

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2017 and 2016



Community College District No. 532
Grayslake, Illinois

College  Lake County™

**College of Lake County
Community College District No. 532**

Grayslake, Illinois

Comprehensive Annual Financial Report
June 30, 2017 and 2016

Prepared by:

Kenneth C. Gotsch
Vice President, Administrative Affairs

Constance M. Kravitz, CPA
Controller

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**College of Lake County
Community College District No. 532**

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October 4, 2017

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the College of Lake County, Community College District No.532 (the College). It has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as set forth by the Governmental Accounting Standards Board (GASB). State law, as enacted in the Public Community College Act requires Community Colleges to submit audited financial statements with the Illinois Community College Board (ICCB) by October 15th. The report includes the College of Lake County Foundation as a component unit in compliance with GASB Statement No. 39. A more detailed description of the legal entity is contained in the notes to the financial statements in the financial section.

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

RSM US, LLP, a firm of licensed public accountants, has audited the financial statements of the College and has issued an unmodified (“clean”) opinion on the College’s CAFR for the fiscal year ended June 30, 2017. The independent auditor’s report is located at the front of the financial section of the report.

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

The fiscal management manual of the ICCB provides the framework for accounting codes, appropriate use of funds and ICCB reporting requirements and serves as a handbook for external auditors. The College also maintains its accounts in accordance with guidelines set forth by the Government Finance Officers Association (GFOA), and the National Association of College and University Business Officers (NACUBO). The financial records are maintained on the full accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when incurred.

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.

PROFILE OF 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 No. 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).

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 704,034 for a 9% increase over the 2000 census level. As of 2017, the Lake County population was estimated to be 706,110. *Economic Modeling Specialists International (EMSI)* projects that Lake County's population will increase to 710,516 by 2026.

The College is recognized by the 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 employs over 1,500 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.

The College 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.

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, values, and goals & objectives.

Mission. 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.

Values. We hold these values to be the cornerstone to fulfilling the College's mission.

- **Learning:** Compels us to create an atmosphere of academic excellence and life-long learning by pursuing the best ideas, approaches and methods.
- **Integrity:** Requires us to work together honestly and respectfully.
- **Quality:** Commits us to ongoing continuous improvement and excellence.
- **Service:** Calls on us to serve as a force for improving the educational, economic, social and cultural quality of life of our students and the community.
- **Accountability:** Guides us to be responsible and exercise good stewardship.
- **Diversity:** Drives us to embrace and respect the uniqueness of students, employees and community members.

Goals & Objectives.

- **Advance student learning, success and completion.**
The College will help students identify and work toward their educational goals and prepare them to participate in the workforce.
- **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.
- **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.

- **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.

A component unit of the College is the College of Lake County Foundation (the 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, 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. There are no other potential component units that were excluded from this report.

The College’s annual budget is established following Illinois Statutes and the ICCB Fiscal Management 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.

ECONOMIC CONDITION

Local economy. 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, Walgreens, Baxter International, Advocate 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 (The Mills Group), Six Flags Great America, and Key Lime Cove water resort which was just bought by Great Wolf Lodge and will be investing \$65 million in renovation and expansion of the property. The new Northwestern Medicine Lake Forest Hospital is set to open March 2018 on a redesigned campus at a cost of \$392 million. The facility is expected to stimulate economic growth in the surrounding area. Also in 2017, Caterpillar announced it will be moving its headquarters to Lake County by mid-2018.

The local economy continues to improve. Unemployment reached a high of 10.5% in 2010 and lowered to 5.2% in 2015 and 5.5% in 2016. U.S. Bureau of Labor Statistics reports an increase in consumer prices (1.9%) for the Chicago-Gary-Kenosha area for 2016 after experiencing virtually no change (0.0%) between 2015 and 2016. The Illinois Association of Realtors reports Illinois homes sold faster and for more money in July, but lower housing inventory drove year-over-year sales lower. Median sales price for Chicago PMSA increased by 4.4% from July 2016 to July 2017.

There is a direct inverse correlation between an improving economy with lower unemployment and community college enrollment. The College's enrollment trend in the last five years has declined which is similar to the experience of local peer colleges. The College's level enrollment decreased from 2012 to 2017 (declines of college level credit hours of 1.5% in 2012, 2.4% in 2013, 4.0% in 2014, 5.7% in 2015, and 3.6% in 2016, and 1.2% in 2017).

Despite projected population growth, as mentioned previously, the number of projected area high school graduates is expected to decline by approximately 10.7% by 2020 compared to 2016 (The College's Institutional Effectiveness, Planning & Research Department's projection). As this trend continues, and if the College's yield of local high schools students remains static, a 14.6% decline is expected in the number of public high school students who enroll at the College in the fall semester of 2026 compared to the number enrolled in fall 2016. The College has already experienced a decline in college-level student enrollment which began in FY 2011.

The State of Illinois continues to experience fiscal challenges. After going for over two years without a full State budget, the House and Senate approved a package of legislation (Senate Bills 6, 9 and 42) that provides appropriations for fiscal years 2017 and 2018 as well as a permanent income tax increase, pension reform and other changes necessary to support the spending levels. On July 4th, the package was vetoed in its entirety by Governor Rauner, and in turn the Senate took action to override the veto. July 5th the House voted to override the governor's veto of all

three bills, thus enacting the legislation into law. The College had received \$3.4 million from the 1st semester State budget for FY2017. The State's veto override budget, approved in early July, authorized an additional \$4.8 million for FY2017. However; the State Controller as well as the GASB determined that State colleges and universities must record this 2nd semester revenue in FY2018. In addition to the unexpected 100% funding State grant for FY2017, the State approved operating grant of \$6.8 million (15.5% reduction from FY2015) for FY2018, whereas the College budgeted \$6.5 million (20% reduction from FY2015) for FY2018.

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.

Long-term financial planning. The College issues a three-year financial plan for the College which ensures that the College's financial projections are consistent with the overall vision, strategic plan, master plan, and core values of the institution. The plan will be utilized to identify the priorities, resources, and timeframes for preparing budgets and projecting revenues used in financial planning. It will be updated annually to ensure that the College is current with financial trends, enrollment changes, property tax variables, and the needs of the internal and external community that may financially impact the College.

The financial plan includes three years of financial projections, four years of revenue and expense history, and the current year budget totals. The financial plan sets forth a framework for the Board of Trustees and the administration to examine future implications of major financial decisions. The plan is part of the annual planning cycle that integrates the College's Academic Quality Improvement Program (AQIP) with the financial resources necessary to meet strategic planning objectives.

Strategic planning is a systematic and on-going activity which the College uses to define its direction and to anticipate major financial issues during a three-year period. Strategic planning looks at the organization as a whole, oriented towards the future, supports the mission, is externally directed, spans organizational boundaries, deals with greater levels of uncertainty, and is about creating public value. The goal of the strategic planning process is to provide the College with tools and plans to anticipate and respond to change in its external and its internal environment. The Strategic Planning process at the College coincides with the Facilities Master Planning process and the budgeting process.

The College currently is implementing its comprehensive master plan for facilities, which was approved in FY2013. 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.

Relevant financial policies. 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.

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.

Major 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 2017, 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 FY2017, the College undertook AQIP projects related to 1) Aligning the College's financial and strategic plans by developing a system assessing the alignment of the College's strategic goals with its annual budget. Developing a process for applying the assessment and creating a charter for relevant financial committees; 2) Credit for prior learning. The College is reviewing the ways students can receive college credit for college-level learning that occurs outside the institution. The main outcome for this project will be the recommendation of an institutional policy and associated processes regarding the granting of student credit based on prior learning experiences; and 3) Sustainability across the curriculum, assessing opportunities for sustainability curriculum in current courses and programs, identifying where sustainability exists and producing certain specific goals for incorporating sustainability as part of curriculum or program development.

For FY2018, the College plans to: 1) promote employee satisfaction and engagement; 2) update the environmental scan, reviewing systematic and purposeful overview of the important factors or trends that influence the College as an organization; and 3) create pathways for a semester-by-semester road-map for students, including decision points, milestones, and default electives identified by faculty advisors.

AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement. The 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, 2016. This was the sixteenth 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 our annual budget documents for the years ended June 30, 2013 through 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The College plans to submit its FY2018 budget document for consideration to receive another award, as this certificate is only valid for a period of one year as well.

Acknowledgments. The CAFR 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 its extensive professional experience garnered from 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 submitted,



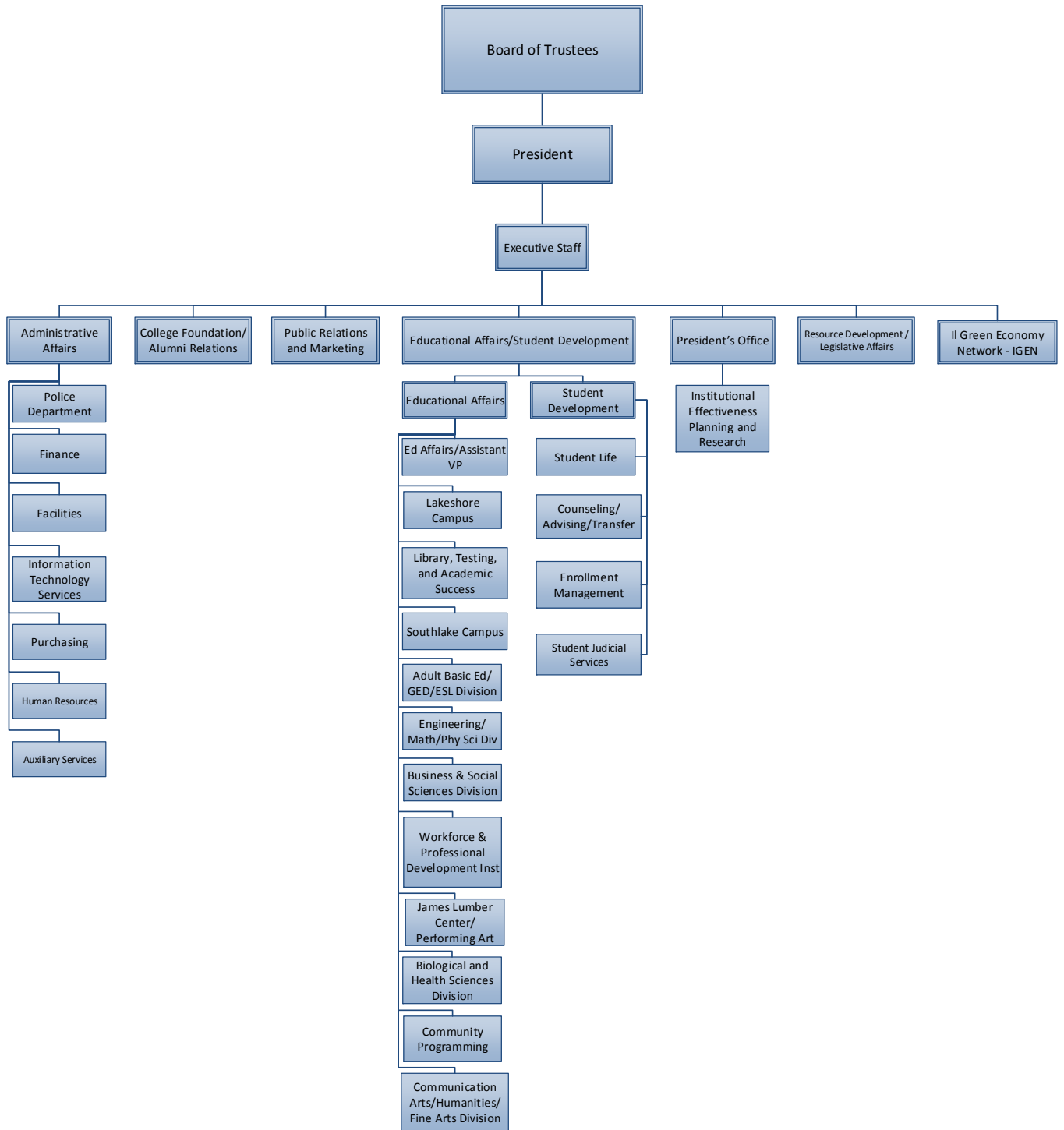
Kenneth Gotsch
Vice President of Administrative Affairs



Constance M. Kravitz, CPA
Controller

**College of Lake County
Community College District No. 532**

Organization Chart



**College of Lake County
Community College District No. 532**

Principal Officials

Year ended June 30, 2017

BOARD OF TRUSTEES

| | <u>Position</u> | <u>Term Expires</u> |
|------------------------|-------------------|---------------------|
| Richard A. Anderson | Chair | 2021 |
| Catherine Finger | Vice Chair | 2023 |
| Barbara D. Oilschlager | Trustee/Secretary | 2019 |
| Dr. Philip J. Carrigan | Trustee | 2019 |
| Dr. William M. Griffin | Trustee | 2021 |
| Amanda D. Howland | Trustee | 2021 |
| Matthew Stanton | Trustee | 2023 |
| Hansel Lopez | Student Trustee | 2018 |

OFFICERS OF THE COLLEGE OF LAKE COUNTY

| | |
|--------------------|--|
| Dr. Rich Haney | Interim President |
| Dr. Alyssa O'Brien | Interim Provost, Educational Affairs |
| Karen Hlavin | Interim Provost, Student Development |
| Kenneth C. Gotsch | Vice President, Administrative Affairs/Treasurer |

OFFICIALS ISSUING REPORT

| | |
|----------------------|--|
| Kenneth C. Gotsch | Vice President, Administrative Affairs |
| Constance M. Kravitz | Controller, CPA |

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, 2016

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director/CEO



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, 2017 and 2016, 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College of Lake County, Community College District No. 532, as of June 30, 2017 and 2016, 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.

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.

RSM US LLP

Chicago, Illinois
October 4, 2017

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2017 and 2016
(Unaudited)**

This section of the College of Lake County's (the College) Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2017 and 2016. 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 2017

Total operating revenues were \$36,925,362 and total operating expenses were \$151,865,921 for the year ended June 30, 2017. The difference produced an operating loss of \$114,940,559.

Net non-operating revenues of \$124,574,624 for the year ended June 30, 2017 offset the operating loss and resulted in an overall increase in net position of \$9,634,065. Non-operating revenues included local property taxes of \$66,976,264, replacement tax of \$1,280,857, state appropriations of \$44,951,735, federal grants and contracts of \$11,361,992, local grants and contracts of \$1,167,546 and investment income of \$534,166; offset by loss on disposition of assets of \$423,435 and interest expense of \$1,274,501.

Operating revenue accounted for 22.6% of the College's total revenue and non-operating revenue accounted for 77.4% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, totaling \$27,013,124, auxiliary enterprise revenues totaling \$8,381,236, and other operating revenues of \$1,531,002.

