Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2016 and 2015

Community College District No. 532
Grayslake, Illinois

College of Lake County
Community College District No. 532

Grayslake, Illinois

Comprehensive Annual Financial Report
June 30, 2016 and 2015

Prepared by:

Kenneth C. Gotsch
Vice President, Administrative Affairs

Table of Contents

College of Lake County

Grayslake Campus

19351 West Washington Street
Grayslake, Illinois 60030-1198

www.clcillinois.edu

College of Lake County
Connect to Your Future

October 14, 2016

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

The College is required to undergo an annual single audit in conformity with the provisions of the Administrative Requirements, Cost Principles and Uniform Audit Requirements for Federal Awards 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 system 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 (HLC) under the Academic Quality Improvement Program (AQIP) model of accreditation and is a member of the North Central Association of Colleges and Schools (NCA).

The College is recognized by the Illinois Community College Board (ICCB) and governed by a locally elected seven-member Board of Trustees and one appointed, non-voting (advisory) student representative to ensure accountability. The College employees over 1,600 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 is required to undergo an annual single audit in conformity with the provisions of the Administrative Requirements, Cost Principles and Uniform Audit Requirements for Federal Awards 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 system 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 (HLC) under the Academic Quality Improvement Program (AQIP) model of accreditation and is a member of the North Central Association of Colleges and Schools (NCA).

The College is recognized by the Illinois Community College Board (ICCB) and governed by a locally elected seven-member Board of Trustees and one appointed, non-voting (advisory) student representative to ensure accountability. The College employees over 1,600 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 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; as well as student success.

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

The College is implementing its strategic plan; as well as its operational plans which includes the College master plan, financial plan, information technology plan, sustainability plan, capital investment plan, and safety and emergency response plan. For Fiscal Year 2016, College of Lake County continued its focus on planning for the future.

The College plans to undertake various projects in order to give effect to its strategic and operational plans. One cluster of projects includes the annual Academic Quality Improvement Program (AQIP) projects. In FY2016, the College undertook AQIP projects related to 1) reviewing the decision-making process and governance oversight structure at CLC and recommending potential changes to governance at the College, 2) assessing 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 3) investigating how sustainability can be integrated throughout the College into the core practices of teaching and learning. As of the end of the fiscal year, these projects have led to improved processes and helped eliminate inefficiencies. For FY2017, the College plans to: 1) review and improve its budgeting process by informing and engaging stakeholders throughout the process; and 2) further modernize its educational assessment processes, particularly in the areas of advancing sustainability and diversity; and evaluating our processes for awarding credit for prior learning.

In addition to these large-scale AQIP projects, department initiatives have been identified to support CLC's goals and objectives in FY2017, as follows:

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 2017, key initiatives identified to help the College meet this goal include:

- Expand the Accelerating Your College Success (ACS) program that targets students who place into both developmental Math and English from one to three cohorts of students. The wrap around support services and eight week course delivery piloted in Fall 2015 demonstrated successful outcomes which support expansion of the program.

- Continue to develop the Employer Partnership Program to grow the number of opportunities students have for work-based learning. This initiative will also increase the engagement of local employers in contributing to the viability and relevancy of CLC career programs and consequently identify post-graduation employment opportunities for more CLC students.
- 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 2017 are highlighted below:

- Begin implementation of expanding Pathways beyond Business and Social Sciences. Pathways provide a series of connected education and training programs and student support services that enable individuals to secure a job or advance in an industry or occupation that is in demand.
- 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 Master Plan 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 uses graphical information to communicate to the College and local community the degree to which the College achieves its strategic goals.
- IEPR will develop additional dashboards and customized data elements for tracking students at important educational milestones; as well as 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 for improved customer service.

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 2016, the Lake County population was estimated to be 708,425. *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 16% by 2026 (IEPR projection) resulting in a 13% decline in the number of public high school students who enroll at CLC in the fall semester of 2026 compared to the number enrolled in fall 2015. The College has already experienced a decline in College-level student enrollment which began in FY 2012.

There is a direct inverse correlation between an improving economy with lower unemployment and community college enrollment. CLC's enrollment trend in the last five years has declined (see table below) which is similar to the experience of local peer Colleges. Enrollment decreased from 2012 to 2016 (declines of 1.5% in 2012, 2.4% in 2013, 4% in 2014, 5.7% in 2015, and 3.6% in 2016).

The following table illustrates CLC's enrollment trends over the past five years. These trends illustrate the enrollment declines the College experienced from 2012 through 2016.

Enrollment Summary
FY 2012-2016

	2012	2013	2014	2015	2016
College-Level Credit Hours	292,860	285,809	274,296	258,746	249,452
Adult/Vocational Credit Hours	43,037	45,903	29,773	33,988	31,974
Total Credit Hours	335,897	331,712	304,069	292,734	281,426
College-Level FTE	9,762	9,527	9,143	8,625	8,315

Sources: Data Warehouse (06/28/2016), 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 2017, the new Lake Forest Hospital will open on a redesigned campus at a cost of $426 million. The facility is expected to stimulate economic growth in the surrounding area.

The local economy continues to improve. Unemployment reached a high of 10.5% in 2010 and lowered to 7.2% in 2014 and 6.2% in 2015. Unemployment was 6.7% in the first quarter of 2016. U.S. Bureau of Labor Statistics reports growth (2.2%) in non-farm wages and an increase in consumer prices (0.3%) for the Lake-Kenosha County area for the month of May 2016 from the one year prior. The Illinois Association of Realtors reports that in Lake County sales of residential property and median price increased in the second quarter of 2016 – a sign of recovery in the local housing market.

The State of Illinois continues to experience fiscal challenges and did not pass a budget for FY2016. The College's share of unrestricted and restricted state revenue was significantly reduced as a result. CLC's unrestricted state base operating grant was budgeted at $8.1 million for FY2016. As part of emergency stopgap funding approved in April 2016, the College received 27% of its budgeted amount, or $2.18 million. State revenue represents about eight percent of the College's operating revenues. Though state funding continues to be uncertain, 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. Next, revenues 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 incur; while online financial reports track accurate budget balances throughout the year. The financial statements and schedules included in the financial section of this report support that the College meets its responsibility for sound financial management.

General Government Functions and Revenue. The funds considered to be "General Government" are the Education Fund and the Operations 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 $22.2 billion in 2015 for tax collections in 2016.

The College is subject to a tax cap (Illinois Public Act 89-1), by formula, that limits the increase in taxes levied to the Consumer Price Index (CPI) or 5 percent, whichever is lower. The College's assessed value of taxable property decreased from 2012 to 2014; therefore increasing the total tax rate in order to generate tax revenue needed to support the College. In 2015, the assessed value of taxable property increased and the total tax rate declined. The following table details the tax levy information.

Fund Type	Maximum Tax Rate	2015	2014	2013	2012
Education	$0.750	.228	.234	.226	.207
Operations and Maintenance	.100	.061	.062	.060	.055
Liability, Protection and Settlement	(1)	.002	.002	.002	.002
Audit	.005	.000	.000	.000	.000
Bond and Interest	(1)	.008	.008	.008	.008
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		0.299	0.306	0.296	0.272

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

The assessed value of taxable property for levy year 2015 was $22.2 billion, an increase of $0.7 billion, or of 3.3%, as compared to levy year 2014.

The College's average collection rate, including collection of back taxes, over the past five years is 99.67%.

Revenue from tuition and fees has grown over time due to increases in tuition rates. The tuition and fees charged in fiscal year 2016 totaled $129 per credit hour and will increase to $135 per credit hour in fiscal year 2017, starting with the fall term.

Revenue from state sources, as a percentage of total revenue, has decreased significantly from FY 2015 to FY 2016. The College received 27% of its budgeted unrestricted base operating grant. For major restricted grant sources, the College received none of its state portion for Adult Education and 100% of MAP state financial aid funding was received by 7/20/2016.

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 $639,435,763. Current total indebtedness is $69,265,000 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 $17,558,121, 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 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 Fiscal Year 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 Fiscal Year 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 did not approve an annual budget for FY 2016 and has not approved a budget for FY 2017 as of the printing of this document. The state did appropriate 80% of the first six months revenue allocation for the College but as of 9/22/16 no funds have been received. 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% to 3.75% and the corporate income tax rate from 7% to 5.25% 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 Fiscal Year 2016 totaled $407,323, constituting a net rate of return of 0.45%.

Capital Assets. The notes to financial statements elaborate on the activity for the fiscal year and the status of capital assets at June 30, 2016.

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 mitigating risk to property, employees and students.

OTHER INFORMATION

Independent Audit. The accounting firm of RSM US LLP has been engaged as the independent certified public accountant for the college to conduct 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 Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to College of Lake County for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that 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 four annual budget documents for the years ended June 30, 2013 through 2016. 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 2017 budget document for consideration to receive another award.

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 four annual budget documents for the years ended June 30, 2013 through 2016. 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 2017 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 RSM US LLP audit team, utilizing their extensive professional experience garnered from their work with community Colleges throughout the State of Illinois and the nation. Credit must also 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.

