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Smart decisions. Lasting value.™

College of Lake County

Board of Trustees

August 25, 2026

Crowe LLP

Year Ending June 30, 2026

Agenda

- Engagement Team
- Roles and Responsibilities
- Engagement Objectives
- Scope of Services
- Audit Approach
- Audit Timeline
- Auditor Independence
- Significant Risks and Key Accounting Estimates
- Materiality Considerations
- Related Party Procedures
- Required Communications
- What’s New This Year

Crowe Engagement Team

Christine Torres
Engagement Partner

Haley Daggett
Engagement Manager

Crowe Engagement Team

Role	Name	Definition of Role
Engagement Partner	**Christine Torres**	Christine is the partner in charge of the audit for College of Lake County.
Audit Manager	**Haley Daggett**	Haley will work as the manager reviewing the workpapers as well as coordinating the seniors and staff.
Audit Senior Staff	**Sydney Behrens**	Sydney will serve as senior on the audit working on the more complex areas and supervising the staff. She is also coordinating work with the subcontractors.

Roles and Responsibilities

Those Charged with Governance

- Provide oversight of the external auditor
- Oversee the integrity and transparency of the financial reporting process

Management

- Preparation and fair presentation of financial statements in accordance with U.S. GAAP
- Design, implementation and maintenance of internal control over financial reporting
- Compliance with applicable laws and regulations

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- Performance of audits in accordance with:
  - GAAS
  - *Government Auditing Standards*
- Express an opinion on the financial statements
- Communicate significant findings to the Board

Engagement Objectives

- To express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with U.S. GAAP.
- The audit will be conducted in accordance with:
  - Generally Accepted Auditing Standards (GAAS)
  - Government Auditing Standards (GAGAS)
- These standards require that we plan and perform the audit to obtain **reasonable assurance** that the financial statements are free of material misstatement, whether due to fraud or error.
- Our audit includes consideration of internal control over financial reporting; however, we do not express an opinion on the effectiveness of internal controls.

Scope of Services

- Independent Auditor's Report on the Financial Statements
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance for the College
- Management Comment Letter, if applicable

Approach

- At all times acting with
  - PROFESSIONAL SKEPTICISM
  - INDEPENDENCE
  - OBJECTIVITY

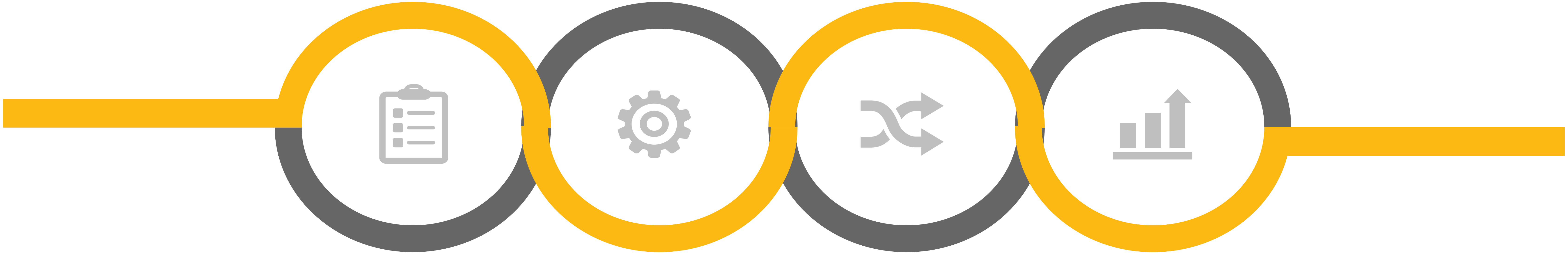
- Risk Assessment
  - Understanding the operations
  - Identifying areas of potential misstatement
  - Evaluating internal control design and implementation
  - Continuous

- Control Evaluation
  - Inquiries with management
  - Walkthroughs of key financial processes
  - Testing of key controls where reliance is planned
  - Understanding of IT controls

