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MCHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDING
JUNE 30, 2020**

STATE OF ILLINOIS COMMUNITY
COLLEGE DISTRICT NUMBER 528
COUNTIES OF MCHENRY,
BOONE, KANE AND LAKE

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE
DISTRICT NUMBER 528
Crystal Lake, Illinois**

**Comprehensive Annual
Financial Report
Fiscal Years Ended June 30, 2020 and 2019**

**Prepared by:
Finance Office**

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COMMUNITY COLLEGE DISTRICT NUMBER 528
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October 22, 2020

To the Citizens of McHenry County College - Community College District Number 528:

The Comprehensive Annual Financial Report (CAFR) for McHenry County College - Community College District Number 528 (the College), Counties of McHenry, Boone, Kane, and Lake, State of Illinois, for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the College. 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 and changes in financial position of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included.

The College maintains its accounts and prepares its financial statements in accordance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), and the Illinois Community College Board (ICCB). The financial statements of the College as presented in this report have been audited by Sikich LLP. Their report is included as part of the financial section.

BACKGROUND INFORMATION

History

McHenry County College (the College) was the 28th community college established in Illinois with the passage of a referendum on April 1, 1967. After 17 months of organizational meetings, the first seven-member Board of Trustees opened the College's doors to 312 full-time and 1,045 part-time students at its original site, a rented oil company laboratory in Crystal Lake.

In December 1971, residents voted to accept a proposal to purchase the present 68-acre site known as the Weber farm for a new campus facility. Building plans were finalized and groundbreaking ceremonies were held on March 10, 1974.

In September 1975, the College occupied the Applied Science Building. By May 1976, the College vacated its original campus and made its move to the Main Hall Building on the College's new campus. An addition was built in 1980 for the multi-purpose room.

A referendum passed on November 8, 1988, allowed McHenry County College to continue to grow. Construction, completed in 1991, resulted in an addition of 96,000 square feet of new space for classrooms, Conference Center, offices, dining facilities, Children's Learning Center, and Bookstore. Remodeling of Building A was also completed in Spring 1991.

With the 1990 acquisition of 44 additional acres for the college campus, preliminary discussions with Illinois Community College Board officials regarding a state-funded building began. The building consists of an 8,400 square foot addition to the library and seven new classrooms, and was completed in January 1996.

Recognizing that rapidly changing technology requires the workforce of the future to possess high skills and more education, McHenry County College opened the doors to a 44,000 square-foot Center for Advanced Technology in August 1997. The state-of-the-art structure includes laboratory space for

electronics, drafting, computer aided design, fire science, basic nurse assisting, criminal justice and other technologies.

In January 2003, the College dedicated a new student services and classroom addition. The 60,000 square-foot building houses classrooms and offices, student service functions, and a lecture hall providing additional space for expanding programs and services to the students and the community.

In August 2004, the College, in need of additional space for expanding noncredit and certificate program offerings, opened the off-campus University Center in Crystal Lake, Illinois. University Center is a 14,000 square foot leased facility consisting primarily of classroom space. As the College's Small Business Development Center (SBDC) and Corporate Training departments continue to expand the consulting and training services offered, need for additional space for these programs became apparent as well. In September 2004, the College purchased a facility in McHenry, Illinois. The Shah Center opened in the spring of 2006 and SBDC and Corporate Training departments now offer 8,100 square feet of classroom, seminar and office space.

In April 2008, the College purchased 57 acres of land contiguous to the main campus in Crystal Lake, Illinois. The College does not have immediate specific plans for this land, but the purchase was deemed critical for future expansion as the College continues to grow and land resources become increasingly scarce near the main campus.

Fiscal year 2009 marked the completion of the first academic year for the College's Nursing program which began with the Fall 2008 semester. Additionally, the College began a multi-year \$7 million project to implement a College-wide Enterprise Resource Planning (ERP) system. Finally, fiscal year 2009 saw the retirement of a number of faculty, staff and administrators with the sunseting of the College's early retirement program.

Fiscal year 2010 saw a significant increase in enrollment at the College due to the current economic conditions and the College Foundation's Promise scholarship program. Total certified semester credit hours increased by 25.4% from fiscal year 2009 to fiscal year 2010.

In fiscal year 2011, the College maintained and slightly increased its enrollment gains from fiscal year 2010.

Fiscal year 2012 saw a small decrease in enrollments relative to the prior year; however, enrollment was still much higher than in fiscal year 2009. Fiscal year 2012 also saw the completion and Board approval of a new Facilities Master Plan, and a \$5.1 million Building B renovation. Additionally, the Academic and Student Affairs, Finance, and Human Resources portion of the College's ERP system went live during this time.

Fiscal year 2013 saw an expansion in the College's comprehensive planning with the development of the five-year strategic plan, the technology master plan and a county-wide environmental scan. In addition, renovations and enhancements were completed with Building B, the addition of the Culinary Laboratory, the start of the complete reconstruction of parking lots B & D, the start of the Capital Development Board's exterior lighting project of lots A & C for all exterior down-lights, the planning for a 6,945 sq. ft. addition to Building E to house a new Black Box Theater and three general classrooms and renovation of Building D to house the new manufacturing and robotics curriculums and laboratory. Fiscal year 2013 had a small increase in headcount by 1% from FY12 in headcount and 1.2% increase in credit hour from fiscal year 2012.

Fiscal year 2014 the College purchased 20 acres of land contiguous to the main campus in Crystal Lake, Illinois. The College does not have immediate specific plans for this land, but the purchase was deemed critical for future expansion as the College continues to grow and land resources become increasingly scarce near the main campus. The College also saw the completion of parking lots B and D, Black Box Theater, three general classrooms and renovation of Building D, and the Capital Development Board's exterior lighting project of lots A and C for all exterior down-lights.

Fiscal year 2015 brought the College sustainable energy with the 91.26 kW solar photovoltaic project capable of generating up to 110,000 kWh at the Shah Center and added LED lights to all remaining parking lots on the main campus. The College also upgraded and augmented the security video camera system.

Fiscal year 2016 saw several changes occur, in particular, a change in leadership as the sitting president retired and a new president came on board in January 2016. The College also started work on the Building A roof and the A parking lot. The Board also voted to approve the construction of a new science building to replace outdated labs. The science building—now called the Liebman Science Center – is anticipated to be completed in August 2018. The College also saw the construction of route 14 nearing completion and the rerouting of the main campus entryway and relocation of its main traffic light.

Fiscal year 2017 saw the start of new construction begin on the 40,335 square foot Liebman Science Center. The completion of the Building A roof and A parking lot was also finished in addition to the IDOT construction on the widening along Route 14. The Crystal Lake campus has also continued to work on the outstanding list of deferred maintenance projects that were identified in the I.S.I.S. facilities condition report from March 2011.

Fiscal year 2018 saw the near completion of the new 40,335 square foot Liebman Science Center, which has an occupancy date set for August 2018. The new Liebman Science Center contains new science laboratories, cadaver lab, two 48 seat lecture rooms, geo-scene wall, outdoor classroom, compass rose, and a state of the art planetarium. Renovation of the vacated areas in A Building, due to departmental moves into the new science center, was approved. The renovation is expected to begin December 2018 and be completed in December 2019 and will include nursing classroom renovations in E Building. Additionally, the College broke ground on a new \$1.1 million greenhouse slated for completion in Fall 2018. The Board also approved a switch from ground sourced well water to Crystal Lake municipal water. This was a major job that required installing a new water main to connect to the city water and installing a new pumphouse, which will cost \$756,116. The switch to city water is expected to occur in July 2018. This project will provide the College with uninterrupted clean municipal water.

Fiscal year 2019 saw the official opening of the newly completed Liebman Science Center and new 7,500 square foot greenhouse. The new greenhouse footprint has been expanded for classroom use, hydroponics, general horticultural activities, and for plant sales. Work has also begun on the renovation of the A and E buildings that have become vacant when the Liebman Science Center opened. The A building renovation will include additional classrooms, collaborative learning room, multipurpose activity room, computer lab, student gathering space, three new conference rooms for a total capacity of 120 seats, and new administrative office space. The E building renovation will house a new 3 bed sim lab for nursing, Physical Therapy Assistant (PTA) lab, and a Certified Nursing Assistant (CAN) lab. The Board of Trustees has also approved the purchase of 26.92 acres of adjacent land from Chicago NewsWeb Corporation. The land currently has a long term tenant in a building on the land and is operating an FM tower. The remaining property will be used for the future needs of the College.

Fiscal year 2020 saw the most challenging time for the college in recent history as a result of the pandemic associated with COVID-19. In late March the college was forced to shut down its physical presence by the State of Illinois and federal government requiring all learning to transition to online or remote learning. The federal government supported the shutdown through the CARES Act, which provided the college with \$2,254,053 for both student and institutional support. The college did start and complete work on newly renovated spaces, which includes the bookstore, student services area, and A218. The student services area renovation provides for a more one stop area for matriculation with A218 providing for one of several new Pathway Centers under a Title III grant for “The Strengthening Institutions Program”. Also, the last of the parking lot renovations occurred for parking lot C.

Economic Condition and Outlook

The McHenry County College District is located in the northeastern part of Illinois, midway between Chicago and Milwaukee. Ninety-six percent (96%) of the District Equalized Assessed Valuation (EAV) is in McHenry County with small remaining parts of Boone, Kane, and Lake Counties. Much of the District is used for some form of agriculture, with increasing portions more intensively developed for urban residential, commercial and services uses. The District has a relatively stable population due to the commuter rails and highways that are accessible to the Chicago Metropolitan Area. The District’s major transportation system is served by U.S. Highways and State Routes, along with Interstate 90, providing easy access to Chicago and the northwest suburbs around O’Hare International Airport. The Union Pacific Railroad provides commuter service from the cities of Harvard, Woodstock, Crystal Lake, Cary, Fox River Grove, and McHenry to Chicago.

The population of McHenry County, which makes up the majority of our district, had been decreasing slightly each year since 2010 until 2017 where an increase is seen. The population figures for 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019 were 308,760, 308,944, 308,145, 307,409, 307,283, 307,343, 307,004, 309,122, 308,570, and 307,774 respectively.

The legal boundaries of a community college district are formed from public high school districts. Residents of the following public high school districts qualify as in-district residents of McHenry County College, Community College District Number 528:

<u>High School District</u>	
<u>Number</u>	<u>Community Area</u>
12	Johnsburg
19	Alden-Hebron
50	Harvard
154	Marengo
155	Crystal Lake and Cary
156	McHenry
157	Richmond-Burton
158	Huntley
200	Woodstock

The District’s (EAV) has increased from \$6,205,355,948 in 2003 to \$8,041,182,876 in 2019. EAV has fallen six out of the last 11 years from its high of \$9,442,825,331 in 2008 due to the financial crisis that ensued and its effect on property values. However, since 2014 the EAV has increased annually, but it is still well below the high in 2008.

The rate of unemployment in McHenry County, which makes up the majority of our District, was 16.4% in April 2020, 13.1% higher than the 3.3% in April 2019. The unemployment rate particularly impacts the College as student enrollment typically grows in times of increased unemployment as individuals in the community seek additional job skills, retraining, and affordable education alternatives. However, April 2020 was the in the midst of the pandemic and unemployment was highly accelerated in such a short timeframe that it has not had the typical impact in enrollment. It is still unknown what the true impact on enrollment will be until the COVID-19 event is considered over.

Accreditation

As an Academic Quality Improvement Program (AQIP) institution, participation is a continuous improvement collaboration with Higher Learning Commission (HLC). The College has participated in AQIP strategy forums, prepared and submitted three systems portfolios for appraisal, undergone Comprehensive Quality Reviews (site visits) in 2011 and 2018 and provides the HLC with annual updates on AQIP action projects. On December 7, 2018 McHenry County College received reaffirmation of accreditation through the 2028-29 academic years. The next reaffirmation is anticipated in 2028-29.

COLLEGE OVERVIEW AND STRATEGIC DIRECTION

The ever-changing education environment requires and inspires McHenry County College to remain nimble, responsive, proactive, and transformative in its delivery of programs and services. Our mission of student success remains central to all activities and efforts, the end goal that resonates through every single planning effort.

While we remain dedicated to baccalaureate transfer education, there continues to be vast opportunity to grow and retain the number of students we serve through more intentional strategies for student groups such as: adult learners; students of diversity; veterans; and workforce and job skills-ready students. Further, each individual served must receive a consistent message and experience when interacting with MCC representatives. With a desire to grow more specialized learning for a diverse workforce, while still maintaining the value of lifelong learning options, a commitment to our strategic plan helps ensure that future MCC students are successful in accessing a higher education, and that MCC's programs, services, and delivery methods will continue to be relevant and pivotal to our students' success today and in the future. At the center of our efforts, there is a unified focus on:

- Accessible, high-impact services, interventions, and facilities
- Generating and sustaining financial resources
- Agile, secure, and cost-effective infrastructure and technology solutions
- Diverse and dynamic faculty, staff, and administrators
- Strong collaborations with the community and local industry
- Careful, professional expertise of faculty
- Sharing the College's key value propositions
- Welcoming and valuing diversity

In early 2019, the College Board of Trustees discussed and approved an updated Strategic Plan for 2019-2024. The institutional Mission, Vision, Values, and Goals included in that plan are shared below.

MISSION

Our Focus is Learning. Student Success is Our Goal.

VISION

McHenry County College (MCC) champions learning as essential to our community's well-being. We transform all students we serve by inspiring and equipping them to successfully live and work in the world.

VALUES

INSPIRATION – We strive to be transformative in our interactions with our community and each other, always working to bring out the best in ourselves and others.

CONNECTEDNESS – We strive to achieve a welcoming, inclusive environment for everyone interacting with the College.

DIVERSITY – We strive to be thoughtful, appreciative, and continuously open in learning to respect and celebrate diverse ideas, cultures, ethnicities, and life contexts.

THOUGHTFULNESS – We strive to encourage the development of critical thinking for every person who engages with the College.

COMMUNITY-FOCUSED – We strive to place our services at the epicenter of our community's economic resilience and vitality.

EXCELLENCE – We strive to produce distinctive brilliance in all of our activities and inspire excellence in others.

PASSION – We strive to bring vitality and joy to our efforts.

STEWARDSHIP – We commit to the honest, trustful dealing with all resources given to us including people, gifts, the environment, and revenue.

INSTITUTIONAL GOALS

McHenry County College's primary institutional goals will guide the development of strategies and tactics, and the allocation of resources over the next five years. These institutional goals support MCC's ongoing commitment to research-based continuous improvement and the institutional mission of student success.

1. Create accessible, high-impact student-focused services, interventions, and facilities that increase student engagement, completion, and career readiness.
2. Develop and execute transparent strategies for generating and sustaining financial resources necessary to drive College innovations and operations.
3. Deliver agile, secure, cost-effective, and sustainable infrastructure and technology solutions to drive institutional innovation and empower a positive learning and work environment.
4. Attract, retain, engage, and value diverse and dynamic faculty, staff, and administrators who are committed to excellence in our ever-changing context.

5. Strengthen collaborations with the community and local industry to ensure that all College efforts are focused on improving the quality of life and economic development for those individuals who learn with us.
6. Inspire and challenge students in every learning experience through the careful professional expertise of faculty who engage and support students, and expect high levels of learning.
7. Articulate the College's key value propositions in order to strategically increase community engagement and support, improve enrollment, and prepare the next generation of learners.
8. Develop effective strategies in all our interactions with students and each other that welcome and value our diversity.

FINANCIAL INFORMATION

Internal Control

The College administration is responsible for establishing and maintaining internal controls designed to ensure that the assets of the College are protected from loss, theft or misuse and to ensure that reliable accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Each year, including the fiscal year ended June 30, 2020, the College receives various reports from an independent certified public accountant who report on, among other things, whether instances of material weakness in the internal controls or material violation of applicable laws or regulations were noted during the audit. These reports and findings on weaknesses are included in the separately issued Single Audit of Federal Expenditures.

Budgeting Controls

The College maintains budgetary controls through an encumbrance accounting system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees.

The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is 110% of the budgeted amounts for all funds. The College also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances can be re-authorized as part of the following year's budgeting process.

PROSPECTS FOR THE FUTURE

The financial outlook for the College remains cautious. There are a number of continuing challenges facing the institution, including real estate tax cap legislation, enrollment trends, COVID-19 impact, financial condition of the State of Illinois and its ability to adequately fund the college system in a consistent and reliable manner, the prospect of future pension cost sharing, and shifting the unfunded liability share of the Community College Health Insurance Security Fund to local community colleges

without a clear funding mechanism. The College is meeting these challenges through continuous improvement projects that align with our strategic plan, reducing costs, improving revenue streams, outsourcing, evaluating non-value added services, differing marketing programs, expansion of online and distance learning course offerings, and through the continued exploration of partnership opportunities.

Tuition and fees charged to students are limited by State law to 33% of the per capita cost per credit hour. Currently, at \$128.25 per credit hour, tuition and fees charged are 27.6% of the per capita cost per credit hour.

Current tax cap legislation allows for tax levies to be increased only 5% or the consumers price index-urban (CPI-U), whichever is lower, plus any additional levy for new construction.

With inflationary is factored into State revenue, this source continues to decline in relation to other major funding streams; consequently, it represents a smaller percentage of operating revenue each year. This places more stress and importance on the two other main sources of revenue for the College, property taxes and tuition and fees.

DEBT ADMINISTRATION

On May 15, 2012, the College issued \$1,995,000 of General Obligation Limited Tax Refunding Debt Certificates. The purpose of the refunding debt certificates was to take advantage of a favorable municipal bond market and refinance callable Series 2004 maturities.

On December 22, 2015, the College issued \$2,555,000 of General Obligation Limited Tax Refunding Debt Certificates. The purpose of the refunding debt certificates was to take advantage of a favorable municipal bond market and refinance callable Series 2008 maturities.

On April 17, 2017, the college issued \$8,770,000 General Obligation Limited Tax Refunding Debt Certificates. The purpose of the debt certificates was to partially finance the full construction of a new 40,355 square foot \$17,119,048 science center on the College's main campus in Crystal Lake, Illinois.

No additional debt was added in fiscal year 2013, 2014, 2015, 2018, 2019 and 2020, with the exception of capital leases for equipment.

By law, the College is permitted to incur regular debt up to the 2.875% of the district's assessed valuation. At the present time that limit calculates to about \$231.2 million on an equalized assessed valuation of \$8.04 billion or a 5.09% increase from last year's equalized assessed valuation. The College currently has no general obligation bonds but does have \$9.3 million in debt certificates that is counted against the debt limit.

CASH MANAGEMENT

For the purposes of the overall investment of excess funds, the College is governed by the Illinois Public Community College Act and the Illinois statutes governing investment of public funds. The fiduciary responsibility of said investments is entrusted to the College Board of Trustees who have delegated that function to the Treasurer of the College. In keeping with existing Board Policy, all excess funds are invested in a prudent, conservative and secure manner and in accordance with Board Policy. In fiscal year 2015, the Investment policy portion of the Board Policy was updated and a professional investment

advisor was hired to maximize returns on investment. Investment income totaled \$1,470,436 in fiscal year 2020, \$1,478,924 in fiscal year 2019, and \$270,955 in fiscal year 2018. The investment income performance is a result of a more diversified investment portfolio as allowed by the new investment policy but still fluctuates based on market conditions from year to year.

RISK MANAGMENT

The College's significant risks of loss are covered by commercial insurance policies. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Effective July 1, 2014, the College joined the Community College Health Consortium (CCHC) for health insurance. This change allows the colleges within the consortium to share in administrative costs of the health plans. Also effective July 1, 2014, the College joined the Illinois Community College Risk Management Consortium (ICCRMC) for commercial insurance policies in an effort to control associated costs and obtain optimal coverage through the pooled leverage of consortium members.

OTHER INFORMATION

Independent Audit. State statute requires an annual audit by independent certified public accountants. The accounting firm of Sikich LLP was selected by the College's Board of Trustees to conduct the fiscal year 2020 audit. The auditor's report on the financial statements and supplemental financial information is included in the financial section of this report. The auditor's opinion is unmodified for this year.

Acknowledgements. The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the Finance Office staff and the Financial Aid Office staff. Each member of these departments has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Board of Trustees of the College, preparation of this report would not have been possible.