Total net position increased from \$196,171,296 at the beginning of the year to \$205,805,361 at the end of the year.

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.

**Management's Discussion and Analysis
June 30, 2017 and 2016
(Unaudited)**

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'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'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 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'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, 2017, 2016, and 2015 was \$205.8 million, \$196.2 million and \$189.9 million, respectively, an increase of \$9.6 million, \$6.2 million and \$13.1 million, respectively. Total assets and deferred outflows of resources were \$325.3 million, \$324.7 million and \$316.7 million, and total liabilities and deferred inflows of resources were \$119.5 million, \$128.5 million and \$126.8 million at June 30, 2017, 2016, and 2015, 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.

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
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A summary of the statements of net position at June 30, 2017, 2016, and 2015 are as follows:

| | June 30, (in Thousands) | | |
|-------------------------------------|----------------------------|-------------------|-------------------|
| | 2017 | 2016 | 2015 |
| Current assets | \$ 148,997 | \$ 162,449 | \$ 155,111 |
| Restricted assets | 199 | 1,470 | 12,548 |
| Other noncurrent assets | - | 7,173 | 37,233 |
| Capital assets, net of depreciation | 176,018 | 153,474 | 111,592 |
| Total assets | <u>325,214</u> | <u>324,566</u> | <u>316,484</u> |
| Deferred outflows of resources | 122 | 145 | 225 |
| Current liabilities | 22,993 | 26,581 | 19,577 |
| Long-term liabilities | 63,131 | 68,996 | 74,646 |
| Total liabilities | <u>86,124</u> | <u>95,577</u> | <u>94,223</u> |
| Deferred inflows of resources | 33,407 | 32,963 | 32,550 |
| Net position: | | | |
| Net investment in capital assets | 110,607 | 93,243 | 95,187 |
| Restricted | 2,879 | 3,990 | 14,784 |
| Unrestricted | 92,319 | 98,938 | 79,965 |
| Total net position | <u>\$ 205,805</u> | <u>\$ 196,171</u> | <u>\$ 189,936</u> |

The College had a current ratio of 2.64, 2.73, and 2.98 times at June 30, 2017, 2016, and 2015, 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, 2017, for every dollar of current liabilities and deferred inflows of resources, the College has \$2.64 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.

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2017 and 2016
(Unaudited)**

Net Position - Fiscal Year 2017 compared to 2016

Current assets decreased by \$13.5 million primarily due to a decrease in cash and investments of \$9.6 million and a decrease in receivables of \$4.0 million.

Noncurrent assets increased by \$14.1 million based on a decrease in restricted cash and cash equivalents of \$1.3 million and a decrease in other long-term investments of \$7.2 million. Additionally, capital assets increased by \$22.5 million due to the fact that capital additions were greater than depreciation and deletions during the year.

Current liabilities decreased by \$3.6 million primarily due to a decrease in accounts payable of \$5.6 million and an increase in accrued expenses of \$1.8 million. Noncurrent liabilities decreased \$5.9 million due to principal payments made in Fiscal Year 2017 that reduced outstanding debt including general obligation limited tax bonds to fund the College's master plan.

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 \$0.7 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 including 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, 2017, 2016, and 2015 is as follows:

| Changes in Net Position | | | |
|--|------------|------------|------------|
| Years ended June 30, (in thousands) | | | |
| | 2017 | 2016 | 2015 |
| Total revenues | \$ 163,197 | \$ 152,703 | \$ 156,993 |
| Total expenses | 153,563 | 146,468 | 143,815 |
| Increase in net position | \$ 9,634 | \$ 6,235 | \$ 13,178 |

**College of Lake County
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**Management's Discussion and Analysis
June 30, 2017 and 2016
(Unaudited)**

Revenues

Summaries of revenues for the years ended June 30, 2017, 2016, and 2015 are as follows:

| Revenue Summary | | | |
|--|------------|------------|------------|
| Years ended June 30, (in thousands) | | | |
| | 2017 | 2016 | 2015 |
| Operating: | | | |
| Student tuition and fees, net | \$ 27,013 | \$ 24,702 | \$ 24,029 |
| Auxiliary enterprise | 8,381 | 9,459 | 10,072 |
| Other operations | 1,531 | 1,052 | 1,087 |
| Total operating revenues | 36,925 | 35,213 | 35,188 |
| Nonoperating: | | | |
| Local property taxes | 66,976 | 66,153 | 64,962 |
| Personal property replacement taxes | 1,281 | 1,160 | 1,267 |
| State appropriations | 44,951 | 34,646 | 37,895 |
| Federal and local grants and contracts | 12,530 | 15,123 | 17,355 |
| Investment income, net | 534 | 408 | 326 |
| Total nonoperating revenues | 126,272 | 117,490 | 121,805 |
| Total revenues | \$ 163,197 | \$ 152,703 | \$ 156,993 |

Revenues - Fiscal Year 2017 Compared to 2016

Operating revenue increased by \$1.7 million. This reflects an increase in tuition and fees of \$2.3 million, a decrease in auxiliary enterprise revenue of \$1.1 million and an increase in revenue from other operations of \$0.5 million.

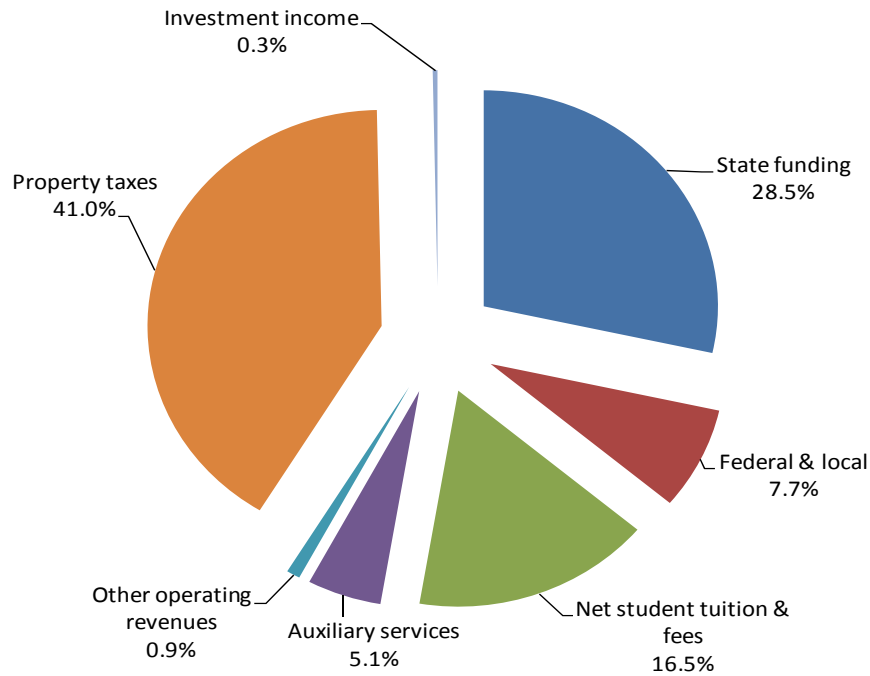
Non-operating revenue increased by \$8.8 million primarily due to increases of state appropriations by \$10.3 million and decreases in Federal and local grants and contracts of \$2.6 million, offset by increases in local property taxes of \$0.8 million. The increase in property tax revenues reflects 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 \$9.1 million as well as an increase of the base operating grant of \$0.9 million and an increase of \$0.3 million in other state funded programs. 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.

**College of Lake County
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**Management's Discussion and Analysis
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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 41.0%. The next highest sources were state funding of 28.4% and net student tuition and fees at 16.6%.

**College of Lake County
Revenues
Year ended June 30, 2017**



Revenues - Fiscal Year 2016 Compared to 2015

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

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
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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, 2017, 2016, and 2015 are as follows:

| Expenses | | | |
|--|-------------------|-------------------|-------------------|
| Years ended June 30, (in thousands) | | | |
| | 2017 | 2016 | 2015 |
| Instruction | \$ 68,660 | \$ 62,300 | \$ 57,018 |
| Academic support | 6,295 | 6,235 | 5,733 |
| Student services | 12,133 | 10,711 | 10,616 |
| Public service | 6,804 | 8,774 | 10,658 |
| Institutional support | 26,829 | 28,290 | 27,283 |
| Operations and maintenance of plant | 10,918 | 10,755 | 10,982 |
| Financial aid | 5,004 | 4,857 | 5,742 |
| Depreciation | 7,503 | 5,339 | 5,096 |
| Loss on disposition of assets | 423 | - | - |
| Auxiliary enterprises | 7,720 | 9,010 | 10,059 |
| Interest expense | 1,274 | 197 | 628 |
| Total | \$ 153,563 | \$ 146,468 | \$ 143,815 |

Expenses - Fiscal Year 2017 Compared to 2016

Total expenses increased by \$7.1 million. State Universities Retirement Systems of Illinois (SURS) had an increase of contributions made by the State of Illinois that increased the expenses by \$9.1 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 \$2.0 million. Auxiliary enterprises had decreased expense of \$1.3 million dollars due to the decrease in related revenues. Interest expense increased by \$1.1 million due to less capitalization of interest expense associated with the College's major construction projects as several of the Master Plan projects were placed in service during the fiscal year. For the same reason, depreciation increased by \$2.2 million due to the increase in assets placed in service. Loss on disposition of assets of \$0.4 million was due to removing from service buildings and equipment that were not fully depreciated and were replaced during the fiscal year.

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

**College of Lake County
Community College District No. 532**

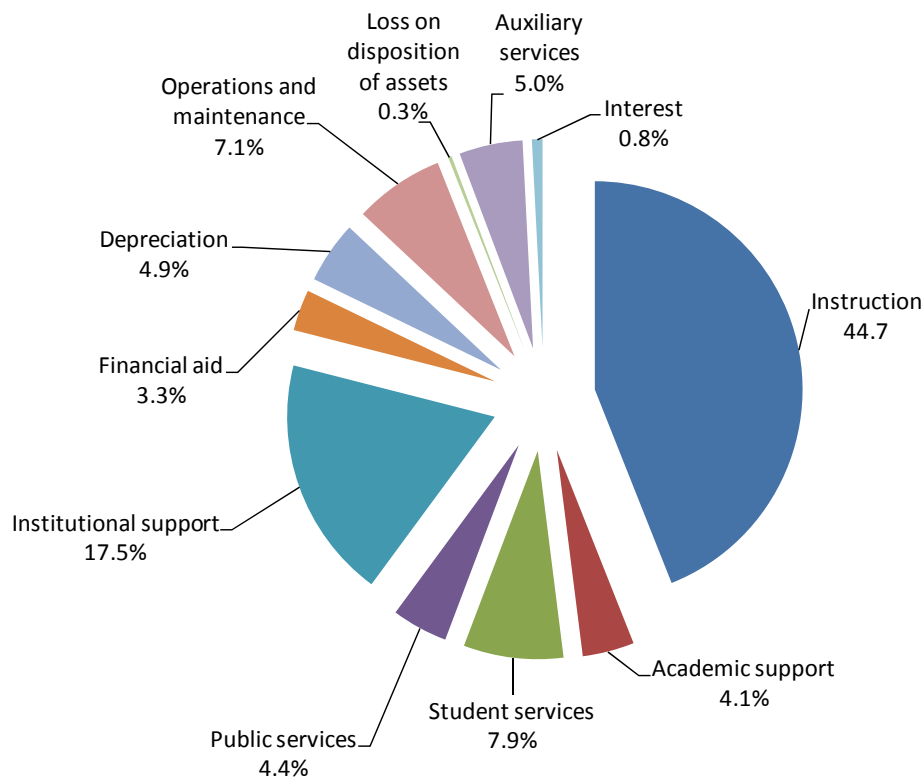
**Management's Discussion and Analysis
June 30, 2017 and 2016
(Unaudited)**

awards and a decrease in enrollment resulted in lower Financial Aid expenditures by \$0.9 million. Auxiliary enterprises had decreased expense of \$1.0 million dollars due to the drop in revenues. Interest expense declined by \$0.4 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.

Operating Expenses

The pie chart shows the operating expenses as a percentage of total operating expenses. Direct services to students accounted for 69.4% of total operating expenses. Direct services to students include instruction at 44.7%, academic support at 4.1%, student services at 7.9%, public services at 4.4%, financial aid at 3.3%, and auxiliary enterprises at 5.0%. Indirect services to students accounted for 30.6% of total expenses. Indirect services to students include operations and maintenance at 7.1%, institutional support at 17.5%, depreciation at 4.9%, interest at 0.8% and loss on disposition of assets of 0.3%.

**College of Lake County
Operating Expenses
Year ended June 30, 2017**



**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2017 and 2016
(Unaudited)**

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, 2016, and 2015, the College investment in capital assets totaled \$263.0 million, \$235.3 million, and \$188.2 million, respectively. Capital assets, net of accumulated depreciation of \$87.0 million, \$81.9 million and \$76.6 million, totaled \$174.9 million, \$153.5 million, and \$111.6 million, respectively.

| | Capital Assets | | |
|-------------------------------|--|-------------------|-------------------|
| | Years ended June 30, (in thousands) | | |
| | 2017 | 2016 | 2015 |
| Capital assets: | | | |
| Construction in progress | \$ 26,108 | \$ 54,349 | \$ 9,747 |
| Land | 12,488 | 12,488 | 12,488 |
| Land improvements | 12,010 | 7,166 | 6,681 |
| Buildings and improvements | 178,203 | 131,082 | 130,812 |
| Furniture and equipment | 34,188 | 30,253 | 28,506 |
| Total capital assets | 262,997 | 235,338 | 188,234 |
| Less accumulated depreciation | 86,979 | 81,863 | 76,644 |
| Capital assets, net | <u>\$ 176,018</u> | <u>\$ 153,475</u> | <u>\$ 111,590</u> |

Construction Projects

Major construction projects in progress as part of the College's master plan as of June 30, 2017 included:

- Grayslake science building
- A wing renovations

The total cost of construction in progress as of June 30, 2017 was \$26.1 million.

Capital Asset Additions (being depreciated)

Capital assets added during fiscal year 2017 include:

- New café, campus store, one stop shop and lobby
- Information technology equipment
- Geothermal plant and loop
- Southlake chemistry lab
- Reconfiguration of Lots 7 & 8
- LED lighting - roads

The total cost of capital asset additions (being depreciated) in fiscal year 2017 was \$58.7 million.

More detailed information on capital asset activity can be found in Note 3 to the basic financial statements on pages 27 through 28. More detailed information on long-term debt activity can be found in Note 5 to the basic financial statements on pages 29 through 30.