- Substantive Testing
  - Detailed testing of significant account balances
  - Analytical procedures
  - Compliance testing over federal programs

Accumulation and Evaluation of Results

Audit Timeline



July
- Planning and initial risk assessment
- Entrance conference with management
- Provide request list

July - August
- Internal controls walkthroughs
- Testing of key accounts
- Testing of federal grant compliance

August - September
- Substantive audit procedures
- Compliance procedures over federal grants
- Review draft financial statements

October - December
- Finalize audit reports and recommendations
- Presentation to Board

Continuously Evaluating Impact of Testing on Risk Assessment, Execution and Timing of the Audit

Auditor Independence

Crowe LLP is independent of the College of Lake County within the meaning of:

The AICPA Code of Professional Conduct	*Government Auditing Standards*

As part of maintaining independence, we:

Confirm independence annually	Evaluate all services provided to the College	Maintain safeguards to prevent conflicts of interest

We confirm that no prohibited non-audit services have been performed.

Significant Risks

- Definition: An identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration.

- Management Override of Controls:
  - Auditing standards presume a risk of management override of internal controls. Our audit procedures will include testing journal entries, evaluating accounting estimates and reviewing unusual transactions.

Key Accounting Estimates

- Our procedures will evaluate whether these estimates are:
  - Reasonable
  - Consistently applied
  - Appropriately disclosed

Estimate	Audit Focus
Allowance for Doubtful Accounts	Reasonableness of assumptions and historical trends
Compensated Absences	Methodology used to calculate the liability
Pension and OPEB Liabilities	Review actuarial assumptions and valuation reports
Grant Revenue Recognition	Compliance with grant requirements and timing of recognition
Fair Value Measurements	Evaluation of valuation methodologies and disclosures

Materiality Considerations

- Materiality represents the maximum aggregate amount of misstatements that could exist in the financial statements without affecting users' decisions.
- In determining materiality, we consider:
  - Quantitative factors (financial statement amounts)
  - Qualitative factors (nature of transactions, regulatory considerations)
- At the conclusion of the audit, we will communicate to the Board:
  - All uncorrected misstatements identified during the audit
  - The aggregate effect of those misstatements, if any

Related Party Procedures

- Related party transactions may occur with:
  - Affiliates
  - Board members and their immediate family members
  - Members of management and their immediate family members
  - Entities over which the College has significant influence
- Audit procedures:
  - Inquiry of management regarding related party relationships and transactions
  - Review of any disclosures in the financial statements
  - Evaluation of significant transactions with related parties

Required Communications

As you consider your knowledge regarding College of Lake County, reach out to us at anytime if you have any insights that would assist us in understanding College of Lake County and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. Please communicate to us any of the following matters that you consider relevant to the audit:

- Weaknesses in internal control activities
- Inappropriate tone regarding fraudulent activity
- Known, alleged, or suspected fraud
- Oversight activities that do not mitigate risks of fraud
- Tips or complaints regarding financial reporting
- Actual or possible violations of laws or regulations that might affect the audit
- Matters warranting particular attention during the audit
- Significant or unusual transactions

Required Communications

- In accordance with auditing standards, we will communicate to the Board:
  - Any fraud involving senior management
  - Any fraud that results in a material misstatement
  - Illegal acts that come to our attention
  - Disagreements with management
  - Significant difficulties encountered during the audit

What’s New This Year

Key Developments in FY2026

- GASB 103 – *Financial Reporting Model Improvements*
  - Updates MD&A requirements
  - Enhances proprietary fund reporting
- GASB 104 – *Disclosure of Certain Capital Assets*
  - New disclosures for capital assets held for sale
  - Expanded disclosure of intangible assets and leases
- Continued focus on federal grant compliance
- Updates to Uniform Guidance requirements
  - Expanded samples in original populations
  - Expanded samples with just one error
  - Changes to how samples are selected
- Increase in single audit threshold

Contact Information

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