Respectfully submitted,



Clinton E. Gabbard
President



Robert Tenuta
CFO/Treasurer

Administrator position which supervises another Administrator position

Administrator position

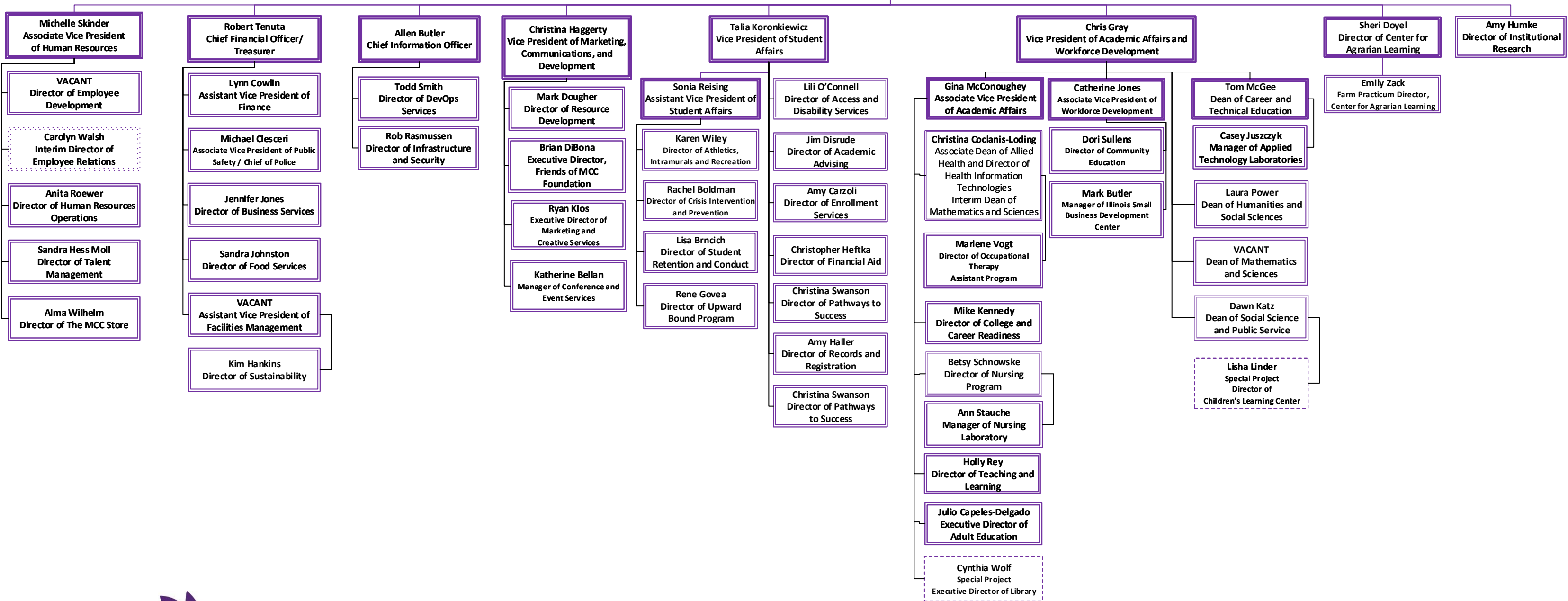
Staff position

Interim Administrator position

**McHenry County College
Board of Trustees**

**Clinton Gabbard
President**

Mary Comett
Executive Assistant to the President



**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

PRINCIPAL OFFICIALS

BOARD OF TRUSTEES

	<u>Position</u>	<u>Term Expiration</u>
Mike Smith	Chair	2021
Molly Walsh	Vice Chair	2025
Tom Allen	Secretary	2025
Diane Evertsen	Trustee	2023
Suzanne Hoban	Trustee	2023
Marty Beth Siddons	Trustee	2025
Elizabeth Speros	Trustee	2021

OFFICERS OF THE COLLEGE

Clint Gabbard	President
Christina Haggerty	Vice President of Marketing, Communications, and Development
Chris Gray	Vice President of Academic Affairs
Talia Koronkiewicz	Vice President of Student Affairs
Robert Tenuta	CFO/Treasurer
Al Butler	CIO

OFFICIAL ISSUING REPORT

Robert Tenuta	CFO/Treasurer
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DIVISION ISSUING REPORT

Finance Office

Lynn Cowlin	Assistant Vice President of Finance
Laura Lagerhausen	Accounting Assistant/General Ledger
Yvonne Ward	Accounting Assistant/General Ledger
Sandra Swanson	Administrative Assistant
Ellen Benson	Accountant
Cari Courtney	Accountant

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
McHenry County College
Community College District Number 528
Crystal Lake, Illinois

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit, McHenry County College Foundation (the Foundation), of McHenry County College, Community College District Number 528 (the College) as of and for the years ended June 30, 2020 and 2019, and the related notes to 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 did not audit the financial statements of the Foundation, which is reported as a discretely presented component unit, as of and for the years ended June 30, 2020 and 2019. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based on the reports of the other auditor. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College'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 College'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, based on our audits and the report of the other auditors, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit, Friends of McHenry County College Foundation, of McHenry County College, Community College District Number 528, as of June 30, 2020 and 2019, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

The College adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2020. The implementation of this guidance resulted in changes to the current liabilities, net position, revenue, expense and notes to financial statements. The data as of the June 30, 2019 fiscal year end was not restated as the required information was not available. Our opinion is not modified with respect to this matter.

The Foundation adopted the provisions of Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU 2015-14, and ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* during the year ended June 30, 2020. The adoption of these ASUs did not result in a change to the accounting of any of the Foundation's revenue streams; as such, no cumulative effect adjustment was recorded. Our opinion and the opinion of the other auditors is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents 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 audits 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 as a whole. The introductory section, supplemental financial information, uniform financial statements and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial information and uniform financial statements 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. The 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021 on our consideration of College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
January 13, 2021

BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis

This section of the McHenry County College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2020.

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

Overview of the Financial Statements

The financial statements focus on the College as a whole, versus the traditional presentation by fund type. The College financial statements are designed to emulate corporate presentation models whereby all of the College's activities are consolidated into one total.

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and requires classification of assets and liabilities into current and noncurrent categories. The difference between total assets and deferred outflows and total liabilities and deferred inflows is reflected in the net position section, which displays net position in three broad categories: net investment in capital assets, restricted, and unrestricted. Net position is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Position replaces the fund perspective with the entity-wide perspective. Revenues and expenses are categorized as operating and non-operating, and expenses are reported by natural classification. 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.

In accordance with Government Accounting Standards Board Statement Nos. 39 and 61, the College has included the Friends of McHenry County College Foundation as a discretely presented component unit of the District as it is a separate legal entity.

Financial Highlights

For the fiscal year ended June 30, 2020, the college recorded total operating revenues of \$15,045,146 and total operating expenses of \$75,871,808. The difference produced an operating loss of \$60,826,662. Net non-operating revenue of \$62,637,970 and Capital Contributions of \$3,330,000 offset this loss and resulted in an overall increase in net position of \$5,141,308.

For the fiscal year ended June 30, 2019, the college recorded total operating revenues of \$15,574,500 and total operating expenses of \$72,750,993. The difference produced an operating loss of \$57,176,493. Net non-operating revenue of \$57,545,696 and Capital Contributions of \$2,650,000 offset this loss and resulted in an overall increase in net position of \$3,019,203.

For the fiscal year ended June 30, 2018, the college recorded total operating revenues of \$15,729,612 and total operating expenses of \$70,964,170. The difference produced an operating loss of \$55,234,558. Net non-operating revenue of \$54,899,065 and Capital Contributions of \$4,035,898 offset this loss and resulted in an overall increase in net position of \$3,700,405.

For the years ended June 30, 2020, 2019, and 2018, non-operating revenue included local property taxes of \$28,251,262, \$27,903,156, and \$27,882,106, state sources of \$24,629,644, \$21,985,230, and \$21,264,542, federal grants and contracts of \$7,566,483, \$6,019,849, and \$5,294,224, and other net non-operating revenue of \$2,190,581, \$1,727,461, and \$458,193, respectively.

For the years ended June 30, 2020, 2019, and 2018, both operating expenses and non-operating revenues included pension expense and related revenue in accordance with GASB Statement No. 68 for the College's share of pension expense from the State of Illinois in the amount of \$18,954,831, \$16,340,189, and \$15,042,132, respectively, as described in Notes 1 and 3 of the financial statements. For the year ended June 30, 2020, 2019, and 2018, both operating expenses and non-operating revenues include other post-employment benefit (OPEB) (retiree health insurance) expense and related revenue in accordance with GASB Statement No. 75 for the College's share of the States OPEB expense in the amount of \$823,731, \$1,464,957, and \$2,222,076, respectively, as described in Note 4 of the financial statements.

For the year ended June 30, 2020, operating revenue accounted for 19.37% of the College's total revenue, while net non-operating revenues accounted for the other 80.63% of the College's total revenue. Operating revenues consisted of tuition and fees net of scholarships totaling \$12,326,812 and auxiliary enterprises revenue totaling \$2,718,334.

For the year ended June 30, 2019, operating revenue accounted for 21.30% of the College's total revenue, while net non-operating revenues accounted for the other 78.70% of the College's total revenue. Operating revenues consisted of tuition and fees net of scholarships totaling \$12,230,993 and auxiliary enterprises revenue totaling \$3,343,507.

For the year ended June 30, 2018, operating revenue accounted for 22.27% of the College's total revenue, while net non-operating revenues accounted for the other 77.73% of the College's total revenue. Operating revenues consisted of tuition and fees net of scholarships totaling \$12,197,676 and auxiliary enterprises revenue totaling \$3,531,936.

The College had a net position on June 30, 2019 totaling \$65,760,882. The increase in net position of \$5,141,308 for the year ended June 30, 2020 along with the implementation of GASB 84 Fiduciary Activities which resulted in an increase in net position of \$363,682 brought the total net position to \$71,265,872 at June 30, 2020.

The College had a net position on June 30, 2018 totaling \$62,741,679. The increase in net position of \$3,019,203 for the year ended June 30, 2019 brought the total net position to \$65,760,882 at June 30, 2019.

The College had a net position on June 30, 2017 totaling \$82,849,768. The increase in net position of \$3,700,405 for the year ended June 30, 2018 along with the implementation of GASB 75 for the State of Illinois Community College Health Insurance Security Fund there was a change in accounting principle that decreased net position by \$(23,808,494) which brought the total net position to \$62,741,679 at June 30, 2018.

Financial Analysis of the College as a Whole

The following information is a condensed version of the College's assets, deferred outflows, liabilities, deferred inflows and net position and is prepared from the Statement of Net Position.

Net Position			
As of June 30, 2020, 2019, and 2018			
(In Millions)			
	June 30, 2020	June 30, 2019	June 30, 2018
Current Assets	\$ 63.5	\$ 63.6	\$ 64.7
Non-current Assets			
Capital Assets, Net of Accumulated Depreciation	<u>71.7</u>	<u>67.0</u>	<u>63.4</u>
Total Assets	135.2	130.6	128.1
Deferred Outflows of Resources	<u>0.7</u>	<u>0.8</u>	<u>0.5</u>
Total Assets and Deferred Outflows of Resources	<u>135.9</u>	<u>131.4</u>	<u>128.6</u>
Current Liabilities	11.5	13.0	14.1
Non-current Liabilities	<u>33.9</u>	<u>34.9</u>	<u>35.7</u>
Total Liabilities	45.4	47.9	49.8
Deferred Inflows of Resources	<u>19.2</u>	<u>17.7</u>	<u>16.1</u>
Total Liabilities and Deferred Inflows of Resources	<u>64.6</u>	<u>65.6</u>	<u>65.9</u>
Net Position			
Net Investment in Capital Assets	60.4	54.9	50.6
Restricted for:			
Liability, protection and settlement	0.6	0.7	0.7
Working Cash	1.8	1.8	1.8
Capital Improvements	5.5	5.2	7.5
Other Restricted	0.1	0.1	0.1
Unrestricted	<u>2.9</u>	<u>3.1</u>	<u>2.0</u>
Total Net Position	<u>\$ 71.3</u>	<u>\$ 65.8</u>	<u>\$ 62.7</u>

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets and deferred outflows exceeded liabilities and deferred inflows at the close of the fiscal years ended June 30, 2020, 2019, and 2018, by \$71,265,872, \$65,760,882, and \$62,741,679, respectively.

The College's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, reflects approximately 84.8%, 83.4%, and 80.6%, of total net position at June 30, 2020, June 30, 2019, and June 30, 2018, respectively. The College uses these capital assets to provide services to students; consequently, these assets are not available for future spending. (See Note 6, Capital Assets, for additional information on capital asset activity.)

As of June 30, 2020, the College had recorded \$113.9 million invested in capital assets, \$42.2 million in accumulated depreciation for net capital assets of \$71.7 million and related debt of \$11.3 million for an investment of \$60.4 million in net capital assets. (See Note 5, Long Term Debt, for additional information on debt activity). The increase in the current year is due to the renovations of existing spaces funded by fund balance reserves.

As of June 30, 2019, the College had recorded \$105.7 million invested in capital assets, \$38.7 million in accumulated depreciation for net capital assets of \$67.0 million and related debt of \$12.1 million for an investment of \$54.9 million in net capital assets. (See Note 6, Long Term Debt, for additional information on debt activity). The increase in the current year is due to the construction of the new science building funded partially by donors and debt certificates.

As of June 30, 2018, the College had recorded \$99.0 million invested in capital assets, \$35.6 million in accumulated depreciation for net capital assets of \$63.4 million and related debt of \$12.8 million for an investment of \$50.6 million in net capital assets. (See Note 6, Long Term Debt, for additional information on debt activity). The increase in the current year is due to the construction of the new science building funded partially by donors and debt certificates.

June 30, 2020, 2019 and 2018

(In Millions)

	June 30, 2020	June 30, 2019	June 30, 2018
Operating Revenues			
Tuition and Fees, net of scholarships	\$ 12.3	\$ 12.2	\$ 12.2
Auxiliary	<u>2.7</u>	<u>3.4</u>	<u>3.5</u>
Total Operating Revenue	15.0	15.6	15.7
Non-operating Revenue			
State sources	24.6	21.9	21.3
Property Taxes	28.3	27.9	27.9
Federal grants and contracts	7.6	6.0	5.3
Other	1.1	0.6	0.6
Investment income	1.5	1.5	0.3
Interest expense	<u>(0.4)</u>	<u>(0.4)</u>	<u>(0.4)</u>
Total Non-operating Revenue	<u>62.7</u>	<u>57.5</u>	<u>55.0</u>
Total Revenues	77.7	73.1	70.7
Operating Expenses	75.8	72.8	71.0
Capital Contributions	<u>3.3</u>	<u>2.7</u>	<u>4.0</u>
Change in Net Position	<u>5.2</u>	<u>3.0</u>	<u>3.7</u>
Net Position, Beginning of Year	65.7	62.7	82.8
Change In Accounting Principle	<u>0.4</u>	<u>-</u>	<u>(23.8)</u>
Net Position, End of Year	<u>\$ 71.3</u>	<u>\$ 65.7</u>	<u>\$ 62.7</u>

Operating revenues totaled \$15.0 million for the year ended June 30, 2020. The College's main source of operating revenues is derived from tuition and fees which accounted for 81.9% of total operating revenues for year ended June 30, 2020. Operating revenue decreased from FY 19 by \$0.5 million as a result of lower Auxiliary enterprises revenue. Continuing initiatives to lower the cost of books for students has impacted the Auxiliary enterprises revenue as did the impact from the shutdown due to COVID-19 since March 13, 2020.

Operating revenues totaled \$15.6 million for the year ended June 30, 2019. The College's main source of operating revenues is derived from tuition and fees which accounted for 78.5% of total operating revenues for year ended June 30, 2019. Operating revenue decreased from FY 18 by \$0.1 million as a result of lower Auxiliary enterprises revenue. New initiatives to lower the cost of books for students has impacted the Auxiliary enterprises revenue.

Operating revenues totaled \$15.7 million for the year ended June 30, 2018. The College's main source of operating revenues is derived from tuition and fees which accounted for 77.6% of total operating revenues for year ended June 30, 2018. Operating revenue increased from FY 17 by \$0.6 million as a result of the in-district tuition and fee rate increase to \$121 per credit hour and an increase in total credit hours of 3,676 or 3.0%

Non-operating revenues totaled \$62.6 million for the year ended June 30, 2020. Property taxes represent the main source of non-operating revenues and accounted for 45% of total non-operating revenues for year ended June 30, 2020.

A large portion of the revenue included in the federal grants and contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source has been recognized as a reduction of tuition and fees in the forms of scholarship allowances, in order to eliminate the duplication of revenues. Federal grants and contracts revenues increased 26% from FY 19 to FY 20 due to Higher Education Emergency Relief funds expended as a result of COVID-19.

Non-operating revenues totaled \$57.5 million for the year ended June 30, 2019. Property taxes represent the main source of non-operating revenues and accounted for 48% of total non-operating revenues for year ended June 30, 2019.

A large portion of the revenue included in the federal grants and contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source has been recognized as a reduction of tuition and fees in the forms of scholarship allowances, in order to eliminate the duplication of revenues. Federal grants and contracts revenues increased 13% from FY 18 to FY 19 due to a higher number of students receiving financial aid.

Non-operating revenues totaled \$55.0 million for the year ended June 30, 2018. Property taxes represent the main source of non-operating revenues and accounted for 51% of total non-operating revenues for year ended June 30, 2018.

A large portion of the revenue included in the federal grants and contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source has been recognized as a reduction of tuition and fees in the forms of scholarship allowances, in order to eliminate the duplication of revenues. Federal grants and contracts revenues remained level FY 17 to FY 18.

Operating expenses totaled \$75.8 million for the year ended June 30, 2020. The most significant operating expense is instruction which totaled \$28.6 million, or 37.7%, of total operating expenses. The main reason for the increase in operating expenses is the increase in state expense to the retirement system of \$2.6 million. Other expenses increased \$0.4 million which resulted in a net increase in operating expenses of \$3.0 million.

Operating expenses totaled \$72.8 million for the year ended June 30, 2019. The most significant operating expense is instruction which totaled \$27.7 million, or 38.1%, of total operating expenses. The main reason for the increase in operating expenses is the increase in state expense to the retirement system of \$1.3 million. Other expenses increased \$0.5 million which resulted in a net increase in operating expenses of \$1.8 million.

Operating expenses totaled \$71.0 million for the year ended June 30, 2018. The most significant operating expense is instruction which totaled \$28.7 million, or 40.4%, of total operating expenses. The main reason for the increase in operating expenses is the recognition of the College's proportionate share of the State of Illinois College Insurance Program expenses of \$4.4 million. Other expenses decreased \$1.7 million which resulted in a net increase in operating expenses of \$2.7 million.

Operating Expenses
For the Years Ended June 30, 2020, June 30, 2019 and June 30, 2018
(in millions)

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Operating Expense:			
Instruction	\$28.6	\$27.7	\$28.7
Academic Support	4.7	3.8	3.3
Student Services	6.5	6.5	6.3
Public Services	2.0	2.0	1.6
Operations and Maintenance	4.5	3.8	3.6
Auxiliary Enterprises	4.8	5.1	5.2
Depreciation	4.2	4.0	4.1
Institutional Support and Scholarships	20.5	<u>19.9</u>	<u>18.2</u>
Total	<u>\$75.8</u>	<u>\$72.8</u>	<u>\$71.0</u>

As of June 30, 2020 the College had recorded \$113.9 million invested in capital assets, \$42.2 million in accumulated depreciation, and \$71.7 million in net capital assets. Construction in progress and equipment related purchases in the amount of \$8.9 million were offset by depreciation in the amount of \$4.2 million resulting in an increase of \$4.7 million in net capital assets. (See Note 6, Capital Assets, for additional information on capital asset activity.)

As of June 30, 2019 the College had recorded \$105.7 million invested in capital assets, \$38.7 million in accumulated depreciation, and \$67.0 million in net capital assets. Construction in progress and equipment related purchases in the amount of \$7.6 million were offset by depreciation in the amount of \$4.0 million resulting in an increase of \$3.6 million in net capital assets. (See Note 6, Capital Assets, for additional information on capital asset activity.)

As of June 30, 2018 the College had recorded \$99.0 million invested in capital assets, \$35.6 million in accumulated depreciation, and \$63.4 million in net capital assets. Construction in progress and equipment related purchases in the amount of \$17.5 million were offset by depreciation in the amount of \$4.1 million resulting in an increase of \$13.4 million in net capital assets. (See Note 6, Capital Assets, for additional information on capital asset activity.)

