1,277,294
Other long-term investments (note 2)	3,086,212	496,490
Property taxes receivable	-	30,508,500
Unamortized debt issue cost	87,024	70,864
Capital assets, not being depreciated (note 3)	9,739,888	8,303,610
Capital assets being depreciated, net (note 3)	85,641,102	87,529,023
Total noncurrent assets	100,185,930	128,185,781
Total assets	237,678,974	284,651,766
Liabilities		
Current liabilities:		
Accounts payable	4,985,390	2,216,518
Accrued expenses (note 4)	3,460,749	3,086,369
Tuition refunds payable	67,714	36,749
Unearned revenue:		
Property taxes (note 1o)	31,577,662	60,951,528
Tuition and rent	3,078,019	3,138,102
Current portion of long-term obligations (note 5)	1,310,000	1,230,000
Amounts held in custody for others	797,773	729,039
Other current liabilities	830,795	803,548
Total current liabilities	46,108,102	72,191,853
Noncurrent liabilities:		
Long-term obligations (notes 5 and 9)	23,625,054	24,998,754
Unearned revenue:		
Property taxes	-	30,508,500
Rent (note 12)	800,000	820,000
Total noncurrent liabilities	24,425,054	56,327,254
Total liabilities	70,533,156	128,519,107
Net Position		
Net investment in capital assets	90,351,421	89,840,672
Restricted for:		
Debt service	1,357,332	1,163,008
Capital projects	1,631,704	1,914,268
Other	904,521	289,439
Unrestricted	72,900,840	62,925,272
Total net position	$ 167,145,818	$ 156,132,659

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Student tuition and fees	$ 32,039,591	$ 31,571,415
Less scholarship allowances	(7,735,180)	(8,199,350)
Net student tuition and fees	24,304,411	23,372,065
Auxiliary enterprises	10,409,564	10,757,207
Other operations	1,482,587	1,173,803
Total operating revenues	36,196,562	35,303,075
Operating expenses:		
Education and general:		
Instruction	56,918,482	51,721,715
Academic support	5,377,091	5,368,352
Student services	9,977,245	9,108,675
Public service	13,578,437	8,686,815
Institutional support	26,106,885	24,459,148
Operations and maintenance of plant	10,175,688	9,501,273
Financial aid	6,325,221	6,626,759
Depreciation	4,441,546	4,334,200
Auxiliary enterprises	11,400,549	11,635,549
Total operating expenses	144,301,144	131,442,486
Operating loss	(108,104,582)	(96,139,411)
Nonoperating revenues (expenses):		
Local property taxes	62,139,690	60,194,469
Personal property replacement tax	1,164,330	1,139,553
State appropriations	34,600,754	27,664,030
Federal grants and contracts	20,173,020	15,385,348
Local grants and contracts	865,085	911,393
Investment income	126,529	91,810
Interest expense	(637,083)	(536,972)
Total nonoperating revenues (expenses), net	118,432,325	104,849,631
Increase before capital contributions	10,327,743	8,710,220
State capital appropriations	685,416	-
Increase in net position	11,013,159	8,710,220
Net position at the beginning of the year	156,132,659	147,422,439
Net position at the end of the year	$ 167,145,818	$ 156,132,659

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Tuition and fees	$ 24,720,366	$ 23,510,600
Payments to suppliers	(48,127,417)	(48,064,270)
Payments to employees	(66,236,592)	(65,538,840)
Auxiliary enterprise charges	10,409,564	10,757,207
Chargeback revenue	24,340	34,476
Other	1,382,918	1,407,168
Net cash used in operating activities	(77,826,821)	(77,893,659)
Cash flows from noncapital financing activities:		
Local property taxes	62,115,046	60,482,167
Personal property replacement tax	1,147,487	1,084,180
State appropriations	12,484,327	13,293,800
Federal grants and contracts	18,321,233	13,212,549
Local grants and contracts	633,806	885,449
Net cash provided by noncapital financing activities	94,701,899	88,958,145
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	1,470,000	20,441,253
Principal paid on debt	(2,700,000)	(6,050,000)
Interest paid on debt	(709,354)	(591,862)
Purchases of capital assets	(3,208,787)	(2,465,428)
Net cash (used in) provided by capital and related financing acti	(5,148,141)	11,333,963
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	54,450,366	-
Purchase (maturities) of investments, net	(40,019,781)	(34,458,322)
Interest on investments	123,454	76,208
Net cash provided by (used in) investing activities	14,554,039	(34,382,114)
Net increase (decrease) in cash and cash equivalents	26,280,976	(11,983,665)
Cash and cash equivalents, beginning of year	37,337,177	49,320,842
Cash and cash equivalents, end of year	$ 63,618,153	$ 37,337,177
Reconciliation to Statements of Net Position:		
Unrestricted cash	$ 61,986,449	$ 36,059,883
Restricted cash and cash equivalents	1,631,704	1,277,294
Total cash and cash equivalents	$ 63,618,153	$ 37,337,177

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	$ (108,104,582)	$ (96,139,411)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,441,546	4,334,200
State payment for retirement obligation	22,578,606	14,782,706
Changes in assets and liabilities:		
Receivables (net)	216,393	1,001,492
Inventories	(14,645)	(89,170)
Accounts payable	2,768,872	(52,836)
Accrued vacation	92,928	94,916
Other accrued expenses	178,163	(2,279,269)
Other current liabilities	7,247	140,329
Amounts held in custody for others	68,734	205,506
Deferred tuition and fees	(60,083)	107,878
Net cash used in operating activities	$ (77,826,821)	$ (77,893,659)
Noncash Capital Financing Activities:		
Capital contributions received	$ 685,416	$ -

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Component Unit – College of Lake County Foundation
Statements of Net Position
June 30, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	$ 723,371	$ 247,485
Investments:		
Securities	2,590,914	2,408,640
Coin collection	308,000	-
Other receivables	3,305	2,750
Deferred expense	7,598	9,125
Total assets	$ 3,633,188	$ 2,668,000
Liabilities		
Accounts payable	$ 3,279	$ 15,661
Miscellaneous payable	88,854	11,587
Deferred revenue	14,000	-
Grants and scholarships payable	254,698	2,065
Total liabilities	360,831	29,313
Net Position		
Unrestricted	519,739	322,386
Temporarily restricted	1,719,610	1,514,293
Permanently restricted	1,033,008	802,008
Total net position	3,272,357	2,638,687
Total liabilities and net position	$ 3,633,188	$ 2,668,000

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, 2013 and 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net position at June 30, 2011	$ 253,324	$ 1,547,464	$ 802,008	$ 2,602,796
Public support and revenue:				
Contributions and gifts	420,401	88,664	-	509,065
Special events revenue	299,016	-	-	299,016
Special events expense	(125,727)	-	-	(125,727)
Donated services	360,505	-	-	360,505
Other noncash donations	74,270	-	-	74,270
Net position released from restrictions	119,499	(119,499)	-	-
Total public support	1,147,964	(30,835)	-	1,117,129
Other income (loss):				
Investment income (loss)	(923)	(2,336)	-	(3,259)
Total public support and revenue	1,147,041	(33,171)	-	1,113,870
Expenses:				
Program services:				
Grants and scholarships	774,686	-	-	774,686
Gallery operations	32,647	-	-	32,647
Noncash donations to College of Lake County	74,270	-	-	74,270
General and administrative:				
Management and general	64,469	-	-	64,469
Travel/meeting	2,886	-	-	2,886
Fundraising:	129,021	-	-	129,021
Total expenses	1,077,979	-	-	1,077,979
Increase (decrease) in net position	69,062	(33,171)	-	35,891
Net position at June 30, 2012	322,386	1,514,293	802,008	2,638,687
Public support and revenue:				
Contributions and gifts	439,228	253,854	231,000	924,082
Special events revenue	269,466	-	-	269,466
Special events expense	(120,828)	-	-	(120,828)
Donated services	369,961	-	-	369,961
Other noncash donations	88,626	-	-	88,626
Net position released from restrictions	167,828	(167,828)	-	-
Total public support	1,214,281	86,026	231,000	1,531,307
Other income (loss):				
Investment income (loss)	63,087	119,291	-	182,378
Total public support and revenue	1,277,368	205,317	231,000	1,713,685
Expenses:				
Program services:				
Grants and scholarships	757,482	-	-	757,482
Gallery operations	33,283	-	-	33,283
Noncash donations to College of Lake County	88,626	-	-	88,626
General and administrative:				
Management and general	66,207	-	-	66,207
Travel/meeting	4,021	-	-	4,021
Fundraising:	130,396	-	-	130,396
Total expenses	1,080,015	-	-	1,080,015
Increase (decrease) in net position	197,353	205,317	231,000	633,670
Net position at June 30, 2013	$ 519,739	$ 1,719,610	$ 1,033,008	$ 3,272,357