**College of Lake County
Community College District No. 532**

**Management's Discussion and Analysis
June 30, 2017 and 2016
(Unaudited)**

Debt Payments

For the years ended June 30, 2017 and 2016, the College paid \$5.2 million and \$5.1 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, 2017 and 2016

| | 2017 | 2016 |
|--|-----------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash (note 2) | \$ 103,710,329 | \$ 81,550,209 |
| Investments (note 2) | 7,164,349 | 38,916,565 |
| Receivables: | | |
| Property taxes, net of allowance of \$334,869 in 2017 and \$330,943 in 2016 | 32,734,431 | 32,559,816 |
| Government claims | 202,389 | 208,801 |
| Tuition, net of allowance of \$2,407,670 in 2017 and \$2,710,981 in 2016 | 2,657,950 | 2,329,800 |
| Other | 1,606,981 | 6,068,525 |
| Inventories | 751,151 | 682,027 |
| Prepaid expenses | 169,535 | 133,409 |
| Total current assets | <u>148,997,115</u> | <u>162,449,152</u> |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents (notes 1 and 2) | 198,883 | 1,469,753 |
| Other long-term investments (note 2) | - | 7,172,900 |
| Capital assets, not being depreciated (note 3) | 38,596,842 | 66,836,978 |
| Capital assets being depreciated, net (note 3) | 137,421,531 | 86,637,763 |
| Total noncurrent assets | <u>176,217,256</u> | <u>162,117,394</u> |
| Total assets | <u>325,214,371</u> | <u>324,566,546</u> |
| Deferred outflows of resources | | |
| Deferred grant-related pension contributions (note 6) | <u>121,581</u> | <u>144,948</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 3,036,673 | 8,631,199 |
| Accrued expenses (note 4) | 9,478,842 | 7,677,366 |
| Tuition refunds payable | 62,799 | 50,919 |
| Unearned tuition and rent | 3,248,339 | 3,259,893 |
| Current portion of long-term obligations (note 5) | 5,400,000 | 5,195,000 |
| Amounts held in custody for others | 829,160 | 761,837 |
| Other current liabilities | 936,901 | 1,004,985 |
| Total current liabilities | <u>22,992,714</u> | <u>26,581,199</u> |
| Noncurrent liabilities: | | |
| Long-term obligations (notes 5 and 9) | 62,410,763 | 68,256,134 |
| Unearned rent revenue (note 11) | 720,000 | 740,000 |
| Total noncurrent liabilities | <u>63,130,763</u> | <u>68,996,134</u> |
| Total liabilities | <u>86,123,477</u> | <u>95,577,333</u> |
| Deferred inflows of resources | | |
| Deferred property tax revenue (note 1) | <u>33,407,114</u> | <u>32,962,865</u> |
| Net Position | | |
| Net investment in capital assets | 110,606,958 | 93,242,840 |
| Restricted for: | | |
| Debt service | 1,699,027 | 1,663,859 |
| Capital projects | 198,883 | 1,469,753 |
| Other | 981,553 | 856,651 |
| Unrestricted | 92,318,940 | 98,938,193 |
| Total net position | <u>\$ 205,805,361</u> | <u>\$ 196,171,296</u> |

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| Operating revenues: | | |
| Student tuition and fees | \$ 33,337,854 | \$ 31,874,294 |
| Less scholarship allowances | <u>(6,324,730)</u> | <u>(7,171,782)</u> |
| Net student tuition and fees | 27,013,124 | 24,702,512 |
| Auxiliary enterprises | 8,381,236 | 9,459,100 |
| Other operations | <u>1,531,002</u> | <u>1,051,736</u> |
| Total operating revenues | <u>36,925,362</u> | <u>35,213,348</u> |
| Operating expenses: | | |
| Education and general: | | |
| Instruction | 68,660,469 | 62,300,046 |
| Academic support | 6,294,811 | 6,235,402 |
| Student services | 12,132,575 | 10,710,983 |
| Public service | 6,803,924 | 8,774,300 |
| Institutional support | 26,829,298 | 28,289,814 |
| Operations and maintenance of plant | 10,918,085 | 10,755,622 |
| Financial aid | 5,003,653 | 4,856,633 |
| Depreciation | 7,503,136 | 5,338,716 |
| Auxiliary enterprises | <u>7,719,970</u> | <u>9,009,866</u> |
| Total operating expenses | <u>151,865,921</u> | <u>146,271,382</u> |
| Operating loss | <u>(114,940,559)</u> | <u>(111,058,034)</u> |
| Nonoperating revenues (expenses): | | |
| Local property taxes | 66,976,264 | 66,153,206 |
| Personal property replacement tax | 1,280,857 | 1,159,689 |
| State appropriations | 44,951,735 | 34,646,262 |
| Federal grants and contracts | 11,361,992 | 13,867,176 |
| Local grants and contracts | 1,167,546 | 1,255,820 |
| Investment income | 534,166 | 407,757 |
| Loss on disposition of assets | (423,435) | - |
| Interest expense | <u>(1,274,501)</u> | <u>(196,847)</u> |
| Total nonoperating revenues (expenses), net | <u>124,574,624</u> | <u>117,293,063</u> |
| Increase in net position | 9,634,065 | 6,235,029 |
| Net position at the beginning of the year | <u>196,171,296</u> | <u>189,936,267</u> |
| Net position at the end of the year | <u>\$ 205,805,361</u> | <u>\$ 196,171,296</u> |

See accompanying notes to basic financial statements.

College of Lake County
Community College District No. 532

Statements of Cash Flows
Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|--|-----------------------|----------------------|
| Cash flows from operating activities: | | |
| Tuition and fees | \$ 26,752,623 | \$ 24,336,802 |
| Payments to suppliers | (42,473,100) | (40,567,531) |
| Payments to employees | (66,538,013) | (65,003,480) |
| Auxiliary enterprise charges | 8,381,236 | 9,459,100 |
| Chargeback revenue | 2,192 | 18,632 |
| Other | 5,467,711 | (2,631,651) |
| Net cash (used in) operating activities | <u>(68,407,351)</u> | <u>(74,388,128)</u> |
| Cash flows from noncapital financing activities: | | |
| Local property taxes | 67,245,898 | 66,171,430 |
| Personal property replacement tax | 1,287,269 | 1,158,831 |
| State appropriations | 5,692,914 | 5,188,712 |
| Federal grants and contracts | 11,312,457 | 14,215,763 |
| Local grants and contracts | 1,167,546 | 1,255,820 |
| Net cash provided by noncapital financing activities | <u>86,706,084</u> | <u>87,990,556</u> |
| Cash flows from capital and related financing activities: | | |
| Principal paid on debt | (5,195,000) | (5,055,000) |
| Interest paid on debt | (2,527,960) | (2,647,173) |
| Proceeds from sale of capital assets | 5,125 | - |
| Purchases of capital assets | (29,316,271) | (42,902,239) |
| Net cash (used in) capital and related financing activities | <u>(37,034,106)</u> | <u>(50,604,412)</u> |
| Cash flows from investing activities: | | |
| Proceeds from sales and maturities of investments | 38,925,116 | 67,050,101 |
| Purchases of investments | - | (12,762,387) |
| Interest on investments | 699,507 | 360,490 |
| Net cash provided by investing activities | <u>39,624,623</u> | <u>54,648,204</u> |
| Net increase in cash and cash equivalents | 20,889,250 | 17,646,220 |
| Cash and cash equivalents, beginning of year | <u>83,019,962</u> | <u>65,373,742</u> |
| Cash and cash equivalents, end of year | <u>\$ 103,909,212</u> | <u>\$ 83,019,962</u> |
| Reconciliation to Statements of Net Position: | | |
| Unrestricted cash | \$ 103,710,329 | \$ 81,550,209 |
| Restricted cash and cash equivalents | 198,883 | 1,469,753 |
| Total cash and cash equivalents | <u>\$ 103,909,212</u> | <u>\$ 83,019,962</u> |

See accompanying notes to basic financial statements.

College of Lake County
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Statements of Cash Flows
 Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|-----------------------------|-----------------------------|
| Reconciliation of net operating loss to net cash used in operating activities: | | |
| Operating loss | \$ (114,940,559) | \$ (111,058,034) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 7,503,136 | 5,338,718 |
| On-behalf expense for retirement system payment | 39,449,757 | 30,434,871 |
| Changes in assets and liabilities: | | |
| Receivables (net) | 3,861,899 | (3,856,035) |
| Inventories and prepaid expenses | (105,250) | 222,925 |
| Accounts payable | (5,594,526) | 4,083,730 |
| Accrued expenses | 1,450,507 | 237,157 |
| Other current liabilities | (88,084) | 221,560 |
| Amounts held in custody for others | 67,323 | (11,480) |
| Deferred tuition and fees | (11,554) | (1,540) |
| | <u> </u> | <u> </u> |
| Net cash (used in) operating activities | <u>\$ (68,407,351)</u> | <u>\$ (74,388,128)</u> |

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, 2017 and 2016

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,121,562 | \$ 1,316,312 |
| Pledges and other receivables | 95,000 | 115,000 |
| Other receivables | 36,335 | 24,200 |
| Prepaid expenses | 34,529 | 51,260 |
| Beneficial interest in remainder trust, net | 140,000 | - |
| Investments | 3,045,780 | 2,846,512 |
| | <u>3,045,780</u> | <u>2,846,512</u> |
| Total assets | <u>\$ 4,473,206</u> | <u>\$ 4,353,284</u> |
| Liabilities | | |
| Accounts payable | \$ 56,787 | \$ 8,195 |
| Grants and scholarships payable | 545 | - |
| Deferred revenue | 6,150 | 5,150 |
| | <u>6,150</u> | <u>5,150</u> |
| Total liabilities | <u>63,482</u> | <u>13,345</u> |
| Net Assets | | |
| Unrestricted | 415,656 | 470,914 |
| Temporarily restricted | 2,592,907 | 2,471,359 |
| Permanently restricted | 1,401,161 | 1,397,666 |
| | <u>1,401,161</u> | <u>1,397,666</u> |
| Total net assets | <u>4,409,724</u> | <u>4,339,939</u> |
| | <u>4,409,724</u> | <u>4,339,939</u> |
| Total liabilities and net assets | <u>\$ 4,473,206</u> | <u>\$ 4,353,284</u> |

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 Activities
 Years Ended June 30, 2017 and 2016

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|--------------|------------------------|------------------------|--------------|
| 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 |
| Public support and revenue: | | | | |
| Contributions and gifts | 101,098 | 816,877 | 10,300 | 928,275 |
| Special events revenue | 364,396 | - | - | 364,396 |
| Special events expense | (154,736) | - | - | (154,736) |
| Donated services | 648,445 | - | - | 648,445 |
| Other noncash donations | 105,490 | - | - | 105,490 |
| Net assets released from restrictions | 829,392 | (829,392) | - | - |
| Total public support | 1,894,085 | (12,515) | 10,300 | 1,891,870 |
| Other income: | | | | |
| Investment income (loss) | 72,354 | 124,302 | 2,956 | 199,612 |
| Total public support and revenue | 1,966,439 | 111,787 | 13,256 | 2,091,482 |
| Expenses: | | | | |
| Program services: | | | | |
| Grants and scholarships | 1,346,698 | - | - | 1,346,698 |
| Noncash donations to College of Lake County | 105,490 | - | - | 105,490 |
| General and administrative: | | | | |
| Management and general | 213,684 | - | - | 213,684 |
| Travel/meeting | 11,159 | - | - | 11,159 |
| Fundraising: | 344,666 | - | - | 344,666 |
| Total expenses | 2,021,697 | - | - | 2,021,697 |
| (Decrease) increase in net assets before other item | (55,258) | 111,787 | 13,256 | 69,785 |
| Other item: | | | | |
| Change in donor designation | - | 9,761 | (9,761) | - |
| Decrease (increase) in net assets | (55,258) | 121,548 | 3,495 | 69,785 |
| Net assets at June 30, 2017 | \$ 415,656 | \$ 2,592,907 | \$ 1,401,161 | \$ 4,409,724 |

See accompanying notes to basic financial statements.

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 31-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.

Notes to Basic Financial Statements

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. Donated capital assets and capital assets received in a service concession arrangement, if any, are reported at acquisition value. 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 15 to 50 years for buildings and building improvements, 15 to 25 years for depreciable land improvements, 3 years for computer equipment, and 5 to 20 years for all other furniture and 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.

Notes to Basic Financial Statements

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 which is 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 2016 tax year are recorded as revenue in the fiscal year ended June 30, 2017. The remaining revenue related to the 2016 tax year extension has been deferred and will be recorded as revenue in fiscal year 2018. Based upon collection histories, the College records real property taxes at approximately 100% of the extended levy.

Notes to Basic Financial Statements

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

Elimination and reclassifications: Interfund 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. 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. 81, *Irrevocable Split-Interest Agreements*, will be effective for the College beginning with its year ended June 30, 2018. 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.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the College beginning with its year ended June 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the College beginning with its year ended June 30, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 85, *Omnibus 2017*, will be effective for the College beginning with its year ended June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will be effective for reporting periods beginning after June 30, 2018. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance.

Notes to Basic Financial Statements

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

GASB Statement No. 87, *Leases*, will be effective for reporting periods beginning after June 30, 2021. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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, 2017 and 2016, the College had the following cash, cash equivalents and investments:

| | Maturity | 2017 Carrying Value | 2016 Carrying Value |
|--|------------------|------------------------|------------------------|
| Cash and cash equivalents: | | | |
| Cash accounts | | \$ 19,837,188 | \$ 19,389,951 |
| Restricted accounts - money market | | 198,883 | 1,469,753 |
| ISDLAF Plus savings accounts | | 74,225,481 | 56,195,883 |
| ISDLAF Plus money market accounts | | 9,647,660 | 5,888,833 |
| Illinois Funds | | - | 75,542 |
| Total cash and cash equivalents | | 103,909,212 | 83,019,962 |
| Investments: | | | |
| Certificates of deposit | less than 1 year | 7,164,349 | 38,916,565 |
| Certificates of deposit | 1 to 5 years | - | 7,172,900 |
| Total investments | | 7,164,349 | 46,089,465 |
| Total cash, cash equivalents and investments | | \$ 111,073,561 | \$ 129,109,427 |
| Current assets: | | | |
| Cash | | \$ 103,710,329 | \$ 81,550,209 |
| Investments | | 7,164,349 | 38,916,565 |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | | 198,883 | 1,469,753 |
| Other long-term investments | | - | 7,172,900 |
| Total cash, cash equivalents and investments | | \$ 111,073,561 | \$ 129,109,427 |

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.