	Capital Assets		
	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Land (non-depreciable)	6,771,103	6,475,286	6,475,286
Construction in progress (non-depreciable)	253,452	4,337,173	17,011,723
Buildings, additions, and improvements	89,347,138	78,479,991	59,913,037
Equipment	<u>17,561,232</u>	<u>16,444,422</u>	<u>15,468,927</u>
Total	113,932,925	105,736,872	98,968,973
Less: Accumulated Depreciation	<u>42,236,807</u>	<u>38,744,872</u>	<u>35,587,386</u>
Net Capital Assets	<u>71,696,118</u>	<u>66,992,000</u>	<u>63,381,587</u>

As of June 30, 2020, the College had a total of \$11,304,222 of long-term capital related debt liabilities, a decrease of \$878,415 over the fiscal year 2019 figure. During fiscal year 2020, the College had purchases of capital leases in the amount of \$1,041,042 and had payments on retirements during the year in the amount of \$1,919,457. Please refer to Note 5, Long Term Debt, in the notes to the financial statements for more detailed information on long-term debt activity

As of June 30, 2019, the College had a total of \$12,182,637 of long-term capital related debt liabilities, a decrease of \$1,011,192 over the fiscal year 2018 figure. During fiscal year 2019, the College had purchases of capital leases in the amount of \$1,031,241 and had payments on retirements during the year in the amount of \$2,042,433. Please refer to Note 5, Long Term Debt, in the notes to the financial statements for more detailed information on long-term debt activity

As of June 30, 2018, the College had a total of \$13,193,829 of long-term capital related debt liabilities, a decrease of \$2,021,604 over the fiscal year 2017 figure. During fiscal year 2018, the College had purchases of capital leases in the amount of \$566,102 and had payments on retirements during the year in the amount of \$2,587,706. Please refer to Note 5, Long Term Debt, in the notes to the financial statements for more detailed information on long-term debt activity.

Currently Known Facts and Conditions

Beginning in March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. The economic impact of the Governor of the State of Illinois' Executive Order imposing "stay at home" restrictions were widespread and lasted for several months. Management will continue to carefully monitor the situation and evaluate its options for the current year and following year's budgetary position as the situation continues to evolve.

Contacting the College's Financial Management

This financial report is designed to provide our constituents with a general overview of McHenry County College's finances and to demonstrate the College's fiscal responsibility for the revenues it receives. If you have questions concerning this report or need additional information, contact Robert M. Tenuta, CFO/Treasurer, at 8900 U.S. Highway 14, Crystal Lake, IL 60012 or 815-455-3700.

STATEMENT 1

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash	\$ 7,047,207	\$ 9,482,047
Investments	32,220,058	33,522,816
Property tax receivable	15,224,934	13,623,813
Tuition and fees receivable	3,854,674	3,917,717
Federal and state claims receivable	708,363	576,754
Accrued interest receivable	89,521	158,560
Other accounts receivable	2,192,711	884,952
Inventory	446,572	381,353
Prepaid items	1,675,098	1,003,964
Total current assets	<u>63,459,138</u>	<u>63,551,976</u>
Noncurrent assets		
Capital assets not being depreciated	7,024,555	10,812,459
Capital assets, net of accumulated depreciation	<u>64,671,563</u>	<u>56,179,541</u>
Total noncurrent assets	<u>71,696,118</u>	<u>66,992,000</u>
Total assets	<u>135,155,256</u>	<u>130,543,976</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension items	49,101	44,698
OPEB items	613,879	752,090
Unamortized loss on refunding	<u>28,418</u>	<u>46,190</u>
Total deferred outflows of resources	<u>691,398</u>	<u>842,978</u>
Total assets and deferred outflows of resources	<u>135,846,654</u>	<u>131,386,954</u>

(This statement is continued on the following page.)

STATEMENT 1

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

STATEMENTS OF NET POSITION (Continued)

June 30, 2020 and 2019

	2020	2019
LIABILITIES		
Current liabilities		
Accounts payable	\$ 2,122,834	\$ 2,885,783
Accrued payroll	1,090,289	933,268
Accrued compensated absences	1,130,037	913,628
Accrued interest payable	161,548	171,209
Unearned tuition and fees	5,116,266	5,629,251
Deposits held in custody for others	-	379,776
Other unearned revenue	326,834	254,268
Current portion of long-term obligations	1,468,378	1,739,112
Other current liabilities	68,087	44,634
Total current liabilities	11,484,273	12,950,929
Noncurrent liabilities		
Debt certificates payable	9,124,774	9,280,000
Capital leases payable	829,043	867,888
Other postemployment benefit obligation	23,981,530	24,389,724
Other obligations	-	409,139
Total noncurrent liabilities	33,935,347	34,946,751
Total liabilities	45,419,620	47,897,680
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	14,327,526	13,984,000
OPEB items	4,833,636	3,744,392
Total deferred inflows of resources	19,161,162	17,728,392
Total liabilities and deferred inflows of resources	64,580,782	65,626,072
NET POSITION		
Net investment in capital assets	60,420,313	54,855,554
Restricted for		
Liability, protection, and settlement	593,619	696,447
Working cash	1,750,000	1,750,000
Capital improvements	5,541,186	5,221,169
Pension contributions	49,101	44,698
Other restricted	61,147	76,122
Unrestricted	2,850,506	3,116,892
TOTAL NET POSITION	\$ 71,265,872	\$ 65,760,882

See accompanying notes to financial statements.

STATEMENT 2

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUES		
Operating revenues		
Tuition and fees, net of scholarship allowances	\$ 12,326,812	\$ 12,230,993
Auxiliary enterprises revenue	2,718,334	3,343,507
Total operating revenues	<u>15,045,146</u>	<u>15,574,500</u>
EXPENSES		
Operating expenses		
Instruction	28,572,460	27,722,980
Academic support	4,752,219	3,745,353
Student services	6,453,650	6,470,508
Public services	2,048,049	1,968,599
Operations and maintenance	4,471,227	3,820,345
Auxiliary enterprises	4,868,752	5,134,416
Depreciation	4,242,349	4,001,517
Scholarships, student grants, and waivers	3,249,476	2,541,324
Institutional support	17,213,626	17,345,951
Total operating expenses	<u>75,871,808</u>	<u>72,750,993</u>
OPERATING INCOME (LOSS)	<u>(60,826,662)</u>	<u>(57,176,493)</u>
NON-OPERATING REVENUES (EXPENSES)		
State sources	24,629,644	21,895,230
Personal property replacement taxes	350,663	320,348
Property taxes	28,251,262	27,903,156
Federal grants and contracts	7,566,483	6,019,849
Investment income	1,470,436	1,478,925
Interest expense	(415,381)	(418,188)
Other non-operating revenues	821,877	402,583
Loss on disposal of capital assets	(37,014)	(56,207)
Net non-operating revenues (expenses)	<u>62,637,970</u>	<u>57,545,696</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	1,811,308	369,203
Capital contributions	<u>3,330,000</u>	<u>2,650,000</u>
CHANGE IN NET POSITION	<u>5,141,308</u>	<u>3,019,203</u>
NET POSITION, JULY 1	65,760,882	62,741,679
Change in accounting principle	<u>363,682</u>	<u>-</u>
NET POSITION, JULY 1, RESTATED	<u>66,124,564</u>	<u>62,741,679</u>
NET POSITION, JUNE 30	<u><u>\$ 71,265,872</u></u>	<u><u>\$ 65,760,882</u></u>

See accompanying notes to financial statements.

STATEMENT 3

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 11,876,870	\$ 12,239,133
Payment to suppliers	(22,924,298)	(24,282,344)
Payment to employees	(29,383,612)	(28,048,089)
Auxiliary enterprise charges	2,629,788	3,458,060
Net cash from operating activities	<u>(37,801,252)</u>	<u>(36,633,240)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Real estate taxes	26,993,667	27,266,119
Replacement taxes	350,663	320,348
State sources	4,875,063	4,172,132
Federal grants and contracts	7,566,483	6,019,849
Other non-operating	(496,454)	302,275
Net cash from noncapital financing activities	<u>39,289,422</u>	<u>38,080,723</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(7,768,517)	(5,190,168)
Bond principal payments	(840,000)	(805,000)
Capital contributions	3,330,000	2,650,000
Capital lease principal payments	(1,040,468)	(847,951)
Interest paid on capital debt	(446,258)	(441,947)
Net cash from capital and related financing activities	<u>(6,765,243)</u>	<u>(4,635,066)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	97,992,152	84,255,980
Interest on investments	1,347,235	780,001
Purchase of investments	(96,497,154)	(81,301,719)
Net cash from investing activities	<u>2,842,233</u>	<u>3,734,262</u>
NET INCREASE (DECREASE) IN CASH	(2,434,840)	546,679
CASH, JULY 1	<u>9,482,047</u>	<u>8,935,368</u>
CASH, JUNE 30	<u><u>\$ 7,047,207</u></u>	<u><u>\$ 9,482,047</u></u>

(This statement is continued on the following page.)

STATEMENT 3

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS)		
TO NET CASH FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (60,826,662)	\$ (57,176,493)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	4,242,349	4,001,517
SURS on behalf payments	19,774,159	17,798,514
CIP on behalf payments	823,731	1,464,958
Changes in assets and liabilities		
Receivables (net)	57,521	217,165
Inventories	(65,219)	50,981
Prepaid expenses	(671,134)	(88,217)
Accounts payable	(936,871)	(2,416,424)
Accrued salaries and benefits	373,430	(12,492)
Accrued termination benefits	-	(350,493)
Other accrued liabilities	23,453	(27,784)
Unearned tuition and fees	(512,985)	(125,796)
Other unearned revenues	(83,024)	31,324
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (37,801,252)</u>	<u>\$ (36,633,240)</u>
NONCASH INVESTING, CAPITAL, AND RELATED		
FINANCING ACTIVITIES		
SURS contribution paid by State	\$ 19,778,562	\$ 17,805,146
Change in fair value of investments	192,240	641,749
Equipment acquired through accounts payable	173,922	1,446,728
Equipment acquired through capital leases	1,041,042	1,031,241
TOTAL NONCASH INVESTING, CAPITAL, AND RELATED		
FINANCING ACTIVITIES	<u>\$ 21,185,766</u>	<u>\$ 20,924,864</u>

See accompanying notes to financial statements.

STATEMENT 4

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

COMPONENT UNIT - FRIENDS OF McHENRY COUNTY COLLEGE FOUNDATION

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash	\$ 529,342	\$ 3,733,217
Investments	4,349,665	4,393,512
Unconditional promise to give - net	160,970	354,609
	5,039,977	8,481,338
Noncurrent assets		
Donated art	632,600	632,600
Donated sculptures	216,000	216,000
	848,600	848,600
	5,888,577	9,329,938
LIABILITIES		
Current liabilities		
Accounts payable	1,645	151,227
Deferred revenue	47,232	-
	48,877	151,227
NET POSITION		
Without donor restrictions		
Board designated	210,194	210,194
Undesignated	508,206	630,287
With donor restrictions	5,121,300	8,338,230
	\$ 5,839,700	\$ 9,178,711
	\$ 5,839,700	\$ 9,178,711

See accompanying notes to financial statements.

STATEMENT 5

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

COMPONENT UNIT - FRIENDS OF McHENRY COUNTY COLLEGE FOUNDATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2020 and 2019

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	\$ 26,837	\$ 543,237	\$ 570,074	\$ 3,560,005
In-kind donations	5,863	7,484	13,347	7,495
Special events - net	26,023	2,976	28,999	112,053
Contributed services and gifts in-kind from related party	373,581	-	373,581	336,113
Investment income - net	-	(38,431)	(38,431)	216,948
Reclassifications				
Due to change in donor intent	(113,552)	113,552	-	-
Net assets released from restrictions	3,845,748	(3,845,748)	-	-
Total revenue, gains, and other support	4,164,500	(3,216,930)	947,570	4,232,614
EXPENSES				
Programs	3,851,602	-	3,851,602	3,254,296
Management and general	346,330	-	346,330	309,514
Fundraising	88,649	-	88,649	82,794
Total expenses	4,286,581	-	4,286,581	3,646,604
CHANGE IN NET POSITION	(122,081)	(3,216,930)	(3,339,011)	586,010
NET POSITION, JULY 1	840,481	8,338,230	9,178,711	8,592,701
NET POSITION, JUNE 30	\$ 718,400	\$ 5,121,300	\$ 5,839,700	\$ 9,178,711

See accompanying notes to financial statements.

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of McHenry County College - Community College District Number 528 (the College) conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles (GAAP)) applicable to government units and Illinois community colleges. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. These authoritative pronouncements are consistent with the accounting practices prescribed or permitted by the Illinois Community College Board (ICCB), as set forth in the ICCB Fiscal Management Manual.

A. Reporting Entity

The College is a separate legal entity established under Illinois Compiled Statutes (ILCS) governed by an elected Board of Trustees. The College is fiscally independent and is considered a primary government pursuant to GASB Statement No. 14 as amended by GASB Statement No. 61. The College has determined that the Friends of McHenry County College Foundation (the Foundation), a fund raising organization that supports the College, meets the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14*, which has resulted in the Foundation being reported as a discretely presented component unit of the College as it is legally separate from the College. Separate financial statements of the Foundation are available from the Foundation's Executive Director, 8900 U.S. Highway 14, Crystal Lake, Illinois 60012.

B. Measurement Focus and 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. This means that all assets, deferred outflows, and all liabilities and deferred inflows (whether current or noncurrent) associated with these activities are included on the statements of net position. The College's operating statement presents increases (revenues) and decreases (expenses) in net total position. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes property taxes; federal, state, and local grants; state appropriations; and other contributions. Non-exchange transactions are recognized in the year in which all eligibility requirements have been satisfied.

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 is 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 expense requirements, in which the resources are provided to the College on a reimbursement basis.

C. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 for equipment; \$10,000 for land improvements; \$25,000 for software; and \$50,000 for land, buildings, and building improvements. Assets also have an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the College are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10-20
Buildings	40-60
Building improvements	10-20
Technology equipment	3-5
Other equipment	5-10
Software	3-5

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Property Tax Revenue Recognition

The College’s property taxes are levied each calendar year on all taxable real property. Property taxes are recorded on the accrual basis of accounting. Pursuant to action by the Board of Trustees, property tax levies passed in December 2018 (2017) were allocated 50% to fiscal year 2019 (2018) and 50% to fiscal year 2020 (2019). Each County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the County Collector as the basis for issuing tax bills to all taxpayers in their County.

Property taxes receivable are extensions less cash collected.

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the taxing bodies their respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year, generally on June 1st and September 1st. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

Following are the tax rates for the last three years. The 2019 (2018) rate is for tax levy payable in calendar year 2020 (2019), per \$100 of assessed valuation.

Fund	2017 Rate	2018 Rate	2019 Rate
Education Fund	0.3278	0.3114	0.3043
Operations and Maintenance Fund	0.0369	0.0351	0.0343
Audit Fund	0.0010	0.0010	0.0009
Liability, Protection, and Settlement Fund	0.0190	0.0180	0.0175
Social Security/Medicare Subfund*	0.0000	0.0000	0.0000
TOTAL	0.3847	0.3655	0.3570

*The Social Security/Medicare tax levy and related expenses are recorded in the Liability, Protection, and Settlement Subfund.

The 2020 tax levy, which attached as an enforceable lien on property as of January 1, 2020, has not been recorded as a receivable as of June 30, 2020 as the tax has not yet been levied and will not be levied until December 2020 and, therefore, the levy is not measurable at June 30, 2020.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

For purposes of the statements of cash flows, the College considers all pooled cash and investments and, for separate accounts, all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments having a maturity date of less than one year from the time of purchase, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated 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 date.

Fair values for the investments in The Illinois Funds are the same as the value of the pool shares. State statute requires these funds to comply with the Illinois Public Funds Investment Act.

F. Inventory and Prepaid Items

Inventory is valued at the lower of cost first-in/first-out (FIFO) or market. Inventory is recorded on the basis of a physical count. Immaterial inventories at year end are not reported on the statements of net position. Payments for goods or services that benefit future periods are recorded as prepaid items.

G. Unearned Tuition and Fee Revenue

Tuition and fee revenues collected or accrued during the fiscal year which relate to the period after June 30, 2020 and 2019 have been recognized as unearned revenues.

H. Long-Term Obligations

Long-term obligations are reported as liabilities in the applicable financial statements. Bond premiums, discounts, and gains/losses on refundings are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

The College records a liability for employees' vacation leave earned, but not taken. As of June 30, 2020 and 2019, the College has recorded a liability for vacation leave earned but not taken at salary rates then in effect, which total \$1,130,037 and \$913,628, respectively. The College considers this liability current and due within one year.

A summary of compensated absences transactions for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Compensated absences	\$ 913,628	\$ 1,130,037	\$ 913,628	\$ 1,130,037

A summary of compensated absences transactions for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Compensated absences	\$ 930,297	\$ 913,628	\$ 930,297	\$ 913,628

The College has no commitment for accumulated sick leave and no liability is recorded. Employees who retire are given credit for unused sick leave towards years of service in the State Universities Retirement System (SURS or the System).

J. Classification of Revenues and Expenses

Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as (1) local property taxes; (2) state appropriations; and (3) most federal, state, and local grants and contracts.

Operating expenses include the costs of delivering educational programs and services, facility operations, auxiliary enterprises, administrative expenses, and depreciation. All other expenses not meeting this definition are reported as non-operating expenses.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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 net of related debt outstanding.

Restricted net position - This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, and then unrestricted resources when they are needed. None of the College's net position is restricted due to enabling legislation adopted by the College.

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

L. Revenue and Expense for Pensions and OPEB

The College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, whereby the state is responsible for the employer contribution and the total pension liability resulting from a special funding situation. Therefore, for the fiscal years ended June 30, 2020 and 2019, the College has reported its proportionate share of the collective pension expense and revenue for the state's pension expense. In addition, the College applies the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, whereby the State of Illinois is responsible for 50% of both the employer contribution and the total other postemployment benefit (OPEB) liability resulting from a special funding situation. Therefore, for the fiscal years ended June 30, 2020 and 2019, the College has reported its proportionate share of the collective OPEB expense and revenue for the state's contribution in addition to reporting the College's proportionate share of the OPEB liability and related expense.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. Federal Financial Assistance

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work Study, Federal Family Education Loans, and Perkins Loans programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the Uniform Guidance, the U.S. Office of Management and Budget Revised Circular A-133 *Audit of States, Local Governments and Non-Profit Organizations* and the Compliance Supplement.

O. Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Such reclassification had no effect on the reported beginning net position.

P. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS

The College's investment policy authorizes the College to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law, investment options offered by the Illinois Trust, IIIT Class, the Illinois School District Liquid Asset Fund Plus, the Illinois Metropolitan Investment Fund, and The Illinois Funds.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

It is the policy of the College to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the College and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety of principal, liquidity, yield, and maintaining the public trust.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the College's deposits may not be returned to it. The College's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with the collateral held by an independent third party in the College's name. During the fiscal year ended June 30, 2020, collateral pledged by one bank was held in a single institution collateral pool.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

Investments

The following table presents the investment in debt securities of the College as of June 30, 2020, by type of investment:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. agency securities	\$ 16,930,858	\$ 104,651	\$ 13,257,986	\$ 2,806,788	\$ 761,433
U.S. Treasury securities	3,555,184	-	3,555,184	-	-
Municipal bonds	3,639,724	708,610	2,931,114	-	-
Corporate bonds	1,253,600	1,253,600	-	-	-
TOTAL	\$ 25,379,366	\$ 2,066,861	\$ 19,744,284	\$ 2,806,788	\$ 761,433

The following table presents the investment in debt securities of the College as of June 30, 2019, by type of investment:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. agency securities	\$ 13,318,338	\$ 300,051	\$ 11,153,951	\$ 1,116,210	\$ 748,126
U.S. Treasury securities	13,905,174	1,171,145	12,734,029	-	-
Municipal bonds	1,890,594	879,682	1,010,912	-	-
Certificate of deposit	576,588	-	576,588	-	-
Commercial paper	992,960	992,960	-	-	-
TOTAL	\$ 30,683,654	\$ 3,343,838	\$ 25,475,480	\$ 1,116,210	\$ 748,126

The College categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs 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; and Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2020: U.S. Treasury securities and corporate bonds of \$4,808,784 are valued using quoted market prices (Level 1 inputs). U.S. agency securities and municipal bonds of \$20,570,582 are valued using a matrix pricing model (Level 2 inputs).

The College has the following recurring fair value measurements as of June 30, 2019: U.S. Treasury securities of \$13,905,174 are valued using quoted market prices (Level 1 inputs). U.S. agency securities, municipal bonds, certificates of deposit, and commercial paper of \$16,778,480 are valued using a matrix pricing model (Level 2 inputs).

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

Investments (Continued)

In accordance with its investment policy, the College limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two-year period. The investment policy does not strictly limit the maximum maturity lengths of investments.