See accompanying notes to basic financial statements.

Note 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 discretely presented and has been reported in the financial statements separate from the District.

The Foundation is a private, not-for-profit organization that reports its financial results under *Financial Accounting Standard Board (FASB) Accounting Standards Codification®* (Codification) which is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than incorporating the Net Position provision of GASB 63, no modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (see note 1(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.

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

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.

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

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

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

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 position.

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

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 $5,000 or more, or computer assets with a unit cost of $500 or more, and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Capital assets are depreciated using the straight-line method over the estimated useful life of the assets, generally 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.

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: Unearned revenues include (1) tax levy passed that is legally restricted for the subsequent accounting period, (2) amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that are related to the subsequent accounting period, (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 and (2) net post employment benefit obligations.

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

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

Operating Revenue

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

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 position, 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 2012 tax year are recorded as revenue in the fiscal year ended June 30, 2013. The remaining revenue related to the 2012 tax year extension has been deferred and will be recorded as revenue in fiscal year 2014. Based upon collection histories, the College records real property taxes at 100% of the extended levy. Previously, the District estimated the levy that occurs after year end, for which they have an enforceable legal claim as of January 1 of the reported fiscal year (lien date). This amount was reported as a receivable and unearned revenue because it was intended to finance future fiscal years. Beginning with its fiscal year 2013, the District no longer records the future 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 position, and the statements of net position.

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

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

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

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

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

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

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. Reclassifications: Certain accounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported net income or net position.

t. New Accounting Pronouncements

In June 2011, the GASB issued 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 the College's fiscal year ended June 30, 2013. Implementation did not have a significant effect on the College's financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for the College beginning with its year ending June 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

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

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which will be effective for the College beginning with its year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate.

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

In June 2012, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which will be effective for the College beginning with its year ended June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

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

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

Note 2. Deposits and Investments

As of June 30, 2013 and 2012, the College had the following cash, cash equivalents and investments:

	Maturity	2013 Fair Value	2012 Fair Value
Cash and cash equivalents:			
Cash accounts		$ 24,328,631	$ 11,458,038
Restricted accounts - money market	less than 1 year	1,631,704	1,277,294
ISDLAF Plus savings accounts		24,264,558	17,800,251
ISDLAF Plus money market accounts	less than 1 year	10,425,688	6,800,355
Illinois Funds	less than 1 year	2,967,572	1,239
Total cash and cash equivalents		63,618,153	37,337,177
Investments:			
Certificates of deposit		32,645,298	49,696,366
Certificates of deposit		3,086,212	496,490
Total investments		35,731,510	50,192,856
Total cash, cash equivalents and investments		$ 99,349,663	$ 87,530,033
Current assets:			
Cash		$ 61,986,449	$ 36,059,883
Investments		32,645,298	49,696,366
Noncurrent assets:			
Restricted cash and cash equivalents		1,631,704	1,277,294
Certificates of deposit		3,086,212	496,490
Total cash, cash equivalents and investments		$ 99,349,663	$ 87,530,033

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).

Note 2. Deposits and Investments (Continued)

The College's investment policy does not further limit its investment choices. The College's investments in the Illinois School District Liquid Asset Fund and Illinois Funds were rated AAA by Standard & Poor's.

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, 2013 and 2012, the College did not have a concentration of credit risk.

Note 3. Capital Assets

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

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

Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated:				
Construction in progress	$ -	$ 158,041	$ -	$ 158,041
Land	7,702,298	443,271	-	8,145,569
Total capital assets not being depreciated	7,702,298	601,312	-	8,303,610
Capital assets being depreciated:				
Land improvements	5,913,812	35,623	-	5,949,435
Buildings and improvements	125,612,705	123,170	-	125,735,875
Furniture and equipment	23,359,989	1,714,324	467,981	24,606,332
Total capital assets being depreciated	154,886,506	1,873,117	467,981	156,291,642
Less accumulated depreciation:				
Land improvements	4,211,386	269,573	-	4,480,959
Buildings and improvements	43,056,496	2,751,393	-	45,807,889
Furniture and equipment	17,570,517	1,322,235	418,981	18,473,771
Total accumulated depreciation	64,838,399	4,343,201	418,981	68,762,619
Total capital assets being depreciated, net	90,048,107	(2,470,084)	49,000	87,529,023
Total capital assets, net	$ 97,750,405	$ (1,868,772)	$ 49,000	$ 95,832,633

Note 4. Accrued Expenses

Accrued expenses consisted of the following at June 30:

	2013	2012
Accrued payroll and benefits	$ 659,919	$ 454,931
Accrued vacation	1,948,714	1,855,786
Accrued health insurance claims	650,000	650,000
Accrued expenses - other	202,116	125,652
Total accrued expenses	$ 3,460,749	$ 3,086,369

Note 5. Long-Term Debt

The College has the following outstanding bonds payable as of June 30, 2013 and 2012:

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 bonds were refunded with the issuance of the General Obligation Limited Tax Refunding Certificates, Series 2012. The College called the refunded bonds in the amount of $1,470,000 for full redemption and payment in December 2012. The principal balance at June 30, 2013 and June 30, 2012 was $-0- and $1,735,000, 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, 2013 and 2012 was $4,500,000.

General Obligation Limited Tax Bonds, Series 2012 with a yield of 2.00% to 3.00% depending on the date of serial maturity through 2027. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the 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 $19,850,000. They received a premium of $654,118 and paid issue costs of $62,865. The principal balance at June 30, 2013 and June 30, 2012 was $16,035,000 and $17,000,000, respectively.

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

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

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
General obligation bonds:					
Par	$ 23,235,000	$ 1,470,000	$ 2,700,000	$ 22,005,000	$ 1,310,000
Premium	656,875	29,129	92,802	593,202	-
Total general obligation bonds, net	$ 23,891,875	$ 1,499,129	$ 2,792,802	$ 22,598,202	$ 1,310,000

Note 5. Long-Term Debt (Continued)

The difference between the June 30, 2013 balance above, the June 30, 2012 balance below and the amount on the Statement of Net Position is caused by the OPEB liability described in Note 9.

