Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2015 and 2014

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, 2015 and 2014

Prepared by:

David T. Agazzi
Vice President, Administrative Affairs

W. Andy Williams, CPA
Controller

Table of Contents

College of Lake County

Grayslake Campus

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September 28, 2015

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 or CLC), County of Lake, State of Illinois, for the fiscal year ended June 30, 2015, 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.'s 39 and 61. A more detailed description of the legal entity is contained in the notes to the financial statements in the financial section.

Management assumes full responsibility for both the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal controls it has established for this purpose. Because the costs of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data 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, 2015. The independent auditor's report is located at the front of the financial section of the report.

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

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

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

BACKGROUND ON THE COLLEGE

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

The College is recognized by the Illinois Community College Board and governed by a locally elected seven-member Board of Trustees and one appointed, non-voting student representative. The College 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 student learning, success and completion; 2) maximize educational opportunity and equity in student outcomes; 3) promote excellence in the areas of diversity, global engagement, sustainability, and wellness as strengths within the College and Lake County community; and 4) enable a culture of innovation, excellence and continuous improvement.

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 2015, 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, success and completion.**
   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 and equity in student outcomes.**
   The College will enhance, develop and promote educational opportunities and work to increase enrollment and external partnerships.

3. **Promote excellence in the areas of diversity, global engagement, sustainability, and wellness 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.

4. **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.

COLLEGE OF LAKE COUNTY INITIATIVES

Over the past few years, the College has been busy implementing its strategic plan as well as several operational plans which include the: College master plan, financial plan, information technology plan, sustainability plan, capital investment plan, and safety and emergency response plan. For FY 2015, 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 2015, the College undertook AQIP projects related to 1) analyzing research related to college readiness to make a recommendation for a scalable college readiness delivery model, 2) implementing the transfer initiative phase 1 project from FY 2014, and 3) developing Writing Across the Curriculum, an initiative designed to provide faculty the writing resources they need to use to enhance their course goals and their students' success. As of the end of the fiscal year, these projects have led to improved processes. For FY 2016, the College plans to: review the decision-making process and governance oversight structure at CLC and recommend potential changes to governance at the College, assess the completion of reading assignments at CLC by gathering data from students and faculty to understand what interferes with reading compliance in the campus environment, and investigate how sustainability can be integrated throughout the College into the core practices of teaching and learning.

In addition to these large-scale AQIP projects, department initiatives have been identified to support CLC's goals and objectives in FY 2016. Selected initiatives for each goal are highlighted in the following pages.

Strategic Goal 1: Advance student learning, success and completion.

Through its goal of advancing student learning, success and completion, 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 2016, key initiatives identified to help the College meet this goal include:

- Pilot Accelerating Your College Success (ACS), a fall bridge program for double developmental education students in Math and English; enroll 40 students in the pilot program and measure course success, course completion, withdrawals, retention to Spring 2016, and subsequent enrollment and success in college level courses.
- Increase professional development opportunities and support for the delivery of quality online courses and discipline specific training.
- Implement a three-year Strategic Enrollment Management Plan (SEM), including development of a charter and committee structure, which will increase enrollment and improve retention.

Strategic Goal 2: Maximize educational opportunity and equity in student outcomes.

The goal of maximizing educational opportunities within the district focuses on "enhancing, developing, and promoting educational offerings" at CLC. Planned projects related to this goal for FY 2016 are highlighted below:

- Implement a new model for the awarding of scholarships that will: 1) assist in the recruitment of academically ready high school students, and 2) build in a renewability feature to increase a student's reliability of future scholarship funds.
- Create, expand, and enhance Open Educational Resources (OER) to provide high quality curriculum for students at a reduced cost.

Strategic Goal 3: Promote excellence in the areas of diversity, global engagement, sustainability, and wellness 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:

- Support the work of the Diversity Commission, which develops advisory recommendations and helps coordinate activities relating to diversity in the college community.
- Increase international student enrollment by 270% in the next three years by establishing partnerships and contract agreements with international agents to reach students in their home countries and develop formal 2+2 articulation agreements with 4-year institutions that would attract international student interest.
- Reduce energy by using the latest efficient building materials and techniques for the Master Plan, with facilities set for construction over the next five years.

Strategic Goal 4: Enable a culture of innovation, excellence, and continuous improvement.

Through strategic goal 4, CLC hopes to promote employee engagement to create and sustain a culture of high performance, intellectual growth, collaboration, and innovation that supports continuous improvement of academic programs and college processes. Highlighted below are some of the projects that will support the objectives of innovation, excellence and continuous improvement.

- The Institutional Effectiveness, Planning & Research office (IEPR) will continue to update the College's performance scorecard. The scorecard will be updated to reflect new strategic goals and meaningful objectives with qualitative and quantitative measures as needed. The scorecard communicates to the College and community the degree to which the College achieves its strategic goals.
- IEPR will develop dashboards and customized data elements for tracking students at important educational milestones, and to mine information that will inform strategic decisions about improving enrollment, retention, transfer and completion useful to specific audiences within the College.

- Student Development will complete the student services components of the Master Plan at Grayslake and Lakeshore including the development of a Welcome Center and improved customer service.
- 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.

POPULATION AND ENROLLMENT

Illinois has 48 community Colleges and one multi-community College center in 39 community College districts. The College of Lake County's district is located in Lake County, Illinois, north of Chicago, bordering Cook County on the south, and Lake Michigan on the east, and Wisconsin on the north. In the 2010 census, the population of Lake County reached 704,634 for a 9% increase over the 2000 census level. As of 2014, the Lake County population was estimated to be 705,048. *Economic Modeling Specialists International (EMSI)* projects that Lake County's population will increase to 714,575 by 2024.

Despite this projected population growth, the number of projected area high school graduates is expected to decline by approximately 13% by 2025 (IEPR projection) resulting in a 12% decline in the number of public high school students who enroll at CLC in the fall semester of 2025 compared to the number enrolled in fall 2014. The College has already experienced a decline in College-level student enrollment beginning in FY 2012.

In 2009 and 2010, CLC experienced record high enrollment growth in credit hours (increases of 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 from 2012 to 2015 (declines of 1.5% in 2012, 2.4% in 2013, 4% in 2014, and 5.7% in 2015). So far, as the economy slowly rebounds, CLC's enrollment trend in the last five 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 enrollment declines the College experienced from 2011 through 2015.

Enrollment Summary
FY2011-2015

	2011	2012	2013	2014	2015
College-Level Credit Hours	297,378	292,901	285,823	274,323	258,741
Adult/Vocational Credit Hours	44,580	43,039	45,903	29,773	33,988
Total Credit Hours	341,958	335,940	331,726	304,096	292,729
College-Level FTE	9,913	9,763	9,527	9,144	8,625

Sources: Data Warehouse (07/30/2015), College-Level FTE = College-Level Credit Hours divided by 30

ECONOMIC CONDITION

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

The local economy continues a slow recovery from the recent recession. Unemployment reached a high of 10% in 2010 and lowered to 8% in 2013 and 6.4% in 2014. Unemployment was 6.1% in the first quarter of 2015. U.S. Bureau of Labor Statistics reports growth (1.1%) in non-farm wages and a reduction in consumer prices (-0.7%) for the Lake-Kenosha County area for the month of June 2015 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 2015 – a sign of recovery in the local housing market. Though the lingering effects of the recession continue to bring uncertainties to our state and local funding, the College remains focused on providing an affordable quality education to students by continuously looking for ways to increase revenue and cut costs.

FINANCIAL INFORMATION

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

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

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

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

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

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

General Government Functions and Revenue. The funds considered to be "General Government" are the Education Fund and the Operation and Maintenance Fund. These are more commonly referred to as the general funds or operating funds. Revenues that are regularly reoccurring are from predominately three sources: local property taxes, state sources and tuition and fees. The largest contributor to revenue is local property taxes. The strength of the financial base is the county assessed value, which totaled approximately $21.5 billion in 2014 for tax collections in 2015.

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	2014	2013	2012	2011
Education	$0.750	.234	.226	.207	.180
Operations and Maintenance	.100	.062	.060	.055	.051
Liability, Protection and Settlement	(1)	.002	.002	.002	.002
Audit	.005	.000	.000	.000	.000
Bond and Interest	(1)	.008	.008	.008	.007
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		0.306	0.296	0.272	0.240

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

The assessed value of taxable property for levy year 2014 was $21.5 billion, a decrease of $0.3 billion compared to levy year 2013, or a decrease of 1.4%.

The College's average collection rate, including collection of back taxes, over the past five years is 99.70%.

Revenue from tuition and fees has grown over time due to increases in tuition rates. The tuition and fees charged in FY 2015 totaled $121 per credit hour and will increase to $129 per credit hour in FY 2016.

Revenue from state sources, as a percentage of total revenue, has remained essentially flat from FY 2014 to FY 2015. 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 $617,594,739. Current total indebtedness is $74,320,000 leaving a substantial margin for additional debt, as warranted by the previously described high assessed valuation and the current property taxes. Current indebtedness is due to five different outstanding series of bonds with varying maturity dates, with the last payment due in 2034. A working cash fund, with a current balance of $17,567,091, was established through the sale of bonds and is available for periodic transfer to the various fund groups as needed for cash flow purposes. Loans are established during the fiscal year and repaid from revenues received.

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

The College currently is implementing its comprehensive master plan for facilities, which was approved in FY 2013. Local projects contained in the master plan are being funded from $60 million in bonds issued in September 2013. Total funding for local projects is $89.7 million with $62.2 million in bond funding and $27.5 million from accumulated fund balance in the Operations and Maintenance (Restricted) Fund.

In FY 2011, the state of Illinois passed a capital bill for infrastructure statewide. In this bill the College will receive state funding for a new science building in Grayslake and a new student center in Waukegan. The total funds appropriated by the state are $53.5 million and the College will contribute an additional $24.4 million. The College issued non-referendum bonds in FY 2012 to cover a large portion of the match. These two new buildings will allow the College to grow and meet the expanding needs of Lake County. Local projects and these two buildings are estimated to cost $167.6 million and will take five years to complete.

State of Illinois funding is not projected to stabilize for several years. The State has yet to reach the "new normal." Not only will budget amounts be unpredictable, but the remittance of appropriated amounts can no longer be considered reliable. The State has not approved an annual budget for FY 2016 as of the printing of this document. Illinois' ongoing challenge is to manage accumulated bills in the face of pension contributions that continue to increase and statutory reductions in the individual income tax rate from 5 percent to 3.75 percent and the corporate income tax rate from 7 percent to 5.25 percent for tax year 2015 and subsequent years.

Cash Management. The College has an established policy that provides for the prudent, conservative, timely investment of excess funds. This policy, approved by the Board, follows the Illinois Community College Act (Chapter 110 of Illinois Compiled Statutes Act 805) and the Illinois Public Funds Investment Act (Chapter 30 of the Illinois Compiled Statutes Act 235). The Treasurer, as appointed by the Board of Trustees, is delegated the responsibility for managing College investments. Investments are predominately placed in certificates of deposit either insured or properly collateralized. Interest income for FY 2015 totaled $326,129, constituting a net rate of return of 0.34 percent.

Capital Assets. The notes to financial statements elaborate on the activity for the fiscal year and the status of capital assets at June 30, 2015.

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 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

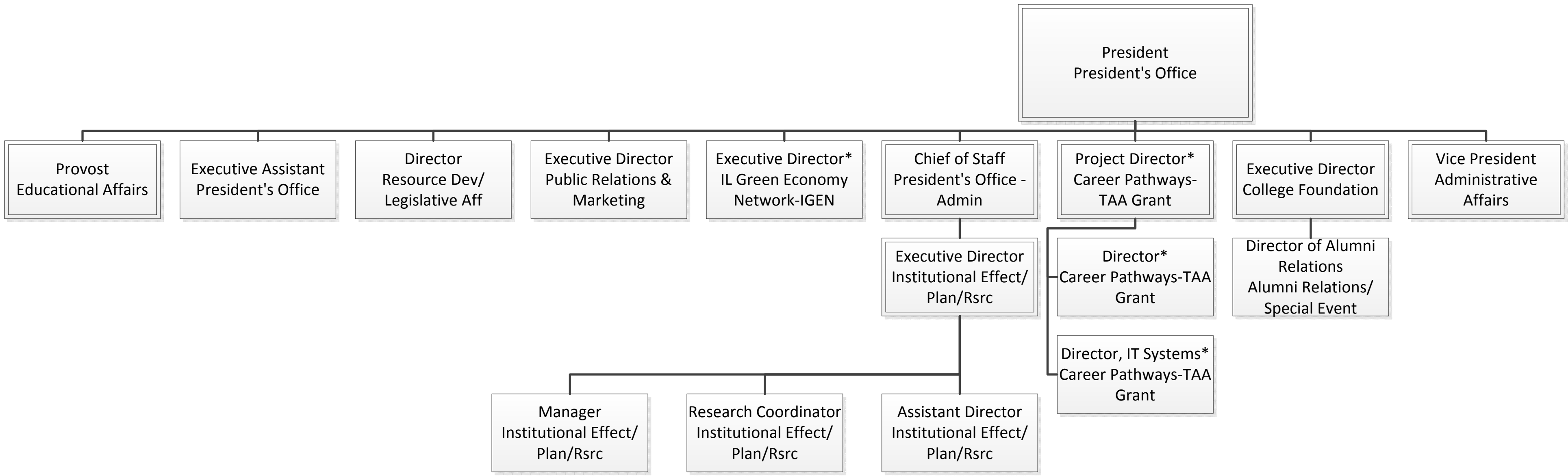
GFOA Distinguished Budget Presentation Award. The College of Lake County received the GFOA Distinguished Budget Presentation Award for three annual budget documents for the years ended June 30, 2013 through 2015. In order to receive this award, a government must publish a budget document that meets multiple criteria for best practices in budget presentation. The College plans to submit its FY 2016 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.