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

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

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

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

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 issuer is greater than 5% of the total fixed income investments. At June 30, 2017 and 2016, 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, 2017, the bank balance of the College's 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

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

The carrying amount of the investments and fair value hierarchy at June 30, 2017 is as follows:

| | Fair Value Measurements Using | | |
|---|--|--|--|
| | Quoted Prices in Active Markets for Identical Assets Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments Measured at Fair Value | | | |
| Participating certificates of deposit | \$ 249,000 | \$ 249,000 | \$ - |
| Investments Not Measured at Fair Value | | | |
| Non-participating certificates of deposit | 6,915,349 | | |
| Total Investments | \$ 7,164,349 | | |

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

| | Fair Value Measurements Using | | |
|---|--|--|--|
| | Quoted Prices in Active Markets for Identical Assets Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments Measured at Fair Value | | | |
| 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 | | |

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, 2017 measured at net asset value (NAV) based on amortized cost as follows:

| | |
|-----------------------------------|---------------------|
| ISDLAF Plus money market accounts | \$ 9,647,660 |
| Illinois Funds | - |
| | \$ 9,647,660 |

The College has cash equivalents as of June 30, 2016 measured at NAV based on amortized cost as follows:

| | |
|-----------------------------------|---------------------|
| ISDLAF Plus money market accounts | \$ 5,888,833 |
| Illinois Funds | 75,542 |
| | \$ 5,964,375 |

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

| | Balance June 30, 2016 | Additions | Deletions | Balance June 30, 2017 |
|---|-----------------------------|----------------------|----------------------|-----------------------------|
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 54,349,101 | \$ 19,420,227 | \$ 47,660,363 | \$ 26,108,965 |
| Land | 12,487,877 | - | - | 12,487,877 |
| Total capital assets not being depreciated | <u>66,836,978</u> | <u>19,420,227</u> | <u>47,660,363</u> | <u>38,596,842</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 7,165,984 | 5,090,280 | 246,024 | 12,010,240 |
| Buildings and improvements | 131,082,221 | 48,705,516 | 1,584,811 | 178,202,926 |
| Furniture and equipment | 30,252,591 | 4,919,668 | 984,820 | 34,187,439 |
| Total capital assets being depreciated | <u>168,500,796</u> | <u>58,715,464</u> | <u>2,815,655</u> | <u>224,400,605</u> |
| Less accumulated depreciation: | | | | |
| Land improvements | 5,562,681 | 531,439 | 117,545 | 5,976,575 |
| Buildings and improvements | 56,588,307 | 4,329,397 | 1,497,264 | 59,420,440 |
| Furniture and equipment | 19,712,045 | 2,642,300 | 772,286 | 21,582,059 |
| Total accumulated depreciation | <u>81,863,033</u> | <u>7,503,136</u> | <u>2,387,095</u> | <u>86,979,074</u> |
| Total capital assets being depreciated, net | <u>86,637,763</u> | <u>51,212,328</u> | <u>428,560</u> | <u>137,421,531</u> |
| Total capital assets, net | <u>\$ 153,474,741</u> | <u>\$ 70,632,555</u> | <u>\$ 48,088,923</u> | <u>\$ 176,018,373</u> |

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

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 | <u>22,234,609</u> | <u>45,408,532</u> | <u>806,163</u> | <u>66,836,978</u> |
| 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 | <u>165,999,674</u> | <u>2,651,307</u> | <u>150,185</u> | <u>168,500,796</u> |
| 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 | <u>76,644,031</u> | <u>5,338,716</u> | <u>119,714</u> | <u>81,863,033</u> |
| Total capital assets being depreciated, net | <u>89,355,643</u> | <u>(2,687,409)</u> | <u>30,471</u> | <u>86,637,763</u> |
| Total capital assets, net | <u>\$ 111,590,252</u> | <u>\$ 42,721,123</u> | <u>\$ 836,634</u> | <u>\$ 153,474,741</u> |

Note 4. Accrued Expenses

Accrued expenses consisted of the following at June 30:

| | 2017 | 2016 |
|--------------------------------------|---------------------|---------------------|
| Accrued payroll and benefits | \$ 2,429,588 | \$ 2,006,382 |
| Accrued vacation | 2,090,004 | 2,067,179 |
| Accrued construction retainage | 2,707,711 | 2,445,558 |
| Accrued health insurance claims | 664,701 | 564,206 |
| Accrued workers' compensation claims | 66,411 | 81,971 |
| Accrued expenses - other | 1,520,427 | 512,070 |
| Total accrued expenses | <u>\$ 9,478,842</u> | <u>\$ 7,677,366</u> |

Notes to Basic Financial Statements

Note 5. Long-Term Obligations

The College has the following outstanding bonds payable as of June 30, 2017 and 2016:

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, 2017 and 2016 was \$15,025,000 and \$15,325,000, 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, 2017 and 2016 was \$305,000 and \$605,000, 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, 2017 and 2016 was \$26,735,000 and \$28,435,000, respectively.

General Obligation Limited Tax Bonds, Series 2013B with a yield of 3.5% 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, 2017 and 2016 was \$21,045,000 and \$22,995,000, 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, 2017 and 2016 was \$960,000 and \$1,905,000, respectively.

**College of Lake County
Community College District No. 532**

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

Changes in long-term obligations during the year ended June 30, 2017 were as follows:

| | Balance June 30, 2016 | Additions | Deletions | Balance June 30, 2017 | Amounts Due Within One Year |
|--|-----------------------------|--------------------------|----------------------------|-----------------------------|-----------------------------------|
| General obligation bonds: | | | | | |
| Par | \$ 69,265,000 | \$ - | \$ 5,195,000 | \$ 64,070,000 | \$ 5,400,000 |
| Premium | 1,725,715 | - | 384,300 | 1,341,415 | - |
| Total general obligation bonds, net | <u>70,990,715</u> | <u>-</u> | <u>5,579,300</u> | <u>65,411,415</u> | <u>5,400,000</u> |
| Postemployment benefits | <u>2,460,419</u> | <u>581,828</u> | <u>642,899</u> | <u>2,399,348</u> | <u>-</u> |
| | <u><u>\$ 73,451,134</u></u> | <u><u>\$ 581,828</u></u> | <u><u>\$ 6,222,199</u></u> | <u><u>\$ 67,810,763</u></u> | <u><u>\$ 5,400,000</u></u> |

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 | <u>76,468,846</u> | <u>-</u> | <u>5,478,131</u> | <u>70,990,715</u> | <u>5,195,000</u> |
| Postemployment benefits | <u>2,472,103</u> | <u>599,863</u> | <u>611,547</u> | <u>2,460,419</u> | <u>-</u> |
| | <u><u>\$ 78,940,949</u></u> | <u><u>\$ 599,863</u></u> | <u><u>\$ 6,089,678</u></u> | <u><u>\$ 73,451,134</u></u> | <u><u>\$ 5,195,000</u></u> |

The following is a schedule of the future debt service payments for general obligation bonds as of June 30, 2017:

| Year ending June 30: | Principal | Interest | Total |
|----------------------|-----------------------------|-----------------------------|-----------------------------|
| 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 | 5,985,000 | 1,608,510 | 7,593,510 |
| 2023-2027 | 22,715,000 | 4,983,575 | 27,698,575 |
| 2028-2032 | 9,135,000 | 2,293,393 | 11,428,393 |
| 2033-2034 | 4,270,000 | 305,570 | 4,575,570 |
| | <u><u>\$ 64,070,000</u></u> | <u><u>\$ 17,600,151</u></u> | <u><u>\$ 81,670,151</u></u> |

Notes to Basic Financial Statements

Note 6. Defined Benefit Pension Plans

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, 2017 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 2016 and 2017, respectively, was 12.69% and 12.53% 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.

Notes to Basic Financial Statements

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 \$396,192,850 or 1.5259% 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, 2016, and total projected pension benefits used to calculate the net pension liability was determined based on the June 30, 2015 actuarial valuation rolled forward to June 30, 2016. 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 2016 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 2017 and 2016. As a result, College of Lake County recognized on-behalf revenue and pension expense of \$39,156,000 and \$30,086,085 for the fiscal years ended June 30, 2017 and 2016, respectively.

Deferral of Fiscal Year 2016 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 \$121,581 and \$144,948 in federal, trust or grant contributions for the fiscal years ended June 30, 2017 and 2016, respectively. These contributions were made subsequent to the pension liability measurement date of June 30, 2016 and 2015, and are recognized as deferred outflows of resources as of June 30, 2017 and 2016.

Assumptions and Other Inputs

Actuarial Assumptions. The actuarial assumptions used in the June 30, 2016 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, 2016 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 15.00 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 RP2014 Combined Mortality Table with projected generational mortality and a separate mortality assumption for disabled participants.

Notes to Basic Financial Statements

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, 2016, these best estimates are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return</u> |
|---|--------------------------|--|
| U.S. Equity | 23% | 6.08% |
| Private Equity | 6% | 8.73% |
| Non-U.S. Equity | 19% | 6.95% |
| Global Equity | 8% | 6.78% |
| Fixed Income | 19% | 1.17% |
| Treasury-Inflation Protected Securities | 4% | 1.41% |
| Emerging Market Debt | 3% | 4.44% |
| Real Estate REITS | 4% | 5.75% |
| Direct Real Estate | 6% | 4.62% |
| Commodities | 2% | 4.23% |
| Hedged Strategies | 5% | 4.00% |
| Opportunity Fund | 1% | 6.54% |
| Total | <u>100%</u> | <u>5.09%</u> |
| Inflation | | <u>2.75%</u> |
| Expected Arithmetic Return | | <u>7.84%</u> |

Discount Rate. A single discount rate of 7.010% 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 2.85% (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 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, 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.

Notes to Basic Financial Statements

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:

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Accrued compensated absences – beginning of year | \$ 2,067,179 | \$ 1,955,479 |
| Compensated absences incurred – during year | 2,090,004 | 2,067,179 |
| Compensated absences used – during year | (2,067,179) | (1,955,479) |
| Accrued compensated absences – end of year | <u>\$ 2,090,004</u> | <u>\$ 2,067,179</u> |
| Amounts due within one year | <u>\$ 2,090,004</u> | <u>\$ 2,067,179</u> |

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 Healthcare 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.

Notes to Basic Financial Statements

Note 9. Postretirement Healthcare 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 2017, 2016 and 2015 were as follows:

| | 2017 | 2016 | 2015 |
|-------------------------------------|------------|------------|------------|
| Annual OPEB Cost | \$ 581,828 | \$ 599,863 | \$ 599,352 |
| Percentage of OPEB Cost Contributed | 110.5% | 101.9% | 104.7% |
| Net OPEB Obligation | 2,399,348 | 2,460,419 | 2,472,103 |

Funding status: As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$7,762,508 all of which was unfunded. The covered payroll (annual payroll of active employees covered under the plan) was \$32,520,316 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.

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Annual required contribution | \$ 633,537 | \$ 644,802 |
| Interest on the net OPEB obligation | 110,719 | 111,245 |
| Adjustment to annual required contribution | (162,428) | (156,184) |
| Annual OPEB cost | 581,828 | 599,863 |
| Contributions made | 642,899 | 611,547 |
| Decrease in net OPEB obligation | (61,071) | (11,684) |
| Net OPEB obligation, beginning of year | 2,460,419 | 2,472,103 |
| Net OPEB obligation, end of year | <u>\$ 2,399,348</u> | <u>\$ 2,460,419</u> |

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, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.50% healthcare cost trend rate. The actuarial value of assets was not determined as the College has not advanced funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized using a level dollar method over 24 years on a closed group basis. The inflation rate and discount rate assumptions used were 2.75% and 4.5% per year, respectively.

Notes to Basic Financial Statements

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.

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 workers' compensation claims for the years ended June 30, 2017, 2016, and 2015 are as follows:

| | 2017 | 2016 | 2015 |
|------------------------------------|-------------------|-------------------|-------------------|
| Claims payable – beginning of year | \$ 646,177 | \$ 637,963 | \$ 905,671 |
| Claims and other expenses incurred | 10,602,689 | 10,467,138 | 9,660,905 |
| Claims paid | (10,517,754) | (10,458,924) | (9,928,613) |
| Claims payable – end of year | <u>\$ 731,112</u> | <u>\$ 646,177</u> | <u>\$ 637,963</u> |

Note 11. 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, 2017 and 2016 was \$20,000. Unearned revenue related to the lease was \$740,000 and \$760,000 at June 30, 2017 and 2016, respectively.

Notes to Basic Financial Statements

Note 12. 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, 2017 and 2016 are as follows:

| | <u>2017</u> | <u>2016</u> |
|---|-----------------------|-----------------------|
| Natural classification of total expenses: | | |
| Salaries | \$ 66,382,241 | \$ 65,917,013 |
| Benefits | 53,240,426 | 45,102,251 |
| Contractual services | 7,315,762 | 9,612,331 |
| Materials and supplies | 7,192,586 | 8,314,377 |
| Travel and meetings | 707,063 | 1,005,103 |
| Fixed charges | 1,980,120 | 1,918,800 |
| Utilities | 2,523,575 | 2,676,907 |
| Interest | 1,274,501 | 196,847 |
| Depreciation | 7,503,136 | 5,338,718 |
| Other | 5,444,447 | 6,385,882 |
| Total expenses | <u>\$ 153,563,857</u> | <u>\$ 146,468,229</u> |

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 and proceeds from the sale of capital assets of \$5,125 and \$0 for the years ended June 30, 2017 and 2016, respectively.

Note 13. 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 \$30,001,708. The College's total share of the project is \$13,117,946. Total funds expended on this project as of June 30, 2017 were \$12,842,203 of the total estimated project costs.

The College has also committed to certain architectural services, consulting, and campus construction totaling \$11,372,856 related to the master plan as of June 30, 2017. Costs were funded through the issuance of public debt. See Note 5 for further discussion of long-term obligations of the College.

Note 14. Subsequent Event

On July 6, 2017, the State of Illinois passed its budget and PA 100-0021, an Act concerning appropriations, which included funding for the College's fiscal year that ended June 30, 2017. Since appropriations related to fiscal year 2017 were not approved as of June 30, 2017, the State will not record the liability as of June 30, 2017; therefore, the College will not accrue the revenue, which included the base operating grant of \$4,782,544, MAP of \$968,085, Adult Education of \$328,477 and CTE grant of \$562,410. If these receivables were recorded, State appropriations and net position would have increased by \$6,641,516.

Notes to Basic Financial Statements

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, 2017 and 2016, consist of contributions restricted for scholarships and income earned on permanently restricted scholarships that has not yet been appropriated for expenditure by the board.

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.

Notes to Basic Financial Statements

Note 15. Component Unit (Continued)

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, 2017 and 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.

Beneficial interest in trusts: The Foundation has been designated as the beneficiary of assets held in a charitable remainder trust administered by an other trustee. The Foundation recognizes temporarily restricted contribution revenue and an asset for the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the receivable to reflect the revaluation of the present value of the estimated future payments to the Foundation are recognized in the statement of activities as a change in the value of split interest agreements.

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.