Changes in long-term obligations during the year ended June 30, 2012 were as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Amounts Due Within One Year
General obligation bonds:					
Par	$ 9,435,000	$ 19,850,000	$ 6,050,000	$ 23,235,000	$ 1,230,000
Premium	89,657	654,118	86,900	656,875	-
Total general obligation bonds, net	$ 9,524,657	$ 20,504,118	$ 6,136,900	$ 23,891,875	$ 1,230,000

The following is a schedule of the future debt service payments for bonds payable as of June 30, 2013:

	Principal	Interest	Total
Year ending June 30:			
2014	$ 1,310,000	$ 633,905	$ 1,943,905
2015	1,385,000	580,203	1,965,203
2016	1,470,000	530,362	2,000,362
2017	1,540,000	485,135	2,025,135
2018	1,615,000	436,945	2,051,945
2019-2023	7,610,000	1,623,525	9,233,525
2024-2027	7,075,000	419,025	7,494,025
	$ 22,005,000	$ 4,709,100	$ 26,714,100

Note 6. Pension Plan

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

Funding policy: Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate (for FY 2014) is 35.20% 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, 2013, 2012, 2011 and 2010 were $22,306,623, $14,530,458, $11,429,071 and $9,940,847, respectively, equal to the required contributions for each year.

Note 6. Pension Plan (Continued)

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 $217,455, $158,916, $113,891 and $76,824 for the years ended June 30, 2013, 2012, 2011 and 2010, respectively.

Note 7. Compensated Absences (Vacation and Sick Leave)

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

Changes in the accrued compensated absences liability were as follows:

	2013	2012
Accrued compensated absences – beginning of year	$ 1,855,786	$ 1,760,870
Compensated absences incurred – during year	1,948,714	1,855,786
Compensated absences used – during year	(1,855,786)	(1,760,870)
Accrued compensated absences – end of year	$ 1,948,714	$ 1,855,786
Amounts due within one year	$ 1,948,714	$ 1,855,786

Note 8. Contingent Liabilities

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

Note 9. Postretirement Health Care Benefits

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

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

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

Note 9. Postretirement Health Care Benefits (Continued)

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

	2013	2012
Annual required contribution	$ 870,743	$ 867,101
Interest on the net OPEB obligation	116,844	115,412
Adjustment to annual required contribution	(156,857)	(152,449)
Annual OPEB cost	830,730	830,064
Contributions made	830,757	801,421
Increase (decrease) in net OPEB obligation	(27)	28,643
Net OPEB obligation, beginning of year	2,336,879	2,308,236
Net OPEB obligation, end of year	$ 2,336,852	$ 2,336,879

The College's annual OPEB costs, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligations for 2013, 2012, 2011, and 2010 were as follows:

	2013	2012	2011	2010
For the fiscal year ended June 30,				
Annual OPEB Cost	$ 830,730	$ 830,064	$ 1,280,871	$ 1,591,381
Percentage of OPEB Cost Contributed	100.0%	96.5%	58.4%	44.8%
Net OPEB Obligation	2,336,852	2,336,879	2,308,236	1,776,026

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

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

Note 9. Postretirement Health Care Benefits (Continued)

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

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

Note 10. Risk Management

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

Note 11. Self Insurance

The College maintains a self-insured plan to cover health and dental benefits and workers' compensation for its employees through third-party administrators. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2013 and 2012, the amount of these liabilities was $650,000. 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, 2013, 2012, and 2011 are as follows:

	2013	2012	2011
Claims payable – beginning of year	$ 650,000	$ 535,000	$ 535,000
Claims and other expenses incurred	8,745,459	8,453,104	7,059,680
Claims paid	(8,745,459)	(8,338,104)	(7,059,680)
Claims payable – end of year	$ 650,000	$ 650,000	$ 535,000

Note 12. Operating Lease Commitments

The College leases a building on its Grayslake campus to an agency of the State of Illinois and an agency of the County. The State lease was in a renewal term of four years which expired December 31, 2012. That lease was extended for one year ending December 31, 2013. The lease with the County agency had a four year term which expired October 31, 2012. The lease was amended twice to extend the lease for two one-year extensions now expiring October 31, 2014. The book value of the leased building at June 30, 2013 and 2012 is $1,950,794 and $2,006,354, 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).

Note 12. Operating Lease Commitments (Continued)

Lease income recognized during each of the years ended June 30, 2013 and 2012 was $20,000. Deferred revenue related to the lease was $820,000 and $840,000 at June 30, 2013 and 2012, 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, 2013:

Year ending June 30:		
2014	$	367,427
2015		25,770
	$	393,197

Note 13. Expenses by Natural Classification

Expenses are reported in the statements of revenues, expenses, and changes in net position by functional classification. The College's operating expenses by natural classification for the years ended June 30, 2013 and 2012 are as follows:

		2013		2012
Natural classification of total expenses:				
Salaries	$	66,534,508	$	63,076,170
Benefits		35,916,339		27,659,524
Contractual services		7,683,998		6,532,534
Materials and supplies		11,034,873		11,703,845
Travel and meetings		1,080,419		1,042,498
Fixed charges		1,983,972		1,977,532
Utilities		2,718,808		2,820,842
Interest		637,083		536,972
Depreciation		4,441,546		4,334,200
Other		12,906,681		12,295,341
Total expenses	$	144,938,227	$	131,979,458

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

Note 14. Commitments

In conjunction with the Illinois Capital Development Board, the College will construct a new science building on the Grayslake campus. Total estimated costs are $23,425,000. The College is required to fund its total share of the project, $5,856,400 by November 2013, of which $1,170,950 has already been placed in escrow. Total funds expended as of June 30, 2013 were $648,654.

Note 15. Subsequent Event

On September 18, 2013, the College issued $31,690,000 General Obligation Bonds (Alternate Revenue Source), Series 2013A, for capital projects associated with the master plan. Interest rates range from 2.00% to 4.00% on the new bonds. Beginning in June 2014, principal payments are due annually and interest payments are due semiannually. On September 27, 2013, the College issued $26,790,000 Local Government Program Revenue Bonds, Series 2013B, for capital projects associated with the master plan. Interest rates range from 2.00% to 4.75% on the new bonds. Beginning in June 2014, principal payments are due annually and interest payments are due semiannually.

Required Supplementary Information

College of Lake County
Community College District No. 532

Required Supplementary Information

Other Post-Employment Benefits

Analysis of Funding Progress

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

Employer Contributions

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

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

College of Lake County
Community College District No. 532

Statistical Section Summary

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

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

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

Table 1

College of Lake County
Community College District No. 532

Net Position by Component (Unaudited)
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net investment in capital assets	$ 90,351,421	$ 89,840,672	$ 88,244,604	$ 88,360,119	$ 89,508,677	$ 88,952,883	$ 89,839,524	$ 85,718,718	$ 79,450,964	$ 72,537,232
Restricted for:										
Working cash	-	-	-	17,550,000	17,550,000	17,550,000	17,550,000	17,539,278	17,528,336	17,370,272
Debt service	1,357,332	1,163,008	3,821,509	3,683,898	3,638,451	3,476,226	3,273,884	-	-	-
Capital projects	1,631,704	1,914,268	754,227	1,063,084	1,090,977	1,091,225	1,087,520	1,090,088	3,111,141	5,841,062
Other	904,521	289,439	698,222	601,233	1,083,162	1,112,681	1,543,755	1,103,319	1,156,671	2,200,112
Unrestricted	72,900,840	62,925,272	53,903,877	22,264,025	13,963,221	11,169,617	6,515,345	11,060,736	11,273,578	7,358,331
Total net position	$ 167,145,818	$ 156,132,659	$ 147,422,439	$ 133,522,359	$ 126,834,488	$ 123,352,632	$ 119,810,028	$ 116,512,139	$ 112,520,690	$ 105,307,009