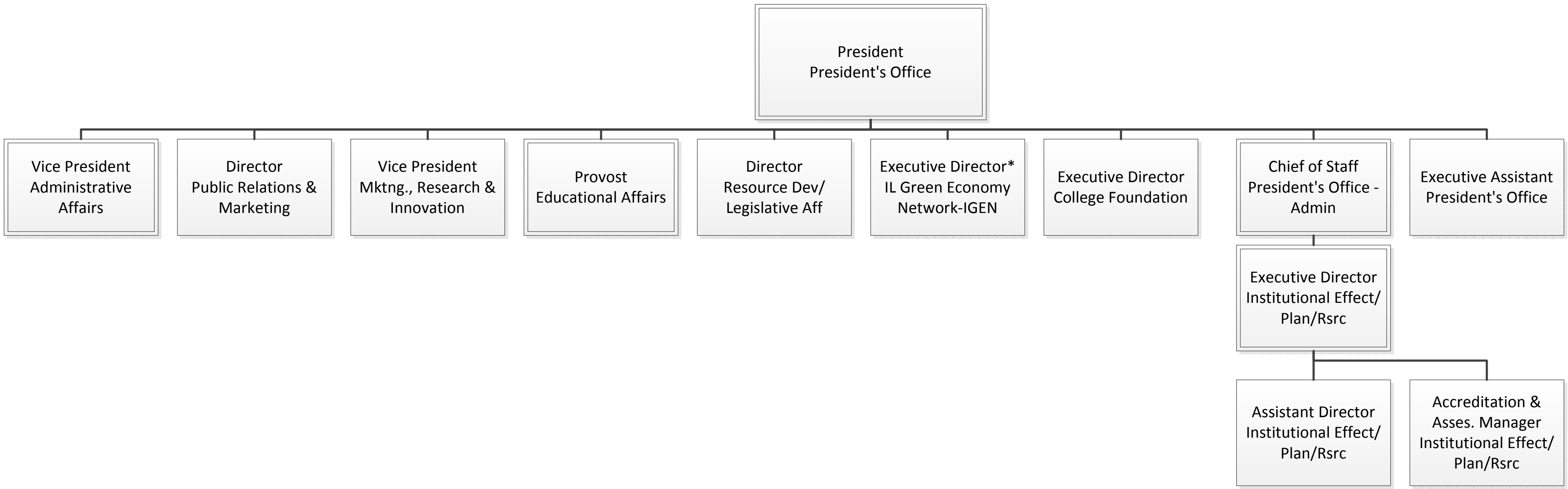
Respectfully,

Kenneth Gotsch /cb

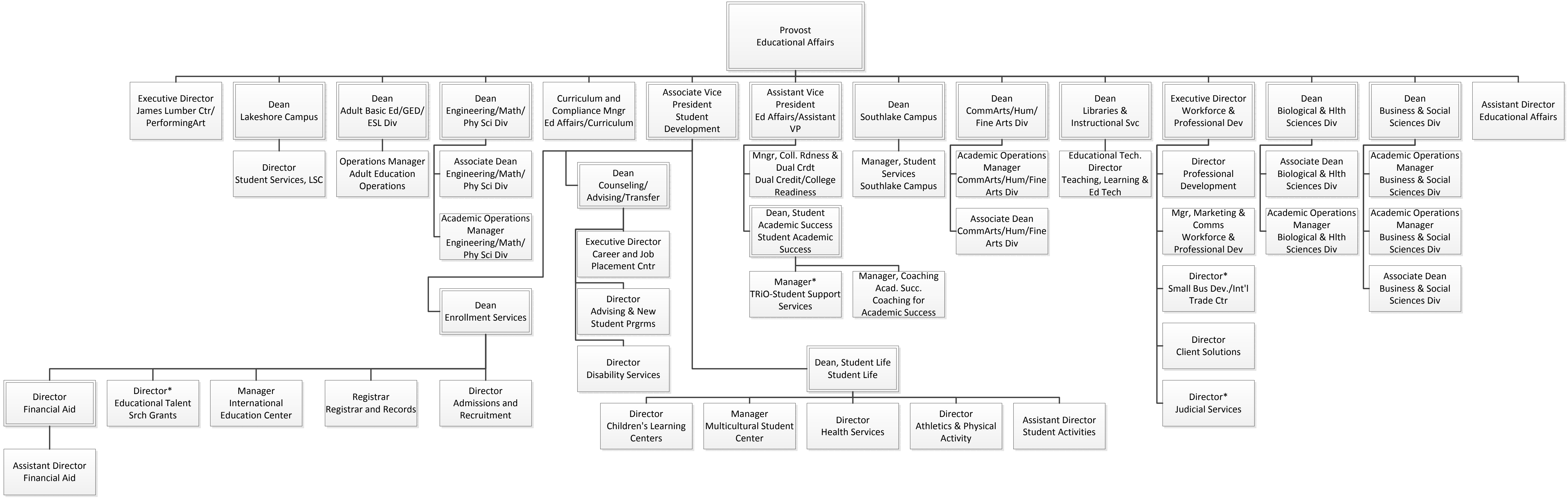
Kenneth Gotsch
Vice President of Administrative Affairs

David Hittenmiller
Interim Controller

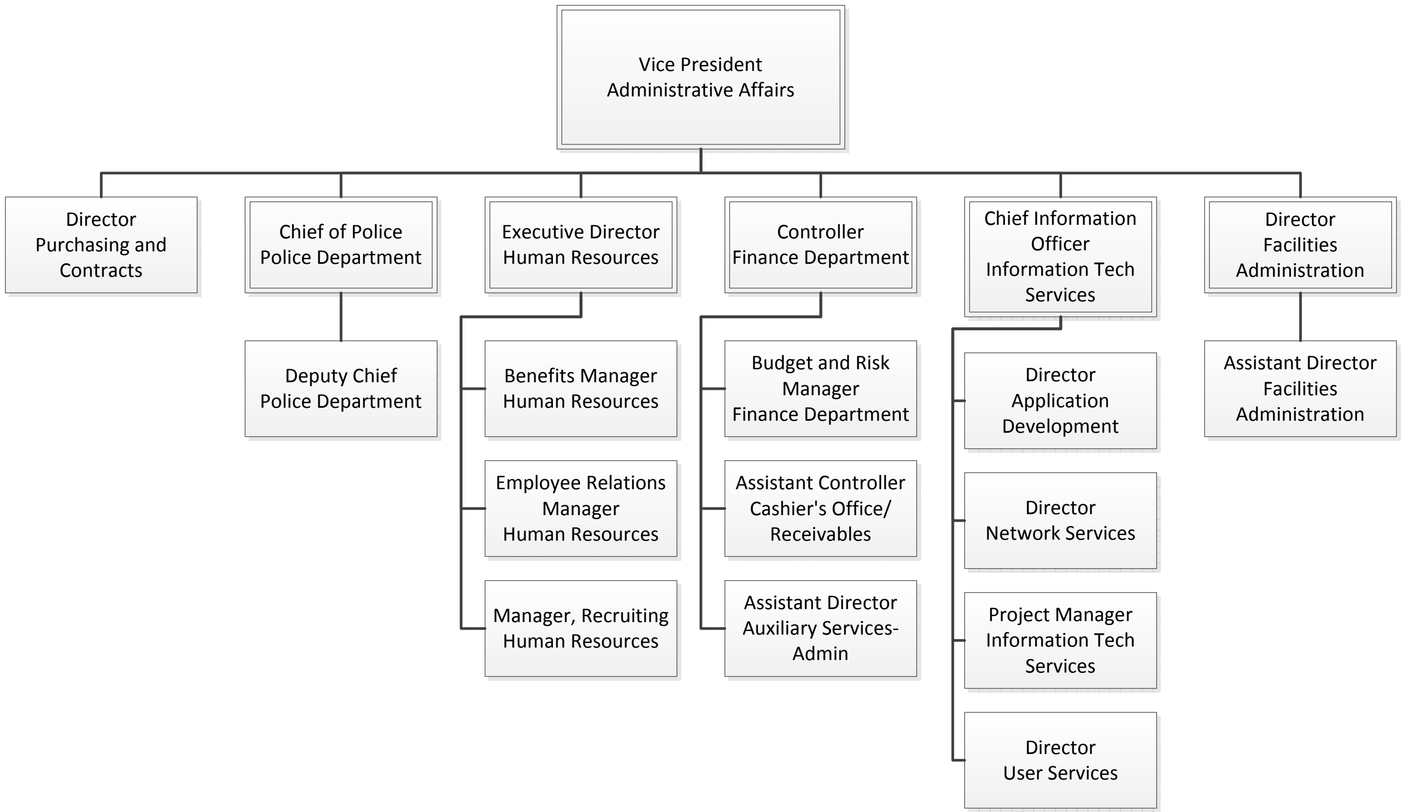
Office of the President



Office of Educational Affairs and Student Development



Office of Administrative Affairs



College of Lake County
Community College District No. 532

Principal Officials

Year ended June 30, 2016

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
Bernard Kondenar	Student Trustee	2017

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
Kenneth C. Gotsch	Vice President for Administrative Affairs/ Treasurer

OFFICIALS ISSUING REPORT

Kenneth C. Gotsch	Vice President for Administrative Affairs
David A. Hittenmiller	Interim 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, 2015

Jeffrey R. Emer

Executive Director/CEO

RSM

RSM US LLP

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, 2016 and 2015, 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, 2016 and 2015, 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 Governmental 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 the Management's Discussion and Analysis, Other Post Employment Benefit (OPEB) Schedules, and State Universities 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 October 14, 2016 and September 28, 2015 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.

RSM US LLP

Chicago, Illinois
October 14, 2016

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, 2016 and 2015. 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 2016

Total operating revenues were $35,213,348 and total operating expenses were $146,271,382 for the year ended June 30, 2016. The difference produced an operating loss of $111,058,034.

Net non-operating revenues of $117,293,063 for the year ended June 30, 2016 offset the operating loss and resulted in an overall increase in net position of $6,235,029. Non-operating revenues included local property taxes of $66,153,206, replacement tax of $1,159,689, state appropriations of $34,646,262, federal grants and contracts of $13,867,176, local grants and contracts of $1,255,820 and investment income of $407,757; offset by interest expense of $196,847.

Operating revenue accounted for 23.1% of the College's total revenue and non-operating revenue accounted for 76.9% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling $24,702,512, auxiliary enterprise revenues totaling $9,459,100, and other operating revenues of $1,051,736.

Total net position increased from $189,936,267 at the beginning of the year to $196,171,296 at the end of the year.

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.

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, 2016, 2015, and 2014 was $196.2 million, $189.9 million and $176.8 million, respectively, an increase of $6.2 million, $13.1 million and $9.5 million, respectively. Total assets and deferred outflows of resources were $324.7 million. $316.7 million and $306.8 million, and total liabilities and deferred inflows of resources were $128.5 million, $126.8 million and $130 million at June 30, 2016, 2015, and 2014, 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, 2016, 2015, and 2014 are as follows:

Statements of Net Position

June 30,
(in Thousands)

	2016	2015	2014
Current assets	$ 162,449	$ 155,111	$ 158,460
Restricted assets	1,470	12,548	7,493
Other noncurrent assets	7,173	37,233	36,655
Capital assets, net of depreciation	153,474	111,592	104,009
Total assets	324,566	316,484	306,617
Deferred outflows of resources	145	225	204
Current liabilities	26,581	19,577	18,020
Long-term liabilities	68,996	74,646	80,125
Total liabilities	95,577	94,223	98,145
Deferred inflows of resources	32,963	32,550	31,918
Net position:			
Net investment in capital assets	93,243	95,187	94,813
Restricted	3,990	14,784	9,761
Unrestricted	98,938	79,965	72,184
Total net position	$ 196,171	$ 189,936	$ 176,758

The College had a current ratio of 2.73, 2.98, and 3.18 times at June 30, 2016, 2015, and 2014, 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, 2016, for every dollar of current liabilities and deferred inflows of resources, the College has $2.73 in current assets and deferred outflows of resources. 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 2016 compared to 2015

Current assets increased by $7.3 million primarily due to an increase in cash and investments of $4.5 million and an increase in receivables of $3.0 million.

Noncurrent assets increased by $.7 million based on a decrease in restricted cash and cash equivalents of $11.0 million and a decrease in other long-term investments of $30.0 million. Additionally, capital assets increased by $41.9 million due to the fact that capital additions were greater than depreciation and deletions during the year.

Current liabilities increased by $7.0 million primarily due to an increase in accounts payable of $4.1 million and an increase in accrued expenses of $2.5 million. Noncurrent liabilities decreased $5.6 million due to principal payments made in Fiscal Year 2016 that reduced outstanding debt related to general obligation limited tax bonds to fund the College's master plan.

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 to general obligation limited tax bonds to fund the College's master plan.

Changes in Net Position

Summary of the change in net position, total revenues less total expenses, for the years ended June 30, 2016, 2015, and 2014 is as follows:

Changes in Net Position

Years ended June 30,
(in thousands)

	2016	2015	2014
Total revenues	$ 152,703	$ 156,993	$ 155,541
Total expenses	146,468	143,815	146,060
Increase in net position	$ 6,235	$ 13,178	$ 9,481

Revenues

Summaries of revenues for the years ended June 30, 2016, 2015, and 2014 are as follows:

Revenue Summary

Years ended June 30,
(in thousands)

	2016	2015	2014
Operating:			
Student tuition and fees, net	$ 24,702	$ 24,029	$ 23,958
Auxiliary enterprise	9,459	10,072	10,062
Other operations	1,052	1,087	1,472
Total operating revenues	35,213	35,188	35,492
Nonoperating:			
Local property taxes	66,153	64,962	63,592
Personal property replacement taxes	1,160	1,267	1,178
State appropriations	34,646	37,895	34,342
Federal and local grants and contracts	15,123	17,355	20,699
Investment income, net	408	326	238
Total nonoperating revenues	117,490	121,805	120,049
Total revenues	$ 152,703	$ 156,993	$ 155,541

<u>Revenues - Fiscal Year 2016 Compared to 2015</u>

Operating revenue remained basically even by an increase of $0.02 million.