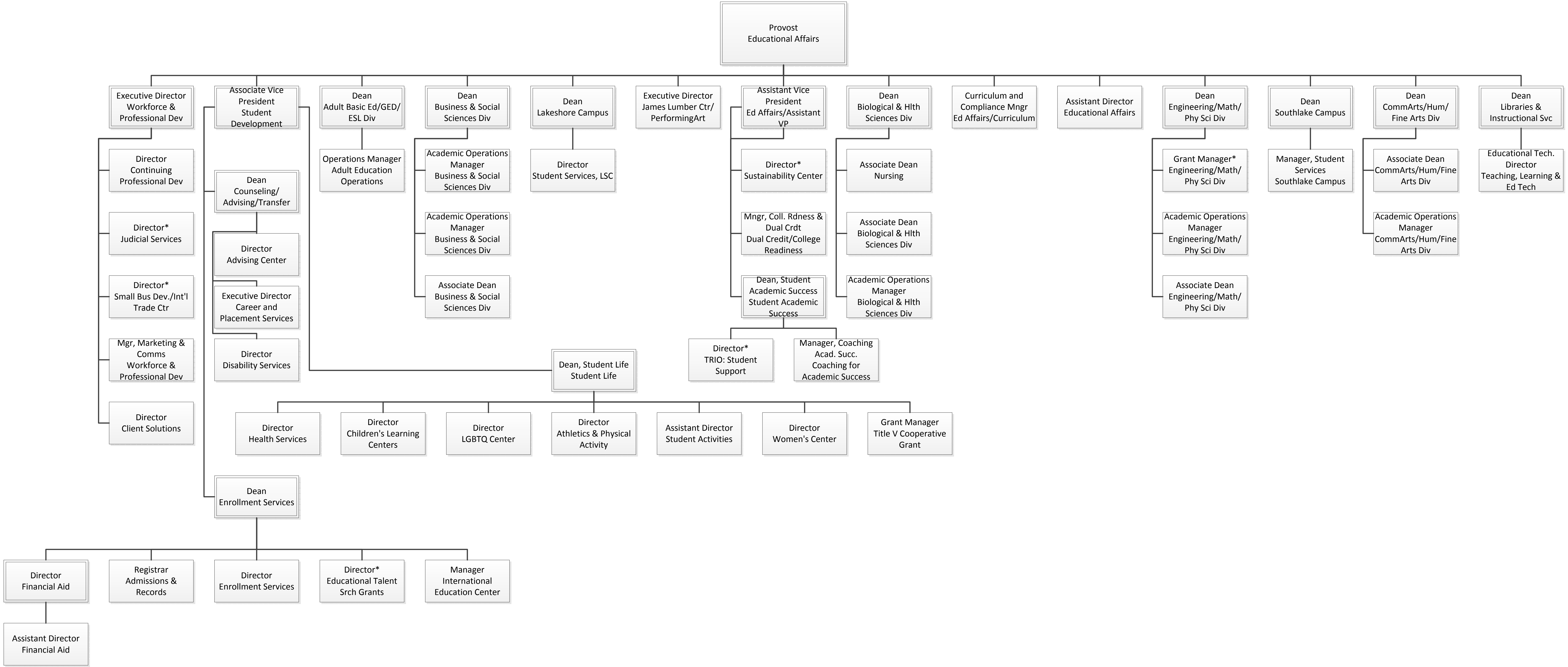
Respectfully,

David Agazzi
Vice President for Administrative Affairs

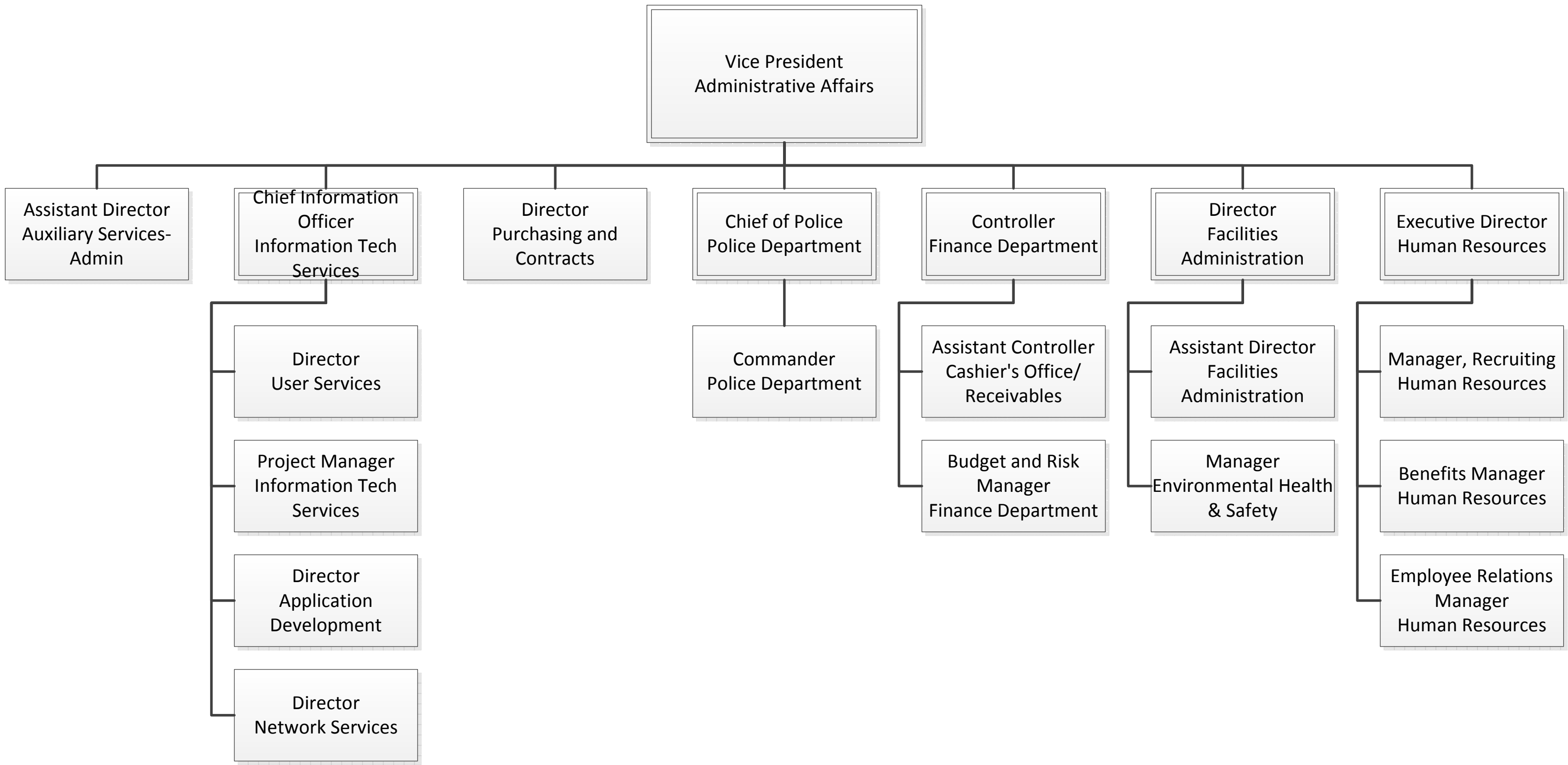
Office of the President



Office of Educational Affairs



Office of Administrative Affairs



College of Lake County
Community College District No. 532

Principal Officials

Year ended June 30, 2015

BOARD OF TRUSTEES

	Position	Term Expires
Dr. William M. Griffin	Chairman	2021
Dr. Philip J. Carrigan	Vice Chairman	2019
Richard A. Anderson	Trustee/Secretary	2021
Jeanne T. Goshgarian	Trustee	2017
Amanda D. Howland	Trustee	2021
Barbara D. Oilschlager	Trustee	2019
Lynda C. Paul	Trustee	2017
Yesenia Mata	Student Trustee	2016

OFFICERS OF THE COLLEGE OF LAKE COUNTY

Dr. Girard W. Weber	President
Dr. Richard Haney	Provost of Educational Affairs/Student Development
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, 2014

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 years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

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, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 6 of the basic financial statements, in the year ended June 30, 2015, the College adopted the reporting and disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – An Amendment of GASB Statement No. 68*. The implementation of GASB Statement No.'s 68 and 71 resulted in a restatement of the opening July 1, 2013 net position and the reporting of deferred outflows of resources related to pension contributions. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as the Management's Discussion and Analysis, Other Post Employment Benefit (OPEB) Schedules, and State University Retirement System (SURS) 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Uniform Financial Statements, as required by the Illinois Community Colleges Board, and the Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 28, 2015 and September 26, 2014 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 those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

McGladrey LLP

Chicago, Illinois
September 28, 2015

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, 2015 and 2014. 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 2015

Total operating revenues were $35,187,962 and total operating expenses were $143,186,595 for the year ended June 30, 2015. The difference produced an operating loss of $107,998,633.

Net non-operating revenues of $121,176,752 for the year ended June 30, 2015 offset the operating loss and resulted in an overall increase in net position of $13,178,119. Non-operating revenues included local property taxes of $64,961,915, replacement tax of $1,266,744, state appropriations of $37,894,602, federal grants and contracts of $16,509,843, local grants and contracts of $845,458 and investment income of $326,129; offset by interest expense of $627,939.

Operating revenue accounted for 22.4% of the College's total revenue and non-operating revenue accounted for 77.6% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling $24,028,846, auxiliary enterprise revenues totaling $10,071,648, and other operating revenues of $1,087,468.

Total net position increased from $176,758,148 at the beginning of the year (as restated) to $189,936,267 at the end of the year.

Financial Highlights Fiscal Year 2014

Total operating revenues were $35,491,688 and total operating expenses were $145,846,246 for the year ended June 30, 2014. The difference produced an operating loss of $110,354,558.

Net non-operating revenues of $119,836,457 for the year ended June 30, 2014 offset the operating loss and resulted in an overall increase in net position of $9,481,899. Non-operating revenues included local property taxes of $63,591,948, replacement tax of $1,177,861, state appropriations of $34,341,721, federal grants and contracts of $19,782,912, local grants and contracts of $916,302 and investment income of $238,692; offset by interest expense of $212,979.

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

Total net position increased from $167,276,249 at the beginning of the year (as restated) to $176,758,148 at the end of the year (as restated).

Overview of the Financial Statements

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

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

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

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

Financial Analysis

Net Position

The College's net position at June 30, 2015, 2014, and 2013 was $189.9 million, $176.8 million, and $167.3 million, respectively, an increase of $13.1 million, $9.5 million, and $11.0 million, respectively. Total assets and deferred outflows of resources were $316.7 million, $306.8 million, and $237.8 million, and total liabilities and deferred inflows of resources were $126.8 million, $130 million, and $70.5 million at June 30, 2015, 2014, and 2013, respectively. The change in net position is an indicator of whether the financial condition has improved or worsened during the year. Assets and liabilities are measured using current values with the exception of capital assets. Capital assets are stated as historical cost, reduced by depreciation. A summary of the statements of net position at June 30, 2015, 2014, and 2013 are as follows:

Statements of Net Position

June 30,
(in Thousands)

	2015	2014	2013
Current assets	$ 155,111	$ 158,460	$ 137,493
Restricted assets	12,548	7,493	1,632
Other noncurrent assets	37,233	36,655	3,086
Capital assets, net of depreciation	111,592	104,009	95,381
Total assets	316,484	306,617	237,592
Deferred outflows of resources	225	204	217
Current liabilities	19,577	18,020	14,530
Long-term liabilities	74,646	80,125	24,425
Total liabilities	94,223	98,145	38,955
Deferred inflows of resources	32,550	31,918	31,577
Net position:			
Net investment in capital assets	95,187	94,813	90,264
Restricted	14,784	9,761	3,894
Unrestricted	79,965	72,184	73,119
Total net position	$ 189,936	$ 176,758	$ 167,277

The College had a current ratio of 2.98, 3.18, and 2.99 times at June 30, 2015, 2014, and 2013, respectively. The current ratio is total current assets and deferred outflows of resources divided by total current liabilities and deferred inflows of resources. For example, at June 30, 2015, for every dollar of current liabilities and deferred inflows of resources, 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, net of unspent bond proceeds, attributable to the acquisition, construction, or improvement of those assets. The principal liabilities for capital assets are bonds which were used to construct and improve buildings.

Net Position - Fiscal Year 2015 compared to 2014

Current assets decreased by $3.3 million primarily due to a decrease in cash and investments of $3.4 million.

Noncurrent assets increased by $13.2 million based on an increase in restricted cash and cash equivalents of $5.1 million and an increase in other long-term investments of $0.6 million. Additionally, capital assets increased by $7.6 million due to the fact that capital additions were greater than depreciation and deletions during the year.

Current liabilities increased by $1.6 million primarily due to an increase in accounts payable of $1.1 million and an increase in accrued expenses of $0.5 million. Noncurrent liabilities decreased $5.5 million due to principal payments made in Fiscal Year 2015 that reduced outstanding debt related general obligation limited tax bonds to fund the College's master plan.

Net Position - Fiscal Year 2014 compared to 2013

Current assets increased by $21.0 million primarily due to increases in cash and investments of $24.7 million and a decrease in government claims receivable of $2.9 million.

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

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

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

Changes in Net Position

The change in net position, total revenues less total expenses, for the years ended June 30, 2015, 2014, and 2013 is as follows:

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

	2015	2014	2013
Total revenues	$ 156,993	$ 155,541	$ 155,951
Total expenses	143,815	146,059	144,721
Increase in net position	$ 13,178	$ 9,482	$ 11,230

Revenues

Summaries of revenues for the years ended June 30, 2015, 2014, and 2013 are as follows:

Revenue Summary
Years ended June 30,
(in thousands)

	2015	2014	2013
Operating:			
Student tuition and fees, net	$ 24,029	$ 23,958	$ 24,304
Auxiliary enterprise	10,072	10,062	10,410
Other operations	1,087	1,472	1,483
Total operating revenues	35,188	35,492	36,197
Nonoperating:			
Local property taxes	64,962	63,592	62,140
Personal property replacement taxes	1,267	1,178	1,164
State appropriations	37,895	34,342	34,601
Federal and local grants and contracts	17,355	20,699	21,038
Investment income, net	326	238	127
Total nonoperating revenues	121,805	120,049	119,070
State capital appropriations	-	-	684
Total revenues	$ 156,993	$ 155,541	$ 155,951

Revenues - Fiscal Year 2015 Compared to 2014

Operating revenue decreased by $0.3 million. This reflects a decrease in revenue from other operations as the result of reduced rental income during the fiscal year. The state was leasing a portion of 800 Lancer Lane in Grayslake from the College until December 31, 2014 when the lease was not renewed.

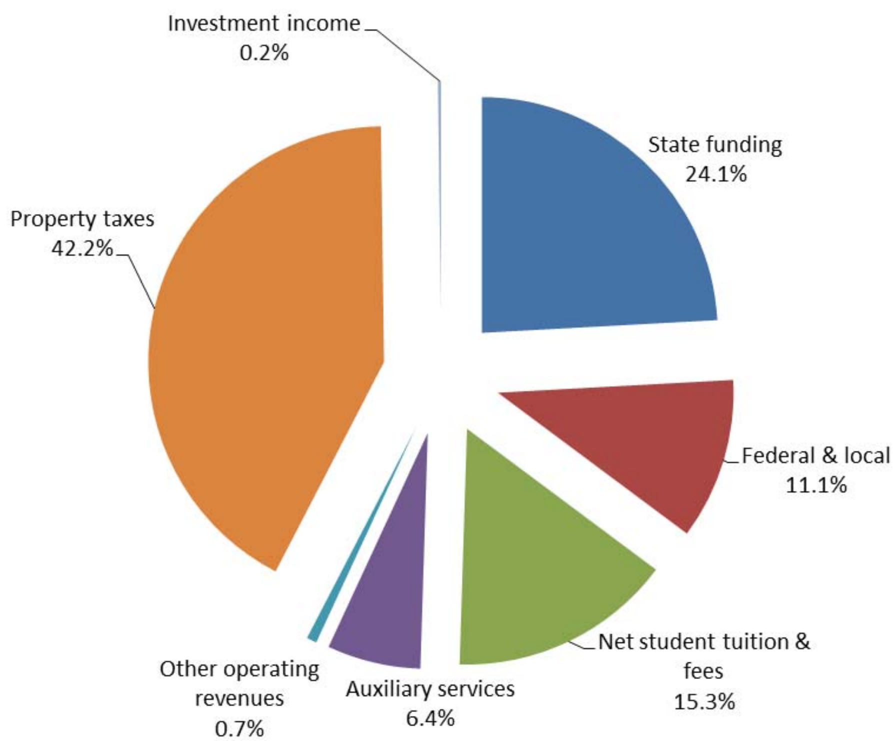
Non-operating revenue increased by $1.8 million primarily due to increases in local property taxes of $1.4 million and state appropriations of $3.6 million, offset by a decline in federal grants and contracts of $3.3 million. The increase in property tax revenues reflects the combination of the CPI and 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 mainly to an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state of $3.5 million. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate. Contribution requirements are established and may be amended by the Illinois General Assembly. The decrease in federal grants was due primarily to less revenue recorded for the College's Trade Adjustment Assistance Community College and Career Training Grant (TAACCCT) from the U.S. Department of Labor, which ends September 30, 2015.

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 42.2%. The next highest sources were state funding of 24.1% and net student tuition and fees at 15.3%.