Table 2

College of Lake County
Community College District No. 532

Changes in Net Position (Unaudited)
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating revenues:										
Student tuition and fees	$ 32,039,591	$ 31,571,415	$ 31,341,476	$ 27,687,389	$ 24,431,056	$ 22,068,220	$ 19,250,363	$ 17,347,474	$ 16,015,708	$ 14,739,759
Less scholarship allowances	(7,735,180)	(8,199,350)	(7,585,139)	(5,040,088)	(3,438,360)	(2,451,962)	(2,514,675)	(2,378,310)	(2,417,436)	(2,306,624)
Net student tuition and fees	24,304,411	23,372,065	23,756,337	22,647,301	20,992,696	19,616,258	16,735,688	14,969,164	13,598,272	12,433,135
Auxiliary enterprises	10,409,564	10,757,207	10,713,481	11,067,046	10,539,065	10,080,324	8,977,895	6,774,052	6,315,048	6,360,695
Other operations	1,482,587	1,173,803	1,478,186	1,328,725	1,921,201	1,728,044	2,425,746	3,836,333	3,609,459	3,196,838
Total operating revenues	36,196,562	35,303,075	35,948,004	35,043,072	33,452,962	31,424,626	28,139,329	25,579,549	23,522,779	21,990,668
Operating expenses:										
Education and general:										
Instruction	56,918,482	51,721,715	48,268,132	46,853,367	40,662,025	37,675,261	33,738,179	30,873,970	30,405,117	43,004,663
Academic support	5,377,091	5,368,352	5,464,060	5,506,810	5,418,601	4,942,062	4,829,196	4,722,016	4,725,087	6,041,056
Student services	9,977,245	9,108,675	8,136,053	7,861,672	7,416,388	6,344,790	6,083,190	5,096,901	4,728,531	5,943,060
Public service	13,578,437	8,686,815	7,575,936	6,426,550	7,127,721	5,807,824	5,423,347	6,956,771	6,903,265	9,618,435
Institutional support	26,106,885	24,459,148	21,841,211	21,549,383	22,160,018	21,005,231	20,255,050	16,844,508	17,202,310	17,547,649
Operations and maintenance of plant	10,175,688	9,501,273	8,897,716	9,557,706	9,214,707	8,785,206	8,090,545	7,522,383	6,606,018	6,593,290
Financial aid	6,325,221	6,626,759	6,587,783	7,349,762	2,478,091	1,945,642	2,002,225	2,353,612	2,647,663	2,541,326
Depreciation	4,441,546	4,334,200	4,245,907	4,151,105	4,393,484	4,254,000	4,289,978	4,114,324	3,898,729	3,394,547
Auxiliary enterprises	11,400,549	11,635,549	10,728,709	10,924,069	10,003,106	10,236,270	9,612,162	7,289,152	6,806,566	7,085,147
Total operating expenses	144,301,144	131,442,486	121,745,507	120,180,424	108,874,141	100,996,286	94,323,872	85,773,637	83,923,286	101,769,173
Operating loss	(108,104,582)	(96,139,411)	(85,797,503)	(85,137,352)	(75,421,179)	(69,571,660)	(66,184,543)	(60,194,088)	(60,400,507)	(79,778,505)
Nonoperating revenues (expenses):										
Local property taxes	62,139,690	60,194,469	58,363,768	57,133,098	55,125,615	52,163,382	48,818,356	45,454,623	42,320,584	40,073,769
Personal property replacement tax	1,164,330	1,139,553	1,238,741	955,215	1,180,747	1,349,780	1,262,216	1,156,921	912,768	754,353
State appropriations	34,600,754	27,664,030	24,581,121	20,282,045	15,655,068	13,807,432	12,559,165	11,187,839	12,219,066	33,436,415
Federal grants and contracts	20,173,020	15,385,348	14,874,344	12,736,502	5,716,530	4,046,087	4,243,973	4,591,755	4,840,223	4,418,667
Local grants and contracts	865,085	911,393	951,778	1,067,360	1,138,575	1,134,897	1,521,415	1,293,677	1,346,526	1,467,518
Investment income	126,529	91,810	109,959	155,791	679,593	1,246,168	1,156,004	871,968	466,066	297,426
Interest expense	(637,083)	(536,972)	(422,128)	(504,788)	(593,093)	(846,068)	(598,183)	(741,305)	(714,955)	(821,651)
Net nonoperating revenues (expenses)	118,432,325	104,849,631	99,697,583	91,825,223	78,903,035	72,901,678	68,962,946	63,815,478	61,390,278	79,626,497
Increase (decrease) before capital contributions	10,327,743	8,710,220	13,900,080	6,687,871	3,481,856	3,330,018	2,778,403	3,621,390	989,771	(152,008)
State capital appropriations	685,416	-	-	-	-	212,586	519,486	370,059	6,223,910	11,323,668
Increase in net position	$ 11,013,159	$ 8,710,220	$ 13,900,080	$ 6,687,871	$ 3,481,856	$ 3,542,604	$ 3,297,889	$ 3,991,449	$ 7,213,681	$ 11,171,660

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
2013	2012	$ 18,472,931,866	$ 3,625,601,381	$ 974,610,494	$ 145,725,403	$ 23,218,869,144	0.272	$ 69,656,607,432	33.33 %
2012	2011	20,373,987,923	3,818,085,918	1,020,867,520	156,248,304	25,369,189,665	0.240	76,107,568,995	33.33
2011	2010	22,224,909,605	3,844,218,020	1,027,794,240	158,160,815	27,255,082,680	0.218	81,765,248,040	33.33
2010	2009	23,479,024,924	3,977,027,085	1,051,356,708	155,323,495	28,662,732,212	0.200	85,988,196,636	33.33
2009	2008	23,786,834,186	3,980,347,903	1,047,235,622	153,386,437	28,967,804,148	0.196	86,903,412,444	33.33
2008	2007	22,992,716,946	3,799,304,015	988,337,508	143,089,901	27,923,448,370	0.192	83,770,345,110	33.33
2007	2006	21,428,065,407	3,463,978,017	932,383,121	141,859,575	25,966,286,120	0.195	77,898,858,360	33.33
2006	2005	19,610,105,688	3,280,579,317	885,271,430	135,072,902	23,911,029,337	0.197	71,733,088,728	33.33
2005	2004	17,757,398,911	3,069,446,188	851,317,368	127,167,862	21,805,330,329	0.200	65,415,991,641	33.33
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

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

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

Source: Lake County Clerk's Office.

College of Lake County
Community College District No. 532

Direct and Overlapping Property Tax Rates (Unaudited)
Last Ten Years
(rate per $100 of assessed value)

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

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

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

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

Source: Lake County Clerk

Table 5

College of Lake County
Community College District No. 532

Principal Property Tax Payers (Unaudited)
Current Levy Year and Nine Years Ago

	2012			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	$ 171,321,515	1	0.74 %	$ 167,305,939	1	0.82 %
Gurnee Mills	53,124,031	2	0.23	-	-	-
Discover Properties LLC	44,227,614	3	0.19	-	-	-
Wal-Mart Stores Inc	40,340,839	4	0.17	-	-	-
Midwest Family Housing LLC	38,782,222	5	0.17	-	-	-
Arden Realty Inc	37,312,352	6	0.16	-	-	-
Van Vlissingen & Co	34,969,708	7	0.15	75,937,403	2	0.37
Scott Dessing, Sr Mgr Taxation	32,552,216	8	0.14	-	-	-
JBC Funds Parkway North LLC	31,279,964	9	0.13	-	-	-
Baxter Healthcare Corp	29,577,543	10	0.13	34,245,621	6	0.17
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
	$ 513,488,004		2.21 %	$ 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		Collections in Subsequent Years[(a)]	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2012	$ 63,155,324	$ 31,623,830	50.07 %	—	$ 31,623,830	50.07 %
2012	2011	60,886,055	60,801,830	99.86	—	60,801,830	99.86
2011	2010	59,416,080	59,279,661	99.77	—	59,279,661	99.77
2010	2009	57,325,464	57,199,885	99.78	—	57,199,885	99.78
2009	2008	56,776,896	56,627,879	99.74	—	56,627,879	99.74
2008	2007	53,613,021	53,467,319	99.73	—	53,467,319	99.73
2007	2006	50,634,258	50,549,528	99.83	—	50,549,528	99.83
2006	2005	47,104,728	46,911,144	99.59	—	46,911,144	99.59
2005	2004	43,610,661	43,497,924	99.74	—	43,497,924	99.74
2004	2003	40,993,867	40,805,598	99.54	—	40,805,598	99.54