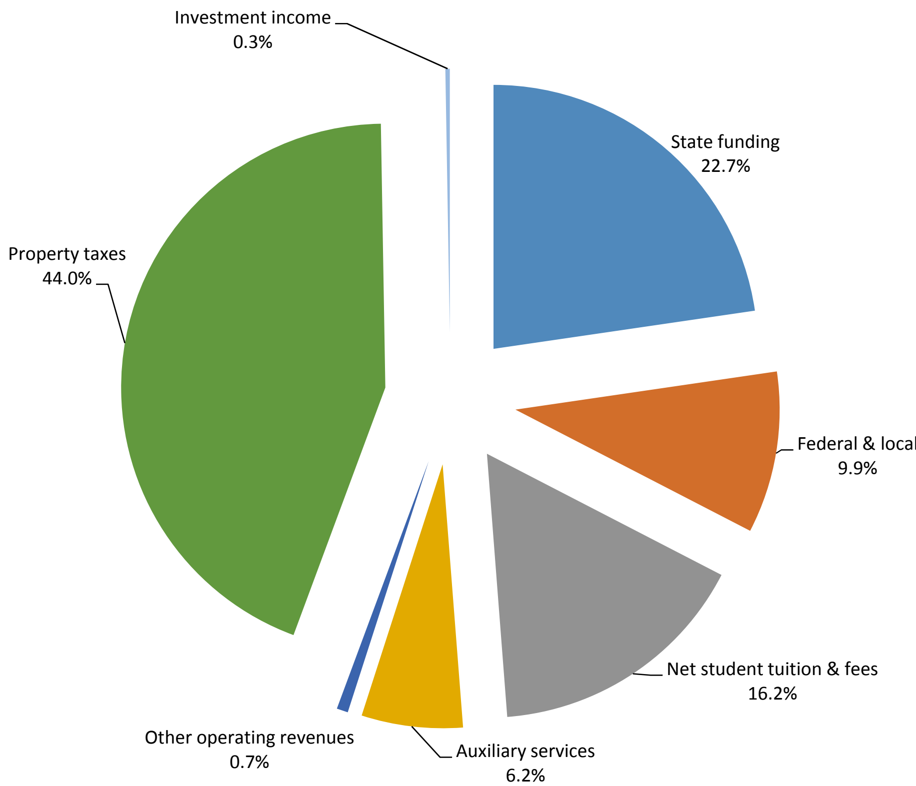
Non-operating revenue decreased by $4.3 million primarily due to decreases of state appropriations by $3.2 million and decreases in Federal and local grants and contracts of $2.2 million, offset by increases in local property taxes of $1.2 million. The increase in property tax revenues reflects the combination 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 state appropriations was due mainly to a decrease of the base operating grant of $5.9 million and additional decreases of $1.3 million in other state funded programs, offset by an increase in the State Universities Retirement System of Illinois (SURS) contribution made by the state of $4.0 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 ended 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 44.0%. The next highest sources were state funding of 22.7% and net student tuition and fees at 16.2%.

College of Lake County

Revenues

Year ended June 30, 2016



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 ended September 30, 2015.

Expenses

Summaries of expenses for the years ended June 30, 2016, 2015, and 2014 are as follows:

Expenses

Years ended June 30,
(in thousands)

	2016	2015	2014
Instruction	$ 62,300	$ 57,018	$ 57,227
Academic support	6,235	5,733	5,052
Student services	10,711	10,616	10,303
Public service	8,774	10,658	12,527
Institutional support	28,290	27,283	26,796
Operations and maintenance of plant	10,755	10,982	10,849
Financial aid	4,857	5,742	7,246
Depreciation	5,339	5,096	4,831
Auxiliary enterprises	9,010	10,059	11,016
Interest expense	197	628	213
Total	$ 146,468	$ 143,815	$ 146,060

Expenses - Fiscal Year 2016 Compared to 2015

Total expenses increased by $2.7 million. State Universities Retirement Systems of Illinois (SURS) had an increase of contributions made by the State of Illinois that increased the expenses by $4.1 million, which is offset by an increase in state appropriation revenue. Substantially all employer contributions for SURS are made by the State of Illinois on behalf of the College at an actuarially determined rate. Public Service / Continuing Education decreased by $1.6 million. Additionally, decreased federal Pell grant awards and a decrease in enrollment resulted in lower Financial Aid expenditures by $.9 million. Auxiliary Enterprises had decreased expense of $1.0 million dollars due to the drop in revenues. Interest expense declined by $.4 million due to the capitalization of interest expense associated with the College's major construction projects. Institutional and Academic support increased expenditures by $1.5 million due to annual increases of wages and benefits. Lastly, Instruction and the remaining categories increased expenditures by $1.0 million due to salary, benefits and non-personnel increases.

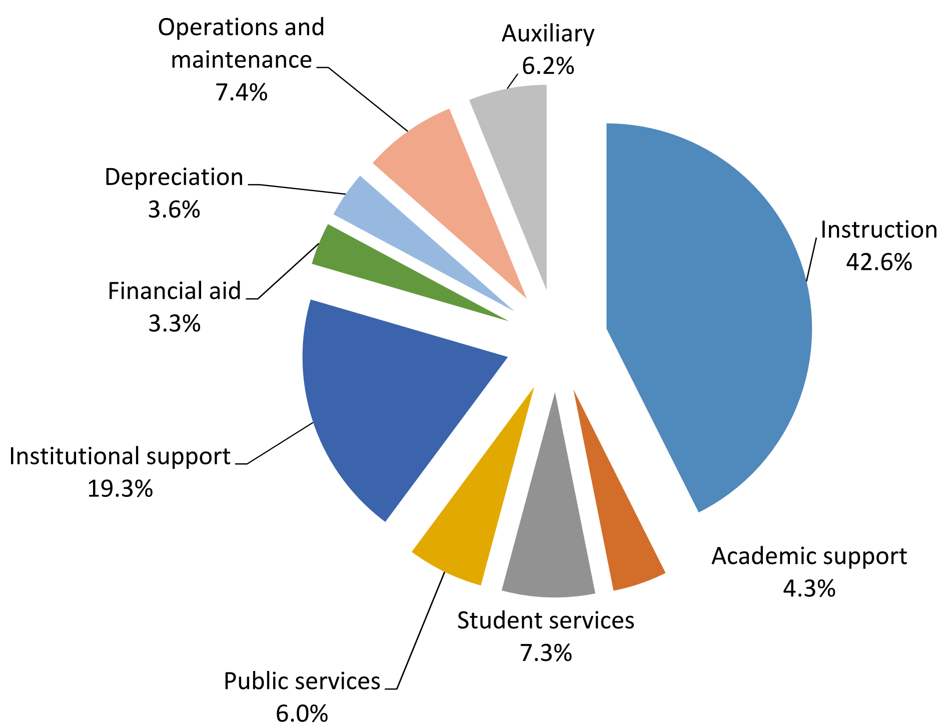
Expenses - Fiscal Year 2015 Compared to 2014

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.

Operating Expenses

The pie chart shows the operating expenses as a percentage of total operating expenses. Direct services to students accounted for 69.7% of total operating expenses. Direct services to students include instruction at 42.6%, academic support at 4.3%, student services at 7.3%, public service at 6.0%, financial aid at 3.3%, and auxiliary enterprises at 6.2%. Indirect services to students accounted for 30.3% of total expenses. Indirect services to students include operations and maintenance at 7.4%, institutional support at 19.3%, and depreciation at 3.6%.

College of Lake County
Operating Expenses
Year ended June 30, 2016



Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, 2015, and 2014, the College investment in capital assets totaled $235.3 million, $188.2 million, and $177.9 million, respectively. Capital assets, net of accumulated depreciation of $81.9 million, $76.6 million and $73.9 million, totaled $153.4 million, $111.6 million and $104.0 million, respectively.

Capital Assets

Years ended June 30,
(in thousands)

	2016	2015	2014
Capital assets:			
Construction in progress	$ 54,349	$ 9,747	$ 4,962
Land	12,488	12,488	12,085
Land improvements	7,166	6,681	5,996
Buildings and improvements	131,082	130,812	126,727
Furniture and equipment	30,253	28,506	28,116
Total capital assets	235,338	188,234	177,886
Less accumulated depreciation	81,863	76,644	73,877
Capital assets, net	$ 153,475	$ 111,590	$ 104,009

Construction Projects

Major construction projects in progress as part of the College's master plan as of June 30, 2016 included:

- Grayslake Science Building
- New café, campus store, book stop and lobby
- A and B wing renovations
- Geothermal plant and loop
- Southlake Chemistry Lab

The total cost of construction in progress as of June 30, 2016 was $54.3 million.

Capital Asset Additions (being depreciated)

Capital assets added during fiscal year 2016 include:

- Grayslake monument signs
- Information technology equipment
- Salt storage facility
- Photonics equipment
- Convertible workstations for classrooms

The total cost of capital asset additions (being depreciated) in fiscal year 2016 was $2.6 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, 2016 and 2015, the College paid $5.1 million and $7.7 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. 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, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash (note 2)	$ 81,550,209	$ 52,825,305
Investments (note 2)	38,916,565	63,143,431
Receivables:		
Property taxes, net of allowance of $330,943 in 2016 and $324,181 in 2015	32,559,816	32,165,079
Government claims	208,801	1,585,134
Tuition, net of allowance of $2,710,981 in 2016 and $3,114,795 in 2015	2,329,800	1,967,581
Other	6,068,525	2,386,260
Inventories	682,027	905,503
Prepaid insurance	133,409	132,858
Total current assets	162,449,152	155,111,151
Noncurrent assets:		
Restricted cash and cash equivalents (notes 1 and 2)	1,469,753	12,548,437
Other long-term investments (note 2)	7,172,900	37,233,748
Capital assets, not being depreciated (note 3)	66,836,978	22,234,609
Capital assets being depreciated, net (note 3)	86,637,763	89,355,643
Total noncurrent assets	162,117,394	161,372,437
Total assets	324,566,546	316,483,588
Deferred outflows of resources		
Deferred grant-related pension contributions (note 6)	144,948	225,318
Liabilities		
Current liabilities:		
Accounts payable	8,631,199	4,547,469
Accrued expenses (note 4)	7,677,366	5,134,752
Tuition refunds payable	50,919	41,390
Unearned tuition and rent	3,259,893	3,261,433
Current portion of long-term obligations (note 5)	5,195,000	5,055,000
Amounts held in custody for others	761,837	773,317
Other current liabilities	1,004,985	763,425
Total current liabilities	26,581,199	19,576,786
Noncurrent liabilities:		
Long-term obligations (notes 5 and 9)	68,256,134	73,885,949
Unearned rent revenue (note 12)	740,000	760,000
Total noncurrent liabilities	68,996,134	74,645,949
Total liabilities	95,577,333	94,222,735
Deferred inflows of resources		
Deferred property tax revenue (note 1)	32,962,865	32,549,904
Net Position		
Net investment in capital assets	93,242,840	95,186,673
Restricted for:		
Debt service	1,663,859	1,639,557
Capital projects	1,469,753	12,548,437
Other	856,651	596,004
Unrestricted	98,938,193	79,965,596
Total net position	$ 196,171,296	$ 189,936,267

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, 2016 and 2015

	2016	2015
Operating revenues:		
Student tuition and fees	$ 31,874,294	$ 31,146,347
Less scholarship allowances	(7,171,782)	(7,117,501)
Net student tuition and fees	24,702,512	24,028,846
Auxiliary enterprises	9,459,100	10,071,648
Other operations	1,051,736	1,087,468
Total operating revenues	35,213,348	35,187,962
Operating expenses:		
Education and general:		
Instruction	62,300,046	57,017,699
Academic support	6,235,402	5,732,988
Student services	10,710,983	10,615,904
Public service	8,774,300	10,657,857
Institutional support	28,289,814	27,282,833
Operations and maintenance of plant	10,755,622	10,981,649
Financial aid	4,856,633	5,741,816
Depreciation	5,338,716	5,096,492
Auxiliary enterprises	9,009,866	10,059,357
Total operating expenses	146,271,382	143,186,595
Operating loss	(111,058,034)	(107,998,633)
Nonoperating revenues (expenses):		
Local property taxes	66,153,206	64,961,915
Personal property replacement tax	1,159,689	1,266,744
State appropriations	34,646,262	37,894,602
Federal grants and contracts	13,867,176	16,509,843
Local grants and contracts	1,255,820	845,458
Investment income	407,757	326,129
Interest expense	(196,847)	(627,939)
Total nonoperating revenues (expenses), net	117,293,063	121,176,752
Increase in net position	6,235,029	13,178,119
Net position at the beginning of the year, as restated	189,936,267	176,758,148
Net position at the end of the year	$ 196,171,296	$ 189,936,267