College of Lake County

Revenues

Year ended June 30, 2015



Revenues - Fiscal Year 2014 Compared to 2013

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

Non-operating revenue increased by $1.0 million primarily due to increases in local property taxes of $1.5 million, offset by a decline in federal grants and contracts of $0.4 million. The increase in property tax revenues reflects the combination of the CPI and the assessed value of new construction. The College is subject to a tax cap (Illinois Public Act 89-1) that limits by formula the increase in taxes levied to the Consumer Price Index (CPI) or 5%, whichever is lower. The decrease in federal grants was due primarily to less revenue recorded for the College's Trade Adjustment Assistance Community College and Career Training Grant (TAACCCT) from the U.S. Department of Labor, which ends September 30, 2015.

Expenses

Summaries of expenses for the years ended June 30, 2015, 2014, and 2013 are as follows:

Expenses

Years ended June 30,

(in thousands)

	2015	2014	2013
Instruction	$ 57,018	$ 57,227	$ 56,918
Academic support	5,733	5,052	5,377
Student services	10,616	10,303	9,977
Public service	10,658	12,527	13,578
Institutional support	27,283	26,796	25,890
Operations and maintenance of plant	10,982	10,849	10,176
Financial aid	5,742	7,246	6,325
Depreciation	5,096	4,831	4,442
Auxiliary enterprises	10,059	11,016	11,401
Interest expense	628	213	637
Total	$ 143,815	$ 146,060	$ 144,721

<u>Expenses - Fiscal Year 2015 Compared to 2014</u>

Expenses decreased by $2.2 million. The number of credit and non-credit course sections declined by 11.2% from Fiscal Year 2014 to Fiscal Year 2015 leading to lower expenditures, mostly in salaries. Courses were cancelled as enrollment declined. These reductions are most noticeable in the Public Service category primarily due to fewer sections in the Adult Education division. Public Service decreased by $1.9 million. Additionally, decreased federal Pell grant awards resulted in lower Financial Aid expenditures for Fiscal Year 2015 based on reduced enrollment. Financial aid expenditures declined by $1.5 million. These expenditure decreases were offset by the formation of an Academic Success department designed to enhance student academic achievement. Academic Support increased by $0.7 million. A $2.50 per credit hour student success fee came into effect at the beginning of Fiscal Year 2015 to support these student success initiatives. The expenditure decreases were also offset by salary, benefit, and non-personnel increases in other program categories.

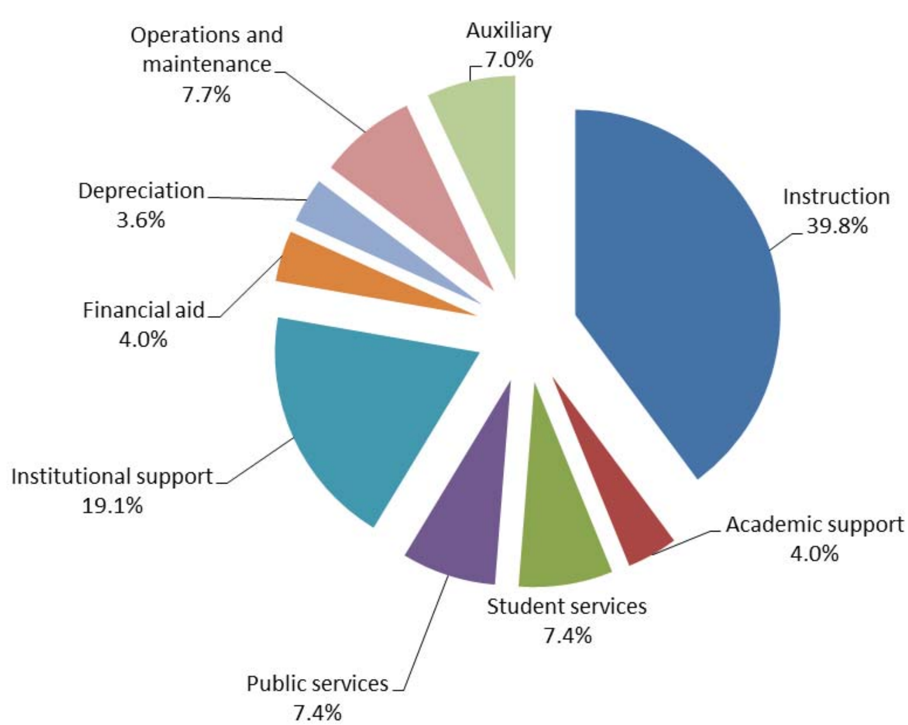
<u>Expenses - Fiscal Year 2014 Compared to 2013</u>

Expenses increased by $1.4 million. The increase in instruction costs, student services, operations and maintenance of plant, and institutional support, is primarily due to the annual increase in employee salaries and benefits, including state SURS benefits. Financial aid expense has increased primarily because of an increase in non-governmental scholarships and financial aid refunds.

Operating Expenses

The pie chart shows the operating expenses as a percentage of total operating expenses. Direct services to students accounted for 69.6% of total operating expenses. Direct services to students include instruction at 39.8%, academic support at 4.0%, student services at 7.4%, public service at 7.4%, financial aid at 4.0%, and auxiliary enterprises at 7.0%. Indirect services to students accounted for 30.4% of total expenses. Indirect services to students include operations and maintenance at 7.7%, institutional support at 19.1%, and depreciation at 3.6%.

College of Lake County
Operating Expenses
Year ended June 30, 2015



Capital Asset and Debt Administration

Capital Assets

As of June 30, 2015, 2014, and 2013, the College investment in capital assets totaled $188.2 million, $177.9 million, and $168.5 million, respectively. Capital assets, net of accumulated depreciation of $76.6 million, $73.9 million, and $73.1 million, totaled $111.6 million, $104 million, and $95.4 million, respectively.

	2015	2014	2013
Capital assets:			
Construction in progress	$ 9,747	$ 4,962	$ 1,575
Land	12,488	12,085	8,165
Land improvements	6,681	5,996	5,949
Buildings and improvements	130,812	126,727	126,104
Furniture and equipment	28,506	28,116	26,691
Total capital assets	188,234	177,886	168,484
Less accumulated depreciation	76,644	73,877	73,103
Capital assets, net	$ 111,590	$ 104,009	$ 95,381

Construction Projects

Major construction projects in progress as part of the College's master plan as of June 30, 2015 included:

- Grayslake Science Building
- New cafeteria
- A and B wing renovations
- Salt storage facility
- Geothermal plant and loop
- Southlake Chemistry Lab

The total cost of construction in progress as of June 30, 2015 was $9.7 million.

Purchase of Parking Garage

The College purchased the parking garage at 30 N. Sheridan Road in Waukegan from the City of Waukegan during the fiscal year. The total cost of acquisition with fees was $1.3 million. The parking garage is adjacent to the Lakeshore campus.

Capital Asset Additions (being depreciated)

Capital assets added during fiscal year 2015 include:

- Auto shop renovations
- Classroom modernizations (mockups)
- New service road and parking lot
- Atrium renovation
- Information technology equipment (computers, servers, and projectors)
- Vehicles (three vans and one police car)

The total cost of capital asset additions (being depreciated) in fiscal year 2015 was $7.5 million.

More detailed information on capital asset activity can be found in Note 3 to the basic financial statements on pages 26 through 27. More detailed information on long-term debt activity can be found in Note 5 to the basic financial statements on pages 28 through 29.

Debt Payments

For the years ended June 30, 2015 and 2014, the College paid $7.7 million and $1.3 million, respectively, in principal on bonds and certificates of indebtedness. In fiscal year 2015, the College refunded $2.8 million in bond principal to reduce interest costs. In fiscal year 2014, the College issue $58.5 million in general obligation limited tax bonds (Series 2013A and 2013B) with a $2.4 million bond premium for total bond proceeds of $60.9 million to finance the College's master plan. More detailed information on long-term debt activity can be found in Note 5 in the basic financial statements.

Contacting The College's Financial Management

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

College of Lake County
Community College District No. 532

Statements of Net Position
June 30, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash (note 2)	$ 52,825,305	$ 85,094,229
Investments (note 2)	63,143,431	34,263,391
Receivables:		
Property taxes, net of allowance of $324,181 in 2015 and $317,936 in 2014	32,165,079	31,665,093
Government claims	1,585,134	1,673,503
Tuition and fees, net of allowance of $3,114,795 in 2015 and $3,615,924 in 2014	1,967,581	2,102,196
Other	2,386,260	2,476,824
Inventories	905,503	1,052,788
Prepaid insurance	132,858	132,007
Total current assets	155,111,151	158,460,031
Noncurrent assets:		
Restricted cash and cash equivalents (notes 1 and 2)	12,548,437	7,493,234
Other long-term investments (note 2)	37,233,748	36,654,577
Capital assets, not being depreciated (note 3)	22,234,609	17,047,464
Capital assets being depreciated, net (note 3)	89,355,643	86,961,714
Total noncurrent assets	161,372,437	148,156,989
Total assets	316,483,588	306,617,020
Deferred outflows of resources		
Deferred grant-related pension contributions (note 6)	225,318	204,318
Liabilities		
Current liabilities:		
Accounts payable	4,547,469	3,423,960
Accrued expenses (note 4)	5,134,752	4,673,980
Tuition refunds payable	41,390	56,431
Unearned tuition and rent	3,261,433	3,220,309
Current portion of long-term obligations (note 5)	5,055,000	4,875,000
Amounts held in custody for others	773,317	827,554
Other current liabilities	763,425	942,957
Total current liabilities	19,576,786	18,020,191
Noncurrent liabilities:		
Long-term obligations (notes 5 and 9)	73,885,949	79,344,641
Unearned rent revenue (note 12)	760,000	780,000
Total noncurrent liabilities	74,645,949	80,124,641
Total liabilities	94,222,735	98,144,832
Deferred inflows of resources		
Deferred property tax revenue (note 1)	32,549,904	31,918,358
Net Position		
Net investment in capital assets	95,186,673	94,812,636
Restricted for:		
Debt service	1,639,557	1,477,210
Capital projects	12,548,437	7,493,234
Other	596,004	790,910
Unrestricted	79,965,596	72,184,158
Total net position	$ 189,936,267	$ 176,758,148

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, 2015 and 2014

	2015	2014
Operating revenues:		
Student tuition and fees	$ 31,146,347	$ 31,049,548
Less scholarship allowances	(7,117,501)	(7,092,007)
Net student tuition and fees	24,028,846	23,957,541
Auxiliary enterprises	10,071,648	10,061,743
Other operations	1,087,468	1,472,404
Total operating revenues	35,187,962	35,491,688
Operating expenses:		
Education and general:		
Instruction	57,017,699	57,226,921
Academic support	5,732,988	5,051,720
Student services	10,615,904	10,302,808
Public service	10,657,857	12,527,397
Institutional support	27,282,833	26,795,577
Operations and maintenance of plant	10,981,649	10,849,289
Financial aid	5,741,816	7,246,038
Depreciation	5,096,492	4,830,835
Auxiliary enterprises	10,059,357	11,015,661
Total operating expenses	143,186,595	145,846,246
Operating loss	(107,998,633)	(110,354,558)
Nonoperating revenues (expenses):		
Local property taxes	64,961,915	63,591,948
Personal property replacement tax	1,266,744	1,177,861
State appropriations	37,894,602	34,341,721
Federal grants and contracts	16,509,843	19,782,912
Local grants and contracts	845,458	916,302
Investment income	326,129	238,692
Interest expense	(627,939)	(212,979)
Total nonoperating revenues (expenses), net	121,176,752	119,836,457
Increase in net position	13,178,119	9,481,899
Net position at the beginning of the year, as restated	176,758,148	167,276,249
Net position at the end of the year, as restated	$ 189,936,267	$ 176,758,148

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Tuition and fees	$ 24,135,307	$ 24,032,417
Payments to suppliers	(44,263,635)	(51,028,697)
Payments to employees	(65,451,694)	(67,370,794)
Auxiliary enterprise charges	10,071,648	10,061,743
Chargeback revenue	38,349	16,758
Other	827,073	1,736,610
Net cash used in operating activities	(74,642,952)	(82,551,963)
Cash flows from noncapital financing activities:		
Local property taxes	65,093,475	63,799,046
Personal property replacement tax	1,258,746	1,202,603
State appropriations	11,614,535	12,809,461
Federal grants and contracts	16,386,129	22,173,469
Local grants and contracts	982,158	1,036,825
Net cash provided by noncapital financing activities	95,335,043	101,021,404
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	2,928,202	60,885,737
Principal paid on debt	(7,690,000)	(1,310,000)
Interest paid on debt	(1,167,341)	(450,059)
Purchases of capital assets	(12,683,483)	(13,609,645)
Net cash (used in) provided by capital and related financing activities	(18,612,622)	45,516,033
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	34,268,981	42,073,129
Purchases of investments	(63,728,192)	(77,259,587)
Interest on investments	166,021	170,294
Net cash used in investing activities	(29,293,190)	(35,016,164)
Net (decrease) increase in cash and cash equivalents	(27,213,721)	28,969,310
Cash and cash equivalents, beginning of year	92,587,463	63,618,153
Cash and cash equivalents, end of year	$ 65,373,742	$ 92,587,463
Reconciliation to Statements of Net Position:		
Unrestricted cash	$ 52,825,305	$ 85,094,229
Restricted cash and cash equivalents	12,548,437	7,493,234
Total cash and cash equivalents	$ 65,373,742	$ 92,587,463

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	$ (107,998,633)	$ (110,354,558)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	5,096,492	4,830,835
On-behalf expense for retirement system payment	26,342,765	22,876,366
Changes in assets and liabilities:		
Receivables (net)	369,929	211,243
Inventories and prepaid expenses	146,434	(128,435)
Accounts payable	1,123,509	(1,561,430)
Accrued vacation	(166,327)	173,092
Other accrued expenses	655,524	1,136,691
Other current liabilities	(199,532)	92,162
Amounts held in custody for others	(54,237)	29,781
Deferred tuition and fees	41,124	142,290
Net cash used in operating activities	$ (74,642,952)	$ (82,551,963)

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, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 1,224,845	$ 778,290
Pledges and other receivables	64,295	51,050
Prepaid expenses	69,833	35,559
Investments:		
Securities	2,896,334	2,849,782
Total assets	$ 4,255,307	$ 3,714,681
Liabilities		
Accounts payable	$ 30,398	$ 214
Miscellaneous payable	185,248	12,223
Deferred revenue	53,350	19,070
Total liabilities	268,996	31,507
Net Position		
Unrestricted	562,130	731,714
Temporarily restricted	2,108,316	1,695,513
Permanently restricted	1,315,865	1,255,947
Total net position	3,986,311	3,683,174
Total liabilities and net position	$ 4,255,307	$ 3,714,681

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, 2015 and 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net position at June 30, 2013	$ 519,739	$ 1,719,610	$ 1,033,008	$ 3,272,357
Public support and revenue:				
Contributions and gifts	401,691	161,976	12,950	576,617
Special events revenue	291,264	-	-	291,264
Special events expense	(136,675)	-	-	(136,675)
Donated services	473,447	-	-	473,447
Other noncash donations	31,560	-	-	31,560
Net position released from restrictions	83,179	(83,179)	-	-
Total public support	1,144,466	78,797	12,950	1,236,213
Other income:				
Investment income	156,780	101,119	3,909	261,808
Total public support and revenue	1,301,246	179,916	16,859	1,498,021
Expenses:				
Program services:				
Grants and scholarships	690,121	-	-	690,121
Noncash donations to College of Lake County	31,560	-	-	31,560
General and administrative:				
Management and general	128,159	-	-	128,159
Travel/meeting	8,241	-	-	8,241
Fundraising:	229,123	-	-	229,123
Total expenses	1,087,204	-	-	1,087,204
Increase in net position before other item	214,042	179,916	16,859	410,817
Other item:				
Change in classification of donor restrictions	(2,067)	(204,013)	206,080	-
Increase (decrease) in net position	211,975	(24,097)	222,939	410,817
Net position at June 30, 2014	731,714	1,695,513	1,255,947	3,683,174
Public support and revenue:				
Contributions and gifts	106,425	677,960	29,521	813,906
Special events revenue	351,541	-	-	351,541
Special events expense	(168,551)	-	-	(168,551)
Donated services	536,579	-	-	536,579
Other noncash donations	179,215	-	-	179,215
Net position released from restrictions	254,926	(254,926)	-	-
Total public support	1,260,135	423,034	29,521	1,712,690
Other income:				
Investment income	23,375	19,769	397	43,541
Total public support and revenue	1,283,510	442,803	29,918	1,756,231
Expenses:				
Program services:				
Grants and scholarships	809,720	-	-	809,720
Noncash donations to College of Lake County	179,215	-	-	179,215
General and administrative:				
Management and general	142,272	-	-	142,272
Travel/meeting	5,437	-	-	5,437
Fundraising:	316,450	-	-	316,450
Total expenses	1,453,094	-	-	1,453,094
Increase in net position before other item	(169,584)	442,803	29,918	303,137
Other item:				
Change in classification of donor restrictions	-	(30,000)	30,000	-
Increase (decrease) in net position	(169,584)	412,803	59,918	303,137
Net position at June 30, 2015	$ 562,130	$ 2,108,316	$ 1,315,865	$ 3,986,311

See accompanying notes to basic financial statements.