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 rate commensurate with the rights involved. Amortization of the 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, 2017 or 2016.

Notes to Basic Financial Statements

Note 15. Component Unit (Continued)

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 2014.

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.

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.

Notes to Basic Financial Statements

Note 15. Component Unit (Continued)

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.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Foundation for the year ending June 30, 2021.

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, 2016.

Subsequent events: The Foundation's management has performed an analysis of the activities and transactions subsequent to June 30, 2017, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2017. Management has performed their analysis through October 4, 2017, 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, 2017 and 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.

Notes to Basic Financial Statements

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, 2017: | | | |
| Publicly traded mutual funds: | | | |
| Small cap equity | \$ 70,579 | \$ - | \$ - |
| Mid cap equity | 98,485 | - | - |
| Large cap equity | 541,483 | - | - |
| International equity | 554,384 | - | - |
| Fixed income | 1,429,612 | - | - |
| Alternative investments: | | | |
| Hedge funds | - | - | 160,183 |
| Managed future | - | - | 46,202 |
| | <u>\$ 2,694,543</u> | <u>\$ -</u> | <u>\$ 206,385</u> |
| 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 |
| | <u>\$ 2,512,717</u> | <u>\$ -</u> | <u>\$ 198,540</u> |

The Foundation did not have any transfers between any levels of the fair value hierarchy during the years ended June 30, 2017 or 2016. 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.

Notes to Basic Financial Statements

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, 2016 | \$ 150,187 | \$ 48,353 | \$ 198,540 |
| Purchases | 1,826 | - | 1,826 |
| Total gains or losses (realized and unrealized) | 8,170 | (2,151) | 6,019 |
| Ending balance June 30, 2017 | <u>\$ 160,183</u> | <u>\$ 46,202</u> | <u>\$ 206,385</u> |
| 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 | <u>\$ 150,187</u> | <u>\$ 48,353</u> | <u>\$ 198,540</u> |
| The amounts of unrealized gains and losses related to Level 3 investments held as of June 30, 2017, and included in the Statement of Activities | <u>\$ 8,170</u> | <u>\$ (2,151)</u> | <u>\$ 6,019</u> |
| The amounts of unrealized gains and losses related to Level 3 investments held as of June 30, 2016, and included in the Statement of Activities | <u>\$ (16,951)</u> | <u>\$ (801)</u> | <u>\$ (17,752)</u> |

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, 2017 and 2016, the Foundation's Level 3 investments consisted of a managed future and hedge funds.

The managed future investment class amounted to \$46,202 and \$48,353 as of June 30, 2017 and 2016, 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, 2017 and 2016, 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, 2017.

Notes to Basic Financial Statements

Note 15. Component Unit (Continued)

The hedge fund investment class amounted to \$160,183 and \$150,187 as of June 30, 2017 and 2016, 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, 2017.

Investments

The cost and fair value of the Foundation's investments at June 30, 2017 and 2016, are as follows:

| | 2017 | | 2016 | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Publicly traded mutual funds: | | | | |
| Small cap equity | \$ 59,096 | \$ 70,579 | \$ 34,427 | \$ 36,633 |
| Mid cap equity | 75,015 | 98,485 | 50,884 | 62,561 |
| Large cap equity | 359,762 | 541,483 | 365,467 | 470,003 |
| International equity | 504,951 | 554,384 | 586,286 | 607,507 |
| Fixed income | 1,433,835 | 1,429,612 | 1,352,215 | 1,336,013 |
| Alternative investments: | | | | |
| Hedge funds | 164,916 | 160,183 | 163,091 | 150,187 |
| Managed future | 50,000 | 46,202 | 50,000 | 48,353 |
| Temporarily uninvested cash | 144,852 | 144,852 | 135,255 | 135,255 |
| | <u>\$ 2,792,427</u> | <u>\$ 3,045,780</u> | <u>\$ 2,737,625</u> | <u>\$ 2,846,512</u> |

Investment return (loss) for the years ended June 30, 2017 and 2016, was as follows:

| | 2017 | 2016 |
|---------------------------------------|-------------------|--------------------|
| Return on investments: | | |
| Interest and dividends | \$ 37,182 | \$ 31,910 |
| Realized gain on sale of investments | 17,866 | 15,589 |
| Investment income | 55,048 | 47,499 |
| Unrealized (loss) gain on investments | 144,220 | (89,376) |
| Total return on investments | <u>\$ 199,268</u> | <u>\$ (41,877)</u> |

Investment management fees of \$26,492 in 2017 and \$25,588 in 2016 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.

Notes to Basic Financial Statements

Note 15. Component Unit (Continued)

Charitable Remainder Trust

The Foundation was notified during fiscal year 2017 that it was named as a 25% beneficiary of an irrevocable charitable remainder trust (the "Trust") administered by a third party. The trust agreement required the Trust to make periodic payments to named income recipients over the income recipients' lifetimes. Upon the death of the last surviving recipient, which occurred during fiscal year 2017, the Trust shall distribute the remaining assets to the named beneficiaries.

The Trust did not make the distribution of assets by June 30, 2017 and has been classified as temporarily restricted. The trustee estimates that the Foundation will receive \$140,000, based on the fair value of the Trust assets less estimated expenses.

The Trust is comprised of the following at June 30, 2017:

| | |
|--|--------------------------|
| Fair value of charitable remainder trust assets | \$ 604,212 |
| Less: Estimated expenses | (44,212) |
| Net estimated assets to distribute | <u>560,000</u> |
| Other beneficiaries' interests (75%) | <u>(420,000)</u> |
| Beneficial interest in charitable remainder trust, net | <u><u>\$ 140,000</u></u> |

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 was 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 was recorded as a receivable and the entire amount was received in fiscal year 2017.

The Foundation received two unconditional pledges of \$75,000 and \$20,000 in fiscal year 2017 that each met the criteria for recognition as a temporarily restricted contribution in the year of pledge. The pledges were recorded as a receivable and the entire amount will be received in fiscal year 2018.

Collectability of both pledges is considered to be reasonably assured and there is no allowance recorded as of June 30, 2017 or 2016. The Foundation has not recorded a present value discount for these pledges as they are due within one year.

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 2017, 2016 and 2015 that were recognized as an unrestricted contribution to a specific program being implemented. 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, 2017 or 2016.

Notes to Basic Financial Statements

Note 15. Component Unit (Continued)

Restrictions on Net Assets

The Foundation reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. At the end of fiscal years 2017 and 2016, respectively, the Foundation held \$2,592,907 and \$2,471,359 in temporarily restricted net assets. These assets will be used for the following purposes:

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Scholarships for students of the College | \$ 2,387,629 | \$ 2,179,258 |
| Grants benefiting the College | <u>205,278</u> | <u>292,101</u> |
| | <u>\$ 2,592,907</u> | <u>\$ 2,471,359</u> |

During fiscal years 2017 and 2016, respectively, \$829,392 and \$542,390 were released from restrictions and used for the following purposes:

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Scholarships for students of the College | \$ 492,974 | \$ 488,904 |
| Grants benefiting the College | <u>336,418</u> | <u>53,486</u> |
| | <u>\$ 829,392</u> | <u>\$ 542,390</u> |

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

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Scholarships for students of the College | \$ 1,200,204 | \$ 1,196,709 |
| Grants benefiting the College | <u>200,957</u> | <u>200,957</u> |
| | <u>\$ 1,401,161</u> | <u>\$ 1,397,666</u> |

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, 2017 and 2016.

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.

Notes to Basic Financial Statements

Note 15. Component Unit (Continued)

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.

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

| | 2017 | | | |
|--|--------------|------------------------|------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Net assets, beginning of year | \$ - | \$ 376,155 | \$ 1,397,666 | \$ 1,773,821 |
| Investment return: | | | | |
| Interest income, net of fees | - | 90,890 | 2,956 | 93,846 |
| New gifts | - | 11,564 | 10,300 | 21,864 |
| Change in classification of donor restrictions | - | (172) | (9,761) | (9,933) |
| Appropriation for expenditure | - | (22,478) | - | (22,478) |
| Net assets, end of year | <u>\$ -</u> | <u>\$ 455,959</u> | <u>\$ 1,401,161</u> | <u>\$ 1,857,120</u> |
| | | | | |
| | 2016 | | | |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Net assets, beginning of year | \$ - | \$ 400,970 | \$ 1,315,865 | \$ 1,716,835 |
| Investment return: | | | | |
| Interest income, 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 | <u>\$ -</u> | <u>\$ 376,155</u> | <u>\$ 1,397,666</u> | <u>\$ 1,773,821</u> |

Notes to Basic Financial Statements

Note 15. Component Unit (Continued)

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, 2017 or 2016 were \$0 and \$324, respectively.

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, 2017 and 2016, donated service revenue and related expenses with the College were approximately \$648,445 and \$758,461, respectively.

ii) Donated Securities

The Foundation received stock donations of \$25,194 and \$589,535 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, noncash donation revenue and related expenses were approximately \$105,490 and \$46,315, 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) |
|----------------------------------|-------------------------------|---------------------------------|---|------------------------|---------------------|--|
| 2016 | \$ - | \$ 7,762,508 | \$ 7,762,508 | 0 % | \$ 32,520,316 | 24 % |
| 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 |
|----------------------------|------------------------------|------------------------|
| 2017 | \$ 633,537 | 101.5 % |
| 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 |

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*

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-----------------------|-----------------------|-----------------------|
| College's proportion of the net pension liability | 0.00% | 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 | <u>396,192,850</u> | <u>358,337,760</u> | <u>345,012,299</u> |
| Total | <u>\$ 396,192,850</u> | <u>\$ 358,337,760</u> | <u>\$ 345,012,299</u> |
| College's covered payroll | \$ 64,564,075 | \$ 63,953,380 | \$ 66,321,825 |
| College's proportionate share of the net pension liability as a percentage of its covered payroll | 613.64% | 560.31% | 520.21% |
| Plan fiduciary net position as a percentage of the total pension liability | 39.57% | 42.37% | 44.39% |

*Information is presented for as many years as is available. The College implemented GASB Statement No. 68 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

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|---------------|-------------|
| Contractually required contribution | \$ 121,581 | \$ 144,948 | \$ 225,318 | \$ 204,318 |
| Contributions in relation to the contractually required contribution | (121,581) | (144,948) | (225,318) | (204,318) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| College's covered payroll | \$ 64,564,075 | \$ 63,953,380 | \$ 66,321,825 | * |
| Contributions as a percentage of covered payroll | 0.19% | 0.23% | 0.34% | * |

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

| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$ 217,455 | \$ 158,916 | \$ 113,891 | \$ 76,824 | \$ 72,126 | \$ 85,540 |
| (217,455) | (158,916) | (113,891) | (76,824) | (72,126) | (85,540) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| * | * | * | * | * | * |
| * | * | * | * | * | * |

**Notes to Required Supplementary Information
For the Year Ended June 30, 2017**

Changes of benefit terms. There were no benefit changes recognized in the total pension liability as of June 30, 2016.

Changes of assumptions. In accordance with GASB Statement No. 67, an actuarial review is to be performed at least every two years, with more frequent valuations encouraged, 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.

**College of Lake County
Community College District No. 532**

Statistical Section Summary

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

| Contents | Tables |
|---|---------------|
| Financial Trends These tables contain information to help the reader understand and assess how the College's financial position and operations have changed over time. | 1 - 2 |
| Revenue Capacity These tables contain information to help the reader understand and assess the College's most significant local revenue source, property taxes. | 3 - 6 |
| Debt Capacity These tables present information to help the reader understand and assess the College's debt burden and its ability to issue additional debt. | 7 - 10 |
| Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place. | 11 - 13 |
| Operating Information These tables provide information about the College's operations and resources to assist the reader with understanding the College's economic condition. | 14 - 16 |

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

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net investment in capital assets | \$ 110,606,958 | \$ 93,242,840 | \$ 96,082,639 | \$ 94,812,636 | \$ 90,264,397 | \$ 89,840,672 | \$ 88,244,604 | \$ 88,360,119 | \$ 89,508,677 | \$ 88,952,883 |
| Restricted for: | | | | | | | | | | |
| Debt service | 1,699,027 | 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 |
| Capital projects | 198,883 | 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 |
| Other | 981,553 | 856,651 | 617,430 | 790,910 | 904,521 | 289,439 | 698,222 | 601,233 | 1,083,162 | 1,112,681 |
| Unrestricted | <u>92,318,940</u> | <u>98,938,193</u> | <u>79,048,204</u> | <u>72,184,158</u> | <u>73,118,295</u> | <u>62,925,272</u> | <u>53,903,877</u> | <u>39,814,025</u> | <u>31,513,221</u> | <u>28,719,617</u> |
| Total net position | <u>\$ 205,805,361</u> | <u>\$ 196,171,296</u> | <u>\$ 189,936,267</u> | <u>\$ 176,758,148</u> | <u>\$ 167,276,249</u> | <u>\$ 156,132,659</u> | <u>\$ 147,422,439</u> | <u>\$ 133,522,359</u> | <u>\$ 126,834,488</u> | <u>\$ 123,352,632</u> |

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

Changes in Net Position (Unaudited)
Last Ten Fiscal Years

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Operating revenues: | | | | | | | | | | |
| Student tuition and fees | \$ 33,337,854 | \$ 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 |
| Less scholarship allowances | (6,324,730) | (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) |
| Net student tuition and fees | 27,013,124 | 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 |
| Auxiliary enterprises | 8,381,236 | 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 |
| Other operations | 1,531,002 | 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 |
| Total operating revenues | 36,925,362 | 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 |
| Operating expenses: | | | | | | | | | | |
| Education and general: | | | | | | | | | | |
| Instruction | 68,660,469 | 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 |
| Academic support | 6,294,811 | 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 |
| Student services | 12,132,575 | 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 |
| Public service | 6,803,924 | 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 |
| Institutional support | 26,829,298 | 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 |
| Operations and maintenance of plant | 10,918,085 | 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 |
| Financial aid | 5,003,653 | 4,856,633 | 5,741,816 | 7,246,038 | 6,325,221 | 6,626,759 | 6,587,783 | 7,349,762 | 2,478,091 | 1,945,642 |
| Depreciation | 7,503,136 | 5,338,718 | 5,096,492 | 4,830,835 | 4,441,546 | 4,334,200 | 4,245,907 | 4,151,105 | 4,393,484 | 4,254,000 |
| Auxiliary enterprises | 7,719,970 | 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 |
| Total operating expenses | 151,865,921 | 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 |
| Operating loss | (114,940,559) | (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) |
| Nonoperating revenues (expenses): | | | | | | | | | | |
| Local property taxes | 66,976,264 | 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 |
| Personal property replacement tax | 1,280,857 | 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 |
| State appropriations | 44,951,735 | 34,646,252 | 37,894,602 | 34,341,721 | 34,600,754 | 27,664,030 | 24,581,121 | 20,282,045 | 15,655,068 | 13,807,432 |
| Federal grants and contracts | 11,361,992 | 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 |
| Local grants and contracts | 1,167,546 | 1,255,820 | 845,458 | 916,302 | 865,085 | 911,393 | 951,778 | 1,067,360 | 1,138,575 | 1,134,897 |
| Investment income | 534,166 | 407,757 | 326,129 | 238,692 | 126,529 | 91,810 | 109,959 | 155,791 | 679,593 | 1,246,168 |
| Loss on disposition of assets | (423,435) | — | — | — | — | — | — | — | — | — |
| Interest expense | (1,274,501) | (196,847) | (627,939) | (212,979) | (637,083) | (536,972) | (422,128) | (504,788) | (593,093) | (846,068) |
| Net nonoperating revenues | 124,574,624 | 117,293,053 | 121,176,752 | 119,836,457 | 118,432,325 | 104,849,631 | 99,697,583 | 91,825,223 | 78,903,035 | 72,901,678 |
| Increase before capital contributions | 9,634,065 | 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 |
| State capital appropriations | - | - | - | - | 685,416 | - | - | - | - | 212,586 |
| Increase in net position | \$ 9,634,065 | \$ 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 |

**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 | |
|-----------------------------------|------------------|-----------------------------|----------------------------|----------------------------|----------------------------------|-------------------------------------|------------------------------|---------------------------------------|---|---|
| 2017 | 2016 | \$ 18,858,676,470 | \$ 3,660,173,211 | \$ 962,532,649 | \$ 165,258,554 | \$ 23,646,640,884 | 0.285 | \$ 70,939,922,652 | 33.33 | % |
| 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 | 0.201 | 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 | 0.197 | 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 | 0.193 | 83,770,345,110 | 33.33 | |

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

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

Source: Lake County Clerk's Office.