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Tuition and fees	$ 24,336,802	$ 24,135,307
Payments to suppliers	(40,567,531)	(44,263,635)
Payments to employees	(65,003,480)	(65,451,694)
Auxiliary enterprise charges	9,459,100	10,071,648
Chargeback revenue	18,632	38,349
Other	(2,631,651)	827,073
Net cash used in operating activities	(74,388,128)	(74,642,952)
Cash flows from noncapital financing activities:		
Local property taxes	66,171,430	65,093,475
Personal property replacement tax	1,158,831	1,258,746
State appropriations	5,188,712	11,614,535
Federal grants and contracts	14,215,763	16,386,129
Local grants and contracts	1,255,820	982,158
Net cash provided by noncapital financing activities	87,990,556	95,335,043
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	-	2,835,000
Principal paid on debt	(5,055,000)	(7,690,000)
Interest paid on debt	(2,647,173)	(2,795,145)
Purchases of capital assets	(42,902,239)	(10,962,477)
Net cash used in capital and related financing activities	(50,604,412)	(18,612,622)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	67,050,101	34,268,981
Purchases of investments	(12,762,387)	(63,728,192)
Interest on investments	360,490	166,021
Net cash provided by (used in) investing activities	54,648,204	(29,293,190)
Net increase (decrease) in cash and cash equivalents	17,646,220	(27,213,721)
Cash and cash equivalents, beginning of year	65,373,742	92,587,463
Cash and cash equivalents, end of year	$ 83,019,962	$ 65,373,742
Reconciliation to Statements of Net Position:		
Unrestricted cash	$ 81,550,209	$ 52,825,305
Restricted cash and cash equivalents	1,469,753	12,548,437
Total cash and cash equivalents	$ 83,019,962	$ 65,373,742

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	$ (111,058,034)	$ (107,998,633)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	5,338,718	5,096,492
On-behalf expense for retirement system payment	30,434,871	26,342,765
Changes in assets and liabilities:		
Receivables (net)	(3,856,035)	369,929
Inventories and prepaid expenses	222,925	146,434
Accounts payable	4,083,730	1,123,509
Accrued expenses	237,157	489,197
Other current liabilities	221,560	(199,532)
Amounts held in custody for others	(11,480)	(54,237)
Deferred tuition and fees	(1,540)	41,124
Net cash used in operating activities	$ (74,388,128)	$ (74,642,952)

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Component Unit – College of Lake County Foundation
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 1,316,312	$ 1,224,845
Pledges and other receivables	115,000	30,000
Other receivables	24,200	34,295
Prepaid expenses	51,260	69,833
Investments	2,846,512	2,896,334
Total assets	$ 4,353,284	$ 4,255,307
Liabilities		
Accounts payable	$ 8,195	$ 30,398
Grants and scholarships payable	-	185,248
Deferred revenue	5,150	53,350
Total liabilities	13,345	268,996
Net Assets		
Unrestricted	470,914	562,130
Temporarily restricted	2,471,359	2,108,316
Permanently restricted	1,397,666	1,315,865
Total net assets	4,339,939	3,986,311
Total liabilities and net assets	$ 4,353,284	$ 4,255,307

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, 2016 and 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets 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	746,961	-	-	746,961
Other noncash donations	179,215	-	-	179,215
Net assets released from restrictions	254,926	(254,926)	-	-
Total public support	1,470,517	423,034	29,521	1,923,072
Other income:				
Investment income	23,375	19,769	397	43,541
Total public support and revenue	1,493,892	442,803	29,918	1,966,613
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	192,656	-	-	192,656
Travel/meeting	17,726	-	-	17,726
Fundraising:	464,159	-	-	464,159
Total expenses	1,663,476	-	-	1,663,476
(Decrease) increase in net assets before other item	(169,584)	442,803	29,918	303,137
Other item:				
Change in donor designation	-	(30,000)	30,000	-
(Decrease) increase in net assets	(169,584)	412,803	59,918	303,137
Net assets at June 30, 2015	562,130	2,108,316	1,315,865	3,986,311
Public support and revenue:				
Contributions and gifts	127,634	973,674	33,300	1,134,608
Special events revenue	348,982	-	-	348,982
Special events expense	(147,588)	-	-	(147,588)
Donated services	758,461	-	-	758,461
Other noncash donations	46,315	-	-	46,315
Net assets released from restrictions	542,390	(542,390)	-	-
Total public support	1,676,194	431,284	33,300	2,140,778
Other income:				
Investment income (loss)	(14,894)	(26,983)	-	(41,877)
Total public support and revenue	1,661,300	404,301	33,300	2,098,901
Expenses:				
Program services:				
Grants and scholarships	1,005,321	-	-	1,005,321
Noncash donations to College of Lake County	46,315	-	-	46,315
General and administrative:				
Management and general	226,839	-	-	226,839
Travel/meeting	29,881	-	-	29,881
Fundraising:	436,917	-	-	436,917
Total expenses	1,745,273	-	-	1,745,273
(Decrease) increase in net assets before other item	(83,973)	404,301	33,300	353,628
Other item:				
Change in donor designation	(7,243)	(41,258)	48,501	-
Decrease (increase) in net assets	(91,216)	363,043	81,801	353,628
Net assets at June 30, 2016	$ 470,914	$ 2,471,359	$ 1,397,666	$ 4,339,939

See accompanying notes to basic financial statements.

Note 1. Organization and Summary of Significant Accounting Policies

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

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

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB) the financial reporting entity consists of the primary government, as well as component units. The College has determined, in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, it would be misleading to not include the Foundation as a discretely presented component unit.

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 32-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. 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.

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, including the Illinois School District Liquid Asset Fund Plus, with an original maturity of three months or less to be cash equivalents.

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.

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

Investments: Investments are reported at fair value. 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 rate. The College invests in Certificates of Deposits (CDs). Non-participating CDs are valued at cost. Participating CDs are valued at fair value, if maturity is greater than one year at time of purchase. Participating CDs are valued at amortized cost if maturity is less than one year at purchase. 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.

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.

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

Deferred outflow of resources: Deferred outflows are a consumption of net assets by the College that is applicable to a future reporting period, and should be reported as having a similar impact on net position as assets. For the College, pension payments related to federal grants and made subsequent to the pension liability measurement date are considered to be deferred outflows. See Note 6 for further discussion of the College's deferred outflows of resources.

Unearned revenues and deferred inflows of resources: Deferred inflows are 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. 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.

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

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.

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 2015 tax year are recorded as revenue in the fiscal year ended June 30, 2016. The remaining revenue related to the 2015 tax year extension has been deferred and will be recorded as revenue in fiscal year 2017. Based upon collection histories, the College records real property taxes at approximately 100% of the extended levy.

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

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.

Pending accounting pronouncements: 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. 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.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-employer Defined Benefit Pension Plans*, will be effective for the College beginning with its year ended June 30, 2017. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, will be effective for the College beginning with its year ended June 30, 2017. This statement addresses accounting and financial reporting for certain external investment pools and pool participants.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, will be effective for the College beginning with its year ended June 30, 2018. This Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of Statement No. 14*, The Financial Reporting Entity, as amended*.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will be effective for the College beginning with its year ended June 30, 2017. This statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

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, 2016 and 2015, the College had the following cash, cash equivalents and investments:

	Maturity	2016 Carrying Value	2015 Carrying Value
Cash and cash equivalents:			
Cash accounts		$ 19,389,951	$ 11,058,069
Restricted accounts - money market		1,469,753	12,548,437
ISDLAF Plus savings accounts		56,195,883	40,026,904
ISDLAF Plus money market accounts		5,888,833	212,703
Illinois Funds		75,542	1,527,629
Total cash and cash equivalents		83,019,962	65,373,742
Investments:			
Certificates of deposit	less than 1 year	38,916,565	63,143,431
Certificates of deposit	1 to 5 years	7,172,900	37,233,748
Total investments		46,089,465	100,377,179
Total cash, cash equivalents and investments		$ 129,109,427	$ 165,750,921
Current assets:			
Cash		$ 81,550,209	$ 52,825,305
Investments		38,916,565	63,143,431
Noncurrent assets:			
Restricted cash and cash equivalents		1,469,753	12,548,437
Other long-term investments		7,172,900	37,233,748
Total cash, cash equivalents and investments		$ 129,109,427	$ 165,750,921

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. The College held no investments subject to interest rate risk.

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

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

Note 2. Deposits and Investments (Continued)

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

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

The College adopted GASB Statement No. 72, *Fair Value Measurement and Application,* in fiscal year 2016. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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

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

The carrying amount of the investments and fair value hierarchy at June 30, 2016 is as follows:

		Fair Value Measurements Using		
Investments Measured at Fair Value	June 30, 2016 Total	Quoted Prices in Active Markets for Identical Assets Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Participating certificates of deposit	$ 5,723,599	$ -	$ 5,723,599	$ -
Investments Not Measured at Fair Value				
Non-participating certificates of deposit	40,365,866			
Total Investments	$ 46,089,465			

The carrying amount of the investments and fair value hierarchy at June 30, 2015 is as follows:

		Fair Value Measurements Using		
Investments Measured at Fair Value	June 30, 2016 Total	Quoted Prices in Active Markets for Identical Assets Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Participating certificates of deposit	$ 7,279,358	$ -	$ 7,279,358	$ -
Investments Not Measured at Fair Value				
Non-participating certificates of deposit	93,097,821			
Total Investments	$ 100,377,179			

Note 2. Deposits and Investments (Continued)

Participating certificates of deposit classified as Level 2 investments are valued using quoted prices for similar assets in active markets. The College does not have Level 1 or Level 3 investments.

The College has cash equivalents as of June 30, 2016 measured at net asset value (NAV) as follows:

		Unfunded Commitments	Frequence (if Currently Eligible)	Notice Period
ISDLAF Plus money market accounts	$ 5,888,833	n/a	Daily	1 Day
Illinois Funds	75,542	n/a	Daily	1 Day
	$ 5,964,375			

The College has cash equivalents as of June 30, 2015 measured at NAV as follows:

		Unfunded Commitments	Frequence (if Currently Eligible)	Notice Period
ISDLAF Plus money market accounts	$ 212,703	n/a	Daily	1 Day
Illinois Funds	1,527,629	n/a	Daily	1 Day
	$ 1,740,332			

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Construction in progress	$ 9,746,732	$ 45,408,532	$ 806,163	$ 54,349,101
Land	12,487,877	-	-	12,487,877
Total capital assets not being depreciated	22,234,609	45,408,532	806,163	66,836,978
Capital assets being depreciated:				
Land improvements	6,680,676	485,308	-	7,165,984
Buildings and improvements	130,812,554	364,792	95,125	131,082,221
Furniture and equipment	28,506,444	1,801,207	55,060	30,252,591
Total capital assets being depreciated	165,999,674	2,651,307	150,185	168,500,796
Less accumulated depreciation:				
Land improvements	5,323,158	239,523	-	5,562,681
Buildings and improvements	53,839,445	2,834,774	85,912	56,588,307
Furniture and equipment	17,481,428	2,264,419	33,802	19,712,045
Total accumulated depreciation	76,644,031	5,338,716	119,714	81,863,033
Total capital assets being depreciated, net	89,355,643	(2,687,409)	30,471	86,637,763
Total capital assets, net	$ 111,590,252	$ 42,721,123	$ 836,634	$ 153,474,741

Note 3. Capital Assets (Continued)

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 4. Accrued Expenses

Accrued expenses consisted of the following at June 30:

	2016	2015
Accrued payroll and benefits	$ 2,006,382	$ 1,204,549
Accrued vacation	2,067,179	1,955,479
Accrued construction retainage	2,445,558	111,420
Accrued health insurance claims	564,206	480,357
Accrued worker's compensation claims	81,971	157,606
Accrued expenses - other	512,070	1,225,341
Total accrued expenses	$ 7,677,366	$ 5,134,752

Note 5. Long-Term Obligations

The College has the following outstanding bonds payable as of June 30, 2016 and 2015:

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. The College received a premium of $654,118 and paid issue costs of $62,865. The principal balance at June 30, 2016 and 2015 was $15,325,000 and $15,595,000, 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. The College received a premium of $29,129 and paid issue costs of $39,750. The principal balance at June 30, 2016 and 2015 was $605,000 and $900,000, 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. The College received a premium of $2,076,140 and paid issue costs of $326,140. The principal balance at June 30, 2016 and 2015 was $28,435,000 and $30,085,000, 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. The College received a premium of $329,595 and paid issue costs of $559,595. The principal balance at June 30, 2016 and 2015 was $22,995,000 and $24,905,000, 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. The College received a premium of $93,202 and paid issue costs of $55,543. The bonds were issued as an advanced refunding of the Series 2005 General Obligation Limited Tax Funding Bonds. The principal balance at June 30, 2016 and 2015 was $1,905,000 and $2,835,000, respectively.