Note 1. Organization and Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

Based upon the application criteria, the Foundation has been included as a discretely presented component unit of the College. The Foundation is a legally separate, tax-exempt component unit that acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 35-member Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. The Foundation is a private, not-for-profit organization that reports its financial results under *Financial Accounting Standard Board (FASB) Accounting Standards Codification®* (Codification) which is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than incorporating the Net Position provision of GASB Statement No. 63, no modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. Significant note disclosures to the Foundation's financial statements have been incorporated into the College's notes to the financial statements (see Note 15). 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)

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

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

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

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

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

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

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

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

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

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

Premiums, discounts, and issuance costs: Bond premiums and discounts are deferred and amortized over the life of the bonds using the sum of the bonds outstanding method, which approximates the effective interest method. Long-term obligations (general obligation bonds) are reported net of the applicable bond premium and discount. During the fiscal year ended June 30, 2014, the College adopted the reporting and disclosure requirements of Government Accounting Standards Board Statements No. 65, *Items Previously Reported as Assets and Liabilities.* The College's opening net position at June 30, 2013 was restated for debt issuance costs that were previously capitalized and amortized, but that GASB Statement No. 65 now requires to be expensed at the time the debt is issued.

Deferred outflow of resources: Deferred outflows are defined under GASB Statement No. 63 as a consumption of net assets by the College that is applicable to a future reporting period, and should be reported as having a similar impact on net position as assets. For the College, pension payments related to federal grants and made subsequent to the pension liability measurement date are considered to be deferred outflows in accordance with GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – An Amendment of GASB Statement No. 68.* See Note 6 for further discussion of the College's deferred outflows of resources.

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

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

Pensions: The net pension liability, deferred outflows and inflows of resources related to pensions, contributions and pension expense have been determined on the same basis as they are determined and reported by SURS. See Note 6 for additional discussion.

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

Net Investment in Capital Assets

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

Restricted Net Position

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

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

Unrestricted Net Position

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

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

Operating Revenue

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

Nonoperating Revenue

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

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

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

In accordance with a College Board resolution, 50% of the property taxes extended for the 2014 tax year are recorded as revenue in the fiscal year ended June 30, 2015. The remaining revenue related to the 2014 tax year extension has been deferred and will be recorded as revenue in fiscal year 2016. Based upon collection histories, the College records real property taxes at approximately 100% of the extended levy.

Eliminating interfund activity: Activities between the College and its auxiliary enterprise are eliminated for purposes of preparing the statements of revenues, expenses and changes in net position, and the statements of net position.

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

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

Pending accounting pronouncements: GASB Statement No. 72, *Fair Value Measurement and Application*, will be effective for the College beginning with its year ending June 30, 2016. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Nos. 67 and 68*, will be effective for the College beginning with its year ending June 30, 2016, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for the College beginning with its year ended June 30, 2017. This statement will establish requirements for those pension and pension plans that are not administered through a trust meeting specified criteria.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be effective for the College beginning with its year ending June 30, 2017. This statement will establish rules on reporting OPEB plans that administer benefits on behalf of governmental entities.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Employer),* will be effective for the College beginning with its year ending June 30, 2018. This statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* will be effective for the College beginning with its year ending June 30, 2016. This statement supersedes GASB Statement No. 55 and reduces the existing hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the source of authoritative GAAP.

GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for the College beginning with its year ending June 30, 2017. For financial reporting purposes, tax abatement is defined as resulting from an agreement between a government and an individual or entity in which the government promised to forgo tax revenues and the individual or entity subsequently take specific action to contribute to the economic development or otherwise benefits of the government. This statement requires disclosure of tax abatement information about (1) the reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Management has not yet completed its evaluation of the impact of the provisions of the standards on its financial statements. However, the impact of GASB Statement No. 75 will likely be material to the College.

Note 2. Deposits and Investments

As of June 30, 2015 and 2014, the College had the following cash, cash equivalents and investments:

	Maturity	2015 Fair Value	2014 Fair Value
Cash and cash equivalents:			
Cash accounts		$ 11,058,069	$ 11,954,901
Restricted accounts - money market		12,548,437	7,493,234
ISDLAF Plus savings accounts		40,026,904	50,336,196
ISDLAF Plus money market accounts		212,703	21,052,588
Illinois Funds		1,527,629	1,750,544
Total cash and cash equivalents		65,373,742	92,587,463
Investments:			
Certificates of deposit	less than 1 year	63,143,431	34,263,391
Certificates of deposit	1 to 5 years	37,233,748	36,654,577
Total investments		100,377,179	70,917,968
Total cash, cash equivalents and investments		$ 165,750,921	$ 163,505,431
Current assets:			
Cash		$ 52,825,305	$ 85,094,229
Investments		63,143,431	34,263,391
Noncurrent assets:			
Restricted cash and cash equivalents		12,548,437	7,493,234
Other long-term investments		37,233,748	36,654,577
Total cash, cash equivalents and investments		$ 165,750,921	$ 163,505,431

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

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

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

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

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The College's investment policy does not limit the amount the College may invest in any one issuer. The College is considered to have a concentration of credit risk if its investment in any one single issue is greater than 5% of the total fixed income investments. At June 30, 2015 and 2014, the College did not have a concentration of credit risk.

Custodial Credit Risk. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2015, the bank balance of the Colleges deposits with financial institutions were all fully collateralized and insured. There were no investments exposed to custodial credit risk.

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Construction in progress	$ 4,962,385	$ 5,115,079	$ 330,732	$ 9,746,732
Land	12,085,079	402,798	-	12,487,877
Total capital assets not being depreciated	17,047,464	5,517,877	330,732	22,234,609
Capital assets being depreciated:				
Land improvements	5,995,685	684,991	-	6,680,676
Buildings and improvements	126,727,328	4,085,226	-	130,812,554
Furniture and equipment	28,115,416	2,726,121	2,335,093	28,506,444
Total capital assets being depreciated	160,838,429	7,496,338	2,335,093	165,999,674
Less accumulated depreciation:				
Land improvements	5,061,067	262,091	-	5,323,158
Buildings and improvements	51,141,041	2,698,404	-	53,839,445
Furniture and equipment	17,674,607	2,135,997	2,329,176	17,481,428
Total accumulated depreciation	73,876,715	5,096,492	2,329,176	76,644,031
Total capital assets being depreciated, net	86,961,714	2,399,846	5,917	89,355,643
Total capital assets, net	$ 104,009,178	$ 7,917,723	$ 336,649	$ 111,590,252

Note 3. Capital Assets (Continued)

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

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

Note 4. Accrued Expenses

Accrued expenses consisted of the following at June 30:

	2015	2014
Accrued payroll and benefits	$ 1,204,549	$ 1,166,189
Accrued vacation	1,955,479	2,121,806
Accrued health insurance claims	480,357	650,000
Accrued worker's compensation claims	157,606	255,671
Accrued expenses - other	1,336,761	480,314
Total accrued expenses	$ 5,134,752	$ 4,673,980

Note 5. Long-Term Obligations

The College has the following outstanding bonds payable as of June 30, 2015 and 2014:

General Obligation Limited Tax Funding Bonds, Series 2005 with a yield of 3.55% to 3.95% depending on the date of serial maturity through 2017. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the College lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was $4,500,000. They received a premium of $243,230 and paid issue costs of $51,155. These bonds were refunded in September 2014. The principal balance at June 30, 2015 and 2014 was $0 and $3,695,000, respectively.

General Obligation Limited Tax Bonds, Series 2012 with a yield of 2.00% to 3.00% depending on the date of serial maturity through 2027. The bonds are full faith and credit general obligations of the College payable both as to principal and interest from funds of the College lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was $19,850,000. They received a premium of $654,118 and paid issue costs of $62,865. The principal balance at June 30, 2015 and 2014 was $15,595,000 and $15,815,000, respectively.

General Obligation Limited Tax Refunding Certificates, Series 2012 with a yield of 1.125% to 1.5% depending on the date of serial maturity through 2018. The certificates are general obligations of the College both as to principal and interest from the funds of the College lawfully available for payments. The original liability upon issuance was $1,470,000. They received a premium of $29,129 and paid issue costs of $39,750. The principal balance at June 30, 2015 and 2014 was $900,000 and $1,185,000, respectively.

General Obligation Limited Tax Bonds, Series 2013A with a yield of 2% to 4% depending on the date of serial maturity through 2024. The certificates are general obligations of the College both as to principal and interest from the funds of the College lawfully available for payments. The original liability upon issuance was $31,690,000. They received a premium of $2,076,140 and paid issue costs of $326,140. The principal balance at June 30, 2015 and 2014 was $30,085,000 and $31,690,000, respectively.

General Obligation Limited Tax Bonds, Series 2013B with a yield of 2% to 4.75% depending on the date of serial maturity through 2034. The certificates are general obligations of the College both as to principal and interest from the funds of the College lawfully available for payments. The original liability upon issuance was $26,790,000. They received a premium of $329,595 and paid issue costs of $559,595. The principal balance at June 30, 2015 and 2014 was $24,905,000 and $26,790,000, respectively.

General Obligation Limited Tax Refunding Bonds, Series 2014, with a yield of 2% 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 College lawfully available for payments, and ad valorem taxes levied against all taxable property therein without limitation as to rate or amount. The original liability upon issuance was $2,835,000. They received a premium of $93,202 and paid issue costs of $59,119. The bonds were issued as an advanced refunding of the Series 2005 General Obligation Limited Tax Funding Bonds. The principal balance at June 30, 2015 was $2,835,000.

Note 5. Long-Term Obligations (Continued)

Changes in long-term obligations during the year ended June 30, 2015 were as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due Within One Year
General obligation bonds:					
Par	$ 79,175,000	$ 2,835,000	$ 7,690,000	$ 74,320,000	$ 5,055,000
Premium	2,544,400	93,202	488,756	2,148,846	-
Total general obligation bonds, net	81,719,400	2,928,202	8,178,756	76,468,846	5,055,000
Postemployment benefits	2,500,241	599,352	627,490	2,472,103	-
	$ 84,219,641	$ 3,527,554	$ 8,806,246	$ 78,940,949	$ 5,055,000

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

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

The following is a schedule of the future debt service payments for general obligation bonds as of June 30, 2015:

	Principal	Interest	Total
Year ending June 30:			
2016	$ 5,055,000	$ 2,647,173	$ 7,702,173
2017	5,195,000	2,527,960	7,722,960
2018	5,400,000	2,351,973	7,751,973
2019	5,305,000	2,208,885	7,513,885
2020	5,515,000	2,024,035	7,539,035
2021-2025	27,790,000	6,895,550	34,685,550
2026-2030	11,895,000	3,137,871	15,032,871
2031-2035	8,165,000	981,837	9,146,837
	$ 74,320,000	$ 22,775,284	$ 97,095,284

Note 6. Defined Benefit Pension Plans

As of the fiscal year ended June 30, 2015, the College was required to implement GASB Statement No.'s 68 and 71. Implementation resulted in recognition of deferred outflows of resources, restatement of beginning net position and changes to disclosures and required supplementary information.

General Information about the Pension Plan

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

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2014 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions. The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2014 and 2015 respectively, was 11.91% and 11.71% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

Note 6. Defined Benefit Pension Plans (Continued)

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

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

Employer Proportionate Share of Net Pension Liability
The proportionate share of the State's net pension liability associated with the College of Lake County is $345,012,299 or 1.5833% as of the measurement date. The amount of the proportionate share of the net pension liability to be recognized for College of Lake County as of the measurement date is $0 due to the special funding situation described above. The net pension liability was measured as of June 30, 2014, and total projected pension benefits used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward to June 30, 2014. The basis of allocation used to determine the College's proportionate share of net pension liability is the actual reported pension contributions made to SURS during fiscal year 2014 as compared to the total actual reported pension contributions of all employers.

Employer Proportionate Share of Pension Expense
The employer proportionate share of collective pension expense is recognized as on-behalf payments for both the contributions made by the State and the matching expense in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pension contributions made to SURS during fiscal year 2014. As a result, College of Lake County recognized on-behalf revenue and pension expense of $26,129,477 for the fiscal year ended June 30, 2015. The College of Lake County recognized on-behalf revenue and pension expense of $22,594,366 for the fiscal year ended June 30, 2014 under the previous allocation methodology.

Note 6. Defined Benefit Pension Plans (Continued)

Deferral of Fiscal Year 2015 Pension Expense

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods. The College paid $225,318 in federal, trust or grant contributions for the fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as deferred outflows of resources as of June 30, 2015. The College paid $204,318 and $217,455 in federal, trust or grant contributions for the fiscal years ended June 30, 2014 and 2013, respectively. These contributions were made subsequent to the pension liability measurement dates and net position for these years has been restated to reflect these as deferred outflows of resources.

The College's net position at June 30, 2013 and 2014 has been restated in accordance with GASB Statement No. 71 to record grant-related pension contributions as deferred outflows of resources:

Net position as previously reported, June 30, 2013	$ 167,058,794
Change in net position based on GASB 68 deferred outflows	217,455
Net position as restated, June 30, 2013	$ 167,276,249
Net position as previously reported, June 30, 2014	$ 176,553,830
Change in net position based on GASB 68 deferred outflows	204,318
Net position as restated, June 30, 2014	$ 176,758,148

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2006 – 2010 and an economic study completed in June 2014. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 12.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

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

Note 6. Defined Benefit Pension Plans (Continued)

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	31%	7.65%
Private Equity	6%	8.65%
Non-U.S. Equity	21%	7.85%
Global Equity	8%	7.90%
Fixed Income	19%	2.50%
Treasury-Inflation Protected Securities	4%	2.30%
Real Estate	6%	6.20%
REITS	4%	6.20%
Opportunity Fund	1%	2.50%
Total	100%	5.00%
Inflation		2.75%
Expected Geometrical Normal Return		**7.75%**

Discount Rate. A single discount rate of 7.090% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.250% and a municipal bond rate of 4.290% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2065. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, and the municipal bond rate was applied to all benefit payments after that date.