The College limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government, and state and

local government bonds and commercial paper rated at the time of purchase within the three highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions. At June 30, 2020, the U.S. agency securities were rated between AA- and AAA, U.S. Treasury agencies were all rated AA+, corporate bonds were not rated, and the municipal bonds were rated between A and AAA. At June 30, 2019, the U.S. agency securities were rated between AA+ and AAA, U.S. Treasury agencies were all rated AA+, the commercial paper was rated A-1, and the municipal bonds were rated between A and AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the College will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the College's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the College's or Broker/Dealer's agent separate from where the investment was purchased. The Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk - At June 30, 2020, the College had no investments greater than 5% of its overall portfolio, and at June 30, 2019, the College had one U.S. Treasury greater than 5% of its overall portfolio. This is in accordance with the College's investment policy, which does not allow for more than 5% of the College's funds to be invested in any one single issuer, with the exception of the U.S. Treasury or any of the federal agencies or instrumentalities.

Derivatives - The College's investment policy specifically prohibits the use of or the investment in derivatives.

3. DEFINED BENEFIT PENSION PLANS

Plan Description

The College contributes to SURS, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby 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's 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 ILCS. 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 six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2019 and 2018 can be found in SURS' comprehensive annual financial report (CAFR) notes to the financial statements.

Contributions

The state 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 SURS 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's normal cost for fiscal year 2020 and 2019 was 13.02% and 12.29%, respectively, 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% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEFINED BENEFIT PENSION PLANS (Continued)

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).

Funding Policy

- A. Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability

At June 30, 2019, SURS reported a net pension liability of \$28,720,071,173. The net pension liability was measured as of June 30, 2019. At June 30, 2018, SURS reported a net pension liability of \$27,494,556,682. The net pension liability was measured as of June 30, 2018.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the College is \$0 at June 30, 2020. The amount of the proportionate share of the state's net pension liability associated with the College is \$175,910,436 or 0.6125%. This amount is not recognized in the financial statement due to the special funding situation. The net pension liability was measured as of June 30, 2019 and the total pension used to calculate the net pension liability was determined based on the June 30, 2018 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2019.

The amount of the proportionate share of the net pension liability to be recognized for the College is \$0 at June 30, 2019. The amount of the proportionate share of the state's net pension liability associated with the College is \$167,304,377 or 0.6085%. This amount is not recognized in the financial statement due to the special funding situation. The net pension liability was measured as of June 30, 2018 and the total pension used to calculate the net pension liability was determined based on the June 30, 2017 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2018.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy (Continued)

A. Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Pension Expense

At June 30, 2019, SURS reported a collective net pension expense of \$3,094,666,252. At June 30, 2018, SURS reported a collective net pension expense of \$2,685,322,700.

Employer Proportionate Share of Pension Expense

The College's proportionate share of collective net pension expense is recognized as both nonoperating revenue and matching operating expense in the 2020 and 2019 financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable earnings made to SURS during fiscal year 2019 and 2018. As a result, the College recognized revenue and pension expense of \$18,954,831 and \$16,340,189 for the fiscal years ended June 30, 2020 and 2019, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Deferred outflows of resources are the consumption of net assets by the College that is applicable to future reporting periods. The College paid \$49,101 and \$44,698 in federal, trust, or grant contributions for the fiscal years ended June 30, 2020 and 2019, respectively. These contributions were made subsequent to the pension liability measurement date of June 30, 2019 and 2018 and are recognized as deferred outflows of resources as of June 30, 2020 and 2019, respectively.

B. Assumptions and Other Inputs

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2019 valuations were based on the results of an actuarial experience study for the period June 30, 2014 to 2017. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.25% to 12.25%, including inflation
Investment rate of return	6.75% beginning with the actuarial valuation as of June 30, 2018

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy (Continued)

B. Assumptions and Other Inputs (Continued)

Actuarial Assumptions (Continued)

Mortality rates used in the June 30, 2019 valuation were based on the RP2014 White Collar, gender distinct tables with projected generational mortality and separate mortality assumption for disabled participants.

The actuarial assumptions used in the June 30, 2018 valuations were based on the results of an actuarial experience study for the period June 30, 2014 to 2017. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.25% to 12.25%, including inflation
Investment rate of return	6.75% beginning with the actuarial valuation as of June 30, 2018

Mortality rates used in the June 30, 2018 valuation were based on the RP2014 Combined Mortality Table, projected with generational mortality and a separate mortality assumption for disabled participants.

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).

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy (Continued)

B. Assumptions and Other Inputs (Continued)

Actuarial Assumptions (Continued)

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2019 and 2018, these best estimates are summarized in the following table:

	2019	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23.00%	5.25%
Private Equity	6.00%	8.65%
Non-U.S. Equity	19.00%	6.75%
Global Equity	8.00%	6.25%
Fixed Income	19.00%	1.85%
Treasury-Inflation Protected Securities	4.00%	1.20%
Emerging Market Debt	3.00%	4.00%
Real Estate REITS	4.00%	5.70%
Direct Real Estate	6.00%	4.85%
Commodities	2.00%	2.00%
Hedged Strategies	5.00%	2.85%
Opportunity Fund	1.00%	7.00%
Total	100.00%	4.80%
Inflation		2.75%
EXPECTED ARITHMETIC NORMAL RETURN		7.55%

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy (Continued)

B. Assumptions and Other Inputs (Continued)

Actuarial Assumptions (Continued)

2018		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23.00%	5.00%
Private Equity	6.00%	8.50%
Non-U.S. Equity	19.00%	6.45%
Global Equity	8.00%	6.00%
Fixed Income	19.00%	1.50%
Treasury-Inflation Protected Securities	4.00%	0.75%
Emerging Market Debt	3.00%	3.65%
Real Estate REITS	4.00%	5.45%
Direct Real Estate	6.00%	4.75%
Commodities	2.00%	2.00%
Hedged Strategies	5.00%	2.85%
Opportunity Fund	1.00%	7.00%
Total	100.00%	4.55%
Inflation		2.75%
EXPECTED ARITHMETIC NORMAL RETURN		7.30%

2020

Discount Rate

A single discount rate of 6.59% 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 6.75% and a municipal bond rate of 3.13% (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

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy (Continued)

B. Assumptions and Other Inputs (Continued)

Actuarial Assumptions (Continued)

2020 (Continued)

Discount Rate (Continued)

to the statutory contribution rates under SURS' 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 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.59%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.59%)	Current Single Discount Rate Assumption (6.59%)	1% Increase (7.59%)
Net pension liability	\$ 34,786,851,779	\$ 28,720,071,173	\$ 23,712,555,197

2019

Discount Rate

A single discount rate of 6.65% 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 6.75% and a municipal bond rate of 3.62% (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

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy (Continued)

B. Assumptions and Other Inputs (Continued)

Actuarial Assumptions (Continued)

2019 (Continued)

Discount Rate (Continued)

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 SURS' 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 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.65%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.65%)	Current Single Discount Rate Assumption (6.65%)	1% Increase (7.65%)
Net pension liability	\$ 33,352,188,584	\$ 27,494,556,682	\$ 22,650,651,520

Additional information regarding the SURS basic financial statements including the plan net position can be found in the SURS CAFR by accessing the website at www.SURS.org.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RETIREE HEALTH PLAN

Plan Description

In addition to the pension plan described previously, the College contributes to the State of Illinois Community College Health Insurance Security Fund (CIP), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of Illinois. CIP provides health, vision, and dental benefits to retired staff and beneficiaries of participating community colleges. The benefits, employer, employee, retiree, and state contributions are dictated by ILCS through the State Group Insurance Act of 1971 (the Act) and can only be changed by the Illinois General Assembly. Separate financial statements, including required supplementary information, may be obtained from the Department of Healthcare and Family Services, 201 South Grand Avenue East, Springfield, Illinois 62763.

The Act requires every active contributor (employee) of SURS to contribute 0.50% of covered payroll and every community college district to contribute 0.50% of covered payroll. Retirees pay a premium for coverage that is also determined by ILCS. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires the State of Illinois to contribute 0.50% of estimated covered payroll directly to the plan. The result is pay-as-you-go financing of the plan.

The following disclosures are for the years ended June 30, 2020 and 2019, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of CIP and additions to/deductions from CIP's fiduciary net position have been determined on the same basis as they are reported by CIP. For this purpose, CIP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

2019

At June 30, 2019, the College reported a liability of \$24,503,226 for its proportionate share of the total OPEB liability that reflected a reduction for state OPEB support of \$24,503,226 resulting in a total OPEB liability associated with the College of \$49,006,452. The OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to June 30, 2018. The College's proportion of the net OPEB liability was based on the College's actual contributions to the OPEB plan relative to the projected contributions of all participating colleges and the State of Illinois, statutorily determined. At June 30, 2019 and 2018, the College's proportions were 1.299732% and 1.337431%, respectively.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RETIREE HEALTH PLAN (Continued)

Plan Description (Continued)

2019 (Continued)

For the year ended June 30, 2019, the College recognized OPEB expense of \$1,464,958 for its proportionate share of the CIP OPEB expense and revenue and expense of \$1,464,958 for support provided by the state. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 360,138	\$ 53,666
Changes in assumption	-	3,067,081
Changes in proportionate share and differences between College contributions and proportionate share of contributions	277,404	622,844
Contributions made after the measurement date	114,548	-
Net difference between projected and actual earnings on OPEB plan investments	-	801
TOTAL	<u>\$ 752,090</u>	<u>\$ 3,744,392</u>

\$114,548 reported as deferred outflows or resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement period ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CIP will be recognized in OPEB expense as follows:

Year Ending June 30,	
2020	\$ (704,446)
2021	(704,446)
2022	(704,446)
2023	(704,383)
2024	(289,129)
TOTAL	<u>\$ (3,106,850)</u>

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RETIREE HEALTH PLAN (Continued)

Plan Description (Continued)

2019 (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified

Assumptions

Inflation	2.75%
Salary increases	3.75% to 10.00%
Investment rate of return	0.00%
Healthcare cost trend rates	8.00% to 9.00% trending to 4.50%

Asset valuation method	Market value
------------------------	--------------

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2014. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2010 to June 30, 2014.

Projected benefit payments were discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates were 3.56% as of June 30, 2017 and 3.62% as of June 30, 2018.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RETIREE HEALTH PLAN (Continued)

2019 (Continued)

Rate Sensitivity

The following is a sensitivity analysis of the OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the OPEB liability of the College calculated using the discount rate of 3.62% as well as what the College's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.62%) or 1 percentage point higher (4.62%) than the current rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
OPEB liability	\$ 28,398,596	\$ 24,503,226	\$ 21,261,109

The table below presents the College's OPEB liability, calculated using the healthcare cost trend rates as well as what the College's OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8% in 2019 decreasing to an ultimate trend rate of 4.91% in 2026 for non-Medicare coverage, and 9% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	1% Decrease	Current Healthcare Rate	1% Increase
OPEB liability	\$ 20,313,008	\$ 24,503,226	\$ 30,018,175

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CIP financial report.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RETIREE HEALTH PLAN (Continued)

2020

Plan Description

At June 30, 2020, the College reported a liability of \$24,099,502 for its proportionate share of the total OPEB liability that reflected a reduction for state OPEB support of \$24,099,502 resulting in a total OPEB liability associated with the College of \$48,199,004. The OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to June 30, 2019. The College's proportion of the net OPEB liability was based on the College's actual contributions to the OPEB plan relative to the projected contributions of all participating colleges and the State of Illinois, statutorily determined. At June 30, 2020 and 2019, the College's proportions were 1.276091% and 1.299732%, respectively.

For the year ended June 30, 2020, the College recognized OPEB expense of \$823,731 for its proportionate share of the CIP OPEB expense and revenue and expense of \$823,731 for support provided by the state. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 282,443	\$ 509,651
Changes in assumption	-	3,357,622
Changes in proportionate share and differences between College contributions and proportionate share of contributions	213,464	965,299
Contributions made after the measurement date	117,972	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,064
	<u> </u>	<u> </u>
TOTAL	<u>\$ 613,879</u>	<u>\$ 4,833,636</u>

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RETIREE HEALTH PLAN (Continued)

2020 (Continued)

Plan Description (Continued)

\$117,972 reported as deferred outflows or resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement period ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CIP will be recognized in OPEB expense as follows:

Year Ending June 30,	
2021	\$ (1,089,663)
2022	(1,089,663)
2023	(1,089,602)
2024	(681,902)
2025	<u>(386,899)</u>
TOTAL	<u>\$ (4,337,729)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified

Assumptions	
Inflation	2.25%
Salary increases	3.25% to 12.25%
Investment rate of return	0.00%
Healthcare cost trend rates	8.00% to 9.00% trending to 4.50%
Asset valuation method	Market value

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RETIREE HEALTH PLAN (Continued)

2020 (Continued)

Actuarial Assumptions (Continued)

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2017. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2010 to June 30, 2014.

Projected benefit payments were discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates were 3.62% as of June 30, 2018 and 3.13% as of June 30, 2019.

Rate Sensitivity

The following is a sensitivity analysis of the OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the OPEB liability of the College calculated using the discount rate of 3.13% as well as what the College's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13%) or 1 percentage point higher (4.13%) than the current rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
OPEB liability	\$ 27,659,857	\$ 24,099,502	\$ 21,077,625

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RETIREE HEALTH PLAN (Continued)

2020 (Continued)

Rate Sensitivity (Continued)

The table below presents the College’s OPEB liability, calculated using the healthcare cost trend rates as well as what the College’s OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8% in 2020 decreasing to an ultimate trend rate of 4.90% in 2027 for non-Medicare coverage, and 9% in 2020 decreasing to an ultimate trend rate of 4.50% in 2029 for Medicare coverage.

	1% Decrease	Current Healthcare Rate	1% Increase
OPEB liability	\$ 20,001,113	\$ 24,099,502	\$ 29,515,269

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CIP financial report.

5. LONG-TERM DEBT

A summary of long-term debt transactions for the year ended June 30, 2020 is as follows:

	Balances July 1, 2019	Issuance	Repayment/ Refunding	Balances June 30, 2020	Current Portion
General Obligation Limited Tax Refunding Debt Certificates, Series 2012	\$ 310,000	\$ -	\$ 310,000	\$ -	\$ -
General Obligation Limited Tax Refunding Debt Certificates, Series 2015	1,900,000	-	220,000	1,680,000	220,000
General Obligation Limited Tax Debt Certificates, Series 2017	7,910,000	-	310,000	7,600,000	320,000
Capital leases payable	1,614,509	1,041,042	1,040,468	1,615,083	786,040
Unamortized premium on certificates	448,128	-	38,988	409,140	24,366
TOTAL	\$ 12,182,637	\$ 1,041,042	\$ 1,919,456	\$ 11,304,223	\$ 1,350,406

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

A summary of long-term debt transactions for the year ended June 30, 2019 is as follows:

	Balances July 1, 2018	Issuance	Repayment/ Refunding	Balances June 30, 2019	Current Portion
General Obligation Limited Tax Refunding Debt Certificates, Series 2012	\$ 605,000	\$ -	\$ 295,000	\$ 310,000	\$ 310,000
General Obligation Limited Tax Refunding Debt Certificates, Series 2015	2,110,000	-	210,000	1,900,000	220,000
General Obligation Limited Tax Debt Certificates, Series 2017	8,210,000	-	300,000	7,910,000	310,000
Capital leases payable	1,431,219	1,031,241	847,951	1,614,509	746,621
Voluntary retirement benefits	350,493	-	350,493	-	-
Unamortized premium on certificates	487,117	-	38,989	448,128	38,989
TOTAL	\$ 13,193,829	\$ 1,031,241	\$ 2,042,433	\$ 12,182,637	\$ 1,625,610

The following is information relative to the long-term debt outstanding as of June 30, 2020.

\$1,995,000 General Obligation Limited Tax Refunding Debt Certificates, Series 2012

On May 15, 2012, the College issued \$1,995,000 of General Obligation Limited Tax Refunding Debt Certificates. The purpose of the debt certificates was to advance refund a portion of the 2004 General Obligation Limited Tax Debt Certificates. Through the refunding transaction, the College achieved a cash flow savings of \$88,607 and an economic gain of \$79,964. The debt certificates will be repaid from the education subfund.

The \$1,995,000 General Obligation Limited Tax Refunding Debt Certificates, Series, 2012, are due in annual installments of \$30,000 to \$310,000 through February 1, 2020 (commencing on February 1, 2013), bearing interest of 2% to 3% payable on February 1 and August 1 (commencing on February 1, 2013). These were paid in full during the fiscal year ended June 30, 2020.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

\$2,555,000 General Obligation Limited Tax Refunding Debt Certificates, Series 2015

On December 22, 2015, the College issued \$2,555,000 of General Obligation Limited Tax Refunding Debt Certificates. The purpose of the debt certificates was to advance refund the General Obligation Limited Tax Debt Certificates, Series 2008, which were called and paid in the current year. Through the refunding transaction the College achieved a cash flow savings of \$253,320 and an economic gain of \$221,496. The debt certificates will be repaid from the education subfund.

The \$2,555,000 General Obligation Limited Tax Refunding Debt Certificates, Series, 2015, are due in annual installments of \$40,000 to \$260,000 through February 1, 2027 (commencing on February 1, 2016), bearing interest of 2.178% payable on February 1 and August 1 (commencing on February 1, 2016). The following are the debt service requirements remaining for these debt certificates:

Fiscal Year Ending	Principal	Interest	Total
2021	\$ 220,000	\$ 36,590	\$ 256,590
2022	230,000	31,799	261,799
2023	235,000	26,789	261,789
2024	240,000	21,671	261,671
2025	245,000	16,444	261,444
2026-2027	510,000	16,771	526,771
TOTAL	\$ 1,680,000	\$ 150,064	\$ 1,830,064

The College's General Obligation Limited Tax Refunding Debt Certificates, Series 2015 is not rated.

\$8,770,000 General Obligation Limited Tax Debt Certificates, Series 2017

On April 17, 2017, the College issued \$8,770,000 of General Obligation Limited Tax Debt Certificates. The purpose of the debt certificates was to finance the construction of a new 40,355 square foot, two-story science center on the College's Crystal Lake campus. The debt certificates will be repaid from the bond and interest subfund.

The \$8,770,000 General Obligation Limited Tax Debt Certificates, Series, 2017, are due in annual installments of \$300,000 to \$600,000 through February 1, 2037 (commencing on February 1, 2018), bearing interest from 2% to 4% payable on February 1 and August 1 (commencing on August 1, 2017). The following are the debt service requirements remaining for these debt certificates:

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

\$8,770,000 General Obligation Limited Tax Debt Certificates, Series 2017 (Continued)

Fiscal Year Ending	Principal	Interest	Total
2021	\$ 320,000	\$ 304,000	\$ 624,000
2022	335,000	291,200	626,200
2023	345,000	277,800	622,800
2024	360,000	264,000	624,000
2025	375,000	249,600	624,600
2026-2030	2,110,000	1,010,800	3,120,800
2031-2035	2,575,000	553,000	3,128,000
2036-2038	1,180,000	71,200	1,251,200
TOTAL	\$ 7,600,000	\$ 3,021,600	\$ 10,621,600

The College's General Obligation Limited Tax Refunding Debt Certificates, Series 2017, is rated Aa1 by Moody's Investors Service.