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

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

Source: Lake County Treasurer's Office

Table 7

College of Lake County
Community College District No. 532

Ratios of Outstanding Debt by Type (Unaudited)
Last Ten Fiscal Years

Fiscal year	General Obligation Limited Tax Funding Bonds	General Obligation Limited Tax Debt Certificates	Capital Appreciation Limited Tax Bonds	General Obligation Bonds - Alternate Revenue Source	Unamortized Premium	Discount on Capital Appreciation Bonds	Total Outstanding Debt	Percentage of taxable assessed value of property[a]	Per FTE student count[b]
2013	$ 20,535,000	$ 1,470,000	$ -	$ -	$ 593,202	$ -	$ 22,598,202	0.097%	2,366
2012	21,500,000	1,735,000	-	-	656,875	-	23,891,875	0.094%	2,515
2011	6,920,000	2,515,000	-	-	89,657	-	9,524,657	0.035%	955
2010	7,000,000	3,235,000	1,000,000	-	111,596	(19,734)	11,326,862	0.040%	1,142
2009	7,210,000	3,925,000	2,010,000	320,000	133,535	(85,127)	13,513,408	0.047%	1,516
2008	7,405,000	4,560,000	3,025,000	615,000	155,474	(193,504)	15,566,970	0.056%	1,815
2007	7,595,000	5,140,000	4,040,000	895,000	177,413	(514,304)	17,333,109	0.067%	2,113
2006	7,650,000	3,165,000	5,185,000	1,155,000	199,352	(537,187)	16,817,165	0.070%	2,055
2005	7,700,000	3,385,000	6,535,000	1,390,000	221,291	(781,537)	18,449,754	0.085%	2,312
2004	3,250,000	3,385,000	7,885,000	2,050,000	-	(1,078,237)	15,491,763	0.076%	1,992

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.

College of Lake County
Community College District No. 532

Ratios of General Bonded Debt Outstanding (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Total Outstanding Debt	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Population	Percentage of Taxable Assessed Value of Property[(a)]	Net Bonded Debt Per Capita
2013	$ 22,598,202	$ 1,357,333	$ 21,240,869	702,120	0.030%	$ 16.65
2012	23,891,875	1,163,008	22,728,867	706,222	0.090%	32.18
2011	9,524,657	3,821,509	5,703,148	703,462	0.021%	8.11
2010	11,326,862	3,683,898	7,642,964	712,567	0.027%	10.73
2009	13,513,408	3,638,451	9,874,957	707,622	0.034%	13.96
2008	15,566,970	3,476,226	12,090,744	702,479	0.043%	17.21
2007	17,333,109	3,220,791	14,112,318	698,305	0.054%	20.21
2006	16,817,165	3,083,848	13,733,317	691,815	0.057%	19.85
2005	18,449,754	3,118,894	15,330,860	684,394	0.070%	22.40
2004	15,491,763	2,891,700	12,600,063	676,086	0.062%	18.64

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

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

Table 9

College of Lake County
Community College District No. 532

Legal Debt Margin Information (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Levy Year	Assessed Valuation	Bond Debt Limit*	Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2013	2012	$ 23,218,869,144	$ 667,542,488	$ 22,005,000	$ 645,537,488	3.30%
2012	2011	25,369,189,665	729,364,203	23,235,000	706,129,203	3.19%
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%

*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
2013	$ -	$ -	$ -	- %	$ -	$ -	$ -	- %
2012	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2010	409,200	320,000	7,360	1.25	-	-	-	-
2009	395,400	295,000	21,358	1.25	-	-	-	-
2008	392,800	280,000	34,225	1.25	-	-	-	-
2007	382,700	260,000	46,175	1.25	-	-	-	-
2006	371,900	235,000	62,500	1.25	-	-	-	-
2005	365,600	210,000	82,495	1.25	604,125	450,000	33,300	1.25
2004	363,700	195,000	95,991	1.25	1,463,350	1,060,000	110,680	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.

Table 11

College of Lake County
Community College District No. 532

Student Enrollment Demographic Statistics (Unaudited)
Last Ten Fiscal Years

	Enrollment		Gender		Attendance		Enrollment Status				
Fall Term	**Headcount**	**FTE**	**Male**	**Female**	**Full-Time**	**Part-Time**	**New**	**Continuing**	**Returning**	**In-District Residency**	**Average Age**
2012	17,577	9,551	7,870	9,707	4,945	12,632	4,341	9,199	3,854	95%	28.7
2011	17,389	9,498	7,707	9,682	5,212	12,177	4,376	9,125	2,883	95%	28.9
2010	18,091	9,975	7,895	10,088	5,678	12,413	4,966	10,028	3,097	94%	28.7
2009	18,092	9,920	7,898	10,084	6,461	11,631	5,437	9,438	3,217	93%	28.9
2008	16,359	8,912	6,994	9,303	5,192	11,167	5,082	8,446	2,831	94%	28.6
2007	16,010	8,578	6,722	9,226	4,892	11,118	4,830	8,360	2,820	94%	28.7
2006	15,558	8,203	6,604	8,874	4,611	10,947	4,923	7,965	2,670	93%	28.6
2005	15,745	8,184	6,699	8,956	4,514	11,231	4,925	7,884	2,936	93%	28.7
2004	15,866	7,979	6,735	9,012	4,357	11,509	5,075	7,937	2,854	93%	28.8
2003	15,828	7,777	6,689	9,079	4,106	11,722	5,172	7,728	2,928	91%	29.1

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

	2013		
Employer	**Employees[a]**	**Rank**	**Percentage of total County employees[a]**
Solo Cup Company	14,400	1	3.97%
Abbott Laboratories	12,284	2	3.39%
Kemper Insurance	5,300	3	1.46%
Mosaic Global Operations, Inc.	5,017	4	1.38%
Discover Financial Services	3,500	5	0.97%
Phosphate Resource Partners Limited	2,972	6	0.82%
Dayton Electric Mfg. Co.	2,337	7	0.64%
Mondelez International, Inc	2,000	8	0.55%
Rexam CP Inc	2,000	9	0.55%
Baxter Healthcare Corp	1,500	10	0.41%
	51,310		14.15%

[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.