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

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).

Note 7. Compensated Absences (Vacation and Sick Leave) (Continued)

Changes in the accrued compensated absences liability were as follows:

	2015	2014
Accrued compensated absences – beginning of year	$ 2,121,806	$ 1,948,714
Compensated absences incurred – during year	1,955,479	2,121,806
Compensated absences used – during year	(2,121,806)	(1,948,714)
Accrued compensated absences – end of year	$ 1,955,479	$ 2,121,806
Amounts due within one year	$ 1,955,479	$ 2,121,806

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.

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

The College's annual OPEB costs, the percentage of annual OPEB costs contributed to the Plan, and the net OPEB obligations for fiscal years 2015, 2014, 2013, and 2012 were as follows:

	2015	2014	2013	2012
Annual OPEB Cost	$ 599,352	$ 1,013,708	$ 830,730	$ 830,064
Percentage of OPEB Cost Contributed	104.7%	83.9%	100.0%	96.5%
Net OPEB Obligation	2,472,103	2,500,241	2,336,852	2,336,879

Note 9. Postretirement Health Care Benefits (Continued)

Funding status: As of July 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $8,088,521, all of which was unfunded. The covered payroll (annual payroll of active employees covered under the plan) was $33,736,983 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 24 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.

	2015	2014
Annual required contribution	$ 644,802	$ 896,865
Interest on the net OPEB obligation	112,511	116,843
Adjustment to annual required contribution	(157,961)	-
Annual OPEB cost	599,352	1,013,708
Contributions made	627,490	850,319
Increase (decrease) in net OPEB obligation	(28,138)	163,389
Net OPEB obligation, beginning of year	2,500,241	2,336,852
Net OPEB obligation, end of year	$ 2,472,103	$ 2,500,241

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, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4% healthcare cost trend rate. 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 26 years on a closed group basis. The inflation rate and discount rate assumptions used were 3% and 4.5% per year, respectively.

Note 10. Risk Management

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

Note 11. Self Insurance

The College maintains a self-insured plan to cover health and dental benefits and workers' compensation for its employees through third-party administrators. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported, net of the stop loss that is specific to each type of coverage. This liability is the College's best estimate based on available information and is expected to be paid within the next fiscal year. Changes in the College's liability for employee health and worker's compensation claims for the years ended June 30, 2015, 2014, and 2013 are as follows:

	2015	2014	2013
Claims payable – beginning of year	$ 905,671	$ 650,000	$ 650,000
Claims and other expenses incurred	9,660,905	9,027,086	8,745,459
Claims paid	(9,928,613)	(8,771,415)	(8,745,459)
Claims payable – end of year	$ 637,963	$ 905,671	$ 650,000

Note 12. Operating Lease Commitments

The College leases a building on its Grayslake campus to an agency of the County. The lease with the County agency has a five year term which expires October 31, 2019. An agency of the State of Illinois also leased the building through December 31, 2014, and this lease was not renewed or replaced as of June 30, 2015.

The College purchased a building in Waukegan, Illinois to house the University Center, an Illinois not-for-profit corporation. The University Center rents approximately 30% of the building in perpetuity for $1,000,000, which was prepaid in full. The University Center has the right of first refusal to additional space as it becomes available and will pay current market rates for any additional space leased. The College is amortizing the prepayment to income over the term of the lease (estimated to be 50 years). Lease income recognized during each of the years ended June 30, 2015 and 2014 was $20,000. Unearned revenue related to the lease was $760,000 and $780,000 at June 30, 2015 and 2014, respectively. The College also leases space in this building to the County of Lake. The lease is for a five year term which expires June 30, 2019. The monthly lease rental is adjusted annually based on the consumer price index.

The following schedule lists, by year, the future minimum rental due to the College under the above leases at June 30, 2015:

Year ending June 30:	
2016	$ 246,348
2017	249,277
2018	254,263
2019	259,348
2020	28,452
	$ 1,037,688

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, 2015 and 2014 are as follows:

	2015	2014
Natural classification of total expenses:		
Salaries	$ 65,323,732	$ 68,050,150
Benefits	40,971,653	36,698,625
Contractual services	10,837,976	8,768,947
Materials and supplies	9,691,916	10,759,545
Travel and meetings	1,086,140	1,110,157
Fixed charges	1,847,850	2,081,941
Utilities	2,617,151	2,980,352
Interest	627,939	212,979
Depreciation	5,096,492	4,830,835
Other	5,713,685	10,565,694
Total expenses	$ 143,814,534	$ 146,059,225

The total above differs from the statement of revenues, expenses, and changes in net position 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, a State of Illinois agency, the College is in the process of constructing a new science building on the Grayslake campus. Total estimated costs are $30,000,000. The College's total share of the project is $12,434,278. Total funds expended on this project as of June 30, 2015 were $1,166,114 of the total estimated project costs.

The College has also committed to certain architectural services, consulting, and campus construction totaling $7,161,706 as of June 30, 2015. Costs are to be funded through the issuance of public debt. See Note 5 for further discussion of long-term obligations of the College.

Note 15. Component Unit

The Foundation's notes to the Financial Statements were as follows:

Nature of Activities and Significant Accounting Policies

Organization: College of Lake County Foundation (the Foundation) was established in 1974 for the purpose of providing resources for projects that are not funded through the regular operating budget of the College of Lake County – Community College District No. 532 (the College), but that support the mission and goals of the College. Funds raised through donations, grants, and benefit events are used to provide student assistance, institutional development, capital support for buildings and equipment, and support for the Community Gallery of Art and cultural programs. Essentially all of the Foundation's revenue and expenses are for the benefit of the College. The Foundation is a private, not-for-profit organization that reports its financial results under Financial Accounting Standard Board (FASB) guidance.

Note 15. Component Unit (Continued)

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, the Foundation is reported as a component unit of the College in the College's separately issued financial statements. Generally, GASB Statement No. 61 amends the criteria for reporting component units as if they were part of the primary government. The Foundation raises and holds significant economic resources for the direct benefit of a governmental unit and acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 35-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 is 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, and the College and Foundation have a financial benefit or burden relationship, the Foundation is considered a component unit of the College.

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

For external reporting purposes, however, the Foundation's financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. Net assets and related activity are classified as unrestricted, temporarily restricted, and permanently restricted, as follows:

> **Unrestricted** – net assets that are not subject to donor-imposed restrictions.
>
> **Temporarily Restricted** – net assets that are subject to donor-imposed restrictions that will be met either by the actions of the Foundation or the passage of time. Items that affect this net asset category are temporarily restricted contributions, including pledges for which restrictions have not been met such as time restrictions. Temporarily restricted net assets at June 30, 2015 and 2014 consist of contributions restricted for scholarships and income earned on permanently restricted scholarships that has not yet been appropriated for expenditure.
>
> **Permanently Restricted** – net assets that are subject to donor-imposed restrictions to be maintained permanently by the Foundation. Items that affect this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily, gifts for endowment) and only the income be made available for program purposes (i.e., scholarships) or general operations of the College.

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

Current year changes initiated by donors to prior year donor restriction classifications are shown as "Change in classification of donor restrictions" on the statement of activities.

Note 15. Component Unit (Continued)

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

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

Investments: Investments are reported at fair value. The fair value of investments is provided by the investment custodians. Except for alternative investments, fair value is based on quoted market prices. The Foundation reports the fair value of alternative investments, which include hedge funds and managed futures as of June 30, 2015, using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Foundation based on various factors.

Investment income, gains and losses, and any investment-related expenses are recorded as changes in unrestricted net assets in the statements of activities unless their use is temporarily or permanently restricted by explicit donor stipulations or law. In the absence of donor stipulations or law to the contrary, losses on the investments of donor restricted endowment funds are recognized as reductions of temporarily restricted net assets to the extent that donor imposed restrictions on net appreciation of the funds have not been met before the loss occurs. Any remaining loss reduces unrestricted net assets.

Grants and Scholarships Payable: Grants and scholarships payable are recorded in connection with amounts due to specified individuals or organizations.

Donated Goods and Services: The Foundation receives donated materials, stock and other noncash donations which are recorded as contributions at their estimated fair values on the date of receipt.

The Foundation receives donated services consisting of audit and accounting services, Foundation personnel time and other operating support from the College and other third parties without charge. These amounts are included in unrestricted contributions and expenses in the statements of activities.

Contributions: Contributions, including unconditional pledges, are recognized in the appropriate category of net assets in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted and recorded at the present value using a risk-free rate of return. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges is recognized based on historical experience, as necessary. No allowance for uncollectible pledges was recognized for the years ended June 30, 2015 or 2014.

The Foundation received an unconditional pledge of $45,000 in fiscal year 2014 that met the criteria for recognition as a temporarily restricted contribution in the year of pledge. The pledge was recorded as a receivable at its present value, and will be received over a three year period ending in 2016. Collectability is considered to be reasonably assured and there was no allowance recorded as of June 30, 2015.

The Foundation received a conditional pledge in fiscal year 2015 that includes certain terms that must be achieved prior to recognition as a contribution. The Foundation received $50,000 in fiscal year 2015 that was recognized as an unrestricted contribution to a specific program being implemented. The donor intends to give an additional $100,000 over a two year period subject to the program meeting certain performance obligations.

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

Note 15. Component Unit (Continued)

Collections: The Foundation's collections, which were acquired through purchases and contributions since the Foundation's inception, are not recognized as assets on the statements of financial position. The collections are made up of artifacts or art objects that are held for educational purposes. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

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

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

The Foundation files information and income tax returns in the U.S. federal jurisdiction and the State of Illinois. The Foundation is generally no longer subject to examination by the Internal Revenue Service for the fiscal years before 2012.

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

New Accounting Pronouncements: In April 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-06, *Services Rendered from Personnel of an Affiliate*. The amendments in this update require a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. The amendments in this update are as of July 1, 2015 for the Foundation. The adoption will not have a material effect on the financial statements.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments remove the requirement to categorize within the fair value hierarchy those investments for which fair value is measured using the net asset value per share practical expedient. The amendments in this update will be effective as of July 1, 2017 for the Foundation. The adoption will not have a material effect on the financial statements.

Subsequent Events: The Foundation's management has performed an analysis of the activities and transactions subsequent to June 30, 2015 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2015. Management has performed their analysis through September 28, 2015, the date the financial statements were available to be issued.

Note 15. Component Unit (Continued)

Reclassifications: Certain 2014 amounts have been reclassified to conform with the current year presentation without affecting previously reported net assets or change in net assets.

Fair Value Measurements

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

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

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

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

Level 3: All Level 3 investments as of June 30, 2015 are valued using the practical expedient. The practical expedient allows for the use of NAV, either as reported by the investee fund or adjusted by the Foundation based on various factors, to be used to determine fair value, under certain circumstances. These investments would have significant redemption and other restrictions that would limit the fund's ability to redeem out of the fund at report date NAV. The fair value of the investment is based on a combination of audited financial statements of the investees and monthly or quarterly statements received from the investees. The practical expedient may not be used on funds intended to, or in the process of, liquidation. Such funds are valued based on the fund manager's expectation of liquidation proceeds.

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

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

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at June 30, 2015:			
Exchange-traded and closed end funds	$ 1,266,528	$ -	$ -
Mutual funds	1,280,110	-	-
Hedge funds	-	-	163,990
Managed future	-	-	49,154
	$ 2,546,638	$ -	$ 213,144
Assets at June 30, 2014:			
Exchange-traded and closed end funds	$ 1,229,408	$ -	$ -
Mutual funds	1,288,930	-	-
Hedge funds	-	-	157,651
Managed future	-	-	46,490
	$ 2,518,338	$ -	$ 204,141

Note 15. Component Unit (Continued)

The Foundation did not have any transfers between any levels of the fair value hierarchy during the years ended June 30, 2015 or 2014. The Foundation's policy for determining transfers between levels occurs at the end of the reporting period when circumstances in the underlying valuation criteria change and result in transfer between levels.

The following tables present additional information about assets and liabilities measured at fair value on a recurring basis for which the Foundation has utilized Level 3 inputs to determine fair value:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Coin Collection	Hedge Funds	Managed Future	Total
Beginning balance July 1, 2014	$ -	$ 157,651	$ 46,490	$ 204,141
Purchases	-	7,332	-	7,332
Total gains or losses (realized and unrealized)	-	(993)	2,664	1,671
Ending balance June 30, 2015	$ -	$ 163,990	$ 49,154	$ 213,144
Beginning balance July 1, 2013	$ 308,000	$ -	$ -	$ 308,000
Sales	(314,385)	-	-	(314,385)
Purchases	-	152,610	50,000	202,610
Total gains or losses (realized and unrealized)	6,385	5,041	(3,510)	7,916
Ending balance June 30, 2014	$ -	$ 157,651	$ 46,490	$ 204,141
The amounts of unrealized gains and losses related to financial instruments held as of June 30, 2015 and included in the Statement of Activities	$ -	$ (993)	$ 2,664	$ 1,671

During fiscal year 2013, the Foundation was bequeathed a coin collection valued at approximately $308,000. The coin collection was sold during fiscal year 2014 at a gain and an associated payable balance was paid in full.

The Foundation's Level 3 investments are valued using the practical expedient of NAV. These investments are Level 3 in nature primarily due to certain restrictions as stipulated in the fund agreements. Restrictions include limitations on the Foundation's right to sell and the fund's ability to repurchase or redeem the shares that limits the marketability of these investments.

Investments

The cost and fair value of the Foundation's investments at June 30, 2015 and 2014 are as follows:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Exchange-traded and closed end funds	$ 1,100,058	$ 1,266,528	$ 1,055,115	$ 1,229,408
Mutual funds	1,251,268	1,280,110	1,209,406	1,288,930
Hedge funds	159,942	163,990	152,610	157,651
Managed future	50,000	49,154	50,000	46,490
Temporarily uninvested cash	136,552	136,552	127,303	127,303
	$ 2,697,820	$ 2,896,334	$ 2,594,434	$ 2,849,782

Note 15. Component Unit (Continued)

Investment return for the years ended June 30, 2015 and 2014 was as follows:

	2015	2014
Return on investments:		
Interest and dividends	$ 44,334	$ 19,772
Realized gain on sale of investments	56,041	69,504
Investment income	100,375	89,276
Unrealized (loss) gain on investments	(56,834)	172,532
Total return on investments	$ 43,541	$ 261,808

Investment management fees of $25,976 in 2015 and $25,264 in 2014 have been netted against interest and dividend income. Commissions paid of $4,500 in 2014 have been netted against interest and dividend income. There were no commissions paid in 2015.

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

Alternative investments are redeemable with the investee fund at NAV under the original terms of the subscription agreement. Due to the nature of these investments, changes in market conditions and the overall economic environment may significantly impact the NAV of the funds, and therefore the value of the Foundation's interest. It is, therefore, reasonably possible that, if the Foundation were to sell all or a portion of its market alternatives, the transaction value could be significantly different than the fair value reported as of June 30.

Restrictions on Net Assets

The Foundation reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. At the end of fiscal years 2015 and 2014, respectively, the Foundation held $2,108,316 and $1,695,513 in temporarily restricted net assets. These assets will be used for scholarships for students of the College of Lake County as well as grants benefiting the College. During fiscal years 2015 and 2014, respectively, $254,926 and $83,179 were released from restrictions and used for scholarships for students of the College of Lake County.

The Foundation's endowment consists of donor-restricted endowment funds to function as endowments for the following purposes:

- Granting full and partial scholarships and awards for pursuit of a college education at the College of Lake County.
- Receive gifts and grants for the general educational purposes of the College of Lake County.

Note 15. Component Unit (Continued)

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. There were no funds designated by the Board of Directors to function as endowments as of June 30, 2015 and 2014.