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

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Years

(rate per \$100 of assessed value)

| | Year Taxes are Payable | | | | | | | | | |
|--|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| College direct rates | | | | | | | | | | |
| Bonds | \$ 0.007 | \$ 0.007 | \$ 0.008 | \$ 0.008 | \$ 0.008 | \$ 0.007 | \$ 0.006 | \$ 0.006 | \$ 0.007 | \$ 0.007 |
| Educational | 0.218 | 0.229 | 0.234 | 0.226 | 0.207 | 0.180 | 0.148 | 0.132 | 0.129 | 0.128 |
| Medicare | - | - | - | - | - | - | - | - | 0.001 | 0.001 |
| Operation & maintenance | 0.058 | 0.061 | 0.062 | 0.060 | 0.055 | 0.051 | 0.062 | 0.061 | 0.057 | 0.054 |
| Tort judgement & liability insurance | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.003 | 0.003 |
| Total direct rate | <u>\$ 0.285</u> | <u>\$ 0.299</u> | <u>\$ 0.306</u> | <u>\$ 0.296</u> | <u>\$ 0.272</u> | <u>\$ 0.240</u> | <u>\$ 0.218</u> | <u>\$ 0.201</u> | <u>\$ 0.197</u> | <u>\$ 0.193</u> |
| Lake County rate | 0.632 | 0.663 | 0.682 | 0.663 | 0.608 | 0.554 | 0.505 | 0.464 | 0.453 | 0.444 |
| Lake County Forest Preserves rate | 0.193 | 0.208 | 0.210 | 0.218 | 0.212 | 0.201 | 0.198 | 0.200 | 0.199 | 0.201 |
| Elementary School rates | 1.367 - 9.150 | 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 |
| Unit School rates | 4.437 - 9.598 | 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 |
| High School rates | 1.329 - 5.060 | 11.409 - 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 |
| Township rates | 0.034 - 0.465 | 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 |
| Sanitary District rates | 0.000 - 0.856 | 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 |
| Park District rates | 0.029 - 1.186 | 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 |
| Library District rates | 0.220 - 0.680 | 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 |
| Fire District rates | 0.116 - 1.207 | 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 |
| City & Village rates | 0.016 - 6.170 | 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 |
| Special Service Area rates | 0.102 - 7.384 | 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 |

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

| Taxpayer | Levy Year 2016 | | | Levy Year 2007 | | |
|--------------------------------|---|------|--|---|------|--|
| | 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 | \$ 151,332,856 | 1 | 0.64 % | \$ 168,103,114 | 1 | 0.60 % |
| Gurnee Mills (The Mills Corp) | 52,619,764 | 2 | 0.22 | 58,275,968 | 2 | 0.21 |
| Discover Properties LLC | 43,481,282 | 3 | 0.18 | 48,153,911 | 3 | 0.17 |
| Walmart Stores Inc | 33,930,684 | 4 | 0.14 | - | - | - |
| Marvin F Poer & Co. | 31,307,021 | 5 | - | 39,785,401 | 6 | 0.14 |
| Baxter Healthcare Corp | 28,265,553 | 6 | 0.12 | 32,299,271 | 8 | 0.12 |
| Scott Dessing, Sr Mgr Taxation | 27,302,061 | 7 | 0.12 | - | - | - |
| Walgreen Co | 26,752,309 | 8 | 0.11 | - | - | - |
| Van Vlissingen & Co. | 26,094,002 | 9 | 0.11 | 44,791,012 | 5 | 0.16 |
| Kemper lakes Business Center | 25,355,354 | 10 | 0.11 | - | - | - |
| Amlı Residential | - | - | - | 46,294,533 | 4 | 0.17 |
| Equity Property Tax Group LLC | - | - | - | 37,921,565 | 7 | 0.14 |
| Corporate 500 Center | - | - | - | 31,473,325 | 9 | 0.11 |
| Midwest Family Housing LLC | - | - | - | 30,225,583 | 10 | 0.11 |
| | <u>\$ 446,440,886</u> | | <u>1.76 %</u> | <u>\$ 537,323,683</u> | | <u>1.93 %</u> |

^(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 Fiscal Year | Collected within the calendar year of the levy | | Collections in Subsequent Years ^(a) | Total Collections to Date | |
|---------------------------------|--------------|--|---|-----------------------|--|---------------------------|-----------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2017 | 2016 | \$ 67,483,966 | \$ 34,447,030 | 51.04 % | \$ - | \$ 34,447,030 | 51.04 % |
| 2016 | 2015 | 66,587,615 | 33,717,350 | 50.64 | 32,702,485 | 66,419,835 | 99.75 |
| 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 | 31,729,184 | 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 | 26,387,374 | 49.22 | 27,079,945 | 53,467,319 | 99.73 |

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

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

Source: Lake County Treasurer's Office

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

Ratios of Outstanding Debt by Type (Unaudited)

Last Ten Fiscal Years

| Fiscal Year | General Obligation Limited Tax Funding Bonds | General Obligation Limited Tax Debt Certificates | Capital Appreciation Limited Tax Bonds | General Obligation Bonds - Alternate Revenue Source | Unamortized Premium | Discount on Capital Appreciation Bonds | Total Outstanding Debt | Percentage of Taxable Assessed Value of Property^(a) | Per FTE Student Count^(b) |
|--------------------|---|---|---|--|----------------------------|---|-------------------------------|---|--|
| 2017 | \$ 63,765,000 | \$ 305,000 | \$ - | \$ - | \$ 1,341,415 | \$ - | \$ 65,411,415 | 0.302% | 7,856 |
| 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 | 0.375% | 8,636 |
| 2013 | 20,535,000 | 1,470,000 | - | - | 593,202 | - | 22,598,202 | 0.097% | 2,366 |
| 2012 | 21,500,000 | 1,735,000 | - | - | 656,875 | - | 23,891,875 | 0.094% | 2,515 |
| 2011 | 6,920,000 | 2,515,000 | - | - | 89,657 | - | 9,524,657 | 0.035% | 955 |
| 2010 | 7,000,000 | 3,235,000 | 1,000,000 | - | 111,596 | (19,734) | 11,326,862 | 0.040% | 1,142 |
| 2009 | 7,210,000 | 3,925,000 | 2,010,000 | 320,000 | 133,535 | (85,127) | 13,513,408 | 0.047% | 1,516 |
| 2008 | 7,405,000 | 4,560,000 | 3,025,000 | 615,000 | 155,474 | (193,504) | 15,566,970 | 0.056% | 1,815 |

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

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

^(b) See Table 11 for FTE Student Count.

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

Ratios of General Bonded Debt Outstanding (Unaudited)

Last Ten Fiscal Years

| <u>Fiscal year</u> | <u>Total Outstanding Debt</u> | <u>Less: Amounts Available in Debt Service Fund</u> | <u>Net General Bonded Debt</u> | <u>Population</u> | <u>Percentage of Taxable Assessed Value of Property^(a)</u> | <u>Net Bonded Debt Per Capita</u> |
|--------------------|---------------------------------------|---|------------------------------------|-------------------|---|---|
| 2017 | \$ 65,411,415 | \$ 1,699,029 | \$ 63,712,386 | 703,047 | 0.269% | \$ 90.62 |
| 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 |

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

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

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

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years

| Fiscal Year | Levy Year | Assessed Valuation | Bond Debt Limit* | Amount of Debt Applicable to Debt Limit | Legal Debt Margin | Total Net Debt Applicable to the Limit as a Percentage of Debt Limit |
|--------------------|------------------|---------------------------|-------------------------|--|--------------------------|---|
| 2017 | 2016 | \$ 23,646,640,884 | \$ 679,840,925 | \$ 65,411,415 | \$ 614,429,510 | 9.62% |
| 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% |

*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

| Fiscal Year | Alternate Revenue Bonds ^(a) | | | |
|----------------|--|--------------|----------|----------|
| | Available Revenue | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2018 | \$ - | \$ - | \$ - | - |
| 2017 | - | - | - | - |
| 2016 | - | - | - | - |
| 2015 | - | - | - | - |
| 2014 | - | - | - | - |
| 2013 | - | - | - | - |
| 2012 | - | - | - | - |
| 2011 | - | - | - | - |
| 2010 | 409,200 | 320,000 | 7,360 | 1.25 |
| 2009 | 395,400 | 295,000 | 21,358 | 1.25 |

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

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

Student Enrollment Demographic Statistics (Unaudited)

Last Ten Fiscal Years

| Fall Term | Enrollment | | Gender | | Attendance | | Enrollment Status | | | In-District Residency | Average Age |
|--------------|------------|-------|--------|--------|------------|-----------|-------------------|------------|-----------|--------------------------|----------------|
| | Headcount | FTE | Male | Female | Full-time | Part-time | New | Continuing | Returning | | |
| 2016 | 14,768 | 8,208 | 6,683 | 8,085 | 4,324 | 10,444 | 3,677 | 7,670 | 3,421 | 99% | 27.5 |
| 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 |

**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 |
|------------------------|----------------------|-----------------|------------------|---------------|-----------------|--|--------------|
| 2017 | 154,732 | 8,842 | 20,946 | 14,048 | 22,189 | 23,578 | 244,335 |
| 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 |

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

| Employer | 2017 | | | 2008 | | |
|---------------------------------|--------------------------|------|---|--------------------------|------|---|
| | Employees ^(a) | Rank | Percentage of Total County Employees ^(a) | Employees ^(a) | Rank | Percentage of Total County Employees ^(a) |
| Abbott Laboratories | 9,000 | 1 | 2.37% | 15,700 | 2 | 2.21% |
| Baxter Healthcare Corp | 1,900 | 2 | 0.50% | 4,600 | 4 | 0.65% |
| Aon Corp | 4,000 | 3 | 1.05% | - | | |
| Abbvie Inc | 4,000 | 4 | 1.05% | - | | |
| Discover Financial Svc | 2,976 | 4 | 0.78% | 3,500 | 6 | 0.49% |
| Walgreens Boots Alliance Inc | 2,100 | 5 | 0.55% | - | | |
| Visual Pak | 2,000 | 6 | 0.53% | - | | |
| Advocate Health Care | 2,333 | 7 | 0.61% | - | | |
| CDW Corporation | 1,800 | 8 | 0.47% | 2,500 | 9 | 0.35% |
| Takeda Pharmaceuticals USA, Inc | 1,700 | 9 | 0.45% | - | | |
| Medline Industries Inc | 1,600 | 10 | 0.42% | 2,000 | | 0.28% |
| Department of the Navy | - | | | 25,000 | 1 | 3.52% |
| Hewitt Associates, LLC | - | | | 6,000 | 3 | 0.84% |
| Motorola Inc | - | | | 4,000 | 5 | 0.56% |
| HSBC, Inc | - | | | 3,100 | 7 | 0.44% |
| County of Lake | - | | | 2,800 | 8 | 0.39% |
| Condell Health Network | - | | | 2,500 | 10 | 0.35% |
| | <u>33,409</u> | | <u>8.78%</u> | <u>71,700</u> | | <u>18.86%</u> |

(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): 703,047
Percentage change from 2013 census estimate -0.1%

Employment in District (note 2):
Labor force, civilian (June 2015) 379,974
Unemployment rate (June 2015) 4.4%

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 | |

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| (Fall 2016) | | | | | | | | | | |
| Enrollment (Fall Semester, based on 10th day enrollment) (note 4): | | | | | | | | | | |
| Total headcount | 14,768 | 14,964 | 15,410 | 17,685 | 17,577 | 17,389 | 18,091 | 18,092 | 16,359 | 16,010 |
| Percent change | -1.31% | -2.89% | -12.86% | 0.61% | 1.08% | -3.88% | -0.01% | 10.59% | 2.18% | 2.91% |
| Total student semester hours | 123,131 | 125,468 | 126,344 | 141,940 | 143,283 | 142,475 | 149,623 | 148,807 | 133,683 | 128,674 |
| Total FTE semester hours | 8,209 | 8,365 | 8,423 | 9,463 | 9,552 | 9,498 | 9,975 | 9,920 | 8,912 | 8,578 |
| Percent change | -1.86% | -0.69% | -10.99% | -0.93% | 0.57% | -4.78% | 0.55% | 11.31% | 3.89% | 4.57% |
| Total seats taken | 36,178 | 38,874 | 37,064 | 44,709 | 45,014 | 44,721 | 46,940 | 47,387 | 42,671 | 40,891 |
| Percent change | -6.94% | 4.88% | -17.10% | -0.68% | 0.66% | -4.73% | -0.94% | 11.05% | 4.35% | 6.19% |

| | | | | | | | | | | |
|--|------|------|------|-------|-------|-------|-------|-------|-------|-------|
| Degrees and certificates awarded (note 5): | | | | | | | | | | |
| A.A., A.S., and A.E.S. | 1105 | 1042 | 975 | 995 | 1,254 | 823 | 706 | 648 | 586 | 600 |
| A.A.S. | 350 | 433 | 408 | 391 | 533 | 429 | 377 | 423 | 381 | 341 |
| A.F.A./A.P. | 4 | 1 | 4 | 4 | 6 | 1 | 2 | 1 | 2 | - |
| Certificates | 1561 | 1900 | 2337 | 2,210 | 4,467 | 876 | 926 | 910 | 800 | 930 |
| Total, degrees/certificates | 3020 | 3376 | 3724 | 3,600 | 6,260 | 2,129 | 2,011 | 1,982 | 1,769 | 1,871 |

| | | | | | | | | | | |
|---|-----|-----|-----|-----|-------|-------|-----|-----|-------|-----|
| College Workforce (Fall semester) (note 6): | | | | | | | | | | |
| Faculty/academic support | 841 | 866 | 807 | 951 | 1,014 | 1,027 | 976 | 963 | 1,075 | 834 |
| Administrators | 51 | 58 | 60 | 60 | 67 | 66 | 59 | 60 | 59 | 54 |
| Prof./Tech. | 244 | 238 | 251 | 247 | 260 | 227 | 196 | 184 | 195 | 172 |
| Clerical | 145 | 144 | 138 | 150 | 174 | 165 | 160 | 150 | 114 | 110 |
| Maintenance and others | 115 | 118 | 124 | 127 | 131 | 125 | 141 | 148 | 156 | 144 |
| % Women* | 61% | 60% | 61% | 61% | 63% | 63% | 59% | 60% | 58% | 57% |
| % Minorities* | 29% | 29% | 30% | 28% | 32% | 30% | 21% | 29% | 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.