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 2012 (note 1):	702,120
Percentage change from 2011 census	-0.6%
Employment in District (note 2):	
Labor force, civilian (June 2013)	362,413
Unemployment rate (June 2013)	8.1%

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	

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Enrollment (Fall Semester, based on 10th day enrollment) (note 4):										
Total headcount	17,577	17,389	18,091	18,092	16,359	16,010	15,558	15,745	15,866	15,828
Percent change	1.08%	-3.88%	-0.01%	10.59%	2.18%	2.91%	-1.19%	-0.76%	0.24%	2.40%
Total student semester hours	143,283	142,475	149,623	148,807	133,683	128,674	123,047	122,756	119,692	116,658
Total FTE semester hours	9,551	9,498	9,975	9,920	8,912	8,578	8,203	8,184	7,979	7,777
Percent change	0.56%	-4.78%	0.55%	11.31%	3.89%	4.57%	0.23%	2.57%	2.60%	8.31%
Total seats taken	45,014	44,721	46,940	47,387	42,671	40,891	38,507	38,308	37,406	36,687
Percent change	0.66%	-4.73%	-0.94%	11.05%	4.35%	6.19%	0.52%	2.41%	1.96%	8.20%
Degrees and certificates awarded (note 5):										
A.A., A.S., and A.E.S.	1,254	823	706	648	586	600	515	567	559	500
A.A.S.	533	429	377	423	381	341	316	305	330	320
A.F.A./A.P.	6	1	2	1	2	-	-	-	1	1
Certificates	4,467	876	926	910	800	930	998	944	1,044	993
Total, degrees/certificates	6,260	2,129	2,011	1,982	1,769	1,871	1,829	1,816	1,934	1,814
College Workforce (Fall semester) (note 6):										
Faculty/academic support	1,014	1,027	976	963	1,075	834	832	810	794	827
Administrators	67	66	59	60	59	54	50	50	50	53
Prof./Tech.	260	227	196	184	195	172	167	140	132	135
Clerical	174	165	160	150	114	110	110	104	106	105
Maintenance and others	131	125	141	148	156	144	148	149	138	137
% Women*	63%	63%	59%	60%	58%	57%	57%	56%	61%	57%
% Minorities*	32%	30%	21%	29%	20%	20%	20%	20%	27%	18%

* Excludes part-time faculty

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

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

College of Lake County
Community College District No. 532

Capital Asset Statistics by Facility (Unaudited)
Last Ten Fiscal Years

	Fiscal Year								
	2013	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Grayslake Campus-purchased 1968									
Size of campus (acres)[a]	223.4	223.4	223.4	223.4	225.1	225.1	225.1	225.1	225.1
Gross square footage[b]	789,082	789,082	789,082	789,082	814,174	814,174	814,174	814,174	814,174
Square footage rented [c]	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Number of classrooms	97	97	97	97	102	102	102	102	102
Number of laboratories	94	94	94	94	94	94	94	94	94
Lakeshore Campus-purchased 1979/1995									
Size of campus (acres)	1.4	1.4	0.7	0.5	0.5	0.5	0.5	0.5	0.5
Gross square footage	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599
Number of classrooms	14	14	14	14	14	14	14	14	14
Number of laboratories	7	7	7	7	7	7	7	7	7
Southlake Center-purchased 1997									
Size of campus (acres)[d]	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	22.9
Gross square footage	66,269	66,269	66,269	66,269	66,269	66,269	45,814	16,269	16,269
Number of classrooms	20	20	20	20	20	20	23	9	9
Number of laboratories	8	8	8	8	8	8	5	2	2
1 North Genesee-purchased 2002[e]									
Size of campus (acres)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Gross square footage	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660
Square footage rented [c]	19,330	19,330	19,330	19,330	32,976	32,976	32,976	32,976	32,976
Number of classrooms available	11	11	11	11	9	-	-	-	-
Number of laboratories available	1	1	1	1	1	-	-	-	-

[a] 2003:Land transferred to Village of Grayslake for Fire Station. 2010: IDOT road expansion
[b] 2005: Technology Building addition. 2010: Disposal of buildings 2, 3 and pole barn.
[c] Details regarding the College's operating leases can be found in the notes to the financial statements.
[d] 2006: Land transferred to Village of Vernon Hills for future road development.
[e] Building renovated before occupancy began July 1, 2004.
Source: College of Lake County Facilities Department

College of Lake County
Community College District No. 532

All Funds Summary
Uniform Financial Statement Number 1
Year Ended June 30, 2013

	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, 2012	$ 20,082,032	$ 9,053,992	$ 31,563,660	$ 1,163,008	$ 3,420,237	$ 528,567	$ 17,674,889	$ 729,040	$ 66,291	$ (197,854)	$ 1,205,105	$ 85,288,967
Adjustment to Fund balance												
Under Full Accrual June 30, 2012 *	2,712,675	-	-	-	-	-	-	-	-	-	-	2,712,675
Revenues:												
Local tax revenue	46,953,050	12,879,620	-	1,820,148	-	-	-	-	-	486,872	-	62,139,690
All other local revenue	24,340	-	-	-	-	868,285	-	-	-	-	-	892,625
ICCB grants	8,668,631	-	-	-	-	875,527	-	-	-	-	-	9,544,158
All other state revenue	1,164,331	-	-	-	-	2,503,302	-	-	-	-	-	3,667,633
Federal revenue	-	-	-	-	-	20,173,020	-	-	-	-	-	20,173,020
Student tuition and fees	28,026,322	-	3,476,377	-	-	536,892	-	845,605	-	-	-	32,885,196
All other revenue	626,644	76,114	536,886	-	11,993,691	2,662,054	46,565	-	-	-	3,174	15,945,128
Total revenues	85,463,318	12,955,734	4,013,263	1,820,148	11,993,691	27,619,080	46,565	845,605	-	486,872	3,174	145,247,450
Expenditures:												
Instruction	39,571,961	-	-	-	-	-	-	-	-	-	-	39,571,961
Academic support	3,907,878	-	-	-	-	-	-	-	-	-	-	3,907,878
Student services	7,679,056	-	-	-	-	-	-	776,871	-	-	-	8,455,927
Public service	2,065,475	-	-	-	-	11,189,552	-	-	-	-	-	13,255,027
Auxiliary services	-	-	-	-	11,965,120	-	-	-	-	-	-	11,965,120
Operations and maintenance	-	8,002,963	-	-	-	-	-	-	-	-	-	8,002,963
Institutional support	24,518,355	2,786,069	3,625,717	1,625,822	-	-	-	-	196,648	498,459	-	33,251,070
Scholarships and student grants	142,956	-	-	-	-	16,369,857	-	-	-	-	-	16,512,813
Total expenditures	77,885,681	10,789,032	3,625,717	1,625,822	11,965,120	27,559,409	-	776,871	196,648	498,459	-	134,922,759
Other financing sources (uses):												
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Net transfers	(9,810,443)	(1,600,000)	11,100,000	-	-	-	(76,095)	-	220,000	166,538	-	-
Total other financing sources (uses)	(9,810,443)	(1,600,000)	11,100,000	-	-	-	(76,095)	-	220,000	166,538	-	-
Fund balance (deficit)												
at June 30, 2013	$ 20,561,901	$ 9,620,694	$ 43,051,206	$ 1,357,334	$ 3,448,808	$ 588,238	$ 17,645,359	$ 797,774	$ 89,643	$ (42,903)	$ 1,208,279	$ 98,326,333

* Effective for Fiscal Year 2013 the College will use the full accrual basis of accounting for the Uniform Financial Statements.

College of Lake County
Community College District No. 532

Summary of Capital Assets and Debt
Uniform Financial Statement Number 2
Year Ended June 30, 2013

	Capital Asset/ Debt Account Groups June 30, 2012	Additions	Deletions	Capital Asset/ Debt Account Groups June 30, 2013
Fixed assets:				
Sites and improvements	$ 14,095,003	$ 19,812	$ -	$ 14,114,815
Buildings, additions, and improvements	125,735,875	368,308	-	126,104,183
Construction work in progress	158,041	1,416,467	-	1,574,508
Equipment, furniture, and machinery	24,606,332	2,185,316	(100,849)	26,690,799
Fixed assets	164,595,251	3,989,903	(100,849)	168,484,305
Accumulated depreciation	(68,762,618)	(4,441,546)	100,849	(73,103,315)
Net fixed assets	$ 95,832,633	$ (451,643)	$ -	$ 95,380,990
Fixed debt:				
Bonds payable	$ 23,235,000	$ 1,470,000	$ (2,700,000)	$ 22,005,000
Total fixed liabilities	$ 23,235,000	$ 1,470,000	$ (2,700,000)	$ 22,005,000

The College has no tax anticipation warrants or notes outstanding at June 30, 2013.