Interpretation of Relevant Law: The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Note 15. Component Unit (Continued)

Changes in donor-restricted endowment net assets for year ended June 30:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$ 445,417	$ 1,255,947	$ 1,701,364
Investment return:				
Interest income, net of fees	-	14,092	397	14,489
New gifts	-	80	29,521	29,601
Change in classification of donor restrictions	-	(30,000)	30,000	-
Appropriation for expenditure	-	(28,619)	-	(28,619)
Net assets, end of year	$ -	$ 400,970	$ 1,315,865	$ 1,716,835

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$ 396,267	$ 1,033,008	$ 1,429,275
Investment return:				
Interest income, net of fees	-	6,653	3,909	10,562
Realized gains	-	23,594	-	23,594
Unrealized gains	-	58,567	-	58,567
New gifts	-	3,675	12,950	16,625
Change in classification of donor restrictions	-	(28,052)	206,080	178,028
Appropriation for expenditure	-	(15,287)	-	(15,287)
Net assets, end of year	$ -	$ 445,417	$ 1,255,947	$ 1,701,364

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return exceeding the Consumer Price Index by two to five percent annually, depending on the type of security. Actual returns in any given year may vary from this amount.

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

Donor-Restricted Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. There were no donor-restricted deficiencies as of June 30, 2015 or 2014.

Note 15. Component Unit (Continued)

Spending Policy: The Foundation's board attempts to balance the Foundation's shorter-term grant making obligations with its goal to provide grants into perpetuity, and therefore design a spending policy which is flexible. The Foundation Board set a spending target equal to 4-5 percent of the portfolio value. Donations may have additional restrictions that result in less than the spending target being spent. Donor-restricted principal, unless otherwise directed by the donor, shall not be disbursed.

Donated Goods and Services

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

i) Donated Services

As described in Note 1, the Foundation receives donated services and other operating support from the College. For the years ended June 30, 2015 and 2014, donated service revenue and related expenses with the College were approximately $536,579 and $457,847, respectively. For the year ended June 30, 2014, donated service revenue and related expenses with other third parties was approximately $15,600. There were no donated services with other third parties in 2015.

ii) Donated Securities

The Foundation received stock donations of $282,476 and $254,375 for the years ended June 30, 2015 and 2014, respectively.

iii) Other Noncash Donations

The Foundation receives various noncash donations, mostly equipment and supplies, from outside sources. These materials are then distributed to the College for use in its various programs. For the years ended June 30, 2015 and 2014, noncash donation revenue and related expenses were approximately $179,215 and $31,560, respectively.

Required Supplementary Information

College of Lake County
Community College District No. 532

Required Supplementary Information

Other Post-Retirement Healthcare 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)
2014	$ -	$ 8,088,521	$ 8,088,521	0%	$ 33,736,983	24 %
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
2015	$ 644,802	97.3 %
2014	896,865	94.8
2013	870,743	95.4
2012	867,101	92.4
2011	1,307,777	57.2
2010	1,604,895	44.4
2009	1,535,624	41.5

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

College of Lake County
Community College District No. 532

Required Supplementary Information

State University Retirement System (SURS) Pension Plan

Schedule of the College's Proportionate Share of the Net Pension Liability

State Universities Retirement System

Last 10 Fiscal Years*

	2014
College's proportion of the net pension liability	0.00%
College's proportionate share of the net pension liability	$ -
State's proportionate share of the net pension liability associated with the College	345,012,299
Total	$ 345,012,299
College's covered-employee payroll	$ 57,997,390
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	594.88%
Plan fiduciary net position as a percentage of the total pension liability	44.39%

Schedule of College Contributions

Last 10 Fiscal Years

	2014
Contractually required contribution	$ 225,318
Contributions in relation to the contractually required contribution	(225,318)
Contribution deficiency (excess)	$ -
College's covered-employee payroll	$ 57,997,390
Contributions as a percentage of covered-employee payroll	0.39%

*Information is presented for as many years as is available. The College implemented GASB Statement No. 68 in fiscal year 2015 with measurement date of June 30, 2014.

Changes of benefit terms. There were no benefit changes recognized in the total pension liability as of June 30, 2014.

Changes of assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.

Covered payroll. The definition of covered payroll in GASB Statement Number 25, *Financial Reporting for Defined Benefit Pension Plans* was changed in GASB Statement Number 67, *Financial Reporting for Pensions*. Below are the definitions from the glossaries of both statements.

> GASB 25 Covered Payroll. All elements included in compensation paid to active employees on which contributions to a pension plan are based. For example, if pension contributions are calculated on base pay including overtime, covered payroll includes overtime compensation.

> GASB 67 Covered-Employee Payroll. The payroll of employees that are provided with pensions through the pension plan.

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net investment in capital assets	$ 95,186,673	$ 94,812,636	$ 90,264,397	$ 89,840,672	$ 88,244,604	$ 88,360,119	$ 89,508,677	$ 88,952,883	$ 89,839,524	$ 85,718,718
Restricted for:										
Debt service	1,639,557	1,477,210	1,357,332	1,163,008	3,821,509	3,683,898	3,638,451	3,476,226	3,273,884	-
Capital projects	12,548,437	7,493,234	1,631,704	1,914,268	754,227	1,063,084	1,090,977	1,091,225	1,087,520	1,090,088
Other	596,004	790,910	904,521	289,439	698,222	601,233	1,083,162	1,112,681	1,543,755	1,103,319
Unrestricted	79,965,596	72,184,158	73,118,295	62,925,272	53,903,877	39,814,025	31,513,221	28,719,617	24,065,345	28,600,014
Total net position	$ 189,936,267	$ 176,758,148	$ 167,276,249	$ 156,132,659	$ 147,422,439	$ 133,522,359	$ 126,834,488	$ 123,352,632	$ 119,810,028	$ 116,512,139

Table 2

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Changes in Net Position (Unaudited)

Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating revenues:										
Student tuition and fees	$ 31,146,347	$ 31,049,548	$ 32,039,591	$ 31,571,415	$ 31,341,476	$ 27,687,389	$ 24,431,056	$ 22,068,220	$ 19,250,363	$ 17,347,474
Less scholarship allowances	(7,117,501)	(7,092,007)	(7,735,180)	(8,199,350)	(7,585,139)	(5,040,088)	(3,438,360)	(2,451,962)	(2,514,675)	(2,378,310)
Net student tuition and fees	24,028,846	23,957,541	24,304,411	23,372,065	23,756,337	22,647,301	20,992,696	19,616,258	16,735,688	14,969,164
Auxiliary enterprises	10,071,648	10,061,743	10,409,564	10,757,207	10,713,481	11,067,046	10,539,065	10,080,324	8,977,895	6,774,052
Other operations	1,087,468	1,472,404	1,482,587	1,173,803	1,478,186	1,328,725	1,921,201	1,728,044	2,425,746	3,836,333
Total operating revenues	35,187,962	35,491,688	36,196,562	35,303,075	35,948,004	35,043,072	33,452,962	31,424,626	28,139,329	25,579,549
Operating expenses:										
Education and general:										
Instruction	57,017,699	57,226,921	56,918,482	51,721,715	48,268,132	46,853,367	40,662,025	37,675,261	33,738,179	30,873,970
Academic support	5,732,988	5,051,720	5,377,091	5,368,352	5,464,060	5,506,810	5,418,601	4,942,062	4,829,196	4,722,016
Student services	10,615,904	10,302,808	9,977,245	9,108,675	8,136,053	7,861,672	7,416,388	6,344,790	6,083,190	5,096,901
Public service	10,657,857	12,527,397	13,578,437	8,686,815	7,575,936	6,426,550	7,127,721	5,807,824	5,423,347	6,956,771
Institutional support	27,282,833	26,795,577	25,889,885	24,459,148	21,841,211	21,549,383	22,160,018	21,005,231	20,255,050	16,844,508
Operations and maintenance of plant	10,981,649	10,849,289	10,175,688	9,501,273	8,897,716	9,557,706	9,214,707	8,785,206	8,090,545	7,522,383
Financial aid	5,741,816	7,246,038	6,325,221	6,626,759	6,587,783	7,349,762	2,478,091	1,945,642	2,002,225	2,353,612
Depreciation	5,096,492	4,830,835	4,441,546	4,334,200	4,245,907	4,151,105	4,393,484	4,254,000	4,289,978	4,114,324
Auxiliary enterprises	10,059,357	11,015,661	11,400,549	11,635,549	10,728,709	10,924,069	10,003,106	10,236,270	9,612,162	7,289,152
Total operating expenses	143,186,595	145,846,246	144,084,144	131,442,486	121,745,507	120,180,424	108,874,141	100,996,286	94,323,872	85,773,637
Operating loss	(107,998,633)	(110,354,558)	(107,887,582)	(96,139,411)	(85,797,503)	(85,137,352)	(75,421,179)	(69,571,660)	(66,184,543)	(60,194,088)
Nonoperating revenues (expenses):										
Local property taxes	64,961,915	63,591,948	62,139,690	60,194,469	58,363,768	57,133,098	55,125,615	52,163,382	48,818,356	45,454,623
Personal property replacement tax	1,266,744	1,177,861	1,164,330	1,139,553	1,238,741	955,215	1,180,747	1,349,780	1,262,216	1,156,921
State appropriations	37,894,602	34,341,721	34,600,754	27,664,030	24,581,121	20,282,045	15,655,068	13,807,432	12,559,165	11,187,839
Federal grants and contracts	16,509,843	19,782,912	20,173,020	15,385,348	14,874,344	12,736,502	5,716,530	4,046,087	4,243,973	4,591,755
Local grants and contracts	845,458	916,302	865,085	911,393	951,778	1,067,360	1,138,575	1,134,897	1,521,415	1,293,677
Investment income	326,129	238,692	126,529	91,810	109,959	155,791	679,593	1,246,168	1,156,004	871,968
Interest expense	(627,939)	(212,979)	(637,083)	(536,972)	(422,128)	(504,788)	(593,093)	(846,068)	(598,183)	(741,305)
Net nonoperating revenues	121,176,752	119,836,457	118,432,325	104,849,631	99,697,583	91,825,223	78,903,035	72,901,678	68,962,946	63,815,478
Increase before capital contributions	13,178,119	9,481,899	10,544,743	8,710,220	13,900,080	6,687,871	3,481,856	3,330,018	2,778,403	3,621,390
State capital appropriations	-	-	685,416	-	-	-	-	212,586	519,486	370,059
Increase in net position	$ 13,178,119	$ 9,481,899	$ 11,230,159	$ 8,710,220	$ 13,900,080	$ 6,687,871	$ 3,481,856	$ 3,542,604	$ 3,297,889	$ 3,991,449

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
2015	2014	$ 16,965,816,311	$ 3,447,636,200	$ 918,230,490	$ 149,873,143	$ 21,481,556,144	0.306	$ 64,444,668,432	33.33 %
2014	2013	17,214,391,095	3,481,459,284	938,486,166	146,943,115	21,781,279,660	0.296	65,343,838,980	33.33
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

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

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

Source: Lake County Clerk’s Office.

Table 4

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Years

(rate per $100 of assessed value)

	Year Taxes are Payable									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
College direct rates										
Bonds	$ 0.008	$ 0.008	$ 0.008	$ 0.007	$ 0.006	$ 0.005	$ 0.006	$ 0.006	$ 0.007	$ 0.007
Educational	0.234	0.226	0.207	0.180	0.148	0.132	0.129	0.128	0.128	0.128
Medicare	-	-	-	-	-	-	0.001	0.001	0.001	0.001
Operation & maintenance	0.062	0.060	0.055	0.051	0.062	0.061	0.057	0.054	0.056	0.058
Tort judgement & liability insurance	0.002	0.002	0.002	0.002	0.002	0.002	0.003	0.003	0.003	0.003
Total direct rate	$ 0.306	$ 0.296	$ 0.272	$ 0.240	$ 0.218	$ 0.200	$ 0.196	$ 0.192	$ 0.195	$ 0.197
Lake County rate	0.682	0.663	0.608	0.554	0.505	0.464	0.453	0.444	0.450	0.454
Lake County Forest Preserves rate	0.210	0.218	0.212	0.201	0.198	0.200	0.199	0.201	0.204	0.210
Elementary School rates	1.453 - 9.799	1.424 - 8.762	1.322-7.302	1.186-5.818	1.095-4.879	0.998 - 4.423	0.965 - 4.403	0.944 - 4.330	0.964 - 4.296	1.013 - 3.670
Unit School rates	4.697 - 10.380	4.607 - 9.418	4.292-10.136	3.661-8.175	3.438-6.921	3.272 - 5.986	3.064 - 5.691	3.023 - 5.639	3.386 - 5.834	3.246 - 5.872
High School rates	1.448 - 5.539	1.420 - 5.228	1.322-4.556	1.191-3.824	1.101-3.497	1.069 - 3.195	1.001 - 3.066	0.959 - 3.746	0.961 - 3.136	0.965 - 3.197
Township rates	0.039 - 0.533	0.027 - 0.490	0.025-0.434	0.033-0.397	0.033-0.372	0.031 - 0.364	0.029 - 0.372	0.028 - 0.368	0.029 - 0.375	0.029 - 0.359
Sanitary District rates	0.000 - 0.250	0.000 - 0.250	0.000-0.250	0.000-0.241	0.000-0.216	0.000- 0.194	0.000- 0.192	0.000- 0.186	0.030 - 0.187	0.031 - 0.191
Park District rates	0.000 - 1.298	0.000 - 1.260	0.000-1.101	0.000-0.897	0.000-0.767	0.000 - 0.703	0.000 - 0.707	0.019 - 0.707	0.019 - 0.728	0.019 - 0.711
Library District rates	0.231 - 0.719	0.228 - 0.656	0.213-0.581	0.185-0.475	0.170-0.450	0.161 - 0.452	0.150 - 0.477	0.152 - 0.433	0.161 - 0.436	0.155 - 0.438
Fire District rates	0.128 - 1.294	0.126 - 1.093	0.071-0.988	0.129-0.875	0.111-0.754	0.105 - 0.707	0.124 - 0.677	0.121 - 0.652	0.128 - 0.674	0.136 - 0.690
City & Village rates	0.000 - 5.535	0.000 - 4.963	0.000-3.854	0.000-3.511	0.000-2.954	0.000 - 2.616	0.000 - 2.491	0.000 - 2.446	0.012 - 2.123	0.013 - 2.060
Special Service Area rates	0.032 - 8.080	0.015 - 8.235	0.033-7.933	0.013-7.314	0.013-15.414	0.029 - 8.651	0.029 - 10.130	0.029 - 15.221	0.014 - 15.877	5.714 - 10.809

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

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

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

Source: Lake County Clerk

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Principal Property Tax Payers (Unaudited)

Current Levy Year and Nine Years Ago

	Levy Year 2014			Levy Year 2005		
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	$ 148,551,922	1	0.68 %	$ 167,305,939	1	0.74 %
Gurnee Mills	48,937,992	2	0.22	-		-
Discover Properties LLC	42,710,684	3	0.20	-		-
Walmart Stores Inc	35,528,848	4	0.16	-		-
Arden Realty Inc	32,347,420	5	0.15	-		-
Midwest Family Housing LLC	32,020,031	6	0.15	-		-
Baxter Healthcare Corp	29,020,207	7	0.13	40,506,272	6	0.18
Van Vlissingen & Co	28,889,580	8	0.13	75,937,403	2	0.34
Walgeen Co	28,508,595	9	0.13	-		-
Scott Dessing, Sr Mgr Taxation	28,038,811	10	0.13	-		-
Property Tax Services Co.	-		-	27,728,290	8	0.12
The Mills Corporation	-		-	49,434,923	3	0.22
Carramerica Realty LP	-		-	47,801,739	4	0.21
Hewitt Properties III, LLC	-		-	41,992,495	5	0.19
Motorola	-		-	33,930,863	7	0.15
W.W. Grainger, Inc.	-		-	26,850,192	9	0.12
Allegiance Healthcare Corp.	-		-	25,475,008	10	0.11
	$ 454,554,090		2.09 %	$ 536,963,124		2.38 %