Advance Refunding

The proceeds of the $2,835,000 General Obligation Limited Tax Refunding Bonds, Series 2014, were deposited into escrow to advance refund $2,815,000 of outstanding 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 were redeemed in full in December, 2015 using the escrow funds.

The College did not have any additional cash outlay and advance refunded the 2005 bonds to reduce its total debt service payments over three years by $127,781, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $128,876.

Note 5. Long-Term Obligations (Continued)

Changes in long-term obligations during the year ended June 30, 2016 were as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
General obligation bonds:					
Par	$ 74,320,000	$ -	$ 5,055,000	$ 69,265,000	$ 5,195,000
Premium	2,148,846	-	423,131	1,725,715	-
Total general obligation bonds, net	76,468,846	-	5,478,131	70,990,715	5,195,000
Postemployment benefits	2,472,103	599,863	611,547	2,460,419	-
	$ 78,940,949	$ 599,863	$ 6,089,678	$ 73,451,134	$ 5,195,000

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

The following is a schedule of the future debt service payments for general obligation bonds as of June 30, 2016:

	Principal	Interest	Total
Year ending June 30:			
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	5,745,000	1,824,210	7,569,210
2022-2026	25,500,000	5,888,900	31,388,900
2027-2031	10,345,000	2,702,260	13,047,260
2032-2036	6,260,000	599,888	6,859,888
	$ 69,265,000	$ 20,128,111	$ 89,393,111

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.

Note 6. Defined Benefit Pension Plans (Continued)

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, 2015 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 2015 and 2016, respectively, was 11.71% and 12.69% 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).

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.

Note 6. Defined Benefit Pension Plans (Continued)

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 $358,337,760 or 1.5084% 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, 2015, and total projected pension benefits used to calculate the net pension liability was determined based on the June 30, 2014 actuarial valuation rolled forward to June 30, 2015. 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 2015 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 are the actual reported pension contributions made to SURS during fiscal years 2016 and 2015. As a result, College of Lake County recognized on-behalf revenue and pension expense of $30,086,085 and $26,129,477 for the fiscal years ended June 30, 2016 and 2015, respectively.

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 $144,948 and $225,318 in federal, trust or grant contributions for the fiscal years ended June 30, 2016 and 2015, respectively. These contributions were made subsequent to the pension liability measurement date of June 30, 2015 and 2014, and are recognized as deferred outflows of resources as of June 30, 2016 and 2015. These contributions were made subsequent to the pension liability measurement dates and net position for these years was restated to reflect this as deferred outflows of resources.

The College's net position at July 1, 2014 was restated in accordance with GASB Statement No. 71 to record grant-related pension contributions as deferred outflows of resources:

Net position as previously reported, July 1, 2014	$ 176,553,830
Change in net position based on GASB 68 deferred outflows	204,318
Net position as restated, July 1, 2014	$ 176,758,148

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2015 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.

Note 6. Defined Benefit Pension Plans (Continued)

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

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.77%
Private Equity	6%	9.23%
Non-U.S. Equity	19%	6.69%
Global Equity	8%	6.51%
Fixed Income	19%	1.12%
Treasury-Inflation Protected Securities	4%	1.22%
Emerging Market Debt	3%	4.61%
Real Estate REITS	4%	5.85%
Direct Real Estate	6%	4.37%
Commodities	2%	4.06%
Hedged Strategies	5%	3.99%
Opportunity Fund	1%	6.80%
Total	100%	5.02%
Inflation		3.00%
Expected Arithmetic Return		**8.02%**

Discount Rate. A single discount rate of 7.120% 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 3.80% (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 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, 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 Universities Retirement System (SURS).

Changes in the accrued compensated absences liability were as follows:

	2016	2015
Accrued compensated absences – beginning of year	$ 1,955,479	$ 2,121,806
Compensated absences incurred – during year	2,067,179	1,955,479
Compensated absences used – during year	(1,955,479)	(2,121,806)
Accrued compensated absences – end of year	$ 2,067,179	$ 1,955,479
Amounts due within one year	$ 2,067,179	$ 1,955,479

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 two prior years, the amount actually contributed to the plan, and changes in the College's net OPEB obligation for the postemployment healthcare benefits.

Note 9. Postretirement Health Care Benefits (Continued)

The College's annual OPEB costs, the percentage of annual OPEB costs contributed to the Plan, and the net OPEB obligations for fiscal years 2016, 2015 and 2014 were as follows:

	2016	2015	2014
Annual OPEB Cost	$ 599,863	$ 599,352	$ 1,013,708
Percentage of OPEB Cost Contributed	101.9%	104.7%	83.9%
Net OPEB Obligation	2,460,419	2,472,103	2,500,241

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.

	2016	2015
Annual required contribution	$ 644,802	$ 644,802
Interest on the net OPEB obligation	111,245	112,511
Adjustment to annual required contribution	(156,184)	(157,961)
Annual OPEB cost	599,863	599,352
Contributions made	611,547	627,490
Decrease in net OPEB obligation	(11,684)	(28,138)
Net OPEB obligation, beginning of year	2,472,103	2,500,241
Net OPEB obligation, end of year	$ 2,460,419	$ 2,472,103

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, 2016, 2015, and 2014 are as follows:

	2016	2015	2014
Claims payable – beginning of year	$ 637,963	$ 905,671	$ 650,000
Claims and other expenses incurred	10,467,138	9,660,905	9,027,086
Claims paid	(10,458,924)	(9,928,613)	(8,771,415)
Claims payable – end of year	$ 646,177	$ 637,963	$ 905,671

Note 12. Operating Lease Commitments

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, 2016 and 2015 was $20,000. Unearned revenue related to the lease was $760,000 and $780,000 at June 30, 2016 and 2015, respectively.

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, 2016 and 2015 are as follows:

	2016	2015
Natural classification of total expenses:		
Salaries	$ 65,917,013	$ 65,323,732
Benefits	45,102,251	40,971,653
Contractual services	9,612,331	10,837,976
Materials and supplies	8,314,377	9,691,916
Travel and meetings	1,005,103	1,086,140
Fixed charges	1,918,800	1,847,850
Utilities	2,676,907	2,617,151
Interest	196,847	627,939
Depreciation	5,338,718	5,096,492
Other	6,385,882	5,713,685
Total expenses	$ 146,468,229	$ 143,814,534

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

Note 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 $13,117,946. Total funds expended on this project as of June 30, 2016 were $11,724,043 of the total estimated project costs.

The College has also committed to certain architectural services, consulting, and campus construction totaling $30,001,708 related to the master plan as of June 30, 2016. Costs were 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 fund scholarships and grants that provide College of Lake County students an opportunity for a better future. Through these efforts, the Foundation strengthens the vitality and well-being of the diverse communities the College and Foundation serves. Essentially all of the Foundation's revenue and expenses are for the benefit of the College. The Foundation is a private, not-for-profit organization that reports its financial results under Financial Accounting Standard Board (FASB) guidance.

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

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

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, 2016 and 2015, consist of contributions restricted for scholarships and income earned on permanently restricted scholarships that has not yet been appropriated for expenditure by the board.

Note 15. Component Unit (Continued)

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 donor designation” on the statement of activities.

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

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

Investments: Investments are reported at fair value. The fair value of investments is provided by the investment custodians. 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, 2016, 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 items which are recorded as contributions at their estimated fair value on the date of receipt.

Note 15. Component Unit (Continued)

The Foundation receives donated services consisting of audit and accounting services, Foundation personnel time and other operating support from the College 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, 2016 or 2015.

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

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 2013.

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 May 2015, the FASB issued Accounting Standards Update (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.

Note 15. Component Unit (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-04 which defers the effective date of ASU 2014-09 one year making it effective as of July 1, 2019, for the Foundation. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on its financial statements.

In August, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update include significant changes to the financial reporting model for Not-for-Profit organizations. Key elements in this update include reducing net asset classification from three to two categories, expanded disclosures about the nature and amount of any donor restrictions, expanded disclosures on any board designations of net assets, and other additional disclosures. The amendments in this update will be effective as of July 1, 2018 for the Foundation, and will likely have a material effect on the presentation of the financial statements.

Reclassifications: Certain prior year amounts have been reclassified to conform with current year presentation. The reclassifications had no impact on the change in net assets or total net assets reported for the year ended June 30, 2015.

Subsequent events: The Foundation's management has performed an analysis of the activities and transactions subsequent to June 30, 2016, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2016. Management has performed their analysis through October 14, 2016, the date the financial statements were available to be issued.

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.

The 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, 2016 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 liquidate or in the process of liquidation. Such funds are valued based on the fund manager's expectation of liquidation proceeds.

Note 15. Component Unit (Continued)

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, 2016:			
Publicly traded mutual funds:			
Small cap equity	$ 36,633	$ -	$ -
Mid cap equity	62,561	-	-
Large cap equity	470,003	-	-
International equity	607,507	-	-
Fixed income	1,336,013	-	-
Alternative investments:			
Hedge funds	-	-	150,187
Managed future	-	-	48,353
	$ 2,512,717	$ -	$ 198,540
Assets at June 30, 2015:			
Publicly traded mutual funds:			
Small cap equity	$ 148,747	$ -	$ -
Mid cap equity	124,191	-	-
Large cap equity	553,592	-	-
International equity	521,273	-	-
Fixed income	1,198,835	-	-
Alternative investments:			
Hedge funds	-	-	163,990
Managed future	-	-	49,154
	$ 2,546,638	$ -	$ 213,144

The Foundation did not have any transfers between any levels of the fair value hierarchy during the years ended June 30, 2016 or 2015. 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.

Note 15. Component Unit (Continued)

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)		
	Hedge Funds	Managed Future	Total
Beginning balance July 1, 2015	$ 163,990	$ 49,154	$ 213,144
Purchases	3,148	-	3,148
Total gains or losses (realized and unrealized)	(16,951)	(801)	(17,752)
Ending balance June 30, 2016	$ 150,187	$ 48,353	$ 198,540
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
The amounts of unrealized gains and losses related to financial instruments held as of June 30, 2016, and included in the Statement of Activities	$ (16,951)	$ (801)	$ (17,752)
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

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.

As of June 30, 2016 and 2015, the Foundation's Level 3 investments consisted of a managed future and hedge funds.

The managed future investment class amounted to $48,353 and $49,154 as of June 30, 2016 and 2015, respectively. The managed future is an investment in a partnership whose objective is to achieve capital appreciation through the allocation of assets to early-stage commodity trading advisors or established advisors employing early-stage strategies which engage in speculative trading of a diversified portfolio of commodity interests, including futures, options on futures, forwards, options on forwards, spot and swap contracts, cash commodities and any other rights or interests pertaining thereto. As of June 30, 2016 and 2015, this investment can be redeemed at any time and has passed an initial lockup period. There are no unfunded commitments for the managed future investment as of June 30, 2016.

Note 15. Component Unit (Continued)

The hedge fund investment class amounted to $163,990 and $150,187 as of June 30, 2016 and 2015, respectively. The Foundation invests in two hedge funds whose objective is to achieve capital appreciation through investments employing a variety of alternative investment strategies. These investment strategies include the flexibility to use leveraged and/or short-sale positions. The funds are subject to various redemption restrictions. There are no unfunded commitments for any hedge funds as of June 30, 2016.

Investments

The cost and fair value of the Foundation's investments at June 30, 2016 and 2015, are as follows:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Publicly traded mutual funds:				
Small cap equity	$ 34,427	$ 36,633	$ 121,159	$ 148,747
Mid cap equity	50,884	62,561	89,824	124,191
Large cap equity	365,467	470,003	394,764	553,592
International equity	586,286	607,507	528,239	521,273
Fixed income	1,352,215	1,336,013	1,217,340	1,198,835
Alternative investments:				
Hedge funds	163,091	150,187	159,942	163,990
Managed future	50,000	48,353	50,000	49,154
Temporarily uninvested cash	135,255	135,255	136,552	136,552
	$ 2,737,625	$ 2,846,512	$ 2,697,820	$ 2,896,334

Investment return (loss) for the years ended June 30, 2016 and 2015, was as follows:

	2016	2015
Return (loss) on investments:		
Interest and dividends	$ 31,910	$ 44,334
Realized gain on sale of investments	15,589	56,041
Investment income	47,499	100,375
Unrealized gain (loss) on investments	(89,376)	(56,834)
Total return (loss) on investments	$ (41,877)	$ 43,541

Investment management fees of $25,588 in 2016 and $25,976 in 2015 have been netted against interest and dividend income.