Operating Leases Payable

The College has various operating leases for computers, copiers, mailing equipment, and off-campus classroom space. Lease payments for fiscal years 2020 and 2019 totaled \$133,171 and \$150,303, respectively. The lease terms are varied with leases expiring in fiscal years through 2024. The following is a schedule of future minimum lease payments as of June 30, 2020:

Fiscal Year Ending	Future Minimum Lease Payments
2021	\$ 130,371
2022	75,663
2023	28,266
2024	3,862
2025	-
TOTAL	\$ 238,162

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

Capital Leases

The College enters into capital leases for the purchase of machinery and equipment. The College has entered into numerous capital leases payable in annual installments. The total amount of equipment purchased under outstanding capital leases is \$5,587,293 with a net book value of \$1,966,184 as of June 30, 2020. Capital leases currently outstanding are as follows:

Issue	Balances July 1	Additions	Reductions	Balances June 30	Current Portion
Dell Financial Services and Apple, Inc. leases payable in annual installments of payments between \$6,629 to \$193,968 through May 2024.	\$ 1,614,509	\$ 1,041,042	\$ 1,040,468	\$ 1,615,083	\$ 786,040
TOTAL	\$ 1,614,509	\$ 1,041,042	\$ 1,040,468	\$ 1,615,083	\$ 786,040

Debt Service Requirements to Maturity

Obligations of the College under capital leases, including future interest payments, at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Capital Leases
2021	\$ 831,666
2022	548,778
2023	262,923
2024	52,038
2025	-
Total minimum lease payments	1,695,405
Less amount representing interest costs	(80,322)
TOTAL	\$ 1,615,083

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 6,475,286	\$ 295,817	\$ -	\$ 6,771,103
Construction in progress	4,337,173	7,609,647	11,693,368	253,452
Total capital assets not being depreciated	10,812,459	7,905,464	11,693,368	7,024,555
Capital assets being depreciated				
Building additions and improvements	78,479,991	10,882,095	14,948	89,347,138
Equipment	16,444,422	1,889,290	772,480	17,561,232
Total capital assets being depreciated	94,924,413	12,771,385	787,428	106,908,370
Less accumulated depreciation for				
Building additions and improvements	27,469,694	2,104,718	4,156	29,570,256
Equipment	11,275,178	2,137,631	746,258	12,666,551
Total accumulated depreciation	38,744,872	4,242,349	750,414	42,236,807
Total capital assets being depreciated, net	56,179,541	8,573,974	37,014	64,671,563
CAPITAL ASSETS, NET	\$ 66,992,000	\$ 16,479,438	\$ 11,775,320	\$ 71,696,118

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 6,475,286	\$ -	\$ -	\$ 6,475,286
Construction in progress	17,011,723	4,083,385	16,757,935	4,337,173
Total capital assets not being depreciated	23,487,009	4,083,385	16,757,935	10,812,459
Capital assets being depreciated				
Building additions and improvements	59,913,037	18,796,640	229,686	78,479,991
Equipment	15,568,927	1,546,047	670,552	16,444,422
Total capital assets being depreciated	75,481,964	20,342,687	900,238	94,924,413
Less accumulated depreciation for				
Building additions and improvements	25,718,087	1,943,395	191,788	27,469,694
Equipment	9,869,299	2,058,122	652,243	11,275,178
Total accumulated depreciation	35,587,386	4,001,517	844,031	38,744,872
Total capital assets being depreciated, net	39,894,578	16,341,170	56,207	56,179,541
CAPITAL ASSETS, NET	\$ 63,381,587	\$ 20,424,555	\$ 16,814,142	\$ 66,992,000

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

7. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; and natural disasters. The College is covered under the following types of insurance:

General Liability Insurance

The College participates in the Illinois Community College Risk Management Consortium (the Consortium) which operates as a public entity risk pool for the member colleges. The Consortium was established in 1981 by several Chicago area community colleges as a means of reducing the cost of general liability insurance for its college members. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. The insurance cost for fiscal years 2020 and 2019 was \$326,443 and \$325,135, respectively. Since the Consortium requests initial payments to cover substantially any losses to be incurred for that policy year, the College anticipates no future liabilities for incurred losses.

Health Care Insurance

Effective July 1, 2014, the College joined the Community College Health Care Consortium which provides employees insurance coverage for medical and prescription drugs. The College pays the Community College Health Care Consortium a monthly premium based on the number of participants and the type of coverage that has been elected. The College maintains voluntary, fully insured dental coverage through a third-party administrator for its dental insurance. The College currently allocates all expenses associated with the employee health plans to Education Fund. Claims and expenses are reported when incurred. To limit its exposure of risk, the Consortium maintains a specific excess policy that provides coverage in excess of \$250,000 per covered person as of June 30, 2020. A liability of \$26,322 and \$26,322 for claims incurred but not paid as of June 30, 2020 and 2019, respectively, was recorded. Additionally, there was an estimate of incurred but not reported claims of \$256,322 and \$240,322 as of June 30, 2020 and 2019, respectively. The incurred but not reported claims as of June 30, 2020 and 2019 is recorded as a reduction of the other receivable.

A reconciliation of the health claim liability for the last three years is as follows:

	2020	2019	2018
CLAIMS PAYABLE, JULY 1	\$ 240,322	\$ 507,340	\$ 485,336
Claims paid	(4,291,584)	(5,978,509)	(5,359,030)
Claims incurred	4,307,584	5,711,491	5,381,034
CLAIMS PAYABLE, JUNE 30	<u>\$ 256,322</u>	<u>\$ 240,322</u>	<u>\$ 507,340</u>

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LIABILITY, PROTECTION, AND SETTLEMENT EXPENSES

A summary of tort expenses for the year ended June 30, 2020 is as follows:

Category	Amount
Risk management related salaries and benefits	\$ 705,507
Insurance	800,243
Other	<u>64,318</u>
TOTAL	<u>\$ 1,570,068</u>

A summary of tort expenses for the year ended June 30, 2019 is as follows:

Category	Amount
Risk management related salaries and benefits	\$ 718,996
Insurance	692,767
Other	<u>78,665</u>
TOTAL	<u>\$ 1,490,428</u>

These expenses are recorded within the Liability, Protection, and Settlement Subfund.

9. TAX ABATEMENTS

The College rebates or abates certain taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these arrangements are specified within written agreements with the businesses concerned.

The College has an agreement with a manufacturer to abate all property taxes in excess of the manufacturer's aggregate 2014 base property taxes (\$51,209) with all taxing bodies. The property consists of 3.10 acres and contains an approximately 43,928 square foot building. If at any time during the abatement term the sum of the 2014 base property taxes for all taxing bodies is less than \$51,209, there shall be no property tax abatement required by any taxing body for that year. The 2014 base property tax amount refers to the existing tax bills prior to the new capital investment and reoccupation of a previously vacant building on the property. Each taxing body agrees to abate their portion of the real estate taxes levied against the property for a ten-year term commencing with the 2016 property tax bill payable in 2017 through the 2025 property tax bill payable in 2026. The maximum cumulative total property tax abatement levied against the property shall not exceed \$314,270. As of June 30, 2020 and 2019, \$710 and \$728, respectively, have been paid or accrued under this agreement.

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
NOTES TO FINANCIAL STATEMENTS (Continued)

10. CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended June 30, 2020, the College implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of this guidance resulted in a restatement of beginning net position of the College's student activity subfund (data was not available to restate the fiscal year ended June 30, 2019).

The beginning net position balance of the College has been restated to reflect the new guidance as follows:

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	\$ 65,760,882
Record net position of activity subfund	<u>363,682</u>
BEGINNING NET POSITION, AS RESTATED	<u>\$ 66,124,564</u>

11. SUBSEQUENT EVENT

During July 2020, the College entered into a capital lease for the purchase of equipment. The total amount of equipment purchased under the capital lease is \$398,785. The lease commences July 1, 2020 and is payable in annual installments of \$129,339 to \$136,550 through June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS

Last Six Fiscal Years

MEASUREMENT DATE JUNE 30,	2020	2019	2018
(a) Proportion percentage of the collective net pension liability	0.00%	0.00%	0.00%
(b) Proportion amount of the collective net pension	\$ -	\$ -	\$ -
(c) Portion of non-employer contributing entities' total proportion of collective net pension liability associated with employer	175,910,436	167,304,337	158,849,215
TOTAL (b) + (c)	\$ 175,910,436	\$ 167,304,337	\$ 158,849,215
Covered payroll	\$ 30,096,750	\$ 29,171,071	\$ 29,031,399
Proportion of collective net pension liability associated with employer as a percentage of covered payroll	584.48%	573.53%	547.16%
SURS plan net position as a percentage of total pension liability	40.71%	41.27%	42.04%
McHENRY COUNTY COLLEGE - DISTRICT NUMBER 528			
Federal, trust, grant, and other contribution	\$ 49,101	\$ 44,698	\$ 38,066
Contribution in relation to required contribution	49,101	44,698	38,066
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 30,096,750	\$ 29,171,071	\$ 29,031,399
Contributions as a percentage of covered payroll	0.16%	0.15%	0.13%

Notes to Required Supplementary Information

Changes of benefit terms - There were no benefit changes recognized in the total pension liability as of June 30, 2019.

Changes of Assumptions - In accordance with ILCS, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.25% to 12.25% based on years of service, with underlying wage inflation of 2.25%.
- Investment return. Decrease in investment return assumption to 6.75%. This reflects maintaining an assumed real rate of return of 4.50% and decreasing the underlying assumed price inflation to 2.25%.
- Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75% (effective July 2, 2019).
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74, and 80+, but a slight decrease in rates at all other ages. A rate of 50% if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates. Change to produce lower expected turnover for members with less than ten years of service and higher turnover for members with more than ten years of service.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

2017	2016	2015
0.00%	0.00%	0.00%
\$ -	\$ -	\$ -
165,192,755	140,514,057	127,293,406
<u>\$ 165,192,755</u>	<u>\$ 140,514,057</u>	<u>\$ 127,293,406</u>
\$ 29,018,739	\$ 28,792,147	\$ 28,030,413
569.26%	488.03%	454.13%
39.57%	42.37%	44.39%
\$ 35,452	\$ 34,875	\$ 33,069
<u>35,452</u>	<u>34,875</u>	<u>33,069</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 29,018,739	\$ 28,792,147	\$ 28,030,413
0.12%	0.12%	0.12%

(See independent auditor's report.)

SCHEDULE 2

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF
THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
COLLEGE INSURANCE PLAN

Last Three Fiscal Years

MEASUREMENT DATE JUNE 30,	2019	2018	2017
College's proportion of the net OPEB liability	1.276091%	1.299732%	1.337431%
College's proportionate share of the net OPEB liability	\$ 24,099,502	\$ 24,503,226	\$ 24,389,883
Portion of State's total proportion of net OPEB liability associated with the College	24,099,502	24,503,226	24,068,656
Total	\$ 48,199,004	\$ 49,006,452	\$ 48,458,539
Covered payroll	\$ 24,606,920	\$ 25,574,999	\$ 25,323,617
Proportion of collective net OPEB liability associated with the College as a percentage of covered payroll	195.88%	191.62%	191.36%
CIP plan net position as a percentage of total OPEB liability	(4.13%)	(3.54%)	(2.87%)
FISCAL YEAR ENDED JUNE 30,	2020	2019	2018
Statutorily required contribution	\$ 117,972	\$ 114,548	\$ 113,502
Contribution in relation to the statutorily required contribution	117,972	114,548	113,502
CONTRIBUTION EXCESS (DEFICIENCY)	\$ -	\$ -	\$ -
Covered payroll	\$ 24,606,920	\$ 25,574,999	\$ 25,323,617
Contributions as a percentage of covered payroll	0.48%	0.45%	0.45%

Note: The College implemented GASB No. 75 in fiscal year 2018. The information above is presented for as many years as available. The schedule is intended to show information for ten years.

Notes to Required Supplementary Information

Changes of Benefit Terms

There were no benefit changes recognized in the total OPEB liability as of June 30, 2017, 2018, and 2019.

Changes in Assumptions

The discount rate changed from 3.62% at June 30, 2018 to 3.13% at June 30, 2019.

The discount rate changed from 3.56% at June 30, 2017 to 3.62% at June 30, 2018.

The discount rate changed from 2.85% at June 30, 2016 to 3.56% at June 30, 2017.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

SUPPLEMENTAL FINANCIAL INFORMATION

EDUCATION PURPOSES SUBFUND

The Education Purposes Subfund is established by Section 3-1 of the Illinois Public Community College Act. The Education Purposes Subfund is used to account for the revenues and expenditures of the academic and service programs of the College.

OPERATIONS AND MAINTENANCE PURPOSES SUBFUND

The Operations and Maintenance Purposes Subfund is established by Section 3-1 and Section 3-20.3 of the Illinois Public Community College Act. The Operations and Maintenance Purposes Subfund is used to account for expenditures for the improvement, maintenance, repair, or benefit of buildings and property.

AUXILIARY ENTERPRISES SUBFUND

The Auxiliary Enterprises Subfund is established by Section 3-31.1 of the Illinois Public Community College Act. The Auxiliary Enterprises Subfund exists to furnish a service to students and staff for which a fee is charged that is directly related to, although not necessarily equal to, the cost of the service.

RESTRICTED PURPOSES SUBFUND

The Restricted Purposes Subfund is for the purpose of accounting for monies that have restrictions regarding their use. Each specific project should be accounted for separately using a complete group of self-balancing accounts within the Restricted Purposes Subfund.

BOND AND INTEREST SUBFUND

The Bond and Interest Fund is established by Section 3A-1 of the Public Community College Act. This fund is used to account for payment of principal, interest, and related charges on the 2017 Debt Certificates.

AUDIT SUBFUND

The Audit Subfund is established by Chapter 50, Act 310, Section 9 of the Illinois Compiled Statutes for recording the payment of auditing expenditures.

LIABILITY, PROTECTION, AND SETTLEMENT SUBFUND

The Liability, Protection, and Settlement Subfund is established by 745 ILCS 10/9-107 of the Illinois Compiled Statutes. The tort liability, unemployment insurance, and workers' compensation levies should be recorded in this subfund.

The Social Security and Medicare Fund is a subfund of the Liability, Protection, and Settlement Fund established by 40 ILCS 5/21-110.1 of the Illinois Compiled Statutes. Monies in this subfund, including interest earned on the assets of this subfund, should be used only for the cost of participation in the federal Medicare program for those employees hired on or after March 1, 1986, and Social Security program for employees who do not participate in the SURS.

OPERATIONS AND MAINTENANCE (RESTRICTED) SUBFUND

The Operations and Maintenance (Restricted) Subfund is established by Section 3-14 of the Illinois Public Community College Act. The local Board of Trustees may establish this subfund by permitting an accumulation of funds for building purposes and site acquisition not to exceed an amount equal to 5% of the College's equalized assessed valuation.

WORKING CASH SUBFUND

The Working Cash Subfund is established by Chapter 110, Act 805, Section 3-33.1 of the Illinois Compiled Statutes. The Working Cash Subfund was first established without voter approval by resolution of the local Board of Trustees for the purpose of enabling the College to have on hand at all times sufficient cash to meet the demands for ordinary and necessary expenditures. Additional bonds may not be issued without voter approval.

RETIREE HEALTH INSURANCE SUBFUND

The Retiree Health Insurance Subfund is used to account for the College's proportionate share of the Community College Health Insurance Security Fund (the College Insurance Program or CIP) other postemployment benefit (OPEB) obligation and the revenue and expense related to the State of Illinois share of the College's OPEB obligation due to a special funding situation.

ACTIVITY SUBFUND

The Activity Subfund (the agency subfund prior to the implementation of GASB Statement NO. 84, *Fiduciary Activities*) is established by Section 3-27c of the *Public Community College Act*, is used to receive and hold funds when the college serves as a custodian or fiscal agent for another body, with some level of administrative control by the College.

LONG-TERM OBLIGATIONS SUBFUND

The Long-Term Obligations Subfund is used to record long-term liabilities.

CAPITAL ASSETS SUBFUND

The Capital Assets Subfund is used to record the value of plant assets and is supported by detailed inventory records.

EXHIBIT 1

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

COMBINING SCHEDULE OF NET POSITION BY SUBFUND

June 30, 2020

	Education Purposes	Operations and Maintenance Purposes	Auxiliary Enterprises	Restricted Purposes	Bond and Interest	Audit
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ 5,653,833	\$ 54,156	\$ 21,199	\$ 374,007	\$ 58,318
Investments	22,192,972	1,032,523	-	-	-	-
Property tax receivable	12,976,759	1,461,705	-	-	-	39,810
Tuition and fees receivable	3,854,674	-	-	-	-	-
Federal and state claims receivable	170,399	38,393	-	499,571	-	-
Accrued interest receivable	40,819	2,925	-	-	-	-
Other receivables	2,055,197	7,677	129,837	-	-	-
Due from other funds	477,787	105,000	39,631	-	-	-
Inventory	-	-	446,572	-	-	-
Prepaid items	1,448,190	18,912	1,636	7,891	-	-
Total current assets	43,216,797	8,320,968	671,832	528,661	374,007	98,128
Noncurrent assets						
Capital assets not being depreciated	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-	-
Total noncurrent assets	-	-	-	-	-	-
Total assets	43,216,797	8,320,968	671,832	528,661	374,007	98,128
DEFERRED OUTFLOWS OF RESOURCES						
Pension items	-	-	-	-	-	-
OPEB items	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	43,216,797	8,320,968	671,832	528,661	374,007	98,128

Liability, Protection, and Settlement	Operations and Maintenance (Restricted)	Working Cash	Activity	Retiree Health Insurance	Long-Term Obligations	Capital Assets	Eliminations	Total
\$ -	\$ -	\$ 95,646	\$ 390,048	\$ 400,000	\$ -	\$ -	\$ -	\$ 7,047,207
632,850	5,414,328	2,947,385	-	-	-	-	-	32,220,058
746,660	-	-	-	-	-	-	-	15,224,934
-	-	-	-	-	-	-	-	3,854,674
-	-	-	-	-	-	-	-	708,363
5,015	34,757	6,005	-	-	-	-	-	89,521
-	-	-	-	-	-	-	-	2,192,711
-	(78,912)	-	-	-	-	-	(543,506)	-
-	-	-	-	-	-	-	-	446,572
-	198,469	-	-	-	-	-	-	1,675,098
1,384,525	5,568,642	3,049,036	390,048	400,000	-	-	(543,506)	63,459,138
-	-	-	-	-	-	7,024,555	-	7,024,555
-	-	-	-	-	-	64,671,563	-	64,671,563
-	-	-	-	-	-	71,696,118	-	71,696,118
1,384,525	5,568,642	3,049,036	390,048	400,000	-	71,696,118	(543,506)	135,155,256
-	-	-	-	-	49,101	-	-	49,101
-	-	-	-	613,879	-	-	-	613,879
-	-	-	-	-	28,418	-	-	28,418
-	-	-	-	613,879	77,519	-	-	691,398
1,384,525	5,568,642	3,049,036	390,048	1,013,879	77,519	71,696,118	(543,506)	135,846,654

(This schedule is continued on the following pages.)

EXHIBIT 1

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

COMBINING SCHEDULE OF NET POSITION BY SUBFUND (Continued)

June 30, 2020

	Education	Operations and	Auxiliary	Restricted	Bond and	Audit
	Purposes	Maintenance	Enterprises	Purposes	Interest	
LIABILITIES						
Current liabilities						
Accounts payable	\$ 1,873,309	\$ 104,317	\$ 1,983	\$ 100,671	\$ -	\$ -
Accrued payroll	1,090,289	-	-	-	-	-
Accrued compensated absences	919,136	56,245	108,115	-	-	-
Accrued interest payable	-	-	-	-	-	-
Due to other funds	-	(78,912)	477,787	144,631	-	-
Unearned tuition and fees	4,839,959	-	-	-	249,568	-
Other unearned revenue	775	-	43,183	282,876	-	-
Current portion of long-term obligations	-	-	-	-	-	-
Other current liabilities	35,920	-	32,167	-	-	-
Total current liabilities	8,759,388	81,650	663,235	528,178	249,568	-
Noncurrent liabilities						
Debt certificates payable	-	-	-	-	-	-
Capital leases payable	-	-	-	-	-	-
Other postemployment benefit obligation	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	-
Total liabilities	8,759,388	81,650	663,235	528,178	249,568	-
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	12,211,860	1,375,552	-	-	-	37,464
OPEB items	-	-	-	-	-	-
Total deferred inflows of resources	12,211,860	1,375,552	-	-	-	37,464
Total liabilities and deferred inflows of resources	20,971,248	1,457,202	663,235	528,178	249,568	37,464
NET POSITION						
Net investment in capital assets	-	-	-	-	-	-
Restricted for						
Liability, protection, and settlement	-	-	-	-	-	-
Working cash	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Pension contributions	-	-	-	-	-	-
Other restricted	-	-	-	483	-	60,664
Unrestricted (deficit)	22,245,549	6,863,766	8,597	-	124,439	-
TOTAL NET POSITION (DEFICIT)	\$ 22,245,549	\$ 6,863,766	\$ 8,597	\$ 483	\$ 124,439	\$ 60,664

	Liability, Protection, and Settlement	Operations and Maintenance (Restricted)	Working Cash	Activity	Retiree Health	Long-Term Obligations	Capital Assets	Eliminations	Total
\$	41,715	\$ 717	\$ 122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,122,834
	-	-	-	-	-	-	-	-	1,090,289
	46,541	-	-	-	-	-	-	-	1,130,037
	-	-	-	-	-	161,548	-	-	161,548
	-	-	-	-	-	-	-	(543,506)	-
	-	26,739	-	-	-	-	-	-	5,116,266
	-	-	-	-	-	-	-	-	326,834
	-	-	-	-	117,972	1,350,406	-	-	1,468,378
	-	-	-	-	-	-	-	-	68,087
	88,256	27,456	122	-	117,972	1,511,954	-	(543,506)	11,484,273
	-	-	-	-	-	9,124,774	-	-	9,124,774
	-	-	-	-	-	829,043	-	-	829,043
	-	-	-	-	23,981,530	-	-	-	23,981,530
	-	-	-	-	23,981,530	9,953,817	-	-	33,935,347
	88,256	27,456	122	-	24,099,502	11,465,771	-	(543,506)	45,419,620
	702,650	-	-	-	-	-	-	-	14,327,526
	-	-	-	-	4,833,636	-	-	-	4,833,636
	702,650	-	-	-	4,833,636	-	-	-	19,161,162
	790,906	27,456	122	-	28,933,138	11,465,771	-	(543,506)	64,580,782
	-	-	-	-	-	(11,275,805)	71,696,118	-	60,420,313
	593,619	-	-	-	-	-	-	-	593,619
	-	-	1,750,000	-	-	-	-	-	1,750,000
	-	5,541,186	-	-	-	-	-	-	5,541,186
	-	-	-	-	-	49,101	-	-	49,101
	-	-	-	-	-	-	-	-	61,147
	-	-	1,298,914	390,048	(27,919,259)	(161,548)	-	-	2,850,506
\$	593,619	\$ 5,541,186	\$ 3,048,914	\$ 390,048	\$ (27,919,259)	\$ (11,388,252)	\$ 71,696,118	\$ -	\$ 71,265,872

(See independent auditor's report.)