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

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

Source: Lake County Clerk’s Office

Table 6

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years

Fiscal year ended June 30	Levy year	Taxes levied for the fiscal year	Collected within the calendar year of the levy: Amount	Collected within the calendar year of the levy: Percentage of levy	Collections in subsequent years[a]	Total collections to date: Amount	Total collections to date: Percentage of levy
2015	2014	$ 65,748,169	$ 33,275,974	50.61 %	$ -	$ 33,275,974	50.61 %
2014	2013	64,472,588	64,237,603	99.64	-	64,237,603	99.64
2013	2012	63,155,324	62,840,069	99.50	-	62,840,069	99.50
2012	2011	60,886,055	60,801,830	99.86	-	60,801,830	99.86
2011	2010	59,416,080	59,279,661	99.77	-	59,279,661	99.77
2010	2009	57,325,464	57,199,885	99.78	-	57,199,885	99.78
2009	2008	56,776,896	56,627,879	99.74	-	56,627,879	99.74
2008	2007	53,613,021	53,467,319	99.73	-	53,467,319	99.73
2007	2006	50,634,258	50,549,528	99.83	-	50,549,528	99.83
2006	2005	47,104,728	46,911,144	99.59	-	46,911,144	99.59

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

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

Source: Lake County Treasurer's Office

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Ratios of Outstanding Debt by Type (Unaudited)

Last Ten Fiscal Years

Fiscal year	General Obligation Limited Tax Funding Bonds	General Obligation Limited Tax Debt Certificates	Capital Appreciation Limited Tax Bonds	General Obligation Bonds - Alternate Revenue Source	Unamortized Premium	Discount on Capital Appreciation Bonds	Total Outstanding Debt	Percentage of taxable assessed value of property[(a)]	Per FTE student count[(b)]
2015	$ 73,420,000	$ 900,000	$ -	$ -	$ 2,148,846	$ -	$ 76,468,846	0.356%	9,080
2014	77,990,000	1,185,000	-	-	2,544,400	-	81,719,400	0.375%	8,636
2013	20,535,000	1,470,000	-	-	593,202	-	22,598,202	0.097%	2,366
2012	21,500,000	1,735,000	-	-	656,875	-	23,891,875	0.094%	2,515
2011	6,920,000	2,515,000	-	-	89,657	-	9,524,657	0.035%	955
2010	7,000,000	3,235,000	1,000,000	-	111,596	(19,734)	11,326,862	0.040%	1,142
2009	7,210,000	3,925,000	2,010,000	320,000	133,535	(85,127)	13,513,408	0.047%	1,516
2008	7,405,000	4,560,000	3,025,000	615,000	155,474	(193,504)	15,566,970	0.056%	1,815
2007	7,595,000	5,140,000	4,040,000	895,000	177,413	(514,304)	17,333,109	0.067%	2,113
2006	7,650,000	3,165,000	5,185,000	1,155,000	199,352	(537,187)	16,817,165	0.070%	2,055

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
2015	$ 76,468,846	$ 1,639,557	$ 74,829,289	705,186	0.348%	$ 106.11
2014	81,719,400	1,477,210	80,242,190	703,019	0.368%	114.14
2013	22,598,202	1,357,333	21,240,869	702,120	0.091%	30.25
2012	23,891,875	1,163,008	22,728,867	706,222	0.090%	32.18
2011	9,524,657	3,821,509	5,703,148	703,462	0.021%	8.11
2010	11,326,862	3,683,898	7,642,964	712,567	0.027%	10.73
2009	13,513,408	3,638,451	9,874,957	707,622	0.034%	13.96
2008	15,566,970	3,476,226	12,090,744	702,479	0.043%	17.21
2007	17,333,109	3,220,791	14,112,318	698,305	0.054%	20.21
2006	16,817,165	3,083,848	13,733,317	691,815	0.057%	19.85

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

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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years

Fiscal year	Levy year	Assessed valuation	Bond debt limit*	Amount of debt applicable to debt limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2015	2014	$ 21,481,556,144	$ 617,594,739	$ 76,468,846	$ 541,125,893	12.38%
2014	2013	21,781,279,660	626,211,790	81,719,400	544,492,390	13.05%
2013	2012	23,218,869,144	667,542,488	22,598,202	644,944,286	3.39%
2012	2011	25,369,189,665	729,364,203	23,891,875	705,472,328	3.28%
2011	2010	27,255,082,680	783,583,627	9,524,657	774,058,970	1.22%
2010	2009	28,662,732,212	824,053,551	11,326,862	812,726,689	1.37%
2009	2008	28,967,804,148	832,824,369	13,513,408	819,310,961	1.62%
2008	2007	27,923,448,370	802,799,141	15,566,970	787,232,171	1.94%
2007	2006	25,966,286,120	746,530,726	17,670,000	728,860,726	2.37%
2006	2005	23,911,029,337	687,442,093	17,155,000	670,287,093	2.50%

*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]			
Fiscal Year	**Available Revenue**	**Debt Service Principal**	**Debt Service Interest**	**Coverage**
2015	$ -	$ -	$ -	-
2014	-	-	-	-
2013	-	-	-	-
2012	-	-	-	-
2011	-	-	-	-
2010	409,200	320,000	7,360	1.25
2009	395,400	295,000	21,358	1.25
2008	392,800	280,000	34,225	1.25
2007	382,700	260,000	46,175	1.25
2006	371,900	235,000	62,500	1.25

[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.

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**
2014	15,410	8,422	6,972	8,438	4,303	11,107	3,539	8,121	3,012	94%	27.8
2013	17,685	9,463	7,934	9,751	4,764	12,921	4,862	8,966	3,667	94%	28.7
2012	17,577	9,551	7,870	9,707	4,945	12,632	4,341	9,199	3,854	95%	28.7
2011	17,389	9,498	7,707	9,682	5,212	12,177	4,376	9,125	2,883	95%	28.9
2010	18,091	9,975	7,895	10,088	5,678	12,413	4,966	10,028	3,097	94%	28.7
2009	18,092	9,920	7,898	10,084	6,461	11,631	5,437	9,438	3,217	93%	28.9
2008	16,359	8,912	6,994	9,303	5,192	11,167	5,082	8,446	2,831	94%	28.6
2007	16,010	8,578	6,722	9,226	4,892	11,118	4,830	8,360	2,820	94%	28.7
2006	15,558	8,203	6,604	8,874	4,611	10,947	4,923	7,965	2,670	93%	28.6
2005	15,745	8,184	6,699	8,956	4,514	11,231	4,925	7,884	2,936	93%	28.7

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
2015	158,496	10,116	23,135	14,704	25,700	21,454	253,603
2014	165,651	12,265	25,892	15,790	26,523	22,480	268,600
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

Amounts are based on midterm enrollment.

Table 13

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Principal Employers (Unaudited)

Current Year

	2015		
Employer	**Employees[a]**	**Rank**	**Percentage of total County employees[a]**
Abbott Laboratories	9,000	1	2.42%
CDW Corp	7,200	2	2.00%
Walgreen Co	6,100	3	1.64%
Abbvie Inc	5,900	4	1.59%
Baxter Healthcare Corp	5,900	5	1.59%
Aon Hewitt	4,000	6	1.07%
Discover Financial Services	3,000	7	0.81%
Alumna Systems	2,500	8	0.67%
Advocate Healthcare	1,800	9	0.48%
Trustmark Insurance Co	1,700	10	0.46%
Takeda	1,700	10	0.46%
	48,800		13.10%

[a] Civilian only.

Source: Lake County Partners

*2006 data (nine years ago) is not available per the Lake County Clerk's Office.

Table 14

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Operating Information and Employees (Unaudited)

Last Ten Fiscal Years

Year founded: 1969

Accreditation:
- Higher Learning Commission (HLC): 1974, 1979, 1985, 1986, 1996 (every 10 years)
- HLC-Academic Quality Improvement Program: 2010 Systems Portfolio

Population in District 2014 estimate (note 1): 705,186
- Percentage change from 2013 census estimate: 0.2%

Employment in District (note 2):
- Labor force, civilian (June 2015): 372,117
- Unemployment rate (June 2015): 4.6%

Communities in District (note 3):

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Enrollment (Fall Semester, based on 10th day enrollment) (note 4):										
Total headcount	15,410	17,685	17,577	17,389	18,091	18,092	16,359	16,010	15,558	15,745
Percent change	-12.86%	0.61%	1.08%	-3.88%	-0.01%	10.59%	2.18%	2.91%	-1.19%	-0.76%
Total student semester hours	126,344	141,940	143,283	142,475	149,623	148,807	133,683	128,674	123,047	122,756
Total FTE semester hours	8,423	9,463	9,552	9,498	9,975	9,920	8,912	8,578	8,203	8,184
Percent change	-10.99%	-0.93%	0.57%	-4.78%	0.55%	11.31%	3.89%	4.57%	0.23%	2.57%
Total seats taken	37,064	44,709	45,014	44,721	46,940	47,387	42,671	40,891	38,507	38,308
Percent change	-17.10%	-0.68%	0.66%	-4.73%	-0.94%	11.05%	4.35%	6.19%	0.52%	2.41%
Degrees and certificates awarded (note 5):										
A.A., A.S., and A.E.S.	975	995	1,254	823	706	648	586	600	515	567
A.A.S.	408	391	533	429	377	423	381	341	316	305
A.F.A./A.P.	4	4	6	1	2	1	2	-	-	-
Certificates	2337	2210	4,467	876	926	910	800	930	998	944
Total, degrees/certificates	3724	3600	6,260	2,129	2,011	1,982	1,769	1,871	1,829	1,816
College Workforce (Fall semester) (note 6):										
Faculty/academic support	807	951	1,014	1,027	976	963	1,075	834	832	810
Administrators	60	60	67	66	59	60	59	54	50	50
Prof./Tech.	251	247	260	227	196	184	195	172	167	140
Clerical	138	150	174	165	160	150	114	110	110	104
Maintenance and others	124	127	131	125	141	148	156	144	148	149
% Women*	61%	61%	63%	63%	59%	60%	58%	57%	57%	56%
% Minorities*	30%	28%	32%	30%	21%	29%	20%	20%	20%	20%

* Excludes part-time faculty

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

Notes:
1. From Lake County Quick Facts, US Census Bureau 2014 estimate.
2. From Local Area Unemployment Statistics (Lake County, IL), IDES, Not Seasonally Adjusted.
3. From Lake County Planning, Building and Development website.
4. From College of Lake County Institutional Effectiveness, Research and Planning, Fact Files.
   From College of Lake County Office of Institutional Effectiveness, Research and Planning, Graduate Extract Files. In FY13, auto-awarding was started; the number of graduates
5. for FY13 will be much higher than prior years as a result.
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									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Grayslake Campus-purchased 1968										
Size of campus (acres)[a]	270.7	270.0	223.4	223.4	223.4	223.4	225.1	225.1	225.1	225.1
Gross square footage[b]	789,082	789,082	789,082	789,082	789,082	789,082	814,174	814,174	814,174	814,174
Square footage rented [c]	5,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Number of classrooms [h]	100	97	97	97	97	97	102	102	102	102
Number of laboratories [h]	99	94	94	94	94	94	94	94	94	94
Lakeshore Campus-purchased 1979/1995										
Size of campus (acres)[f]	2.8	1.7	1.4	1.4	0.7	0.5	0.5	0.5	0.5	0.5
Gross square footage[g]	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599	71,599
Number of classrooms [h]	13	14	14	14	14	14	14	14	14	14
Number of laboratories [h]	18	7	7	7	7	7	7	7	7	7
Southlake Center-purchased 1997										
Size of campus (acres)[d]	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Gross square footage	66,269	66,269	66,269	66,269	66,269	66,269	66,269	66,269	45,814	16,269
Number of classrooms [h]	16	20	20	20	20	20	20	20	23	9
Number of laboratories [h]	12	8	8	8	8	8	8	8	5	2
1 North Genesse-purchased 2002[e]										
Size of campus (acres)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Gross square footage	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660	38,660
Square footage rented [c]	19,330	19,330	19,330	19,330	19,330	19,330	32,976	32,976	32,976	32,976
Number of classrooms available	11	11	11	11	11	11	9	-	-	-
Number of laboratories available	1	1	1	1	1	1	1	-	-	-

[a] 2003: Land transferred to Village of Grayslake for Fire Station. 2010: IDOT road expansion
[b] 2005: Technology Building addition. 2010: Disposal of buildings 2, 3 and pole barn.
[c] The College no longer rents to the Lake County Job Center, however the Lake County Regional Board of
[d] 2006: Land transferred to Village of Vernon Hills for future road development.
[e] Building renovated before occupancy began July 1, 2004.
[f] 2015 Parking Garage purchased at the Lakeshore Campus, but is not heated.
[g] Lakeshore Parking Garage is not heated, so no additional square footage is added.
[h] Information based on Spring 2015 Term from 25Live.

College of Lake County
Community College District No. 532

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

The Fiscal Year 2016 Certificate of Chargeback Reimbursement Form was unable to be completed by the October 15, 2015 audit due date because line 17 of the form (the FY 2016 average grant rate based on FY 2016 ICCB grants) was unavailable since the State of Illinois budget had not yet been approved by the General Assembly and the Governor of the State of Illinois. This page will be issued at a later date as an addendum/replacement page once all information is available to complete the FY 2016 Chargeback Form.