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

Capital Asset Statistics by Facility (Unaudited)

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Grayslake Campus-purchased 1968 | | | | | | | | | | |
| Size of campus (acres) ^(a) | 270.7 | 270.7 | 270.7 | 270.0 | 223.4 | 223.4 | 223.4 | 223.4 | 225.1 | 225.1 |
| Gross square footage ^(b) | 812,432 | 790,702 | 789,082 | 789,082 | 789,082 | 789,082 | 789,082 | 789,082 | 814,174 | 814,174 |
| Square footage rented ^(c) | 5,000 | 5,000 | 5,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Number of classrooms ^(h) | 100 | 100 | 100 | 97 | 97 | 97 | 97 | 97 | 102 | 102 |
| Number of laboratories ^(h) | 99 | 99 | 99 | 94 | 94 | 94 | 94 | 94 | 94 | 94 |
| Lakeshore Campus-purchased 1979/1995 | | | | | | | | | | |
| Size of campus (acres) ^(f) | 2.8 | 2.8 | 2.8 | 1.7 | 1.4 | 1.4 | 0.7 | 0.5 | 0.5 | 0.5 |
| Gross square footage ^(g) | 71,599 | 71,599 | 71,599 | 71,599 | 71,599 | 71,599 | 71,599 | 71,599 | 71,599 | 71,599 |
| Number of classrooms ^(h) | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Number of laboratories ^(h) | 18 | 18 | 18 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Southlake Center-purchased 1997 | | | | | | | | | | |
| Size of campus (acres) ^(d) | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 | 20.6 |
| Gross square footage ⁽ⁱ⁾ | 68,803 | 66,269 | 66,269 | 66,269 | 66,269 | 66,269 | 66,269 | 66,269 | 66,269 | 66,269 |
| Number of classrooms ^(h) | 16 | 16 | 16 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Number of laboratories ^(h) | 13 | 12 | 12 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 1 North Genesse-purchased 2002^(e) | | | | | | | | | | |
| Size of campus (acres) | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Gross square footage | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 | 38,660 |
| Square footage rented ^(c) | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 | 19,330 | 32,976 | 32,976 |
| Number of classrooms available | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 9 | - |
| Number of laboratories available | 1 | 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. 2017: Café Willow and infilled courtyard

^(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.

⁽ⁱ⁾ Southlake Chemistry lab

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, 2017

All fiscal year 2017 noncapital audited operating expenditures from the following funds:

| | |
|--|--------------------|
| 1. Education Fund | 77,668,353 |
| 2. Operations and Maintenance Fund | 9,680,655 |
| 3. Operations and Maintenance Fund (Restricted) | 7,995,226 |
| 4. Bond and Interest Fund | 1,694,425 |
| 5. Public Building Commission Rental Fund | |
| 6. Restricted Purposes Fund | 17,893,064 |
| 7. Audit Fund | 136,066 |
| 8. Liability, Protection, and Settlement Fund | 467,672 |
| 9. Auxiliary Enterprise Fund (Subsidy Only) | 8,503,079 |
| 10. Total noncapital audited expenditures | 124,038,539 |
| 11. Plus depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds | <u>4,241,941</u> |
| 12. Total costs included | <u>128,280,480</u> |
| 13. Total certified semester credit hours for FY 2017 | 244,335 |
| 14. Per capita cost | 525 |
| 15. All FY 2017 state and federal operating grants for noncapital expenditures, except ICCB grants | <u>12,904,866</u> |
| 16. Less FY 2016 state and federal grants per semester credit hour | 53 |
| 17. Less each district's average ICCB grant rate for fiscal year 2016 | 14 |
| 18. Less each district's student tuition per semester credit hour for fiscal year 2018 | <u>135</u> |
| 19. Equals charge-back reimbursement per semester credit hour | <u><u>323</u></u> |

Approved:  10/2/2017
 Vice-President of Administrative Affairs Date

Approved:  10/4/2017
 President Date

College of Lake County
Community College District No. 532

All Funds Summary
Uniform Financial Statement Number 1
Year Ended June 30, 2017

| | 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, 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 |
| Revenues: | | | | | | | | | | | | |
| Local tax revenue | 52,470,405 | 13,617,240 | - | 1,726,017 | - | - | - | - | - | 445,651 | - | 68,259,313 |
| All other local revenue | - | - | - | - | - | 797,058 | - | - | - | - | - | 797,058 |
| ICCB grants | 3,887,073 | - | - | - | - | 471,233 | - | - | - | - | - | 4,358,306 |
| All other state revenue | - | - | - | - | - | 1,167,039 | - | - | - | - | - | 1,167,039 |
| Federal revenue | - | - | - | - | - | 11,361,992 | - | - | - | - | - | 11,361,992 |
| Student tuition and fees | 28,923,976 | - | 3,332,479 | - | - | 2,248,945 | - | 877,132 | - | - | - | 35,382,532 |
| All other revenue | 854,312 | 76,251 | 484,212 | 3,576 | 9,160,808 | 2,165,825 | 114,331 | - | - | - | 6,525 | 12,865,840 |
| Total revenues | 86,135,766 | 13,693,491 | 3,816,691 | 1,729,593 | 9,160,808 | 18,212,092 | 114,331 | 877,132 | - | 445,651 | 6,525 | 134,192,080 |
| Expenditures: | | | | | | | | | | | | |
| Instruction | 39,841,064 | - | - | - | - | - | - | - | - | - | - | 39,841,064 |
| Academic support | 3,511,980 | - | - | - | - | - | - | - | - | - | - | 3,511,980 |
| Student services | 7,545,991 | - | - | - | - | - | - | 809,809 | - | - | - | 8,355,800 |
| Public service | 1,291,757 | - | - | - | - | 5,192,987 | - | - | - | - | - | 6,484,744 |
| Auxiliary services | - | - | - | - | 8,614,404 | - | - | - | - | - | - | 8,614,404 |
| Operations and maintenance | - | 7,601,153 | 36,700 | - | - | - | - | - | - | - | - | 7,637,853 |
| Institutional support | 25,844,164 | 2,526,478 | 36,843,599 | 1,694,425 | - | 142,204 | - | - | 136,066 | 467,672 | - | 67,654,608 |
| Scholarships and student grants | 54,910 | - | - | - | - | 12,850,103 | - | - | - | - | - | 12,905,013 |
| Total expenditures | 78,089,866 | 10,127,631 | 36,880,299 | 1,694,425 | 8,614,404 | 18,185,294 | - | 809,809 | 136,066 | 467,672 | - | 155,005,466 |
| Other financing sources (uses): | | | | | | | | | | | | |
| Debt proceeds | - | - | - | - | - | - | - | - | - | - | - | - |
| Net transfers | (2,839,176) | (2,106,603) | 5,014,424 | - | (94,314) | - | (114,331) | - | 140,000 | - | - | - |
| Total other financing sources (uses) | (2,839,176) | (2,106,603) | 5,014,424 | - | (94,314) | - | (114,331) | - | 140,000 | - | - | - |
| Fund balance (deficit) at June 30, 2017 | \$ 24,937,323 | \$ 13,112,493 | \$ 36,727,649 | \$ 1,699,029 | \$ 1,723,059 | \$ 1,177,646 | \$ 17,558,121 | \$ 829,161 | \$ 30,262 | \$ 107,671 | \$ 1,142,916 | \$ 99,045,330 |

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, 2017

| | |
|---|-----------------------|
| Total fund balances - Uniform Financial Statement Number 1 | \$ 99,045,330 |
| 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. | 176,018,373 |
| 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. | 121,581 |
| 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 | (65,411,415) |
| Post-employment benefits | (2,399,348) |
| Amounts held in trust for others | (829,160) |
| Unearned rent | (740,000) |
| | <u>205,805,361</u> |
| Net position - Statement of Net Position | <u>\$ 205,805,361</u> |

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, 2017

Net change in fund balances—Uniform Financial Statement Number 1 \$ (20,813,386)

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 | 30,475,328 | |
| Depreciation expense | <u>(7,503,136)</u> | |
| | | 22,972,192 |

Net book value of disposal of capital assets are not reported in the uniform financial statements (428,560)

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.

(23,367)

Some expenses reported in the uniform financial statements are the use current financial resources to reduce long term liabilities reported on the basic financial statements.

These activities consist of:

| | | |
|--|---------------|--|
| Bonds payable, including amortization of bond premiums | 5,579,300 | |
| Post-employment benefits | 61,071 | |
| Accrued expenses | 2,334,138 | |
| Amounts held in trust for others | (67,323) | |
| Unearned rent | <u>20,000</u> | |

Increase in net position - Statement of Revenues, Expenses and Changes in Net Position \$ 9,634,065

College of Lake County
Community College District No. 532

Summary of Capital Assets and Debt
 Uniform Financial Statement Number 2
 Year Ended June 30, 2017

| | Capital Asset/ Debt Account Groups June 30, 2016 | Additions | Deletions | Capital Asset/ Debt Account Groups June 30, 2017 |
|--|---|-----------------------------|-------------------------------|---|
| Fixed assets: | | | | |
| Sites and improvements | \$ 19,653,861 | \$ 5,090,280 | \$ (246,024) | \$ 24,498,117 |
| Buildings, additions, and improvements | 131,082,221 | 48,705,516 | (1,584,811) | 178,202,926 |
| Construction work in progress | 54,349,101 | 19,420,227 | (47,660,363) | 26,108,965 |
| Equipment, furniture, and machinery | 30,252,591 | 4,919,668 | (984,820) | 34,187,439 |
| Fixed assets | <u>235,337,774</u> | <u>78,135,691</u> | <u>(50,476,018)</u> | <u>262,997,447</u> |
| Accumulated depreciation | <u>(81,863,033)</u> | <u>(7,503,136)</u> | <u>2,387,095</u> | <u>(86,979,074)</u> |
| Net fixed assets | <u><u>\$ 153,474,741</u></u> | <u><u>\$ 70,632,555</u></u> | <u><u>\$ (48,088,923)</u></u> | <u><u>\$ 176,018,373</u></u> |
| Fixed debt: | | | | |
| Bonds payable | <u>\$ 69,265,000</u> | <u>\$ -</u> | <u>\$ (5,195,000)</u> | <u>\$ 64,070,000</u> |
| Total fixed liabilities | <u><u>\$ 69,265,000</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (5,195,000)</u></u> | <u><u>\$ 64,070,000</u></u> |

The College has no tax anticipation warrants or notes outstanding at June 30, 2017.

College of Lake County
Community College District No. 532

Operating Funds Revenues and Expenditures
 Uniform Financial Statement Number 3
 Year Ended June 30, 2017

| | Education Fund | O&M Fund | Total Operating |
|--|----------------------|----------------------|----------------------|
| Operating revenues by source: | | | |
| Local government: | | | |
| Current taxes | \$ 51,187,356 | \$ 13,617,240 | \$ 64,804,596 |
| Charge-back revenue | 2,192 | - | 2,192 |
| Total local government | <u>51,189,548</u> | <u>13,617,240</u> | <u>64,806,788</u> |
| State government: | | | |
| ICCB credit hour grants | 3,370,454 | - | 3,370,454 |
| Corporate personal property replacement taxes | 1,280,857 | - | 1,280,857 |
| Vocational education and other | 516,619 | - | 516,619 |
| Total state government | <u>5,167,930</u> | <u>-</u> | <u>5,167,930</u> |
| Student tuition and fees: | | | |
| Tuition and fees | 28,923,976 | - | 28,923,976 |
| Total student tuition and fees | <u>28,923,976</u> | <u>-</u> | <u>28,923,976</u> |
| Other sources: | | | |
| Investment revenue | 215,898 | - | 215,898 |
| Other | 638,414 | 76,251 | 714,665 |
| Transfers | 208,645 | - | 208,645 |
| Total other sources | <u>1,062,957</u> | <u>76,251</u> | <u>1,139,208</u> |
| Total revenue | 86,344,411 | 13,693,491 | 100,037,902 |
| Less nonoperating items*: | | | |
| Tuition charge-back revenue | | | |
| Transfers from nonoperating funds | 208,645 | - | 208,645 |
| Adjusted revenue | <u>\$ 86,135,766</u> | <u>\$ 13,693,491</u> | <u>\$ 99,829,257</u> |