College of Lake County
Community College District No. 532

Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3
Year Ended June 30, 2013

	Education Fund	O&M Fund	Total Operating
Operating revenues by source:			
Local government:			
Current taxes	$ 46,953,050	$ 12,879,620	$ 59,832,670
Charge-back revenue	24,340	-	24,340
Total local government	46,977,390	12,879,620	59,857,010
State government:			
ICCB credit hour grants	8,163,335	-	8,163,335
Corporate personal property replacement taxes	1,164,331	-	1,164,331
Vocational education and other	505,296	-	505,296
Total state government	9,832,962	-	9,832,962
Federal government:			
American Recovery and Reinvestment Act	-	-	-
Total federal government	-	-	-
Student tuition and fees:			
Tuition and fees	28,026,322	-	28,026,322
Total student tuition and fees	28,026,322	-	28,026,322
Other sources:			
Investment revenue	35,309	-	35,309
Other	591,335	76,114	667,449
Transfers	76,095	-	76,095
Total other sources	702,739	76,114	778,853
Total revenue	85,539,413	12,955,734	98,495,147
Less nonoperating items*:			
Tuition charge-back revenue	24,340	-	24,340
Transfers from nonoperating funds	76,095	-	76,095
Adjusted revenue	$ 85,438,978	$ 12,955,734	$ 98,394,712

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, 2013

	Education Fund	O&M Fund	Total Operating
Operating expenditures:			
Instruction	$ 39,571,961	$ -	$ 39,571,961
Academic support	3,907,878	-	3,907,878
Student services	7,679,056	-	7,679,056
Public service	2,065,475	-	2,065,475
Auxiliary services	-	-	-
Operations and maintenance	-	8,002,963	8,002,963
Institutional support	24,518,355	2,786,069	27,304,424
Scholarships and student grants	142,956	-	142,956
Transfers	9,886,538	1,600,000	11,486,538
Total operating expenditures by program	87,772,219	12,389,032	100,161,251
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	9,886,538	1,600,000	11,486,538
Adjusted expenditures	$ 77,885,681	$ 10,789,032	$ 88,674,713
By object:			
Salaries	$ 54,965,412	$ 3,560,655	$ 58,526,067
Employee benefits	9,122,980	1,850,846	10,973,826
Contractual services	3,340,395	1,245,056	4,585,451
General materials and supplies	3,869,084	247,442	4,116,526
Conference and meetings	734,723	12,684	747,407
Fixed charges	1,144,894	583,112	1,728,006
Utilities	-	2,718,808	2,718,808
Capital outlay	867,069	700,676	1,567,745
Other	3,841,124	(130,247)	3,710,877
Transfers	9,886,538	1,600,000	11,486,538
Total operating expenditures by object	87,772,219	12,389,032	100,161,251
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	9,886,538	1,600,000	11,486,538
Adjusted expenditures	$ 77,885,681	$ 10,789,032	$ 88,674,713

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

College of Lake County
Community College District No. 532

Restricted Purpose Fund Revenues and Expenditures
Uniform Financial Statement Number 4
Year Ended June 30, 2013

	Restricted Purposes Fund
Revenue by source:	
Local government:	
Local taxes	$ -
Other local government	868,285
Total local government	868,285
State government:	
ICCB – State Adult Education Grant	834,498
ICCB – Career and Technical Education – Program Improvement Grant	41,029
Other	2,503,302
Total state government	3,378,829
Federal government:	
U.S. Department of Education	19,306,252
Other	866,768
Total federal government	20,173,020
Student tuition and fees:	
Tuition and fees	536,892
Other sources:	
Investment revenue	-
Other	2,662,054
Total other sources	2,662,054
Total restricted purposes fund revenues	$ 27,619,080

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, 2013

	Restricted Purposes Fund
Restricted purposes fund expenditures, by program:	
Public services	$ 11,189,552
Scholarships and student grants	16,369,857
Total restricted purposes fund expenditures, by program	$ 27,559,409
Restricted purposes fund expenditures, by object:	
Salaries	$ 4,818,428
Employee benefits	1,253,126
Contractual services	1,402,101
General materials and supplies	583,038
Travel and conference/meetings	232,610
Utilities	-
Fixed charges	12,975
Capital outlay	1,981,458
Other	17,275,673
Total restricted purposes fund expenditures, by object	$ 27,559,409

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, 2013

Instruction:	
Instructional programs	$ 37,214,644
Other	2,357,317
Total instruction	39,571,961
Academic support:	
Library center	2,128,026
Instructional materials center	3,203
Academic computing support	298,704
Academic administration and planning	227,472
Other	1,250,473
Total academic support	3,907,878
Student services:	
Admission and records	1,199,083
Counseling and career services	3,014,334
Financial aid administration	689,832
Other	2,775,807
Total student services	7,679,056
Public service:	
Community education	8,147,520
Customized training	2,075,297
Community services	2,165,359
Other	866,851
Total public services	13,255,027
Auxiliary services	11,965,120
Operations and maintenance:	
Maintenance	2,105,585
Custodial services	2,457,933
Grounds	569,047
Transportation	44,921
Utilities	2,333,765
Administration	491,712
Other	-
Total operations and maintenance	8,002,963

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5 (Continued)
Year Ended June 30, 2013

Institutional support:	
Executive management	$ 1,649,139
Fiscal operations	589,686
Community relations	2,611,113
Administrative support	1,979,456
Board of trustees	218,508
General institutional	18,398,096
Institutional research	497,756
Administrative data processing	5,471,673
Other	209,821
Total institutional support	31,625,248
Scholarships, student grants, and waivers	16,512,813
Total current funds expenditures	$ 132,520,066

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

Schedule 6

College of Lake County
Community College District No. 532

Certification of Chargeback Reimbursement
Fiscal Year 2014

All fiscal year 2013 noncapital audited operating expenditures from the following funds:

1.	Education Fund	77,018,612
2.	Operations and Maintenance Fund	10,088,357
3.	Operations and Maintenance Fund (Restricted)	1,104,387
4.	Bond and Interest Fund	1,625,822
5.	Public Building Commission Rental Fund	-
6.	Restricted Purposes Fund	25,577,951
7.	Audit Fund	196,648
8.	Liability, Protection, and Settlement Fund	498,459
9.	Auxiliary Enterprise Fund (Subsidy Only)	11,946,798
10.	Total noncapital audited expenditures	128,057,034
11.	Plus depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds	3,573,738
12.	Total costs included	131,630,772
13.	Total certified semester credit hours for FY 2013	292,723
14.	Per capita cost	449.68
15.	All FY 2013 state and federal operating grants for noncapital expenditures, except ICCB grants	23,175,783
16.	Less FY 2012 state and federal grants per semester credit hour	79.17
17.	Less each district's average ICCB grant rate for fiscal year 2013	27.08
18.	Less each district's student tuition per semester credit hour for fiscal year 2013	112.00
19.	Equals charge-back reimbursement per semester credit hour	231.43

Approved: *\/s/ David T. Agazzi* — September 24, 2013
Vice-President for Administrative Affairs — Date

Approved: */s/ Girard W. Weber* — September 24, 2013
President — Date

McGladrey

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State Adult Education Grant (State Basic, Public Assistance, and State Performance), and Career and Technical Education Program Improvement Grants (the Grant Programs) of the College of Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2013 and the related notes to the ICCB State grants financial statements, which collectively comprise the College's grant program financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College's State Adult Education Grant (State Basic, Public Assistance, and State Performance), and Career and Technical Education Program Improvement Grants as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The grant program financial statements present only the Grant Programs referred to above and do not purport to, and do not present the financial position of the College as of June 30, 2013, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the grant program financial statements of the College. The ICCB Compliance Statement on page 67 is presented for purposes of additional analysis and are not a required part of the grant program financial statements.