College of Lake County
Community College District No. 532

All Funds Summary
Uniform Financial Statement Number 1
Year Ended June 30, 2015

	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, 2014	$ 20,660,342	$ 9,698,241	$ 106,733,590	$ 1,477,212	$ 325,683	$ 68,266	$ 17,555,240	$ 827,555	$ 22,758	$ (187,715)	$ 1,210,667	$ 158,391,839
Revenues:												
Local tax revenue	50,891,778	13,188,268	-	1,713,219	-	-	-	-	-	435,394	-	66,228,659
All other local revenue	38,349	-	-	-	-	965,953	-	-	-	-	-	1,004,302
ICCB grants	8,625,469	-	-	-	-	1,729,176	-	-	-	-	-	10,354,645
All other state revenue	-	-	-	-	-	1,176,192	-	-	-	-	-	1,176,192
Federal revenue	-	-	-	-	-	16,509,843	-	-	-	-	-	16,509,843
Student tuition and fees	26,774,773	-	3,275,454	-	-	1,924,790	-	911,426	-	-	-	32,886,443
All other revenue	259,870	76,449	506,757	-	11,115,413	2,171,923	54,045	175	-	-	3,394	14,188,026
Total revenues	86,590,239	13,264,717	3,782,211	1,713,219	11,115,413	24,477,877	54,045	911,601	-	435,394	3,394	142,348,110
Expenditures:												
Instruction	37,078,215	-	-	-	-	-	-	-	-	-	-	37,078,215
Academic support	3,723,778	-	-	-	-	-	-	-	-	-	-	3,723,778
Student services	7,432,659	-	-	-	-	-	-	950,638	-	-	-	8,383,297
Public service	1,506,756	-	-	-	-	9,285,841	-	-	-	-	-	10,792,597
Auxiliary services	-	-	-	-	10,598,004	-	-	-	-	-	-	10,598,004
Operations and maintenance	-	8,277,227	-	-	-	-	-	-	-	-	-	8,277,227
Institutional support	25,721,198	2,617,135	17,753,929	1,550,874	-	-	-	-	157,725	519,471	82,500	48,402,832
Scholarships and student grants	158,279	-	-	-	-	14,710,757	-	-	-	-	-	14,869,036
Total expenditures	75,620,885	10,894,362	17,753,929	1,550,874	10,598,004	23,996,598	-	950,638	157,725	519,471	82,500	142,124,986
Net transfers	(10,883,292)	(2,100,000)	13,056,175	-	(479,189)	-	(42,194)	-	160,000	288,500	-	-
Fund balance (deficit)												
at June 30, 2015	$ 20,746,404	$ 9,968,596	$ 105,818,047	$ 1,639,557	$ 363,903	$ 549,545	$ 17,567,091	$ 788,518	$ 25,033	$ 16,708	$ 1,131,561	$ 158,614,963

College of Lake County
Community College District No. 532
Reconciliation of the Uniform Financial Statement Number 1
to the Statement of Net Position
June 30, 2015

Total fund balances - Uniform Financial Statement Number 1	$ 158,614,963
Amounts reported in the basic financial statements for net position are different because:	
Capital assets used in College activities are not current financial resources and therefore are not reported in the uniform financial statements.	111,590,252
Pension contributions made after the actuarial valuation date are considered expenditures in the uniform financial statements but are deferred outflows of resources in the basic financial statements.	225,318
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in uniform financial statements:	
These liabilities consist of:	
General obligation bonds	(76,468,846)
Post-employment benefits	(2,472,103)
Amounts held in trust for others	(773,317)
Unearned rent	(780,000)
Net position - Statement of Net Position	$ 189,936,267

College of Lake County
Community College District No. 532
Reconciliation of the Uniform Financial Statement Number 1
to the Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

Net change in fund balances—Uniform Financial Statement Number 1		$ 223,124
Amounts reported for the general purpose Statement of Revenues, Expenses, and Changes in Net Position are different because:		
The uniform financial statements report capital outlays as expenditures paid while the basic financial statements report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlays	13,014,215	
Depreciation expense	(5,096,492)	
		7,917,723
Losses on disposals of capital assets are not reported in the uniform financial statements		(336,650)
Contributions to pension funds are recognized as expenditures when paid to the pension fund on the uniform financial statements. These expenditures are recorded on the basic financial statements based on the annual service cost, corresponding with .the most recent actuarial valuation year. This is the difference between these amounts.		21,000
Some expenses reported in the uniform financial statements are the use currrent financial financial resources to reduce long term liabilities reported on the basic financial statements. These activities consist of:		
Bonds payable, including amortization of bond premiums		5,250,554
Unearned rent		20,000
Post-employment benefits		28,138
Amounts held in trust for others		54,230
Increase in net position - Statement of Revenues, Expenses and Changes in Net Position		$ 13,178,119

College of Lake County
Community College District No. 532

Summary of Capital Assets and Debt
Uniform Financial Statement Number 2
Year Ended June 30, 2015

	Capital Asset/ Debt Account Groups June 30, 2014	Additions	Deletions	Capital Asset/ Debt Account Groups June 30, 2015
Fixed assets:				
Sites and improvements	$ 18,080,764	$ 1,087,789	$ -	$ 19,168,553
Buildings, additions, and improvements	126,727,328	4,085,226	-	130,812,554
Construction work in progress	4,962,385	5,115,079	(330,732)	9,746,732
Equipment, furniture, and machinery	28,115,416	2,726,121	(2,335,093)	28,506,444
Fixed assets	177,885,893	13,014,215	(2,665,825)	188,234,283
Accumulated depreciation	(73,876,715)	(5,096,492)	2,329,176	(76,644,031)
Net fixed assets	$ 104,009,178	$ 7,917,723	$ (336,649)	$ 111,590,252
Fixed debt:				
Bonds payable	$ 79,175,000	$ 2,835,000	$ (7,690,000)	$ 74,320,000
Total fixed liabilities	$ 79,175,000	$ 2,835,000	$ (7,690,000)	$ 74,320,000

The College has no tax anticipation warrants or notes outstanding at June 30, 2015.

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, 2015

	Education Fund	O&M Fund	Total Operating
Operating revenues by source:			
Local government:			
Current taxes	$ 49,625,033	$ 13,188,268	$ 62,813,301
Charge-back revenue	38,349	-	38,349
Total local government	49,663,382	13,188,268	62,851,650
State government:			
ICCB credit hour grants	8,098,452	-	8,098,452
Corporate personal property	1,266,744		1,266,744
replacement taxes		-	-
Vocational education and other	527,018	-	527,018
Total state government	9,892,214	-	9,892,214
Federal government:			
American Recovery and Reinvestment Act	-	-	-
Total federal government	-	-	-
Student tuition and fees:			
Tuition and fees	26,774,773	-	26,774,773
Total student tuition and fees	26,774,773	-	26,774,773
Other sources:			
Investment revenue	48,104	-	48,104
Other	211,766	76,449	288,215
Transfers	521,383	-	521,383
Total other sources	781,253	76,449	857,702
Total revenue	87,111,622	13,264,717	100,376,339
Less nonoperating items*:			
Tuition charge-back revenue			
Transfers from nonoperating funds	521,383	-	521,383
Adjusted revenue	$ 86,590,239	$ 13,264,717	$ 99,854,956

College of Lake County
Community College District No. 532

Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3 (Continued)
Year Ended June 30, 2015

	Education Fund	O&M Fund	Total Operating
Operating expenditures:			
Instruction	$ 37,078,215	$ -	$ 37,078,215
Academic support	3,723,778	-	3,723,778
Student services	7,432,659	-	7,432,659
Public service	1,506,756	-	1,506,756
Auxiliary services	-	-	-
Operations and maintenance	-	8,277,227	8,277,227
Institutional support	25,721,198	2,617,135	28,338,333
Scholarships and student grants	158,279	-	158,279
Transfers	11,404,675	2,100,000	13,504,675
Total operating expenditures by program	87,025,560	12,994,362	100,019,922
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	11,404,675	2,100,000	13,504,675
Adjusted expenditures	$ 75,620,885	$ 10,894,362	$ 86,515,247
By object:			
Salaries	$ 52,815,154	$ 3,936,507	$ 56,751,661
Employee benefits	10,480,907	1,868,521	12,349,428
Contractual services	3,850,410	1,136,381	4,986,791
General materials and supplies	3,463,244	261,827	3,725,071
Conference and meetings	746,085	13,934	760,019
Fixed charges	1,109,744	596,394	1,706,138
Utilities	1,835	2,615,107	2,616,942
Capital outlay	442,207	472,199	914,406
Other	2,711,299	(6,508)	2,704,791
Transfers	11,404,675	2,100,000	13,504,675
Total operating expenditures by object	87,025,560	12,994,362	100,019,922
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	11,404,675	2,100,000	13,504,675
Adjusted expenditures	$ 75,620,885	$ 10,894,362	$ 86,515,247

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

Schedule 4

College of Lake County
Community College District No. 532

Restricted Purposes Fund Revenues and Expenditures
Uniform Financial Statement Number 4
Year Ended June 30, 2015

	Restricted Purposes Fund
Revenue by source:	
Local government:	
Local taxes	$ -
Other local government	965,953
Total local government	965,953
State government:	
ICCB – State Adult Education Grant	688,597
ICCB – Career and Technical Education – Program Improvement Grant	448,865
Other	1,767,906
Total state government	2,905,368
Federal government:	
U.S. Department of Education	15,653,959
Other	855,884
Total federal government	16,509,843
Student tuition and fees:	
Tuition and fees	1,079,332
Other sources:	
Investment revenue	-
Other	3,017,381
Total other sources	3,017,381
Total restricted purposes fund revenues	$ 24,477,877

College of Lake County
Community College District No. 532

Restricted Purposes Fund Revenues and Expenditures
Uniform Financial Statement Number 4 (Continued)
Year Ended June 30, 2015

	Restricted Purposes Fund
Restricted purposes fund expenditures, by program:	
Public services	$ 9,285,841
Scholarships and student grants	14,710,757
Total restricted purposes fund expenditures, by program	$ 23,996,598
Restricted purposes fund expenditures, by object:	
Salaries	$ 5,192,370
Employee benefits	1,182,821
Contractual services	937,711
General materials and supplies	624,781
Travel and conference/meetings	185,470
Utilities	208
Fixed charges	-
Capital outlay	344,488
Other	15,528,749
Total restricted purposes fund expenditures, by object	$ 23,996,598

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5
Year Ended June 30, 2015

Instruction:	
Instructional programs	$ 34,847,917
Other	2,230,298
Total instruction	37,078,215
Academic support:	
Library center	1,945,382
Instructional materials center	405
Academic computing support	178,154
Academic administration and planning	176,578
Other	1,423,259
Total academic support	3,723,778
Student services:	
Admission and records	1,004,757
Counseling and career services	3,121,574
Financial aid administration	806,227
Other	2,500,101
Total student services	7,432,659
Public service:	
Community education	8,162,221
Community services	1,574,004
Other	1,056,372
Total public services	10,792,597
Auxiliary services	10,598,004
Operations and maintenance:	
Maintenance	1,944,697
Custodial services	2,528,279
Grounds	636,596
Transportation	49,185
Utilities	2,262,951
Administration	467,414
Other	388,105
Total operations and maintenance	8,277,227

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5 (Continued)
Year Ended June 30, 2015

Institutional support:	
Executive management	$ 1,567,607
Fiscal operations	411,439
Community relations	2,590,334
Administrative support	2,063,112
Board of trustees	274,650
General institutional	15,701,739
Institutional research	545,834
Administrative data processing	5,721,094
Other	222,220
Total institutional support	29,098,029
Scholarships, student grants, and waivers	14,869,036
Total current funds expenditures	$ 121,869,545

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

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, 2015 and the related notes to the Illinois Community College Board (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, 2015, 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, 2015, 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 81 is presented for purposes of additional analysis and is not a required part of the grant program financial statements.

The ICCB Compliance Statement on page 81 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the grant program financial statements. Such information has been subjected to the auditing procedures applied in the audit of the grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statement on page 81 is fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 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
September 28, 2015

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, 2015, and the related notes to the Illinois Community College Board (ICCB) State grants financial statements, and have issued our report thereon dated September 28, 2015.

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
September 28, 2015

College of Lake County
Community College District No. 532

State Adult Education Grant
Balance Sheet
June 30, 2015

	State Basic	Public Assistance	State Performance	Total
Assets				
Cash	$ -	$ -	$ -	$ -
Accounts receivable	27,159	16,343	13,881	57,383
Total assets	$ 27,159	$ 16,343	$ 13,881	$ 57,383
Liabilities and Fund Balance				
Liabilities				
Due to other funds	$ 27,159	$ 16,343	$ 13,881	$ 57,383
Total liabilities	27,159	16,343	13,881	57,383
Fund balance	-	-	-	-
Total liabilities and fund balance	$ 27,159	$ 16,343	$ 13,881	$ 57,383

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, 2015

	State Basic	Public Assistance	State Performance	Total
Revenues:				
State sources	$ 325,909	$ 196,113	$ 166,575	$ 688,597
Expenditures – by program:				
Instructional and student services:				
Instruction	197,905	98,159	6,274	302,338
Guidance services	24,107	33,122	13,128	70,357
Assessment and testing	32,665	31,718	32,956	97,339
Literacy services	17,913	-	12,566	30,479
Total instructional and student services	272,590	162,999	64,924	500,513
Program support:				
Improvement of instructional services				-
General administration	17,332	10,891	23,180	51,403
Workforce coordination	20,297	-	20,457	40,754
Data and information services	15,690	22,223	58,014	95,927
Total program support	53,319	33,114	101,651	188,084
Total expenditures	325,909	196,113	166,575	688,597
Excess of revenues over expenditures	-	-	-	-
Fund balance at July 1, 2014	-	-	-	-
Fund balance at June 30, 2015	$ -	$ -	$ -	$ -

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, 2015

State basic	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	$197,905	61%
General administration (9% maximum allowed)	$17,332	5%

State public assistance	Actual expenditure amount	Actual expenditure percentage
Instruction (45% minimum required)	$98,159	50%
General administration (9% maximum allowed)	$10,891	6%

College of Lake County
Community College District No. 532

Career and Technical Education Program Improvement Grant
Balance Sheet
June 30, 2015

Assets	$ -
Liabilities and Fund Balance	
Liabilities	-
Fund balance	-
Total liabilities and fund balance	$ -

See accompanying notes to ICCB State Grants financial statements.

College of Lake County
Community College District No. 532

Career and Technical Education Program Improvement Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2015

Revenues:	
State sources	$ 38,730
Expenditures:	
Salaries	31,756
Contractual services	425
Materials and supplies	800
Conference and meeting	2,249
Capital outlay	3,500
Total expenditures	38,730
Excess of revenues over expenditures	-
Fund balance at July 1, 2014	-
Fund balance at June 30, 2015	$ -

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 Illinois Community College Board (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 (the College). 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

Restricted Grants

Restricted Adult Education Grant/State

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

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

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

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 the 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 were Filed (the Schedule) of College of Lake County, Community College District No. 532 (the College) for the year ended June 30, 2015. 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 were Filed is fairly presented in all material respects, in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*.

McGladrey LLP

Chicago, Illinois
September 28, 2015

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, 2015

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	26,021.0	24.0	67,634.0	48.0	64,748.0	21.0	158,403.0	93.0
Business occupational	1,343.0	-	4,170.5	-	4,575.0	27.0	10,088.5	27.0
Technical occupational	2,196.5	62.0	9,495.0	127.0	11,216.0	38.0	22,907.5	227.0
Health occupational	2,056.0	-	5,763.0	-	6,884.5	-	14,703.5	-
Remedial development	2,831.0	-	12,693.0	-	10,176.0	-	25,700.0	-
Adult basic education/ secondary education	889.6	2,247.6	2,409.0	6,107.0	9,800.5	-	13,099.1	8,354.6
Total	35,337.1	2,333.6	102,164.5	6,282.0	107,400.0	86.0	244,901.6	8,701.6

	Attending in-district	Attending out-of-district on chargeback or contractual agreement	Total
Semester credit hours (all terms)	246,812.0	828.5	247,640.5

	Dual Credit	Dual Enrollment	Total
Reimbursable semester credit hours (all terms)	6,575.0	1,213.0	7,788.0

District 2014 equalized assessed valuation $ 21,481,556,144

President

Vice-President for Administrative Affairs

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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Schedule of Enrollment Data and Other
Bases Upon Which Claims were Filed
Year ended June 30, 2015

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	158,403.0	158,403.0	-	93.0	93.0	-
Business occupational	10,088.5	10,088.5	-	27.0	27.0	-
Technical occupational	22,907.5	22,907.5	-	227.0	227.0	-
Health occupational	14,703.5	14,703.5	-	-	-	-
Remedial development	25,700.0	25,700.0	-	-	-	-
Adult basic education/ adult secondary	13,099.1	13,099.1	-	8,354.6	8,354.6	-
Total	244,901.6	244,901.6	-	8,701.6	8,701.6	-

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

	Total attending	**Total attending as certified to the ICCB**	**Difference**
Reimbursable in-district residents	246,812.0	246,812.0	-
Reimbursable out-of-district on charge-back or contractual agreement	828.5	828.5	-
Total	247,640.5	247,640.5	-

	Total reimbursable	**Total reimbursable certified to ICCB**	**Difference**
Dual Credit	6,575.0	6,575.0	-
Dual Enrollment	1,213.0	1,213.0	-
Total	7,788.0	7,788.0	-

See accompanying independent accountants’ 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

www.clcillinois.edu