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.

Note 15. Component Unit (Continued)

Pledges Receivable

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 and will be received over a three year period ending in fiscal year 2017.

The Foundation received an unconditional pledge of $150,000 in fiscal year 2016 that met the criteria for recognition as a temporarily restricted contribution in the year of pledge. The Foundation received $50,000 in fiscal year 2016. The remaining pledge of $100,000 is recorded as a receivable and will be received over a two year period ending in fiscal year 2018.

The expected amounts to be received by fiscal year are as follows:

2017	$ 65,000
2018	50,000
	$ 115,000

Collectability of both pledges is considered to be reasonably assured and there is no allowance recorded as of June 30, 2016 or 2015. The Foundation has not recorded a present value discount for these pledges.

The Foundation also 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 each of fiscal years 2016 and 2015 that were recognized as an unrestricted contribution to a specific program being implemented. The donor intends to give an additional $50,000 in fiscal year 2017 subject to the program meeting certain performance obligations. As the pledge is a conditional pledge, the amount has not been recorded on the financial statements as a pledge receivable as of June 30, 2016 or 2015.

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 2016 and 2015, respectively, the Foundation held $2,471,359 and $2,108,316 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, in amounts as follows:

	2016	2015
Scholarships	$ 2,142,315	$ 1,931,605
Grants benefitting the College	329,044	176,711
	$ 2,471,359	$ 2,108,316

During fiscal years 2016 and 2015, respectively, $542,390 and $254,926 were released from restrictions and used for scholarships for students of the College of Lake County, for the following purposes:

	2016	2015
Scholarships	$ 488,904	$ 254,926
Grants benefitting the College	53,486	-
	$ 542,390	$ 254,926

Note 15. Component Unit (Continued)

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

	2016	2015
Scholarships	$ 1,196,709	$ 1,119,908
Grants benefitting the College	200,957	195,957
	$ 1,397,666	$ 1,315,865

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, 2016 and 2015.

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

Interpretation of Relevant Law: The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation 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
(7) The investment policies of the Foundation.

Note 15. Component Unit (Continued)

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$ 400,970	$ 1,315,865	$ 1,716,835
Investment return:				
Investment (loss), net of fees	-	(19,583)	-	(19,583)
New gifts	-	9,957	33,300	43,257
Change in classification of donor restrictions	-	5,821	48,501	54,322
Appropriation for expenditure	-	(21,010)	-	(21,010)
Net assets, end of year	$ -	$ 376,155	$ 1,397,666	$ 1,773,821

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$ 445,417	$ 1,255,947	$ 1,701,364
Investment return:				
Investment 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

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

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. The donor-restricted deficiencies as of June 30, 2016 or 2015 were $324 and $0, respectively.

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 designed a spending policy which is flexible. The Foundation Board set a spending target equal to 3-5 percent of the average of the previous three years ending market values of participated funds. Donations may have additional restrictions that result in less than the spending target being spent. Donor-restricted principal, unless otherwise directed by the donor, shall not be disbursed.

Donated Goods and Services

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

i) Donated Services

As described in Note 1, the Foundation receives donated services and other operating support from the College. For the years ended June 30, 2016 and 2015, donated service revenue and related expenses with the College were approximately $758,461 and $746,961, respectively.

ii) Donated Securities

The Foundation received stock donations of $589,535 and $282,476 for the years ended June 30, 2016 and 2015, 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, 2016 and 2015, noncash donation revenue and related expenses were approximately $46,315 and $179,215, 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
2016	$ 644,802	94.8 %
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

College of Lake County
Community College District No. 532

Required Supplementary Information

State Universities 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*

	2015	2014
College's proportion of the net pension liability	0.00%	0.00%
College's proportionate share of the net pension liability	$ -	$ -
State's proportionate share of the net pension liability associated with the College	358,337,760	345,012,299
Total	$ 358,337,760	$ 345,012,299
College's covered-employee payroll	$ 64,564,075	$ 66,321,825
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	555.01%	520.21%
Plan fiduciary net position as a percentage of the total pension liability	42.37%	44.39%

*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 and implemented GASB Statement No. 82 in fiscal year 2016 with measurement date of June 30, 2015.

College of Lake County
Community College District No. 532

Required Supplementary Information

Schedule of College Contributions

Last 10 Fiscal Years

	2016	2015	2014	2013
Contractually required contribution	$ 144,948	$ 225,318	$ 204,318	$ 217,455
Contributions in relation to the contractually required contribution	(144,948)	(225,318)	(204,318)	(217,455)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 64,564,075	$ 66,321,825	*	*
Contributions as a percentage of covered-employee payroll	0.22%	0.34%	*	*

*Information is presented for as many years as it is readily available. The College implemented GASB Statement No. 68 in fiscal year with measurement date of June 30, 2014 and implemented GASB Statement No. 82 in fiscal year 2016 with measurement date of June 30, 2015.

2012		2011		2010		2009		2008		2007	
$	158,916	$	113,891	$	76,824	$	72,126	$	85,540	$	81,733
	(158,916)		(113,891)		(76,824)		(72,126)		(85,540)		(81,733)
$	-	$	-	$	-	$	-	$	-	$	-
	*		*		*		*		*		*
	*		*		*		*		*		*

Changes of benefit terms. There were no benefit changes recognized in the total pension liability as of June 30, 2015.

Changes of assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of the following new assumptions as of June 30, 2015:

- Mortality rates. Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.
- Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption. Maintain the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

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.

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**

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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Net Position by Component (Unaudited)

Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in capital assets	$ 93,242,840	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
Restricted for:										
Debt service	1,663,859	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	1,469,753	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
Other	856,651	596,004	790,910	904,521	289,439	698,222	601,233	1,083,162	1,112,681	1,543,755
Unrestricted	98,938,193	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
Total net position	$ 196,171,296	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

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Changes in Net Position (Unaudited)

Last Ten Fiscal Years

		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating revenues:											
Student tuition and fees	$	31,874,294	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
Less scholarship allowances		(7,171,782)	(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)
Net student tuition and fees		24,702,512	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
Auxiliary enterprises		9,459,100	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
Other operations		1,051,736	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
Total operating revenues		35,213,348	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
Operating expenses:											
Education and general:											
Instruction		62,300,046	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
Academic support		6,235,402	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
Student services		10,710,983	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
Public service		8,774,300	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
Institutional support		28,289,814	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
Operations and maintenance of plant		10,755,620	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
Financial aid		4,856,633	5,741,817	7,246,038	6,325,221	6,626,759	6,587,783	7,349,762	2,478,091	1,945,642	2,002,225
Depreciation		5,338,718	5,096,491	4,830,835	4,441,546	4,334,200	4,245,907	4,151,105	4,393,484	4,254,000	4,289,978
Auxiliary enterprises		9,009,866	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
Total operating expenses		146,271,382	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
Operating loss		(111,058,034)	(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)
Nonoperating revenues (expenses):											
Local property taxes		66,153,206	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
Personal property replacement tax		1,159,689	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
State appropriations		34,646,262	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
Federal grants and contracts		13,867,176	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
Local grants and contracts		1,255,820	845,458	916,302	865,085	911,393	951,778	1,067,360	1,138,575	1,134,897	1,521,415
Investment income		407,757	326,129	238,692	126,529	91,810	109,959	155,791	679,593	1,246,168	1,156,004
Interest expense		(196,847)	(627,939)	(212,979)	(637,083)	(536,972)	(422,128)	(504,788)	(593,093)	(846,068)	(598,183)
Net nonoperating revenues (expenses)		117,293,063	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
Increase (decrease) before capital contributions		6,235,029	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
State capital appropriations		—	—	—	685,416	—	—	—	—	212,586	519,486
Increase in net position	$	6,235,029	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

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
2016	2015	$ 17,691,329,830	$ 3,474,770,039	$ 920,970,005	$ 154,174,058	$ 22,241,243,932	0.299	$ 66,723,731,796	33.33 %
2015	2014	16,965,816,311	3,447,636,200	918,230,490	149,873,143	21,481,556,144	0.306	64,444,668,432	33.33
2014	2013	17,214,391,095	3,481,459,284	938,486,166	146,943,115	21,781,279,660	0.296	65,343,838,980	33.33
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

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
College direct rates										
Bonds	$ 0.007	$ 0.008	$ 0.008	$ 0.008	$ 0.007	$ 0.006	$ 0.006	$ 0.007	$ 0.007	$ 0.007
Educational	0.229	0.234	0.226	0.207	0.180	0.148	0.132	0.129	0.128	0.128
Medicare	-	-	-	-	-	-		0.001	0.001	0.001
Operation & maintenance	0.061	0.062	0.060	0.055	0.051	0.062	0.061	0.057	0.054	0.056
Tort judgement & liability insurance	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.003	0.003	0.003
Total direct rate	$ 0.299	$ 0.306	$ 0.296	$ 0.272	$ 0.240	$ 0.218	$ 0.201	$ 0.197	$ 0.193	$ 0.195
Lake County rate	0.663	0.682	0.663	0.608	0.554	0.505	0.464	0.453	0.444	0.450
Lake County Forest Preserves rate	0.208	0.210	0.218	0.212	0.201	0.198	0.200	0.199	0.201	0.204
Elementary School rates	1.429 - 9.829	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
Unit School rates	4.468 - 10.430	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
High School rates	1.409 - 5.396	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
Township rates	0.037 - 0.508	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
Sanitary District rates	0.000 - 0.250	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
Park District rates	0.031 - 1.322	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
Library District rates	0.225 - 0.709	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
Fire District rates	0.123 - 1.296	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
City & Village rates	0.170 - 6.515	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
Special Service Area rates	0.104 - 8.276	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

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 2015			Levy Year 2006		
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	$ 150,504,841	1	0.70 %	$ 170,549,842	1	0.71 %
Gurnee Mills	49,231,719	2	0.23	—		-
Discover Properties LLC	40,742,513	3	0.19	45,243,518	3	0.19
Arden Realty Inc	39,402,488	4	0.18	—		-
Walmart Stores Inc	34,115,252	5	0.16	—		-
Walgeen Co	28,593,430	6	0.13	—		-
Baxter Healthcare Corp	27,602,099	7	0.13	32,266,498	6	0.13
Scott Dessing, Sr Mgr Taxation	27,302,061	8	0.13	—		-
Van Vlissingen & Co	26,574,849	9	0.12	44,389,030	4	0.19
Midwest Family Housing LLC	25,122,470	10	0.12	30,209,433	7	0.13
The Mills Corporation	—		-	57,027,582	2	0.24
Carramerica Realty LP	—		-	41,989,539	5	0.18
Property Tax Services Co.	—		-	29,997,000	8	0.13
W.W. Grainger, Inc.	—		-	27,648,793	9	0.12
Corporate 500 Center	—		-	27,330,600	10	0.11
	$ 449,191,722		2.09 %	$ 506,651,835		2.13 %

[(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

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 level year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
			Amount	Percentage of levy		Amount	Percentage of levy
2016	2015	$ 66,587,615	$ 33,717,350	50.64 %	$ —	$ 33,717,350	50.64 %
2015	2014	65,748,169	33,275,974	50.61	32,252,571	65,528,545	99.67
2014	2013	64,472,588	32,508,420	50.42	31,729,183	64,237,603	99.64
2013	2012	63,155,324	31,623,830	50.07	31,216,239	62,840,069	99.50
2012	2011	60,886,055	30,513,839	50.12	30,287,991	60,801,830	99.86
2011	2010	59,416,080	29,491,153	49.63	29,788,508	59,279,661	99.77
2010	2009	57,325,464	28,293,964	49.36	28,905,921	57,199,885	99.78
2009	2008	56,776,896	27,829,509	49.02	28,798,370	56,627,879	99.74
2008	2007	53,613,021	N/A	N/A	N/A	53,613,021	99.73
2007	2006	50,634,258	N/A	N/A	N/A	50,634,258	99.83

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.

N/A: Information is not Available.