EXHIBIT 2

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION BY SUBFUND

For the Year Ended June 30, 2020

	Education Purposes	Operations and Maintenance Purposes	Auxiliary Enterprises	Restricted Purposes	Bond and Interest	Audit
REVENUES						
Operating revenues						
Tuition and fees	\$ 11,458,566	\$ 1,873,869	\$ 511,629	\$ -	\$ 736,534	\$ -
Auxiliary enterprises revenue	25,078	-	2,879,632	-	-	-
Total operating revenues	11,483,644	1,873,869	3,391,261	-	736,534	-
EXPENSES						
Operating expenses						
Instruction	27,093,958	-	-	640,539	-	-
Academic support	4,342,130	-	-	420,451	-	-
Student services	5,297,285	-	-	1,088,216	-	-
Public services	1,778,105	-	-	212,259	-	-
Operations and maintenance	371,118	8,202,760	-	-	-	-
Auxiliary enterprises	902,995	-	3,887,338	-	-	-
Depreciation	-	-	-	-	-	-
Scholarships, student grants, and waivers	-	-	-	5,574,956	-	-
Institutional support	14,728,001	920	-	-	-	82,505
Total operating expenses	54,513,592	8,203,680	3,887,338	7,936,421	-	82,505
OPERATING INCOME (LOSS)	(43,029,948)	(6,329,811)	(496,077)	(7,936,421)	736,534	(82,505)
NON-OPERATING REVENUES (EXPENSES)						
State sources						
Other state grants and contracts	2,823,508	743,137	-	1,131,307	-	-
State Universities Retirement System pension	18,954,831	-	-	-	-	-
Community College Health Insurance Security Fund (OPEB)	-	-	-	-	-	-
Personal property replacement taxes	217,411	133,252	-	-	-	-
Property taxes	24,074,439	2,711,904	-	-	-	74,795
Federal grants and contracts	1,077,109	-	-	6,489,374	-	-
Investment income	784,628	41,187	-	-	-	-
Interest expense	(129,859)	-	-	-	(316,400)	-
Debt service	(1,570,468)	-	-	-	(310,000)	-
Proceeds on issuance of capital leases	-	-	-	-	-	-
Other non-operating revenues	129,513	50,076	-	308,475	-	-
Loss on disposal of capital assets	-	-	-	-	-	-
Transfers in	-	-	280,000	-	-	-
Transfers (out)	(900,000)	-	-	-	-	-
Net non-operating revenues (expenses)	45,461,112	3,679,556	280,000	7,929,156	(626,400)	74,795
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	2,431,164	(2,650,255)	(216,077)	(7,265)	110,134	(7,710)
Contributions	-	-	-	-	-	-
CHANGE IN NET POSITION	2,431,164	(2,650,255)	(216,077)	(7,265)	110,134	(7,710)
NET POSITION (DEFICIT), JULY 1	19,814,385	9,514,021	224,674	7,748	14,305	68,374
Change in accounting principle	-	-	-	-	-	-
NET POSITION (DEFICIT), JULY 1, RESTATED	19,814,385	9,514,021	224,674	7,748	14,305	68,374
NET POSITION (DEFICIT), JUNE 30	\$ 22,245,549	\$ 6,863,766	\$ 8,597	\$ 483	\$ 124,439	\$ 60,664

Liability, Protection, and Settlement	Operations and Maintenance (Restricted)	Working Cash	Activity	Retiree Health Insurance	Long-Term Obligations	Capital Assets	Eliminations	Adjustments	Total
\$ -	\$ 78,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,332,699)	\$ -	\$ 12,326,812
-	-	-	-	-	-	-	(186,376)	-	2,718,334
-	78,913	-	-	-	-	-	(2,519,075)	-	15,045,146
-	-	-	-	844,324	118	(6,479)	-	-	28,572,460
-	-	-	-	123,230	5,946	(139,538)	-	-	4,752,219
-	-	-	98,179	158,486	(14,999)	(173,517)	-	-	6,453,650
-	-	-	-	63,922	4,533	(10,770)	-	-	2,048,049
-	-	-	-	32,290	-	(4,134,941)	-	-	4,471,227
-	-	-	-	78,419	-	-	-	-	4,868,752
-	-	-	-	-	-	4,242,349	-	-	4,242,349
-	-	-	190,300	3,295	-	-	(2,519,075)	-	3,249,476
1,570,068	5,004,986	1,886	-	343,496	-	(4,518,236)	-	-	17,213,626
1,570,068	5,004,986	1,886	288,479	1,647,462	(4,402)	(4,741,132)	(2,519,075)	-	75,871,808
(1,570,068)	(4,926,073)	(1,886)	(288,479)	(1,647,462)	4,402	4,741,132	-	-	(60,826,662)
-	153,130	-	-	-	-	-	-	-	4,851,082
-	-	-	-	-	-	-	-	-	18,954,831
-	-	-	-	823,731	-	-	-	-	823,731
-	-	-	-	-	-	-	-	-	350,663
1,390,124	-	-	-	-	-	-	-	-	28,251,262
-	-	-	-	-	-	-	-	-	7,566,483
70,622	489,444	84,555	-	-	-	-	-	-	1,470,436
-	-	-	-	-	30,878	-	-	-	(415,381)
-	-	-	-	-	1,880,468	-	-	-	-
-	1,041,042	-	-	-	(1,041,042)	-	-	-	-
6,494	12,474	-	314,845	-	-	-	-	-	821,877
-	-	-	-	-	-	(37,014)	-	-	(37,014)
-	220,000	-	-	400,000	-	-	(900,000)	-	-
-	-	-	-	-	-	-	900,000	-	-
1,467,240	1,916,090	84,555	314,845	1,223,731	870,304	(37,014)	-	-	62,637,970
(102,828)	(3,009,983)	82,669	26,366	(423,731)	874,706	4,704,118	-	-	1,811,308
-	3,330,000	-	-	-	-	-	-	-	3,330,000
(102,828)	320,017	82,669	26,366	(423,731)	874,706	4,704,118	-	-	5,141,308
696,447	5,221,169	2,966,245	-	(27,495,528)	(12,262,958)	66,992,000	-	-	65,760,882
-	-	-	363,682	-	-	-	-	-	363,682
696,447	5,221,169	2,966,245	363,682	(27,495,528)	(12,262,958)	66,992,000	-	-	66,124,564
\$ 593,619	\$ 5,541,186	\$ 3,048,914	\$ 390,048	\$ (27,919,259)	\$ (11,388,252)	\$ 71,696,118	\$ -	\$ -	\$ 71,265,872

(See independent auditor's report.)

STATISTICAL SECTION (UNAUDITED)

This part of the McHenry County College, Community College District Number 528's comprehensive annual financial report presents additional historical perspective, context, and detailed information to assist the reader in using the information in the financial statements, note disclosures, and required supplementary information to understand and assess the College's overall economic condition.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.	54-55
Revenue Capacity These schedules contain information to help the reader assess the College's ability to generate its two most significant revenue sources - real estate taxes and tuition.	56-61
Debt Capacity These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.	62-65
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.	66-67
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.	68-70

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

TABLE 1

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NET POSITION										
Net investment in capital assets	\$ 60,420,313	\$ 54,855,554	\$ 50,602,214	\$ 44,779,652	\$ 42,553,885	\$ 42,168,419	\$ 41,304,177	\$ 36,844,319	\$ 31,712,922	\$ 28,692,939
Restricted										
Liability, protection, and settlement	593,619	696,447	736,571	805,344	862,425	790,022	678,115	801,510	320,836	1,283,763
Working cash	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Capital projects	5,541,186	5,221,169	7,466,552	9,491,872	10,747,947	10,787,563	10,896,967	11,707,028	13,046,400	10,200,757
Pension contributions	49,101	44,698	38,066	35,452	34,875	33,069.00	-	-	-	-
Other purpose	61,147	76,122	98,545	113,204	129,261	130,639	122,962	112,379	72,063	173,358
Unrestricted	2,850,506	3,116,892	2,049,731	25,874,244	25,293,448	26,131,624	24,832,897	24,180,694	22,402,592	20,819,292
TOTAL NET POSITION	\$ 71,265,872	\$ 65,760,882	\$ 62,741,679	\$ 82,849,768	\$ 81,371,841	\$ 81,791,336	\$ 79,585,118	\$ 75,395,930	\$ 69,304,813	\$ 62,920,109

The College implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018.

Source: College records

TABLE 2

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
OPERATING REVENUES										
Tuition and fees	\$ 12,326,812	\$ 12,230,993	\$ 12,197,676	\$ 11,377,780	\$ 11,229,838	\$ 11,580,934	\$ 11,601,773	\$ 12,447,324	\$ 14,017,579	\$ 14,445,982
Auxiliary enterprises revenue	2,718,334	3,343,507	3,531,936	3,684,055	4,043,512	4,085,655	3,937,155	3,668,760	2,851,925	2,785,969
Total operating revenues	15,045,146	15,574,500	15,729,612	15,061,835	15,273,350	15,666,589	15,538,928	16,116,084	16,869,504	17,231,951
OPERATING EXPENSES										
Instruction	28,572,460	27,722,980	28,684,790	26,092,148	23,561,977	22,789,724	22,319,186	21,269,051	17,713,918	18,266,252
Academic support	4,752,219	3,745,353	3,290,454	3,742,941	3,457,115	3,110,332	3,278,632	3,132,744	2,663,457	1,650,833
Student services	6,453,650	6,470,508	6,339,681	6,220,431	5,697,158	5,259,418	5,068,458	4,859,649	4,029,395	3,875,005
Public services	2,048,049	1,968,599	1,592,074	1,541,367	1,674,029	1,619,295	1,636,688	3,004,713	2,790,339	2,161,250
Operations and maintenance	4,471,227	3,820,345	3,633,896	3,374,098	3,324,292	3,733,412	3,582,848	4,346,063	4,601,120	4,293,476
Auxiliary enterprises	4,868,752	5,134,416	5,197,666	5,610,527	5,761,311	5,826,606	4,604,047	3,877,809	3,963,882	4,750,540
Institutional support	20,463,102	19,887,275	18,164,164	18,262,021	16,825,945	17,299,019	17,485,194	16,053,690	16,708,358	14,701,532
Depreciation	4,242,349	4,001,517	4,061,445	3,480,933	3,351,541	3,126,475	2,620,632	1,422,611	1,126,625	1,283,842
Total operating expenses	75,871,808	72,750,993	70,964,170	68,324,466	63,653,368	62,764,281	60,595,685	57,966,330	53,597,094	50,982,730
OPERATING INCOME (LOSS)	(60,826,662)	(57,176,493)	(55,234,558)	(53,262,631)	(48,380,018)	(47,097,692)	(45,056,757)	(41,850,246)	(36,727,590)	(33,750,779)
NON-OPERATING REVENUES (EXPENSES)										
Property taxes	28,251,262	27,903,156	27,882,106	27,905,016	27,904,317	27,918,510	27,901,545	27,513,358	26,727,735	26,066,206
State sources	24,980,307	22,215,578	21,576,884	21,154,305	13,446,866	14,242,898	12,988,287	12,548,086	9,603,640	8,271,033
Federal grants and contracts	7,566,483	6,019,849	5,294,224	5,336,830	6,102,547	6,860,376	7,847,382	7,750,637	6,549,589	6,517,387
Investment income	1,470,436	1,478,925	270,955	247,321	471,463	292,081	17,848	44,877	48,262	76,687
Interest expense and fiscal charges	(415,381)	(418,188)	(435,467)	(244,945)	(155,479)	(270,835)	(218,244)	(167,450)	(187,225)	(227,721)
Other non-operating revenues (expenses)	821,877	402,583	338,415	301,149	201,550	260,880	333,139	315,700	147,843	169,606
Gain (loss) on sale of capital assets	(37,014)	(56,207)	(28,052)	(19,118)	(10,741)	-	-	(24,108)	-	-
Total non-operating revenues (expenses)	62,637,970	57,545,696	54,899,065	54,680,558	47,960,523	49,303,910	48,869,957	47,981,100	42,889,844	40,873,198
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,811,308	369,203	(335,493)	1,417,927	(419,495)	2,206,218	3,813,200	6,130,854	6,162,254	7,122,419
CAPITAL CONTRIBUTIONS										
Capital grants and appropriations	3,330,000	2,650,000	4,035,898	60,000	-	-	375,988	-	-	-
Total capital contributions	3,330,000	2,650,000	4,035,898	60,000	-	-	375,988	-	-	-
CHANGE IN NET POSITION	\$ 5,141,308	\$ 3,019,203	\$ 3,700,405	\$ 1,477,927	\$ (419,495)	\$ 2,206,218	\$ 4,189,188	\$ 6,130,854	\$ 6,162,254	\$ 7,122,419

Source: College records

TABLE 3

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Mineral Property	Railroad Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Percentage of Estimated Actual Taxable Value
2019	\$ 6,546,252,620	\$ 844,832,103	\$ 328,145,767	\$ 298,126,831	\$ 6,668,047	\$ 17,157,508	\$ 8,041,182,876	0.3570	\$ 24,123,789,867	33.333%
2018	6,227,769,086	804,754,208	312,980,677	282,884,059	6,778,166	16,328,872	7,651,495,068	0.3655	22,954,714,751	33.333%
2017	5,903,486,223	777,434,600	301,192,515	267,604,324	5,230,020	15,033,590	7,269,981,272	0.3847	21,810,161,918	33.333%
2016	5,565,670,660	749,890,034	288,451,974	254,656,386	5,498,276	14,082,605	6,878,249,935	0.4066	20,634,749,805	33.333%
2015	5,205,146,972	700,172,188	268,020,865	239,729,695	5,627,522	14,077,472	6,432,774,714	0.4348	19,298,324,142	33.333%
2014	5,063,013,972	698,974,771	266,815,699	234,504,552	5,663,021	11,886,912	6,280,858,927	0.4453	18,842,576,781	33.333%
2013	5,238,812,381	722,092,359	280,205,378	235,008,024	6,930,319	11,152,102	6,494,200,563	0.4306	19,482,601,689	33.333%
2012	5,768,261,566	792,143,526	309,070,523	246,949,202	7,095,844	8,865,411	7,132,386,072	0.4160	21,397,158,216	33.333%
2011	6,488,141,053	861,291,832	338,907,855	263,186,427	7,199,991	7,891,850	7,966,619,008	0.3660	23,899,857,024	33.333%
2010	7,111,029,669	954,263,120	374,222,601	274,937,046	8,511,662	7,466,004	8,730,430,102	0.3039	26,191,290,306	33.333%

Source: Office of the County Clerk

TABLE 4

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Levy Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
McHenry County College (1)										
Education Purposes	0.3043	0.3114	0.3278	0.3464	0.3704	0.3794	0.3669	0.3545	0.3294	0.2735
Audit	0.0010	0.0010	0.0010	0.0011	0.0012	0.0017	0.0016	0.0015	0.0000	0.0000
Operations and Maintenance Purposes (Unrestricted)	0.0343	0.0351	0.0369	0.0390	0.0417	0.0427	0.0413	0.0399	0.0366	0.0304
Liability, Protection, and Settlement	0.0174	0.0180	0.0190	0.0201	0.0215	0.0215	0.0208	0.0201	0.0000	0.0000
Bond and Interest	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Direct Rate	0.3570	0.3655	0.3847	0.4066	0.4348	0.4453	0.4306	0.4160	0.3660	0.3039
Overlapping Rates (2)										
County	0.832	0.902	1.054	1.078	1.141	1.096	0.996	0.888	0.792	0.716
Municipalities	0.000 - 2.188	2.387	0.276 - 2.474	0.289 - 2.553	0.278 - 2.545	0.264 - 2.356	0.232 - 2.210	0.207 - 1.943	0.192 - 1.707	0.180 - 1.487
High Schools	2.613 - 3.253	2.702 - 3.440	2.749 - 3.547	2.943 - 3.792	2.887 - 3.891	2.704 - 3.486	2.407 - 3.123	2.093 - 2.926	1.780 - 2.510	1.625 - 2.279
Unit Districts	4.572 - 6.972	4.505 - 7.055	4.797 - 7.613	4.749 - 8.174	5.068 - 8.215	4.014 - 7.742	3.593 - 6.900	3.638 - 5.894	3.503 - 5.226	3.274 - 4.791
Elementary Schools	3.159 - 5.433	3.3214 - 5.590	3.307 - 5.802	3.434 - 6.221	3.532 - 7.659	3.311 - 6.894	2.962 - 5.927	2.487 - 5.250	2.154 - 4.229	1.956 - 3.933
Community College	0.3660 - 0.5240	0.385 - 0.512	0.407 - 0.572	0.424 - 0.566	0.445 - 0.668	0.359 - 0.547	0.338 - 0.505	0.290 - 0.465	0.278 - 0.454	0.274 - 0.467
Townships and Roads	0.0510 - 0.4770	0.057 - 0.522	0.070 - 0.258	0.083 - 0.268	0.157 - 0.837	0.152 - 0.851	0.142 - 0.819	0.123 - 0.586	0.123 - 0.708	0.101 - 0.658
Fire Protection	0.3120 - .9850	0.317 - 1.013	0.324 - 1.044	0.338 - 0.991	0.345 - 0.999	0.325 - 0.936	0.288 - 0.827	0.243 - 0.722	0.213 - 0.718	0.193 - 0.637
Park Districts	0.0190 - 0.7800	0.046 - 0.805	0.050 - 0.836	0.049 - 0.882	0.052 - 0.903	0.042 - 0.836	0.038 - 0.758	0.035 - 0.659	0.034 - 0.575	0.032 - 0.535
Sanitary Districts	0.0460 - 0.0830	0.053 - 0.086	0.058 - 0.089	0.064 - 0.094	0.071 - 0.131	0.078 - 0.091	0.071 - 0.083	0.070 - 0.071	0.062 - 0.066	0.057
Library Districts	0.1110 - 0.4800	0.119 - 0.576	0.123 - 0.596	0.129 - 0.622	0.127 - 0.638	0.119 - 0.595	0.104 - 0.532	0.089 - 0.467	0.078 - 0.419	0.072 - 0.391
Cemetery Districts	0.0000 - 0.0000	0.002 - 0.013	0.001 - 0.013	0.002 - 0.014	0.002 - 0.014	0.002 - 0.013	0.002 - 0.012	0.002 - 0.011	0.001 - 0.009	0.001 - 0.008
Conservation District	.2380 - .2380	0.245	0.259	0.277	0.284	0.275	0.248	0.219	0.196	0.178
Rescue Squad	.1870 - .1870	0.189	0.193	0.200	0.200	0.200	0.200	0.200	0.200	0.200

Note: 97% of the McHenry County College District lies in McHenry County.

Sources: (1) College records

(2) McHenry County Comprehensive Annual Financial Report dated November 30, 2019.