The ICCB Compliance Statement on page 67 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the grant program financial statements. Such information has been subjected to the auditing procedures applied in the audits of the grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statements on page 67 are fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of the College's internal control over financial reporting of the grant programs and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

McGladrey LLP

Chicago, Illinois
October 11, 2013

McGladrey

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the State Adult Education Grant (State Basic, Public Assistance, and State Performance), and Career and Technical Education Program Improvement Grants (the Grant Programs) of the College of Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2013, and the related notes to the ICCB State grants financial statements, and have issued our report thereon dated October 11, 2013.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

McGladrey LLP

Chicago, Illinois
October 11, 2013

College of Lake County
Community College District No. 532

State Adult Education Grant
Balance Sheet
June 30, 2013

	State Basic	Public Assistance	State Performance	Total
Assets				
Cash	$ -	$ -	$ -	$ -
Accounts receivable	27,722	20,604	21,216	69,542
Total assets	$ 27,722	$ 20,604	$ 21,216	$ 69,542
Liabilities and Fund Balance				
Liabilities				
Due to other funds	$ 27,722	$ 20,604	$ 21,216	$ 69,542
Total liabilities	27,722	20,604	21,216	69,542
Fund balance	-	-	-	-
Total liabilities and fund balance	$ 27,722	$ 20,604	$ 21,216	$ 69,542

See accompanying notes to ICCB State Grants financial statements.

College of Lake County
Community College District No. 532

State Adult Education Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2013

	State Basic	Public Assistance	State Performance	Total
Revenues:				
State sources	$ 332,664	$ 247,249	$ 254,585	$ 834,498
Expenditures – by program:				
Instructional and student services:				
Instruction	151,346	117,283	322	268,951
Social work services	-	-	-	-
Guidance services	33,744	48,724	11,088	93,555
Assistive and adaptive equipment				-
Assessment and testing	55,807	51,167	21,834	128,808
Student transportation services	-	-	-	-
Literacy services	49,148	-	755	49,903
Child care services	-	-	-	-
Total instructional and student services	290,045	217,173	33,999	541,217
Program support:				
Improvement of instructional services	2,197	-	7,662	9,859
General administration	19,462	14,498	88,330	122,290
Operation and maintenance of plant services	-	-	-	-
Workforce coordination	4,724	3,512	285	8,521
Data and information services	16,236	12,067	124,309	152,611
Approve indirect costs	-	-	-	-
Total program support	42,619	30,076	220,586	293,281
Total expenditures	332,664	247,249	254,585	834,498
Excess of revenues over expenditures	-	-	-	-
Fund balance at July 1, 2012	-	-	-	-
Fund balance at June 30, 2013	$ -	$ -	$ -	$ -

See accompanying notes to ICCB State Grants financial statements.

College of Lake County
Community College District No. 532

State Adult Education Grant
ICCB Compliance Statement
Expenditure Amounts and Percentages for ICCB Grant Funds Only
Year Ended June 30, 2013

State basic	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	$151,346	45%
General administration (9% maximum allowed)	$19,462	6%
State public assistance	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	$117,283	47%
General administration (9% maximum allowed)	$14,498	6%

College of Lake County
Community College District No. 532

Career and Technical Education Program Improvement Grant
Balance Sheet
June 30, 2013

Assets	
Cash	
Accounts receivable	
Total assets	$ -
Liabilities and Fund Balance	
Liabilities	
Due to other funds	$ -
Total 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 Program Improvement Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2013

		Total
Revenues:		
State sources	$	41,029
Expenditures:		
Salaries		35,229
Employee benefits		-
Contractual services		190
Materials and supplies		
Conference and meeting		542
Travel/out-of-District		243
Capital outlay		2,525
Other		2,300
Total expenditures		41,029
Excess of revenues over expenditures		-
Fund balance at July 1, 2012		-
Fund balance at June 30, 2013	$	-

See accompanying notes to ICCB State Grants financial statements.

Note 1. Summary of Significant Accounting Policies

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

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

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

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

Note 2. Background Information on Grant Activity

Unrestricted Grants

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

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

Restricted Grants

Restricted Adult Education Grant/State

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

2. Public Assistance – Grants awarded to Adult Education and Family Literacy providers to pay for any fees, books, and materials incurred in the program for students who are identified as recipients of public assistance.

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

Note 2. Background Information on Grant Activity (Continued)

Career and Technical Education Program Improvement Grant

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

McGladrey

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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed (the Schedule) of the College of Lake County, Community College District No. 532 (the College) for the year ended June 30, 2013. The College's management is responsible for the Schedule. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed is fairly presented in all material respects, in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*.

McGladrey LLP

Chicago, Illinois
October 11, 2013

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, 2013

	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	28,408.0	-	72,354.0	-	71,768.0	-	172,530.0	-
Business occupational	1,682.5	7.5	5,607.5	395.0	6,540.5	124.0	13,830.5	526.5
Technical occupational	2,705.0	-	10,867.0	-	13,055.0	137.0	26,627.0	137.0
Health occupational	2,758.0	-	7,564.0	-	7,666.0	-	17,988.0	-
Remedial development	2,871.0	-	12,826.0	-	10,737.0	-	26,434.0	-
Adult basic education/ secondary education	4,481.0	34.5	12,316.7	2,118.0	13,485.5	2,214.5	30,283.2	4,367.0
Total	42,905.5	42.0	121,535.2	2,513.0	123,252.0	2,475.5	287,692.7	5,030.5

	Attending In-District	**Attending Out-of-District On Chargeback Or Contractual Agreement**	**Total**
Semester credit hours (all terms)	283,841.3	1,319.5	285,160.8

	Dual Credit	**Dual Enrollment**	**Total**
Reimbursable semester credit hours (all terms)	5,410.0	1,819.0	7,229.0

District 2012 equalized assessed valuation $ 23,218,869,144

/s/ Girard W. Weber
President

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

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

College of Lake County
Community College District No. 532

Schedule of Enrollment Data and Other
Bases Upon Which Claims were Filed
Year Ended June 30, 2013

	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	172,530.0	172,530.0	-	-	-	-
Business occupational	13,830.5	13,830.5	-	526.5	526.5	-
Technical occupational	26,627.0	26,627.0	-	137.0	137.0	-
Health occupational	17,988.0	17,988.0	-	-	-	-
Remedial development	26,434.0	26,434.0	-	-	-	-
Adult basic education/ adult secondary	30,283.2	30,283.2	-	4,367.0	4,367.0	-
Total	287,692.7	287,692.7	-	5,030.5	5,030.5	-

	Reconciliation of In-District/Charge-Back Reimbursable Credit Hours		
	Total Attending	**Total Attending as Certified to the ICCB**	**Difference**
Reimbursable in-district residents	283,841.3	283,841.3	-
Reimbursable out-of-district on charge-back or contractual agreement	1,319.5	1,319.5	-
Total	285,160.8	285,160.8	-

	Total Reimbursable	**Total Reimbursable Certified to ICCB**	**Difference**
Dual Credit	5,410.0	5,410.0	-
Dual Enrollment	1,819.0	1,819.0	-
Total	7,229.0	7,229.0	-

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

College Lake County

Community College District No. 532

www.clcillinois.edu

Grayslake Campus
19351 West Washington Street, Grayslake, Illinois 60030

Lakeshore Campus
33 North Genesee Street, Waukegan, Illinois 60085

Southlake Campus
1120 South Milwaukee Avenue, Vernon Hills, Illinois 60061

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