Source: Lake County Treasurer's Office

Table 7

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Ratios of Outstanding Debt by Type (Unaudited)

Last Ten Fiscal Years

Fiscal year	General Obligation Limited Tax Funding Bonds	General Obligation Limited Tax Debt Certificates	Capital Appreciation Limited Tax Bonds	General Obligation Bonds - Alternate Revenue Source	Unamortized Premium	Discount on Capital Appreciation Bonds	Total Outstanding Debt	Percentage of taxable assessed value of property[(a)]	Per FTE student count[(b)]
2016	$ 68,660,000	$ 605,000	$ —	$ —	$ 1,725,715	$ —	$ 70,990,715	0.319%	8,487
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	0.352%	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

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

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

[(b)] See Table 11 for FTE Student Count.

Table 8

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Ratios of General Bonded Debt Outstanding (Unaudited)

Last Ten Fiscal Years

Fiscal year	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
2016	$ 70,990,715	$ 1,663,861	$ 69,326,854	$ 703,910	0.312%	$ 98.49
2015	76,468,846	1,639,556	74,829,290	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

(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	Legal debt limit*	Amount of debt applicable to legal debt limit	Legal debt margin	Total net debt applicable to the limit as a percentage of legal debt limit
2016	2015	$ 22,241,243,932	$ 639,435,763	$ 70,990,715	$ 568,445,048	11.10%
2015	2014	21,481,556,144	617,594,739	76,468,846	541,125,893	12.38%
2014	2013	21,781,279,660	626,211,790	81,719,400	544,492,390	13.05%
2013	2012	23,218,869,144	667,542,488	22,598,202	644,944,286	3.39%
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	17,333,109	729,197,617	2.32%

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

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
2016	$ —	$ —	$ —	$ —
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.

Table 11

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Student Enrollment Demographic Statistics (Unaudited)

Last Ten Fiscal Years

Enrollment			Gender		Attendance		Enrollment Status				
Fall Term	Headcount	FTE	Male	Female	Full-time	Part-time	New	Continuing	Returning	In-District Residency	Average Age
2015	14,964	8,365	6,837	8,127	4,292	10,672	3,572	7,937	3,455	94%	27.5
2014	15,410	8,422	6,972	8,438	4,303	11,107	3,539	8,121	3,012	94%	27.8
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

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
2016	155,020	9,321	21,730	14,870	23,108	23,410	247,458
2015	158,496	10,116	23,135	14,704	25,700	21,454	253,603
2014	165,651	12,265	25,892	15,790	26,523	22,480	268,600
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

Amounts are based on midterm enrollment.

Table 13

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Principal Employers (Unaudited)

Current Year and Nine Years Ago

	2016			2007		
Employer	**Employees[(a)]**	**Rank**	**Percentage of total County employees[(a)]**	**Employees[(a)]**	**Rank**	**Percentage of total County employees[(a)]**
Shire	17,000	1	4.57%	—		-
Abbott Laboratories	12,000	2	3.22%	15,300	1	4.14%
Walgreens Boots Alliance Inc	6,100	3	1.64%	—		-
Baxter Healthcare Corp	5,900	4	1.59%	4,780	5	1.29%
Medline Industries Inc	5,000	5	1.34%	2,000	11	0.54%
Abbott Laboratories	4,000	6	1.07%	—		-
Aon Corp	4,000	7	1.07%	—		-
Dayton Electric Mfg Co	3,000	8	0.81%	—		-
Discover Financial Svc	3,000	8	0.81%	3,500	6	0.95%
North Chicago Cusd	3,000	8	0.81%	—		-
Six Flags	2,000	9	0.54%	—		-
Department of Veteran's Affairs	2,000	9	0.54%	2,000	10	0.54%
Northwestern Medicine	1,800	10	0.48%	—		-
CDW Corporation	1,800	10	0.48%	2,500	7	0.68%
Department of the Navy	—		-	10,000	2	2.70%
Hewitt Associates, LLC	—		-	7,200	3	1.95%
Motorola Inc	—		-	6,000	4	1.62%
County of Lake	—		-	2,500	8	0.68%
Cardinal Health	—		-	2,200	9	0.59%
College of Lake County	—		-	2,000	13	0.54%
Condell Health Network	—		-	2,000	12	0.54%
	70,600		18.96%	61,980		16.65%

[(a)] Civilian only.

Source: Lake County Partners

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Operating Information and Employees (Unaudited)

Last Ten Fiscal Years

Year founded:	1969
Accreditation:	
Higher Learning Commission (HLC)	1974, 1979, 1985, 1986, 1996 (every 10 years)
HLC-Academic Quality Improvement Program	2015 Systems Portfolio
Population in District 2014 estimate (note 1):	703,910
Percentage change from 2013 census	-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	

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Enrollment (Fall Semester, based on 10th day enrollment) (note 4):										
Total headcount	14,964	15,410	17,685	17,577	17,389	18,091	18,092	16,359	16,010	15,558
Percent change	-2.89%	-12.86%	0.61%	1.08%	-3.88%	-0.01%	10.59%	2.18%	2.91%	-1.19%
Total student semester hours	125,468	126,344	141,940	143,283	142,475	149,623	148,807	133,683	128,674	123,047
Total FTE semester hours	8,365	8,423	9,463	9,552	9,498	9,975	9,920	8,912	8,578	8,203
Percent change	-0.69%	-10.99%	-0.93%	0.57%	-4.78%	0.55%	11.31%	3.89%	4.57%	0.23%
Total seats taken	38,874	37,064	44,709	45,014	44,721	46,940	47,387	42,671	40,891	38,507
Percent change	4.88%	-17.10%	-0.68%	0.66%	-4.73%	-0.94%	11.05%	4.35%	6.19%	0.52%
Degrees and certificates awarded (note 5):										
A.A., A.S., and A.E.S.	1042	975	995	1,254	823	706	648	586	600	515
A.A.S.	433	408	391	533	429	377	423	381	341	316
A.F.A./A.P.	1	4	4	6	1	2	1	2	-	-
Certificates	1900	2337	2210	4,467	876	926	910	800	930	998
Total, degrees/certificates	3376	3724	3600	6,260	2,129	2,011	1,982	1,769	1,871	1,829
College Workforce (Fall semester) (note 6):										
Faculty/academic support	866	807	951	1,014	1,027	976	963	1,075	834	832
Administrators	58	60	60	67	66	59	60	59	54	50
Prof./Tech.	238	251	247	260	227	196	184	195	172	167
Clerical	144	138	150	174	165	160	150	114	110	110
Maintenance and others	118	124	127	131	125	141	148	156	144	148
% Women*	60%	61%	61%	63%	63%	59%	60%	58%	57%	57%
% Minorities*	29.30%	30%	28%	32%	30%	21%	29%	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.
5. 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 for FY13 will be much higher than prior years as a result.
6. From Illinois Community College Board CI (Faculty, Staff, and Salary) Datafile.

Table 15

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Capital Asset Statistics by Facility (Unaudited)

Last Ten Fiscal Years

	Fiscal Year										
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Grayslake Campus-purchased 1968											
Size of campus (acres)[a]	270.7	270.7	270.0	223.4	223.4	223.4	223.4	225.1	225.1	225.1	225.1
Gross square footage[b]	790,702	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	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	100	97	97	97	97	97	102	102	102	102
Number of laboratories [h]	99	99	94	94	94	94	94	94	94	94	94
Lakeshore Campus-purchased 1979/1995											
Size of campus (acres)[f]	2.8	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	71,599
Number of classrooms [h]	13	13	14	14	14	14	14	14	14	14	14
Number of laboratories [h]	18	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	20.6
Gross square footage	66,269	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	16	20	20	20	20	20	20	20	23	9
Number of laboratories [h]	12	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	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	38,660
Square footage rented [c]	19,330	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	11	9	—	—	—
Number of laboratories available	1	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. 2016: Salt Storage Building

[c] The College no longer rents to the Lake County Job Center, however the Lake County Regional Board of Education is still onsite.

[d] 2006: Land transferred to Village of Vernon Hills for future road development.

[e] Building renovated before occupancy began July 1, 2004.

[f] 2015 Parking Garage purchased at the Lakeshore Campus, but is not heated.

[g] Lakeshore Parking Garage is not heated, so no additional square footage is added.

[h] Information based on Spring 2015 Term from 25Live.

Source: College of Lake County Facilities Department

College of Lake County
Community College District No. 532

Certification of Chargeback Reimbursement
Fiscal Year 2017
Year Ended June 30, 2016

The Fiscal Year 2017 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 2017 Chargeback Form.

Schedule 1

College of Lake County
Community College District No. 532

All Funds Summary
Uniform Financial Statement Number 1
Year Ended June 30, 2016

	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, 2015	$ 20,746,403	$ 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	$ 158,614,962
Revenues:												
Local tax revenue	50,560,896	13,450,456	-	1,701,854	-	-	-	-	-	440,000	-	66,153,206
All other local revenue	-	-	-	-	-	815,940	-	-	-	-	-	815,940
ICCB grants	3,362,878	-	-	-	-	1,322,705	-	-	-	-	-	4,685,583
All other state revenue	-	-	-	-	-	784,499	-	-	-	-	-	784,499
Federal revenue	-	-	-	-	-	13,867,176	-	-	-	-	-	13,867,176
Student tuition and fees	27,747,699	-	3,052,286	-	-	2,347,395	-	829,364	-	-	-	33,976,744
All other revenue	127,047	59,191	513,512	-	10,321,323	2,198,670	85,184	304	-	-	4,830	13,310,061
Total revenues	81,798,520	13,509,647	3,565,798	1,701,854	10,321,323	21,336,385	85,184	829,668	-	440,000	4,830	133,593,209
Expenditures:												
Instruction	39,048,681	-	-	-	-	-	-	-	-	-	-	39,048,681
Academic support	3,684,576	-	-	-	-	-	-	-	-	-	-	3,684,576
Student services	7,207,454	-	-	-	-	-	-	856,348	-	-	-	8,063,802
Public service	1,496,098	-	-	-	-	7,177,176	-	-	-	-	-	8,673,274
Auxiliary services	-	-	-	-	9,689,257	-	-	-	-	-	-	9,689,257
Operations and maintenance	-	7,944,993	-	-	-	-	-	-	-	-	-	7,944,993
Institutional support	27,433,458	2,360,014	49,366,552	1,677,550	-	-	-	-	123,705	577,016	-	81,538,295
Scholarships and student grants	148,671	-	-	-	-	13,557,906	-	-	-	-	-	13,706,577
Total expenditures	79,018,938	10,305,007	49,366,552	1,677,550	9,689,257	20,735,082	-	856,348	123,705	577,016	-	172,349,455
Other financing sources (uses):												
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Net transfers	(3,795,386)	(1,520,000)	4,759,540	-	275,000	-	(94,154)	-	125,000	250,000	-	-
Total other financing sources (uses)	(3,795,386)	(1,520,000)	4,759,540	-	275,000	-	(94,154)	-	125,000	250,000	-	-
Fund balance (deficit)												
at June 30, 2016	$ 19,730,599	$ 11,653,236	$ 64,776,833	$ 1,663,861	$ 1,270,969	$ 1,150,848	$ 17,558,121	$ 761,838	$ 26,328	$ 129,692	$ 1,136,391	$ 119,858,716

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, 2016

Total fund balances - Uniform Financial Statement Number 1	$ 119,858,716
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.	153,474,741
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.	144,948
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	(70,990,715)
Post-employment benefits	(2,460,419)
Accrued expenses	(2,334,138)
Amounts held in trust for others	(761,837)
Unearned rent	(760,000)
Net position - Statement of Net Position	$ 196,171,296

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, 2016

Net change in fund balances—Uniform Financial Statement Number 1		$ (38,756,246)
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	44,919,537	
Depreciation expense	(5,338,716)	
		39,580,821
Losses on disposals of capital assets are not reported in the uniform financial statements		(30,471)
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.		(80,370)
Some expenses reported in the uniform financial statements are the use current 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		5,478,131
Unearned rent		20,000
Post-employment benefits		11,684
Amounts held in trust for others		11,480
Increase in net position - Statement of Revenues, Expenses and Changes in Net Position		$ 6,235,029

College of Lake County
Community College District No. 532

Summary of Capital Assets and Debt
Uniform Financial Statement Number 2
Year Ended June 30, 2016

	Capital Asset/ Debt Account Groups June 30, 2014	Additions	Deletions	Capital Asset/ Debt Account Groups June 30, 2015
Fixed assets:				
Sites and improvements	$ 19,168,553	$ 485,308	$ -	$ 19,653,861
Buildings, additions, and improvements	130,812,554	364,792	(95,125)	131,082,221
Construction work in progress	9,746,732	45,408,532	(806,163)	54,349,101
Equipment, furniture, and machinery	28,506,444	1,801,207	(55,060)	30,252,591
Fixed assets	188,234,283	48,059,839	(956,348)	235,337,774
Accumulated depreciation	(76,644,031)	(5,338,716)	119,714	(81,863,033)
Net fixed assets	$ 111,590,252	$ 42,721,123	$ (836,634)	$ 153,474,741
Fixed debt:				
Bonds payable	$ 74,320,000	$ -	$ (5,055,000)	$ 69,265,000
Total fixed liabilities	$ 74,320,000	$ -	$ (5,055,000)	$ 69,265,000

The College has no tax anticipation warrants or notes outstanding at June 30, 2016.