TABLE 5

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

ASSESSED VALUATIONS AND TAX EXTENSIONS

Last Ten Levy Years

Levy Year	Taxes Extended						Total
	Education Purposes	Operations and Maintenance Purposes (Unrestricted)	Bond & Interest Fund	Audit Fund	Liability, Protection and Settlement		
2019	\$ 24,423,721	\$ 2,751,103	\$ -	\$ 74,929	\$ 1,405,300	\$ 28,655,053	
2018	23,828,165	2,684,062	-	74,985	1,380,786	27,967,998	
2017	23,827,996	2,684,020	-	75,026	1,380,795	27,967,837	
2016	23,827,221	2,683,962	-	74,973	1,380,742	27,966,898	
2015	23,827,255	2,683,947	-	75,006	1,380,795	27,967,003	
2014	23,827,255	2,683,937	-	103,823	1,351,893	27,966,908	
2013	23,806,739	2,684,182	-	103,932	1,352,033	27,946,886	
2012	23,827,256	2,683,946	-	103,795	1,351,946	27,966,943	
2011	24,310,808	2,701,403	-	1,398	2,796	27,016,405	
2010	23,900,931	2,656,208	-	1,447	2,893	26,561,479	
Levy Year	Assessed Valuation						
	Total Assessed Valuation	McHenry County	Kane County	Lake County	Boone County		
2019	\$ 8,041,182,876	\$ 7,697,854,815	\$ 296,986,460	\$ 42,387,485	\$ 3,954,116		
2018	7,651,495,068	7,333,522,216	274,596,594	39,569,937	3,806,321		
2017	7,269,981,272	6,957,624,248	270,109,164	38,745,539	3,502,321		
2016	6,878,249,935	6,584,946,024	252,663,636	37,331,727	3,308,548		
2015	6,432,774,714	6,178,560,032	213,872,603	37,190,472	3,151,607		
2014	6,280,858,927	6,041,338,599	198,566,016	37,842,505	3,111,807		
2013	6,494,200,563	6,251,575,722	201,014,154	38,539,067	3,071,620		
2012	7,132,386,072	6,865,719,647	223,292,855	40,202,337	3,171,233		
2011	7,966,619,008	7,671,879,914	246,530,390	44,804,431	3,404,273		
2010	8,730,430,102	8,413,912,393	263,817,531	49,123,691	3,576,487		

Source: College records

TABLE 6

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

2019				2010			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Nimed Corp.	\$ 18,680,658	1	0.18%	Walmart Real Estate Business	\$ 23,182,335	1	0.21%
Walmart Real Estate Business	17,397,302	2	0.17%	Nimed Corp.	17,468,338	2	0.16%
Fox River TEI LLC ET AL	12,885,583	3	0.13%	Centro Bradley Crystal Lake	15,903,374	3	0.14%
US BK NA TRS	9,419,261	4	0.09%	Inland Real Estate Corp	10,911,261	4	0.10%
Strategic Sky Ridge LLC	9,189,642	5	0.09%	Sky Ridge Partners LP	10,385,450	5	0.09%
Sage Products LLC	8,547,683	6	0.08%	DDR McHenry SQ	10,059,687	6	0.09%
Meijer Store LTD Partnership	8,417,887	7	0.08%	Rubloff	9,412,240	7	0.08%
Centro Bradley Crystal Lake	6,245,866	8	0.06%	Meijer Stores LTD Partnership	9,097,939	8	0.08%
2018 IAVF Prairie View LLC	6,084,101	9	0.06%	Menard Inc.	8,827,066	9	0.08%
Kirkat IL LLC	6,048,819	10	0.06%	Target (Dayton Hudson)	7,902,491	10	0.07%
	<u>\$ 102,916,802</u>		<u>1.00%</u>		<u>\$ 123,150,181</u>		<u>1.10%</u>

Note: 97% of the McHenry County College District lies in McHenry County.

Source: McHenry County Comprehensive Annual Financial Report dated November 30, 2019.

TABLE 7

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 28,655,053	\$ 13,430,118	46.87%	\$ -	\$ 13,430,118	46.87%
2018	27,967,998	14,344,200	51.29%	13,564,276	27,908,476	99.79%
2017	27,967,837	14,981,142	53.57%	12,922,349	27,903,491	99.77%
2016	27,966,898	14,347,927	51.30%	13,533,250	27,881,177	99.69%
2015	27,967,003	14,076,566	50.33%	13,828,356	27,904,922	99.78%
2014	27,966,908	14,149,610	50.59%	13,754,660	27,904,270	99.78%
2013	27,946,886	14,002,735	50.10%	13,915,170	27,917,905	99.90%
2012	27,966,943	13,972,151	49.96%	13,950,325	27,922,476	99.84%
2011	27,016,405	13,329,079	49.34%	13,641,402	26,970,481	99.83%
2010	26,561,479	13,062,820	49.18%	13,438,694	26,501,514	99.77%

Source: College records

TABLE 8

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

ENROLLMENT, TUITION AND FEE RATES, CREDIT HOURS CLAIMED, AND TUITION AND FEE REVENUE

Last Ten Fiscal Years

Fiscal Year	Fall Term 10th Day Enrollment		Tuition and Fee Rates			Total Credit Hours Claimed	Tuition and Fee Revenue
	FTE Credit Courses	Headcount Credit Courses	In-District Tuition and Fees per Semester Hour	Out-of-District Tuition and Fees per Semester Hour	Out-of-State Tuition and Fees per Semester Hour		
2020	3,893	7,475	\$ 126.75	\$ 394.91	\$ 486.88	113,609.50	\$ 12,326,812
2019	3,777	7,032	123.75	412.15	494.02	109,343.50	12,230,993
2018	3,747	6,844	121.00	394.71	474.27	104,754.00	12,197,676
2017	3,586	6,371	113.00	347.21	431.93	102,947.50	11,377,780
2016	3,741	6,562	110.00	346.06	440.41	108,168.00	11,229,838
2015	3,880	6,551	105.00	312.11	393.36	117,779.50	11,580,934
2014	4,171	7,023	102.00	310.33	380.20	116,081.00	11,601,773
2013	4,170	6,976	99.00	310.33	380.20	130,213.00	12,447,324
2012	3,988	7,104	99.00	267.85	325.37	130,085.50	14,017,579
2011	4,361	7,392	91.00	314.09	348.79	140,532.50	15,231,764

Source: College records

TABLE 9

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	General Obligation Bonds	General Obligation Debt Certificates	Capital Leases	Total Outstanding Debt	Estimated Actual Taxable Property Value	Percentage of Actual Value	Population* (Estimated)	Total Outstanding Debt Per Capita
2020	\$ -	\$ 9,280,000	\$ 1,615,083	\$ 10,895,083	\$ 24,123,789,867	0.05%	307,774	\$ 35.40
2019	-	10,120,000	1,614,508	11,734,508	22,954,714,751	0.05%	308,570	38.03
2018	-	10,925,000	1,431,219	12,356,219	21,810,161,918	0.06%	309,122	39.97
2017	-	11,980,000	1,956,575	13,936,575	20,634,749,805	0.07%	307,004	45.40
2016	-	3,685,000	1,829,254	5,514,254	19,298,324,142	0.03%	307,343	17.94
2015	-	4,110,000	1,813,794	5,923,794	18,842,576,781	0.03%	307,283	19.28
2014	-	4,550,000	2,064,906	6,614,906	21,397,158,216	0.03%	307,409	21.52
2013	-	4,980,000	773,055	5,753,055	19,482,601,689	0.03%	308,145	18.67
2012	-	5,410,000	-	5,410,000	23,899,857,024	0.02%	308,135	18.61
2011	-	5,745,000	-	5,745,000	26,191,290,306	0.02%	308,760	19.05

*McHenry County Comprehensive Annual Financial Report dated November 30, 2019.

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

Source: College records

TABLE 10

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	General Obligation Debt Certificates	Less Amounts Available In Debt		Total	Percentage of Actual Taxable Value of Property	Total Outstanding Debt Per Capita
				Service Fund			
2020	\$ -	\$ 9,280,000	\$ -		\$ 9,280,000	0.038%	\$ 30.15
2019	-	10,120,000	-		10,120,000	0.044%	32.80
2018	-	10,925,000	-		10,925,000	0.050%	35.34
2017	-	11,980,000	-		11,980,000	0.058%	39.02
2016	-	3,685,000	-		3,685,000	0.019%	11.99
2015	-	4,110,000	-		4,110,000	0.022%	13.38
2014	-	4,550,000	-		4,550,000	0.021%	14.80
2013	-	4,980,000	-		4,980,000	0.026%	16.16
2012	-	5,410,000	-		5,410,000	0.023%	17.56
2011	-	5,745,000	-		5,745,000	0.022%	18.61

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

Sources: County and College records

TABLE 11

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

DIRECT AND OVERLAPPING DEBT

June 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage of Debt Applicable	Estimated Share of Direct and Overlapping Debt
McHenry County College	\$ 9,280,000	100.0%	\$ 9,280,000
McHenry County	8,574,757	100.0%	8,574,757
County Conservation District	88,085,000	88.0%	77,638,699
Municipalities	227,273,097	7.1% - 100.0%	201,319,078
Public Library Districts	15,815,000	2.6% - 100.0%	15,301,738
Community College Districts	403,021,855	0.0% - 95.9%	25,075,482
Township and Road Districts	1,622,210	100.0%	1,622,210
Fire Protection Districts	23,568,879	2.7% - 100.0%	19,055,577
Park Districts	21,262,018	13.2% - 100.0%	20,213,110
Rescue Squad District	80,000	100.0%	80,000
Schools			
Elementary			
Grade School District	26,516,878	93.9% - 100.0%	26,424,135
High School District	66,957,205	98.6% - 100.0%	66,657,734
Unit School Districts	673,161,747	4.4% - 100.0%	307,760,200
Subtotal overlapping debt	1,555,938,646		769,722,720
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	\$ 1,565,218,646		\$ 779,002,720

Note: 97.3% of the McHenry County College District lies in McHenry County.

Sources: College records

McHenry County Comprehensive Annual Financial Report dated November 30, 2019.

TABLE 12

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

LEGAL DEBT MARGIN INFORMATION

Last Ten Levy Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Legal debt limit	\$ 231,184,008	\$ 219,980,483	\$ 209,011,962	\$ 197,749,686	\$ 184,942,273	\$ 180,574,694	\$ 186,708,266	\$ 205,056,100	\$ 229,040,296	\$ 250,999,865
Total debt applicable to limit	9,280,000	10,120,000	10,925,000	11,980,000	3,685,000	4,110,000	4,550,000	4,980,000	5,410,000	5,745,000
LEGAL DEBT MARGIN	\$ 221,904,008	\$ 209,860,483	\$ 198,086,962	\$ 185,769,686	\$ 181,257,273	\$ 176,464,694	\$ 182,158,266	\$ 200,076,100	\$ 223,630,296	\$ 245,254,865
TOTAL NET DEBT APPLICABLE TO THE LIMITS AS A PERCENTAGE OF DEBT LIMIT	4.01%	4.60%	5.23%	6.06%	1.99%	2.28%	2.44%	2.43%	2.36%	2.29%
Legal Debt Margin Calculation for Levy Year 2018										
ASSESSED VALUE	\$ 8,041,182,876									
Legal debt margin	2.875%									
Debt limit	231,184,008									
Debt applicable to limit General obligation bonds	9,280,000									
LEGAL DEBT MARGIN	\$ 221,904,008									

Source: College records

TABLE 13

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

PERSONAL INCOME PER CAPITA

Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2019	307,774	\$ 17,193,564,000	\$ 55,864	50,306	2.7%
2018	308,570	16,557,246,000	53,658	48,228	3.5%
2017	309,122	15,427,535,000	49,908	49,147	4.5%
2016	307,004	15,671,668,000	51,047	49,449	5.3%
2015	307,343	14,808,518,000	48,182	49,973	5.3%
2014	307,283	14,356,414,000	46,720	50,652	6.4%
2013	307,409	13,905,855,000	45,236	51,547	8.3%
2012	308,145	13,768,164,000	44,681	52,209	8.4%
2011	308,944	13,150,557,000	42,566	52,875	9.4%
2010	308,760	12,546,535,000	38,079	53,179	9.6%

Note: 97% of the McHenry County College District lies in McHenry County.

Sources: McHenry County Comprehensive Annual Financial Report dated November 30, 2019.

U.S. Census Bureau

Bureau of Economic Analysis, U.S. Department of Commerce.

Regional Superintendent of Schools

Illinois Department of Employment Security

TABLE 14

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2019				2010			
Employer	Number of Employees	Rank	Percent of Total County Employment	Employer	Number of Employees	Rank	Percent of Total County Employment
Northwestern Medicine (Centegra)	5,000	1	3.17%	Centegra Health System	3,650	1	2.23%
District 47	1,528	2	0.97%	Walmart	2,200	2	1.35%
District 158	1,500	3	0.95%	Jewel Osco	1,400	3	0.86%
County of McHenry	1,400	4	0.89%	County of McHenry	1,388	4	0.85%
Follett Library Resources	1,378	5	0.87%	Follett Library Resources	1,378	5	0.84%
Catalent Pharma Solutions Inc.	830	6	0.53%	Catalent Pharma Solutions Inc	830	6	0.51%
Mercy Health System	732	7	0.46%	Mercy Health System	732	7	0.00%
Snap-On Tools, Inc.	590	8	0.37%	Brown Printing	650	8	0.40%
Stryker-Sage Products	583	9	0.37%	Snap-On Tools, Inc.	590	9	0.36%
Medela	540	10	0.34%	Stryker-Sage Products	583	10	0.36%

Note: 97% of the McHenry County College District lies in McHenry County.

Source: McHenry County Comprehensive Annual Financial Report dated November 30, 2019.

TABLE 15

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

EMPLOYEE COUNT

Last Ten Fiscal Years

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Faculty										
Full-time	91	94	94	103	106	91	89	99	94	94
Part-time	260	353	364	279	340	317	371	288	268	271
Administrators										
Full-time	50	52	52	49	54	43	43	43	41	33
Part-time	-	-	-	-	1	1	-	-	1	-
Staff										
Full-time	140	137	139	130	136	119	135	143	179	183
Part-time	96	53	62	59	69	54	62	40	92	93
Total										
Full-time	281	283	285	282	296	253	267	285	314	310
Part-time	356	406	426	338	410	372	433	328	361	364

Source: College records

TABLE 16

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Degrees and Certificates Awarded										
A.A., A.S., and A.G.E.	542	555	427	471	584	548	539	547	586	543
A.E.S.	5	7	6	4	8	2	4	1	2	3
A.F.A.	4	1	3	2	3	6	12	7	9	7
A.A.S.	190	202	219	174	222	231	228	189	206	193
Certificates	514	660	625	638	691	794	876	718	870	973
<u>Student Data</u>										
Enrollment by Category (Credit Hours)										
Baccalaureate	86,955	84,804	83,285	82,132	89,693	94,329	99,950	101,736	113,437	113,089
Business Occupational	8,857	7,998	7,736	7,814	7,971	8,918	9,630	9,793	9,933	10,106
Technical Occupational	11,874	12,537	12,226	12,138	8,748	8,875	8,591	7,868	6,641	5,884
Health Occupational	5,204	6,044	5,740	5,831	6,145	7,075	7,995	7,957	7,757	6,436
Remedial Developmental	9,014	8,620	9,120	5,384	6,110	7,718	8,928	9,676	6,097	12,418
Adult Basic/Secondary Education	8,917	8,364	8,376	9,508	10,186	8,812	7,717	9,286	8,433	12,418
TOTAL CREDIT HOURS	130,821	128,367	126,483	122,807	128,853	135,727	142,811	146,316	152,298	160,351
Fall semester average class size at tenth day	19	18	19	18	17	17	18	17	18	18

Source: College records

TABLE 17

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Facilities Data										
Size of campus (acres)	230	203	203	203	203	168	168	168	168	168
Gross square footage	448,395	448,395	405,340	405,340	405,340	392,720	392,720	386,112	386,112	386,112
Number of classrooms	57	57	65	65	67	67	67	66	49	49
Number of laboratories	29	29	36	36	34	36	36	32	38	38

Source: College records

SPECIAL REPORTS SECTION

SCHEDULE 1

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

UNIFORM FINANCIAL STATEMENT #1
ALL FUNDS SUMMARY

For the Year Ended June 30, 2020

	Education Purposes	Operations and Maintenance Purposes	Operations and Maintenance Restricted Fund	Bond and Interest	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
FUND BALANCES, JUNE 30, 2019	\$ 19,814,385	\$ 9,514,021	\$ 5,221,169	\$ 14,305	\$ 224,674	\$ 7,748	\$ 2,966,245	\$ 68,374	\$ 696,447	\$ 38,527,368
REVENUES										
Local tax revenue	24,291,850	2,845,156	-	-	-	-	-	74,795	1,390,124	28,601,925
All other local revenue	-	-	-	-	-	-	-	-	-	-
ICCB grants	2,823,508	743,137	-	-	-	352,165	-	-	-	3,918,810
All other state revenue	-	-	-	-	-	20,557,702	-	-	-	20,557,702
Federal revenue	1,077,109	-	-	-	-	6,489,374	-	-	-	7,566,483
Student tuition and fees	11,458,566	1,873,869	78,913	736,534	511,629	-	-	-	-	14,659,511
All other revenue	939,219	91,263	5,026,090	-	2,879,632	308,475	84,555	-	77,116	9,406,350
Total revenues	40,590,252	5,553,425	5,105,003	736,534	3,391,261	27,707,716	84,555	74,795	1,467,240	84,710,781
EXPENDITURES										
Instruction	17,380,512	-	-	-	-	10,776,145	-	-	-	28,156,657
Academic support	2,923,731	-	-	-	-	1,900,465	-	-	-	4,824,196
Student services	3,474,587	-	-	-	-	2,990,157	-	-	-	6,464,744
Public service/continuing education	1,041,778	-	-	-	-	980,547	-	-	-	2,022,325
Organized research	-	-	-	-	-	-	-	-	-	-
Auxiliary services	-	-	-	-	3,887,338	942,205	-	-	-	4,829,543
Operations and maintenance	-	8,202,760	-	-	-	387,263	-	-	-	8,590,023
Institutional support	12,438,480	920	5,004,986	626,400	-	4,163,243	1,886	82,505	1,570,068	23,888,488
Scholarships, grants, waivers	-	-	-	-	-	5,574,956	-	-	-	5,574,956
Total expenditures	37,259,088	8,203,680	5,004,986	626,400	3,887,338	27,714,981	1,886	82,505	1,570,068	84,350,932
NET TRANSFERS	(900,000)	-	220,000	-	280,000	-	-	-	-	(400,000)
FUND BALANCES, JUNE 30, 2020	\$ 22,245,549	\$ 6,863,766	\$ 5,541,186	\$ 124,439	\$ 8,597	\$ 483	\$ 3,048,914	\$ 60,664	\$ 593,619	\$ 38,487,217

(See independent auditor's report.)

SCHEDULE 2

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

UNIFORM FINANCIAL STATEMENT #2
SUMMARY OF CAPITAL ASSETS AND DEBT

For the Year Ended June 30, 2020

	Beginning Balance June 30, 2019	Additions	Deletions	Ending Balance June 30, 2020
CAPITAL ASSETS				
Sites and improvements	\$ 6,475,286	\$ 295,817	\$ -	\$ 6,771,103
Construction in progress	4,337,173	7,609,647	11,693,368	253,452
Buildings, additions, and improvements	78,479,991	10,882,095	14,948	89,347,138
Equipment	16,444,422	1,889,290	772,480	17,561,232
Subtotal	<u>105,736,872</u>	<u>20,676,849</u>	<u>12,480,796</u>	<u>113,932,925</u>
Less accumulated depreciation	<u>38,744,872</u>	<u>4,242,349</u>	<u>750,414</u>	<u>42,236,807</u>
NET CAPITAL ASSETS	<u><u>\$ 66,992,000</u></u>	<u><u>\$ 16,434,500</u></u>	<u><u>\$ 11,730,382</u></u>	<u><u>\$ 71,696,118</u></u>
LONG-TERM DEBT				
Debt certificates payable	\$ 10,120,000	\$ -	\$ 840,000	\$ 9,280,000
Capital lease payable	1,614,509	1,041,042	1,040,468	1,615,083
Other postemployment benefit obligation	24,503,226	-	403,724	24,099,502
TOTAL LONG-TERM DEBT	<u><u>\$ 36,237,735</u></u>	<u><u>\$ 1,041,042</u></u>	<u><u>\$ 2,284,192</u></u>	<u><u>\$ 34,994,585</u></u>

(See independent auditor's report.)

SCHEDULE 3

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

UNIFORM FINANCIAL STATEMENT #3
OPERATING FUNDS REVENUES AND EXPENDITURES

For the Year Ended June 30, 2020

	<u>Education Purposes</u>	<u>Operations and Maintenance Purposes</u>	<u>Total Operating Fund</u>
OPERATING REVENUES BY SOURCE			
Local government revenue			
Local taxes	\$ 24,074,439	\$ 2,711,904	\$ 26,786,343
CPPRT	217,411	133,252	350,663
Other	-	-	-
Chargeback revenue	-	-	-
	<u>24,291,850</u>	<u>2,845,156</u>	<u>27,137,006</u>
Total local government revenue			
State government			
ICCB base operating grant	2,505,908	743,137	3,249,045
ICCB equalization grant	50,000	-	50,000
ICCB career & technical education	267,600	-	267,600
ICCB adult education	-	-	-
Other ICCB grants	-	-	-
Dept. of corrections	-	-	-
Dept. of veterans affairs	-	-	-
Illinois student assistance commission	-	-	-
Other	-	-	-
	<u>2,823,508</u>	<u>743,137</u>	<u>3,566,645</u>
Total state government			
Federal government			
Dept. of Education	-	-	-
Dept. of Labor	-	-	-
Dept. of Health & Human Services	-	-	-
Other	1,077,109	-	1,077,109
	<u>1,077,109</u>	<u>-</u>	<u>1,077,109</u>
Total federal government			
Student tuition and fees			
Tuition	9,371,018	1,873,869	11,244,887
Fees	2,087,548	-	2,087,548
Other student assessments	-	-	-
	<u>11,458,566</u>	<u>1,873,869</u>	<u>13,332,435</u>
Total student tuition and fees			
Other sources			
Sales and service fees	25,078	-	25,078
Facilities revenue	-	-	-
Investment revenue	784,628	41,187	825,815
Non-governmental grants	-	-	-
Other	129,513	50,076	179,589
	<u>939,219</u>	<u>91,263</u>	<u>1,030,482</u>
Total other sources			
Total revenue	<u>40,590,252</u>	<u>5,553,425</u>	<u>46,143,677</u>
Less non-operating items*			
Tuition chargeback revenue	-	-	-
Instructional service contracts	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
ADJUSTED REVENUES	<u>\$ 40,590,252</u>	<u>\$ 5,553,425</u>	<u>\$ 46,143,677</u>

* Enter as negative

(This statement is continued on the following page.)