College of Lake County
Community College District No. 532

Operating Funds Revenues and Expenditures (Continued)
 Uniform Financial Statement Number 3
 Year Ended June 30, 2017

| | Education Fund | O&M Fund | Total Operating |
|--|-------------------|---------------|--------------------|
| Operating expenditures: | | | |
| Instruction | \$ 39,841,064 | \$ - | \$ 39,841,064 |
| Academic support | 3,511,980 | - | 3,511,980 |
| Student services | 7,545,991 | - | 7,545,991 |
| Public service | 1,291,757 | - | 1,291,757 |
| Auxiliary services | - | - | - |
| Operations and maintenance | - | 7,601,153 | 7,601,153 |
| Institutional support | 25,844,164 | 2,526,478 | 28,370,642 |
| Scholarships and student grants | 54,910 | - | 54,910 |
| Transfers | - | - | - |
| Total operating expenditures by program | 78,089,866 | 10,127,631 | 88,217,497 |
| Less nonoperating items*: | | | |
| Tuition charge-back | - | - | - |
| Transfers to nonoperating funds | - | - | - |
| Adjusted expenditures | \$ 78,089,866 | \$ 10,127,631 | \$ 88,217,497 |
| By object: | | | |
| Salaries | \$ 56,349,143 | \$ 3,720,877 | \$ 60,070,020 |
| Employee benefits | 11,107,997 | 1,546,216 | 12,654,213 |
| Contractual services | 3,404,237 | 933,433 | 4,337,670 |
| General materials and supplies | 2,705,707 | 226,552 | 2,932,259 |
| Conference and meetings | 510,157 | 5,786 | 515,943 |
| Fixed charges | 1,032,301 | 719,039 | 1,751,340 |
| Utilities | - | 2,523,575 | 2,523,575 |
| Capital outlay | 421,514 | 446,976 | 868,490 |
| Other | 2,558,810 | 5,177 | 2,563,987 |
| Transfers | 3,047,821 | 2,106,603 | 5,154,424 |
| Total operating expenditures by object | 81,137,687 | 12,234,234 | 93,371,921 |
| Less nonoperating items*: | | | |
| Tuition charge-back | - | - | - |
| Transfers to nonoperating funds | 3,047,821 | 2,106,603 | 5,154,424 |
| Adjusted expenditures | \$ 78,089,866 | \$ 10,127,631 | \$ 88,217,497 |

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

College of Lake County
Community College District No. 532

Restricted Purposes Fund Revenues and Expenditures
 Uniform Financial Statement Number 4
 Year Ended June 30, 2017

| | Restricted Purposes Fund |
|---|---|
| <hr/> | |
| Revenue by source: | |
| Local government: | |
| Local taxes | \$ - |
| Other local government | 797,058 |
| Total local government | <u>797,058</u> |
| State government: | |
| ICCB – State Adult Education Grant | 383,137 |
| ICCB – Career and Technical Education – Program Improvement Grant | 387,485 |
| ICCB – Program Improvement Grant | 57,402 |
| Other | 810,248 |
| Total state government | <u>1,638,272</u> |
| Federal government: | |
| U.S. Department of Education | 10,301,604 |
| Other | 1,060,388 |
| Total federal government | <u>11,361,992</u> |
| Student tuition and fees: | |
| Tuition and fees | <u>1,081,399</u> |
| Other sources: | |
| Investment revenue | |
| Other | 3,333,371 |
| Total other sources | <u>3,333,371</u> |
| Total restricted purposes fund revenues | <u><u>\$ 18,212,092</u></u> |

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, 2017

| | Restricted Purposes Fund |
|---|---|
| <hr/> | |
| Restricted purposes fund expenditures, by program: | |
| Public services | \$ 5,192,987 |
| Institutional support | 142,204 |
| Scholarships and student grants | <u>12,850,103</u> |
| Total restricted purposes fund expenditures, by program | <u><u>\$ 18,185,294</u></u> |
| Restricted purposes fund expenditures, by object: | |
| Salaries | \$ 3,212,666 |
| Employee benefits | 372,271 |
| Contractual services | 130,087 |
| General materials and supplies | 271,787 |
| Travel and conference/meetings | 104,835 |
| Utilities | - |
| Fixed charges | - |
| Capital outlay | 292,230 |
| Other | <u>13,801,418</u> |
| Total restricted purposes fund expenditures, by object | <u><u>\$ 18,185,294</u></u> |

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
 Uniform Financial Statement Number 5
 Year Ended June 30, 2017

| | |
|--------------------------------------|-------------------|
| Instruction: | |
| Instructional programs | \$ 37,471,504 |
| Other | 2,369,560 |
| Total instruction | <u>39,841,064</u> |
| Academic support: | |
| Library center | 1,893,528 |
| Instructional materials center | |
| Academic computing support | 123,122 |
| Academic administration and planning | 34,668 |
| Other | 1,460,662 |
| Total academic support | <u>3,511,980</u> |
| Student services: | |
| Admission and records | 686,439 |
| Counseling and career services | 3,055,357 |
| Financial aid administration | 842,669 |
| Other | 2,961,526 |
| Total student services | <u>7,545,991</u> |
| Public service: | |
| Community education | 3,825,871 |
| Community services | 1,393,327 |
| Other | 1,265,546 |
| Total public services | <u>6,484,744</u> |
| Auxiliary services | <u>8,614,404</u> |
| Operations and maintenance: | |
| Maintenance | 1,565,178 |
| Custodial services | 2,423,872 |
| Grounds | 607,242 |
| Transportation | 42,866 |
| Utilities | 2,256,306 |
| Administration | 417,156 |
| Other | 288,533 |
| Total operations and maintenance | <u>7,601,153</u> |

College of Lake County
Community College District No. 532

Current Funds* – Expenditures by Activity
 Uniform Financial Statement Number 5 (Continued)
 Year Ended June 30, 2017

| | |
|---|----------------|
| Institutional support: | |
| Executive management | \$ 1,958,082 |
| Fiscal operations | 296,898 |
| Community relations | 2,338,766 |
| Administrative support | 1,724,936 |
| Board of trustees | 257,055 |
| General institutional | 16,623,246 |
| Institutional research | 584,214 |
| Administrative data processing | 5,333,387 |
| Other | |
| Total institutional support | 29,116,584 |
| Scholarships, student grants, and waivers | 12,905,013 |
| Total current funds expenditures | \$ 115,620,933 |

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

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) and Career and Technical Education Program Improvement Grant (the Grant Programs) of the College of Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2017 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 Career and Technical Education Program Improvement Grant as of June 30, 2017, 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, 2017, 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 87 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 87 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 87 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 4, 2017 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 4, 2017

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) and the Career and Technical Education Program Improvement Grant (the Grant Programs) of the College of Lake County, Community College District No. 532 (the College) as of and for the year ended June 30, 2017, and the related notes to the Illinois Community College Board (ICCB) State grants financial statements, and have issued our report thereon dated October 4, 2017.

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 4, 2017

**College of Lake County
Community College District No. 532**

State Adult Education Grant
Balance Sheet
June 30, 2017

| | State Basic | State Performance | Total |
|-------------------------------------|--------------------------|------------------------------|--------------------------|
| Assets | | | |
| Cash | \$ - | \$ - | \$ - |
| Accounts receivable | <u>233,165</u> | <u>78,011</u> | <u>311,176</u> |
| Total assets | <u><u>\$ 233,165</u></u> | <u><u>\$ 78,011</u></u> | <u><u>\$ 311,176</u></u> |
| Liabilities and Fund Balance | | | |
| Liabilities | | | |
| Due to other funds | \$ 484,250 | \$ 155,403 | \$ 639,653 |
| Total liabilities | <u>484,250</u> | <u>155,403</u> | <u>639,653</u> |
| Fund balance | <u>(251,085)</u> | <u>(77,392)</u> | <u>(328,477)</u> |
| Total liabilities and fund balance | <u><u>\$ 233,165</u></u> | <u><u>\$ 78,011</u></u> | <u><u>\$ 311,176</u></u> |

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, 2017

| | State Basic | State Performance | Total |
|---|------------------------|------------------------------|---------------------|
| Revenues: | | | |
| State sources | \$ 233,165 | \$ 78,011 | \$ 311,176 |
| Expenditures – by program: | | | |
| Instructional and student services: | | | |
| Instruction | 342,894 | 22,207 | 365,101 |
| Social work services | - | - | - |
| Guidance services | 845 | 3,319 | 4,164 |
| Assistive and adaptive equipment | - | - | - |
| Assessment and testing | 77,967 | 70,522 | 148,489 |
| Student transportation services | - | - | - |
| Literacy services | - | - | - |
| Child care services | - | - | - |
| Total instructional and student services | <u>421,706</u> | <u>96,048</u> | <u>517,754</u> |
| Program support: | | | |
| Improvement of instructional services | - | - | - |
| General administration | 6,653 | 600 | 7,253 |
| Operation and maintenance of plant services | - | - | - |
| Workforce coordination | 1,647 | 48,585 | 50,232 |
| Data and information services | 54,244 | 10,170 | 64,414 |
| Approve indirect costs | - | - | - |
| Total program support | <u>62,544</u> | <u>59,355</u> | <u>121,899</u> |
| Total expenditures | <u>484,250</u> | <u>155,403</u> | <u>639,653</u> |
| Excess of revenues over expenditures | (251,085) | (77,392) | (328,477) |
| Fund balance at July 1, 2016 | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at June 30, 2017 | <u>\$ (251,085)</u> | <u>\$ (77,392)</u> | <u>\$ (328,477)</u> |

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, 2017

| State basic | Actual expenditure amount | Actual expenditure percentage |
|--|---------------------------|-------------------------------|
| Instruction (45% minimum required) | \$342,894 | 71% |
| General administration (15% maximum allowed) | \$6,653 | 1% |
| State performance | Actual expenditure amount | Actual expenditure percentage |
| Instruction (No minimum required) | \$22,207 | 14% |
| General administration (No maximum allowed) | \$600 | 0% |

College of Lake County
Community College District No. 532

Career and Technical Education Program Improvement Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2017

| | |
|--------------------------------------|--------------------|
| <hr/> | |
| Revenues: | |
| State sources | <u>\$ 57,402</u> |
| Expenditures – by program: | |
| Salaries | 31,583 |
| Instructional equipment | 11,504 |
| Materials and supplies | 10,495 |
| Curriculum development | 320 |
| Staff development | 3,500 |
| Total expenditures | <u>57,402</u> |
| Excess of revenues over expenditures | - |
| Fund balance at July 1, 2016 | <u>-</u> |
| Fund balance at June 30, 2017 | <u><u>\$ -</u></u> |

See accompanying notes to ICCB State Grants financial statements.

Grant Programs
Notes to ICCB State Grants Financial Statements

Note 1. Summary of Significant Accounting Policies

General: The financial statements include only those transactions resulting from the Illinois Community College Board (ICCB) State Adult Education Grant (State Basic 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, 2017 for reimbursement of the allowable expenditures incurred during the fiscal year. On July 6, 2017, the State of Illinois passed its budget and PA 100-0021, an Act concerning appropriations, which included funding for the College's fiscal year that ended June 30, 2017. Since appropriations related to fiscal year 2017 were not approved as of June 30, 2017, the State will not record the liability as of June 30, 2017; therefore, the College did not accrue Adult Education revenue for State Basic and State Performance in the amounts of \$251,085 and \$77,392, respectively. If these receivables were recorded, revenue from State sources and net position would have increased by \$328,477.

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.

Grant Programs
Notes to ICCB State Grants Financial Statements

Note 2. Background Information on Grant Activity (Continued)

Career and Technical Education Program Improvement Grant

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



RSM US LLP

**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, 2017. The College's management is responsible for the Schedule. Our responsibility is to express an opinion on the Schedule based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule is in accordance with (or based on) the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims were Filed for the year ended June 30, 2017, is presented in accordance with (or based on) the provisions of the Illinois Community College Board's *Fiscal Management Manual*.

RSM US LLP

Chicago, Illinois
October 4, 2017

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

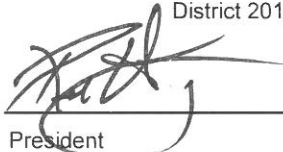
Schedule of Enrollment Data and Other
Bases Upon Which Claims were Filed
Year ended June 30, 2017

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

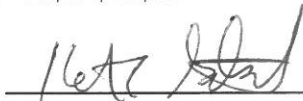
| | Summer | | Fall | | Spring | | Total | |
|---|-----------------|--------------|-----------------|----------------|------------------|----------------|------------------|----------------|
| | Unrestricted | Restricted | Unrestricted | Restricted | Unrestricted | Restricted | Unrestricted | Restricted |
| Baccalaureate | 24,977.0 | — | 65,986.0 | — | 63,769.0 | — | 154,732.0 | — |
| Business occupational | 1,192.5 | — | 3,536.5 | 60.0 | 3,959.0 | 94.0 | 8,688.0 | 154.0 |
| Technical occupational | 1,929.0 | — | 9,178.0 | — | 9,838.5 | — | 20,945.5 | — |
| Health occupational | 2,031.0 | — | 5,548.0 | — | 6,469.0 | — | 14,048.0 | — |
| Remedial development | 2,184.0 | — | 11,582.0 | — | 8,423.0 | — | 22,189.0 | — |
| Adult basic education/ secondary education | 1,993.0 | 189.0 | 3,932.0 | 5,976.0 | 8,680.0 | 2,808.0 | 14,605.0 | 8,973.0 |
| Total | 34,306.5 | 189.0 | 99,762.5 | 6,036.0 | 101,138.5 | 2,902.0 | 235,207.5 | 9,127.0 |

| | Attending in-district | Attending out-of-district on chargeback or contractual agreement | Total |
|--|--------------------------|--|------------------|
| Semester credit hours (all terms) | 238,216.5 | 1,223.5 | 239,440.0 |
| Reimbursable semester credit hours (all terms) | Dual Credit 6,716.0 | Dual Enrollment 1,274.0 | Total 7,990.0 |

District 2015 equalized assessed valuation \$ 22,241,243,932



President



Vice-President for Administrative Affairs

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

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

Schedule of Enrollment Data and Other
Bases Upon Which Claims were Filed
Year ended June 30, 2017

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 | 154,732.0 | 154,732.0 | — | — | — | — |
| Business occupational | 8,688.0 | 8,688.0 | — | 154.0 | 154.0 | — |
| Technical occupational | 20,945.5 | 20,945.5 | — | — | — | — |
| Health occupational | 14,048.0 | 14,048.0 | — | — | — | — |
| Remedial development | 22,189.0 | 22,189.0 | — | — | — | — |
| Adult basic education/ adult secondary | 14,605.0 | 14,605.0 | — | 8,973.0 | 8,973.0 | — |
| Total | 235,207.5 | 235,207.5 | — | 9,127.0 | 9,127.0 | — |

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

| | Total attending | Total attending as certified to the ICCB | Difference |
|--|----------------------------|---|-------------------|
| Reimbursable in-district residents | 238,216.5 | 238,216.5 | — |
| Reimbursable out-of-district on charge-back or contractual agreement | 1,223.5 | 1,223.5 | — |
| Total | 239,440.0 | 239,440.0 | — |

| | Total reimbursable | Total reimbursable certified to ICCB | Difference |
|-----------------|-------------------------------|---|-------------------|
| Dual Credit | 6,716.0 | 6,716.0 | — |
| Dual Enrollment | 1,274.0 | 1,274.0 | — |
| Total | 7,990.0 | 7,990.0 | — |

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



Community College District No. 532

Grayslake Campus

19351 West Washington Street, Grayslake, Illinois 60030

Lakeshore Campus

33 North Genesee Street, Waukegan, Illinois 60085

Southlake Campus

1120 South Milwaukee Avenue, Vernon Hills, Illinois 60061

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