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, 2016

	Education Fund	O&M Fund	Total Operating
Operating revenues by source:			
Local government:			
Current taxes	$ 50,560,896	$ 13,450,456	$ 64,011,352
Charge-back revenue	18,632	-	18,632
Total local government	50,579,528	13,450,456	64,029,984
State government:			
ICCB credit hour grants	2,184,557	-	2,184,557
Corporate personal property			-
replacement taxes	1,159,689	-	1,159,689
Vocational education and other	-	-	-
Total state government	3,344,246	-	3,344,246
Federal government:			
American Recovery and Reinvestment Act	-	-	-
Total federal government	-	-	-
Student tuition and fees:			
Tuition and fees	27,747,699	-	27,747,699
Total student tuition and fees	27,747,699	-	27,747,699
Other sources:			
Investment revenue	70,087	-	70,087
Other	56,960	59,191	116,151
Transfers	94,154	-	94,154
Total other sources	221,201	59,191	280,392
Total revenue	81,892,674	13,509,647	95,402,321
Less nonoperating items*:			
Tuition charge-back revenue			
Transfers from nonoperating funds	94,154	-	94,154
Adjusted revenue	$ 81,798,520	$ 13,509,647	$ 95,308,167

College of Lake County
Community College District No. 532

Operating Funds Revenues and Expenditures (Continued)
Uniform Financial Statement Number 3
Year Ended June 30, 2016

	Education Fund	O&M Fund	Total Operating
Operating expenditures:			
Instruction	$ 39,048,681	$ -	$ 39,048,681
Academic support	3,684,576	-	3,684,576
Student services	7,207,454	-	7,207,454
Public service	1,496,098	-	1,496,098
Auxiliary services	-	-	-
Operations and maintenance	-	7,944,993	7,944,993
Institutional support	27,433,458	2,360,014	29,793,472
Scholarships and student grants	148,671	-	148,671
Transfers	-	-	-
Total operating expenditures by program	79,018,938	10,305,007	89,323,945
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	-	-	-
Adjusted expenditures	$ 79,018,938	$ 10,305,007	$ 89,323,945
By object:			
Salaries	$ 55,504,102	$ 3,760,154	$ 59,264,256
Employee benefits	11,601,183	1,584,670	13,185,853
Contractual services	3,876,840	1,135,091	5,011,931
General materials and supplies	2,932,050	168,231	3,100,281
Conference and meetings	680,436	20,258	700,694
Fixed charges	1,119,945	548,069	1,668,014
Utilities	-	2,676,589	2,676,589
Capital outlay	562,455	412,222	974,677
Other	2,741,927	(276)	2,741,651
Transfers	3,889,540	1,520,000	5,409,540
Total operating expenditures by object	82,908,478	11,825,008	94,733,486
Less nonoperating items*:			
Tuition charge-back	-	-	-
Transfers to nonoperating funds	3,889,540	1,520,000	5,409,540
Adjusted expenditures	$ 79,018,938	$ 10,305,008	$ 89,323,946

* 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, 2016

	Restricted Purposes Fund
Revenue by source:	
Local government:	
Local taxes	$ -
Other local government	815,940
Total local government	815,940
State government:	
ICCB – State Adult Education Grant	311,175
ICCB – Career and Technical Education – Program Improvement Grant	432,074
Other	1,363,955
Total state government	2,107,204
Federal government:	
U.S. Department of Education	12,772,293
Other	1,094,883
Total federal government	13,867,176
Student tuition and fees:	
Tuition and fees	1,091,575
Other sources:	
Investment revenue	
Other	3,454,490
Total other sources	3,454,490
Total restricted purposes fund revenues	$ 21,336,385

College of Lake County
Community College District No. 532

Restricted Purposes Fund Revenues and Expenditures (Continued)
Uniform Financial Statement Number 4
Year Ended June 30, 2016

	Restricted Purposes Fund
Restricted purposes fund expenditures, by program:	
Public services	$ 7,177,176
Scholarships and student grants	13,557,906
Total restricted purposes fund expenditures, by program	$ 20,735,082
Restricted purposes fund expenditures, by object:	
Salaries	$ 3,464,514
Employee benefits	616,217
Contractual services	874,910
General materials and supplies	648,128
Travel and conference/meetings	189,546
Utilities	317
Fixed charges	-
Capital outlay	272,216
Other	14,669,234
Total restricted purposes fund expenditures, by object	$ 20,735,082

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5
Year Ended June 30, 2016

Instruction:	
Instructional programs	$ 36,606,466
Other	2,442,215
Total instruction	39,048,681
Academic support:	
Library center	1,870,368
Instructional materials center	
Academic computing support	141,409
Academic administration and planning	186,717
Other	1,486,082
Total academic support	3,684,576
Student services:	
Admission and records	695,183
Counseling and career services	3,104,230
Financial aid administration	943,677
Other	2,464,364
Total student services	7,207,454
Public service:	
Community education	5,662,938
Community services	1,718,222
Other	1,292,114
Total public services	8,673,274
Auxiliary services	9,689,257
Operations and maintenance:	
Maintenance	1,624,041
Custodial services	2,500,797
Grounds	588,183
Transportation	58,040
Utilities	2,377,119
Administration	384,546
Other	412,267
Total operations and maintenance	7,944,993

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5 (Continued)
Year Ended June 30, 2016

Institutional support:		
Executive management	$	1,997,788
Fiscal operations		248,819
Community relations		2,343,633
Administrative support		1,747,058
Board of trustees		278,335
General institutional		17,252,013
Institutional research		561,021
Administrative data processing		5,841,334
Other		224,192
Total institutional support		30,494,193
Scholarships, student grants, and waivers		13,706,577
Total current funds expenditures	$	120,449,005

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

RSM

RSM US LLP

Independent Auditor's Report on Audits of Grant 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 and State Performance) (the Grant Program) of the College of Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2016 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 and State Performance), and as of June 30, 2016, 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, 2016, 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 85 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 85 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 85 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 October 14, 2016 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.

RSM US LLP

Chicago, Illinois
October 14, 2016

RSM US LLP

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 and State Performance) (the Grant Program) of the College of Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2016, and the related notes to the Illinois Community College Board (ICCB) State grants financial statements, and have issued our report thereon dated October 14, 2016.

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.

RSM US LLP

Chicago, Illinois
October 16, 2016

College of Lake County
Community College District No. 532

State Adult Education Grant
Balance Sheet
June 30, 2016

	State Basic	State Performance	Total
Assets			
Cash	$ -	$ -	$ -
Accounts receivable	233,165	78,010	311,175
Total assets	$ 233,165	$ 78,010	$ 311,175
Liabilities and Fund Balance			
Liabilities			
Due to other funds	$ 233,165	$ 78,010	$ 311,175
Total liabilities	233,165	78,010	311,175
Fund balance	-	-	-
Total liabilities and fund balance	$ 233,165	$ 78,010	$ 311,175

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, 2016

	State Basic	State Performance	Total
Revenues:			
State sources	$ 233,165	$ 78,010	$ 311,175
Expenditures – by program:			
Instructional and student services:			
Instruction	133,485	4,150	137,635
Social work services	-	-	-
Guidance services	80,068	23,422	103,490
Assistive and adaptive equipment	-	-	-
Assessment and testing	1,330	22,417	23,747
Student transportation services	-	-	-
Literacy services	-	-	-
Child care services	-	-	-
Total instructional and student services	214,883	49,989	264,872
Program support:			
Improvement of instructional services	-	-	-
General administration	18,282	-	18,282
Operation and maintenance of plant services	-	-	-
Workforce coordination	-	20,281	20,281
Data and information services	-	7,740	7,740
Approve indirect costs	-	-	-
Total program support	18,282	28,021	46,303
Total expenditures	233,165	78,010	311,175
Excess of revenues over expenditures	-	-	-
Fund balance at July 1, 2015	-	-	-
Fund balance at June 30, 2016	$ -	$ -	$ -

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, 2016

	Actual Expenditure Amount	Allowed Expenditure Amount	Actual Expenditure Percentage
State Basic			
Instruction (45% minimum required)	$133,485	Minimum 45%	57%
General administration (9% maximum allowed)	$18,282	Maximum 9%	8%
State Performance			
Instruction	$4,150	N/A	5%
General administration	$0	N/A	0%

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 and State Performance) 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: These grant program financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are reported when services are rendered, or when goods are received.

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

A receivable is recorded for the funds to be received from the ICCB at June 30, 2016 for reimbursement of the allowable expenditures incurred during the fiscal year. Due to other funds represent the amount to be reimbursed to other funds for the use of the other funds' resources to pay for the expenses incurred.

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

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, 2016. 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*.

RSM US LLP

Chicago, Illinois
October 14, 2016

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, 2016

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

	Summer		Fall		Spring		Total
	Unrestricted	**Restricted**	**Unrestricted**	**Restricted**	**Unrestricted**	**Restricted**	**Unrestricted**
Baccalaureate	25,513.0	—	65,904.0	—	63,603.0	—	155,020.0
Business occupational	1,177.0	—	3,778.0	—	4,341.5	24.0	9,296.5
Technical occupational	1,980.0	44.0	9,477.5	—	10,228.0	—	21,685.5
Health occupational	1,933.0	—	6,118.0	—	6,819.0	—	14,870.0
Remedial development	2,749.0	—	11,752.0	—	8,607.0	—	23,108.0
Adult basic education/ secondary education	2,662.0	—	8,357.5	2,454.5	8,445.0	1,490.5	19,464.5
Total	36,014.0	44.0	105,387.0	2,454.5	102,043.5	1,514.5	243,444.5

	Attending in-district	Attending out-of-district on chargeback or contractual agreement	Total
Semester credit hours (all terms)	240,762.0	893.0	241,655.0

	Dual Credit	Dual Enrollment	Total
Reimbursable semester credit hours (all terms)	6,176.0	1,255.0	7,431.0

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

/s/ Girard W. Weber
President

/s/ Kenneth C. Gotsch
Vice-President for Administrative Affairs

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

(Continued)

COLLEGE OF LAKE COUNTY
COMMUNITY COLLEGE DISTRICT NO. 532

Schedule of Enrollment Data and Other

Bases Upon Which Claims were Filed (Continued)

Year ended June 30, 2016

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	155,020.0	155,020.0	—	—	—	—
Business occupational	9,296.5	9,296.5	—	24.0	24.0	—
Technical occupational	21,685.5	21,685.5	—	44.0	44.0	—
Health occupational	14,870.0	14,870.0	—	—	—	—
Remedial development	23,108.0	23,108.0	—	—	—	—
Adult basic education/ adult secondary	19,464.5	19,464.5	—	3,945.0	3,945.0	—
Total	243,444.5	243,444.5	—	4,013.0	4,013.0	—

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

	Total attending	Total attending as certified to the ICCB	Difference
Reimbursable in-district residents	240,762.0	240,762.0	—
Reimbursable out-of-district on charge-back or contractual agreement	893.0	893.0	—
Total	241,655.0	241,655.0	—

	Total reimbursable	Total reimbursable certified to ICCB	Difference
Dual Credit	6,176.0	6,176.0	—
Dual Enrollment	1,255.0	1,255.0	—
Total	7,431.0	7,431.0	—

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