SCHEDULE 3

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

UNIFORM FINANCIAL STATEMENT #3
OPERATING FUNDS REVENUES AND EXPENDITURES (Continued)

For the Year Ended June 30, 2020

	<u>Education Purposes</u>	<u>Operations and Maintenance Purposes</u>	<u>Total Operating Fund</u>
BY PROGRAM			
Instruction	\$ 17,380,512	\$ -	\$ 17,380,512
Academic support	2,923,731	-	2,923,731
Student services	3,474,587	-	3,474,587
Public service/continuing education	1,041,778	-	1,041,778
Organized research	-	-	-
Auxiliary services	-	-	-
Operations and maintenance	-	8,202,760	8,202,760
Institutional support	12,438,480	920	12,439,400
Scholarships, grants, waivers	-	-	-
Transfers (non-add line)	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	37,259,088	8,203,680	45,462,768
Less non-operating items*			
Tuition chargeback	-	-	-
Instructional service contracts	-	-	-
Transfers to non-operating funds	-	-	-
	<hr/>	<hr/>	<hr/>
ADJUSTED EXPENDITURES	\$ 37,259,088	\$ 8,203,680	\$ 45,462,768
	<hr/>	<hr/>	<hr/>
BY OBJECT			
Salaries	\$ 25,962,014	\$ 589,267	\$ 26,551,281
Employee benefits	3,140,455	95,206	3,235,661
Contractual services	2,296,093	1,323,472	3,619,565
General materials and supplies	2,490,426	1,198,531	3,688,957
Library materials**	121,334	-	121,334
Conference and meeting expenses	228,772	21,348	250,120
Fixed charges	1,861,205	32,603	1,893,808
Utilities	262,509	808,312	1,070,821
Capital outlay	182,611	4,134,941	4,317,552
Other	835,003	-	835,003
Student grants & scholarships**	-	-	-
Transfers (non-add line)	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	37,259,088	8,203,680	45,462,768
Less non-operating items*			
Tuition chargeback	-	-	-
Instructional service contracts	-	-	-
Transfers to non-operating funds	-	-	-
	<hr/>	<hr/>	<hr/>
ADJUSTED EXPENDITURES	\$ 37,259,088	\$ 8,203,680	\$ 45,462,768
	<hr/>	<hr/>	<hr/>

* Enter as negative

** Non-add item

(See independent auditor's report.)

SCHEDULE 4

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

UNIFORM FINANCIAL STATEMENT #4
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES

For the Year Ended June 30, 2020

REVENUES BY SOURCE

State government	
ICCB - Adult Education	\$ 352,165
ICCB - Career and Technical Education	-
ICCB - Other	-
Dept. of Corrections	-
Illinois Student Assistance Commission	-
Other (attach itemization)	
Community Literacy	52,660
All other	<u>20,505,042</u>
Total state government	<u>20,909,867</u>
Federal government	
Dept. of Education	5,321,228
Dept. of Labor	31,322
Dept. of Health & Human Services	-
Other	<u>1,136,824</u>
Total federal government	<u>6,489,374</u>
Other sources	
Tuition and fees	-
Other	<u>308,475</u>
Total other sources	<u>308,475</u>
TOTAL RESTRICTED PURPOSES FUND REVENUES	<u><u>\$ 27,707,716</u></u>

(This statement is continued on the following page.)

SCHEDULE 4

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

UNIFORM FINANCIAL STATEMENT #4
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES (Continued)

For the Year Ended June 30, 2020

EXPENDITURES BY PROGRAM

Instruction	\$ 10,776,145
Academic support	1,900,465
Student services	2,990,157
Public service/continuing education	980,547
Organized research	-
Auxiliary services	942,205
Operations and maintenance	387,263
Institutional support	4,163,243
Scholarships, grants, and waivers	5,574,956

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES \$ 27,714,981

EXPENDITURES BY OBJECT

Salaries	\$ 1,273,180
Employee benefits	178,381
Contractual services	182,680
General materials and supplies	179,191
Library materials*	-
Travel & conference/meeting expenses	81,768
Fixed charges	-
Utilities	-
Capital outlay	184,946
Other	25,634,835
Scholarships, grants, and waivers*	466,176
State pension and OPEB expense*	19,778,562

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES \$ 27,714,981

* Non-add items

(See independent auditor's report.)

SCHEDULE 5

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

UNIFORM FINANCIAL STATEMENT #5
CURRENT FUNDS* EXPENDITURES BY ACTIVITY

For the Year Ended June 30, 2020

INSTRUCTION	
Instructional programs	\$ 28,156,387
Other	270
	<hr/>
Total instruction	28,156,657
	<hr/>
ACADEMIC SUPPORT	
Library	736,429
Instructional materials center	372,758
Educational media	264,684
Academic computing support	-
Academic administration and planning	1,970,311
Other	1,480,014
	<hr/>
Total academic support	4,824,196
	<hr/>
STUDENT SERVICES	
Admissions and records	518,849
Counseling and career services	2,536,503
Financial aid administration	838,259
Administration	297,420
Other	2,273,713
	<hr/>
Total student services	6,464,744
	<hr/>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community education	876,422
Customized training (instructional)	118,045
Community services	182,676
Other	845,183
	<hr/>
Total public service/continuing education	2,022,326
	<hr/>
ORGANIZED RESEARCH	
	-
	<hr/>
AUXILIARY	
	4,829,543
	<hr/>

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

(This statement is continued on the following page.)

SCHEDULE 5

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

UNIFORM FINANCIAL STATEMENT #5
CURRENT FUNDS* EXPENDITURES BY ACTIVITY (Continued)

For the Year Ended June 30, 2020

OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	\$ 1,630,040
Custodial services	781,891
Grounds	691,924
Campus security	-
Transportation	33,176
Utilities	794,811
Administration	-
Other	<u>4,658,182</u>
Total operations and maintenance of plant	<u>8,590,024</u>
INSTITUTIONAL SUPPORT	
Executive management	409,820
Fiscal operations	1,675,231
Community relations	1,484,775
Administrative support services	1,908,045
Board of trustees	3,281
General institutional	3,148,478
Institutional research	623,951
Administrative data processing	4,784,529
Other	<u>4,217,104</u>
Total institutional support	<u>18,255,214</u>
SCHOLARSHIPS, STUDENT GRANTS, AND WAIVERS	<u>5,574,956</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u><u>\$ 78,717,660</u></u>

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

(See independent auditor's report.)

SCHEDULE 6

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

CERTIFICATION OF CHARGEBACK REIMBURSEMENT

For the Year Ended June 30, 2020

**ALL FISCAL YEAR 2020 NONCAPITAL AUDITED OPERATING
EXPENDITURES FROM THE FOLLOWING FUNDS:**

1.	Education Fund	\$ 35,376,150	
2.	Operations & Maintenance Fund	4,068,739	
3.	Public Building Commission Operation & Maintenance Fund	-	
4.	Bond & Interest Fund	-	
5.	Public Building Commission Rental Fund	-	
6.	Restricted Purposes Fund	7,751,474	
7.	Audit Fund	82,505	
8.	Liability, Protection, Settlement Fund	1,570,068	
9.	Auxiliary Enterprises Fund (Subsidy Only)	<u>280,000</u>	
10.	TOTAL NONCAPITAL EXPENDITURES (sum of lines 1-9)		<u>\$ 49,128,936</u>
11.	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>3,628,701</u>	
12.	TOTAL COSTS INCLUDED (line 10 plus line 11)		<u><u>\$ 52,757,637</u></u>
13.	Total certified semester credit hours for FY 2020	113,609.50	
14.	PER CAPITA COST (line 12 divided by line 13)		<u><u>\$ 464.38</u></u>
15.	All FY 2020 state and federal operating grants for noncapital expenditures. DO NOT INCLUDE ICCB GRANTS	<u>\$ 6,882,676</u>	
16.	FY 2020 state and federal grants per semester credit hour (line 15 divided by line 13)		\$ 60.58
17.	District's average ICCB grant rate (excluding equalization grants) for FY 2021		34.08
18.	District's student tuition and fee rate per semester credit hour for FY 2021		<u>128.25</u>
19.	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		<u><u>\$ 241.47</u></u>

(See independent auditor's report.)

SCHEDULE 7

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT

June 30, 2020

CSFA Number	Program Name	State	Federal	Other	Total
350-00-0015	Grants to States	\$ 72,660	\$ -	\$ -	\$ 72,660
420-30-0075	WIOA Statewide Activities - Nonformula	-	-	-	-
420-35-0083	Small Business Development Centers	-	75,284	82,315	157,599
601-00-0748	Illinois Cooperative Work Study Program	12,657	-	-	12,657
684-00-0465	Career and Technical Education - Basic Grants to States	-	256,405	-	256,405
684-00-0820	Career and Technical Education Formula Grants	267,600	-	-	267,600
684-00-0825	Base Operating Grants	3,249,045	-	-	3,249,045
684-00-0826	Equalization Grants	50,000	-	-	50,000
684-00-2333	Transitional Instruction Math and English Pilot Grant	10,534	-	-	10,534
684-01-1625	Adult Education - Basic Grants to States - Federal and State Funding Combined	352,165	-	-	352,165
684-01-1670	Innovative Bridge and Transition Program Grants	190,359	-	-	190,359
691-00-1381	Monetary Award Program	466,176	-	-	466,176
691-00-1384	Minority Teachers of Illinois Scholarship Program	1,719	-	-	1,719
	Other grant programs and activities	-	7,234,872	338,734	7,573,606
	All other costs not allocated	-	-	63,663,678	63,663,678
	TOTALS	<u>\$ 4,672,915</u>	<u>\$ 7,566,561</u>	<u>\$ 64,084,727</u>	<u>\$ 76,324,203</u>

(See independent auditor's report.)

UNRESTRICTED GRANTS - BASE OPERATING GRANTS

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

The following audit reports are required by the Illinois Community College Board:

STATE BASIC ADULT EDUCATION GRANT

Provides funds to establish special classes for the instruction of persons age 21 and over or persons under the age of 21 and not otherwise in attendance in public school. For the purpose of providing adults in the community with 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 Education Development Review classes.

STATE PERFORMANCE GRANT

Provides funds to Adult Education and Family Literacy providers based on performance outcomes.

SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED

Credit hour grants are to be received for courses for each semester credit hour or equivalent for students who were certified as being in attendance at midterm during each semester of the fiscal year. There are no special restrictions on the use of these funds. The Schedule of Enrollment Data and Other Bases upon Which Claims Are Filed provides the information on which such grants are based.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR STATE ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS

Board of Trustees
McHenry County College
Community College District Number 528
Crystal Lake, Illinois

We have audited the accompanying balance sheet of McHenry County College, Community College District Number 528's (the College) State Adult Education and Family Literacy Grant Programs as of June 30, 2020, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended and the notes to financial statements - state grants programs.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the College's management. 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidelines of the Illinois Community College Board (ICCB) *Fiscal Management Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We also reviewed the compliance with the provisions of the agreement between the College and the Illinois Community College Board. 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 financial position of the McHenry County College, Community College District Number 528's State Adult Education and Family Literacy Grant Programs as of June 30, 2020, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying balance sheet and statement of revenues, expenditures, and changes were prepared for the purpose of complying with the terms of the ICCB Grants and are not intended to be a complete presentation of the College's revenues and expenditures in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming opinions on the balance sheets of the College's State Adult Education and Family Literacy Grant Programs and as of June 30, 2020, and the related statement of revenues, expenditures, and changes in fund balances for the year then ended. The schedule expenditure amounts and percentages for ICCB Grant Funds only is presented for purposes of additional analysis and is not a required part of these financial statements. The schedule expenditure amounts and percentages for ICCB Grant Funds only is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare these financial statements. The information has been subjected to the auditing procedures applied in the audit of these financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to these financial statements as a whole.

In connection with our audit, nothing came to our attention that caused us to believe that the College failed to comply with the terms, covenants, provisions, or conditions of the agreements, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the College's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the agreements, insofar as they relate to accounting matters.

Sikich LLP

Naperville, Illinois
January 13, 2021

SCHEDULE 8

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

STATE ADULT EDUCATION AND FAMILY
LITERACY RESTRICTED GRANT PROGRAM
BALANCE SHEET

June 30, 2020

	State Basic	State Performance	Total
ASSETS			
Receivable	\$ 22,802	\$ 11,864	\$ 34,666
TOTAL ASSETS	\$ 22,802	\$ 11,864	\$ 34,666
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Intra-fund liability	\$ 22,802	\$ 11,864	\$ 34,666
Total liabilities	22,802	11,864	34,666
FUND BALANCES			
None	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,802	\$ 11,864	\$ 34,666

(See independent auditor's report.)

SCHEDULE 9

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

STATE ADULT EDUCATION AND FAMILY
LITERACY RESTRICTED GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

For the Year Ended June 30, 2020

	State Basic	State Performance	Total
REVENUES			
State sources	\$ 233,520	\$ 118,645	\$ 352,165
Total revenues	233,520	118,645	352,165
EXPENDITURES			
Instructional and student services			
Instruction	228,520	-	228,520
Social work services	-	-	-
Guidance services	-	-	-
Assessment and testing	-	48,331	48,331
Total instructional and student services	228,520	48,331	276,851
Program support			
Improvement of instructional services	5,000	6,151	11,151
General administration	-	64,163	64,163
Operation and maintenance of plant services	-	-	-
Workforce coordination	-	-	-
Data and information services	-	-	-
Total program support	5,000	70,314	75,314
Total expenditures	233,520	118,645	352,165
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, JULY 1	-	-	-
FUND BALANCES, JUNE 30	\$ -	\$ -	\$ -

(See independent auditor's report.)

SCHEDULE 10

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

STATE ADULT EDUCATION AND FAMILY
LITERACY RESTRICTED GRANT PROGRAM
EXPENDITURE AMOUNTS AND PERCENTAGES
FOR ICCB GRANT FUNDS ONLY

For the Year Ended June 30, 2020

	Audited Expenditure Amount	Audited Expenditure Percentage
STATE BASIC		
Instruction (45% minimum required)	\$ 228,520	98%
General administration (15% maximum allowed)	5,000	2%

(See independent auditor's report.)

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

NOTES TO FINANCIAL STATEMENTS - STATE GRANT PROGRAMS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of McHenry County College, Community College District Number 528 (the College) conform to accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board. The following is a summary of the more significant accounting policies:

A. General

The accompanying statements include transactions resulting from the Illinois Community College Board (ICCB) State Adult Education and Family Literacy Grant Programs. These transactions have been accounted for in the Restricted Purposes Subfund.

B. Basis of Accounting

The statements have been prepared on the accrual basis of accounting and the current financial resources measurement focus. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2020. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, if any, are recorded as restricted fund balances.

C. Capital Assets

Capital asset purchases are recorded as expenditures - capital outlay and are capitalized in the basic financial statements.

2. PAYMENTS OF PRIOR YEAR'S ENCUMBRANCES

Payments of prior year's encumbrances for goods received prior to August 31 are reflected as expenditures during the current fiscal year.

3. BACKGROUND INFORMATION ON STATE GRANT ACTIVITY

A. Unrestricted Grants

Base Operating Grants

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

3. BACKGROUND INFORMATION ON STATE GRANT ACTIVITY (Continued)

B. Restricted Adult Education Grants/State

State Basic

Grants awarded to State Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and over or persons under the age of 21 and not otherwise in attendance in public school 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 Education Development Review classes. Included in this grant are funds for support services, such as student transportation and child care facilities or provision.

Performance

Grant awarded to State Adult Education and Family Literacy providers based on performance outcomes.

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**INDEPENDENT ACCOUNTANT’S REPORT ON ENROLLMENT DATA
AND OTHER BASES UPON WHICH CLAIMS ARE FILED AND
SUPPORTING RECONCILIATION OF SEMESTER CREDIT HOURS**

Board of Trustees
McHenry County College
Community College District Number 528
Crystal Lake, Illinois

We have examined management of McHenry County College - Illinois Community College District Number 528’s (the College) assertion that the College complied with the guidelines of the Illinois Community College Board’s *Fiscal Management Manual* included in the accompanying schedule of enrollment data and other bases upon which claims are filed and the reconciliation of total semester credit hours of McHenry County College during the period July 1, 2019 through June 30, 2020. The College’s management is responsible for its assertion. Our responsibility is to express an opinion on management’s assertion about the College’s compliance with the specified requirements 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 management’s assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management’s assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertion, 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.

Our examination does not provide a legal determination on the College’s compliance with the specified requirements.

In our opinion, management’s assertion that the College complied with the guidelines of the Illinois Community College Board’s *Fiscal Management Manual* included in the accompanying schedule of enrollment data and other bases upon which claims are filed and the reconciliation of total semester credit hours of McHenry County College is fairly stated, in all material respects.

Sikich LLP

Naperville, Illinois
January 13, 2021

SCHEDULE 11

McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528

SCHEDULE OF ENROLLMENT DATA AND OTHER BASES
UPON WHICH CLAIMS ARE FILED

For the Year Ended June 30, 2020

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

Categories	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	7,701.0	-	34,788.0	-	34,101.0	-	76,590.0	-
Business Occupational	511.0	-	3,319.0	-	4,225.0	-	8,055.0	-
Technical Occupational	883.0	-	4,453.0	-	5,221.0	-	10,557.0	-
Health Occupational	469.0	-	2,058.0	-	2,299.0	-	4,826.0	-
Remedial Developmental	308.0	-	4,073.0	-	3,494.0	-	7,875.0	-
Adult Secondary Education	-	53.5	-	2,715.0	-	2,938.0	-	5,706.5
Total Credit Hours Certified	9,872.0	53.5	48,691.0	2,715.0	49,340.0	2,938.0	107,903.0	5,706.5

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours	<u>112,431.5</u>	<u>2,063.0</u>	<u>114,494.5</u>
Semester credit hours	<u>Dual Credit 11,340.0</u>	<u>Dual Enrollment 293.0</u>	
District 2019 Equalized Assessed Valuation			<u>\$ 8,041,182.876</u>

Note: The College has no total reimbursable correctional semester credit hours.

Student addresses are self-reported on the application form by all applicants. As students are accepted and entered into our system the given addresses are verified as either in-district or out-of-district and the student is coded in the system accordingly so that the appropriate tuition rate will be charged. If an out-of-district student indicates an address change to in-district, that address must be verified by a driver's license, utility bill, lease/mortgage copy, or property tax bill. Students that live out-of-district but work in-district are charged in-district rates provided they produce documentation on the employer's letterhead that they work at least 35 hours per week. This employer provided documentation is to be submitted each semester. Additionally, all student billing and schedule correspondence is mailed to the address on record for the student. If correspondence is returned as undeliverable, college staff follow-up with the student to determine the correct address and ensure that appropriate in-district or out-of-district rates are being charged.

(See independent auditor's report.)

SCHEDULE 12

**McHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528**

RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS

For the Year Ended June 30, 2020

Categories	Total Unrestricted			Total Restricted		
	Total Unrestricted Credit Hour	Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hour	Credit Hours Certified to the ICCB	Difference
Baccalaureate	76,590.0	76,590.0	-	-	-	-
Business Occupational	8,055.0	8,055.0	-	-	-	-
Technical Occupational	10,557.0	10,557.0	-	-	-	-
Health Occupational	4,826.0	4,826.0	-	-	-	-
Remedial Developmental	7,875.0	7,875.0	-	-	-	-
Adult Secondary Education	-	-	-	5,706.5	5,706.5	-
TOTAL	107,903.0	107,903.0	-	5,706.5	5,706.5	-

(See independent auditor's report.)

MISSION

Our focus is learning.
Student success is our goal.

www.mchenry.edu

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