

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2012

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

Year Ended June 30, 2012

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MATTOON, ILLINOIS 61938

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lake Land College
Community College District #517
Mattoon, Illinois

We have audited the accompanying financial statements of the business-type activity and the discretely presented component unit of Lake Land College, Community College District #517 (College), as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the College's discretely presented component unit were not audited in accordance with *Government Auditing Standards*. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the discretely presented component unit of the College, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2012, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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 Standard Board, who considers it to be an essential part of the financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplemental financial information and accompanying information 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 accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the College. The supplemental financial information, the accompanying information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 the financial statements as a whole.

Doehring, Winders & Co. LLP

September 25, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lake Land College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal year ended June 30, 2012. 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 College's basic financial statements (pages 10-15) and the footnotes (beginning on page 16). Included in the basic financial statements (page 14) is information on the College's component unit, the Lake Land College Foundation, Inc., which also has a separately issued financial statement that may be obtained by calling the Foundation Office at (217) 234-5354. Responsibility for the completeness and fairness of the College's report rests with the College.

USING THE ANNUAL REPORT

The financial statements focus on the College as a whole, versus the traditional presentation by fund types. The College's financial statements (see pages 10-15) are designed to emulate corporate presentation models whereby all of the College's activities are consolidated into one total. The purpose of the Statement of Net Assets is to present the bottom line results of the College. This statement combines and consolidates current financial resources with capital assets. The Statement of Revenues, Expenses and Changes in Net Assets focus on both the gross costs and the net costs of the College's activities, which are supported mainly by local property taxes, tuition and state revenues. This approach is intended to summarize and simplify the user's analysis of the cost of the various services which the College provides to its students, the district, and the local community.

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

	Net Assets As of June 30,		Increase (Decrease)
	2012	2011	
Current assets	\$ 42,889,233	\$ 37,694,595	\$ 5,194,638
Non-current assets			
Capital assets, net of depreciation	<u>57,181,711</u>	<u>56,070,947</u>	<u>1,110,764</u>
Total assets	<u>100,070,944</u>	<u>93,765,542</u>	<u>6,305,402</u>
Current liabilities	22,061,932	21,017,330	1,044,602
Non-current liabilities	<u>15,046,318</u>	<u>11,210,703</u>	<u>3,835,615</u>
Total liabilities	<u>37,108,250</u>	<u>32,228,033</u>	<u>4,880,217</u>
Net assets			
Investment in capital assets	46,031,711	43,215,947	2,815,764
Restricted	2,719,241	2,633,247	85,994
Unrestricted	<u>14,211,742</u>	<u>15,688,315</u>	<u>(1,476,573)</u>
Total Net Assets	<u>\$ 62,962,694</u>	<u>\$ 61,537,509</u>	<u>\$ 1,425,185</u>

Operating Results for the Years Ended
June 30,

	2012	2011	Increase (Decrease)
Operating revenue			
Tuition and fees	\$ 8,949,844	\$ 10,532,642	\$ (1,582,798)
Auxiliary	908,665	945,708	(37,043)
Department of Corrections instructional	3,957,351	2,873,649	1,083,702
Other	1,710,202	1,599,938	110,264
Total	<u>15,526,062</u>	<u>15,951,937</u>	<u>(425,875)</u>
Less operating expenses	<u>58,586,767</u>	<u>56,467,548</u>	<u>2,119,219</u>
Operating income (loss)	<u>(43,060,705)</u>	<u>(40,515,611)</u>	<u>(2,545,094)</u>
Non-operating revenue			
Other state revenues	20,763,350	18,932,539	1,830,811
Federal and local grants and contracts	11,878,210	12,526,131	(647,921)
Property taxes	12,028,361	11,463,967	564,394
Investment income	450,023	404,635	45,388
Interest Expense	(268,534)	(177,309)	(91,225)
Disposal of fixed assets	<u>(1,367,541)</u>	<u>-</u>	<u>(1,367,541)</u>
Non-operating revenue (net)	<u>43,483,869</u>	<u>43,149,963</u>	<u>333,906</u>
Capital contributions	<u>1,002,021</u>	<u>233,185</u>	<u>768,836</u>
Increase in net assets	1,425,185	2,867,537	(1,442,352)
Net assets, beginning of year	<u>61,537,509</u>	<u>58,669,972</u>	<u>2,867,537</u>
Net assets, end of year	<u>\$ 62,962,694</u>	<u>\$ 61,537,509</u>	<u>\$ 1,425,185</u>

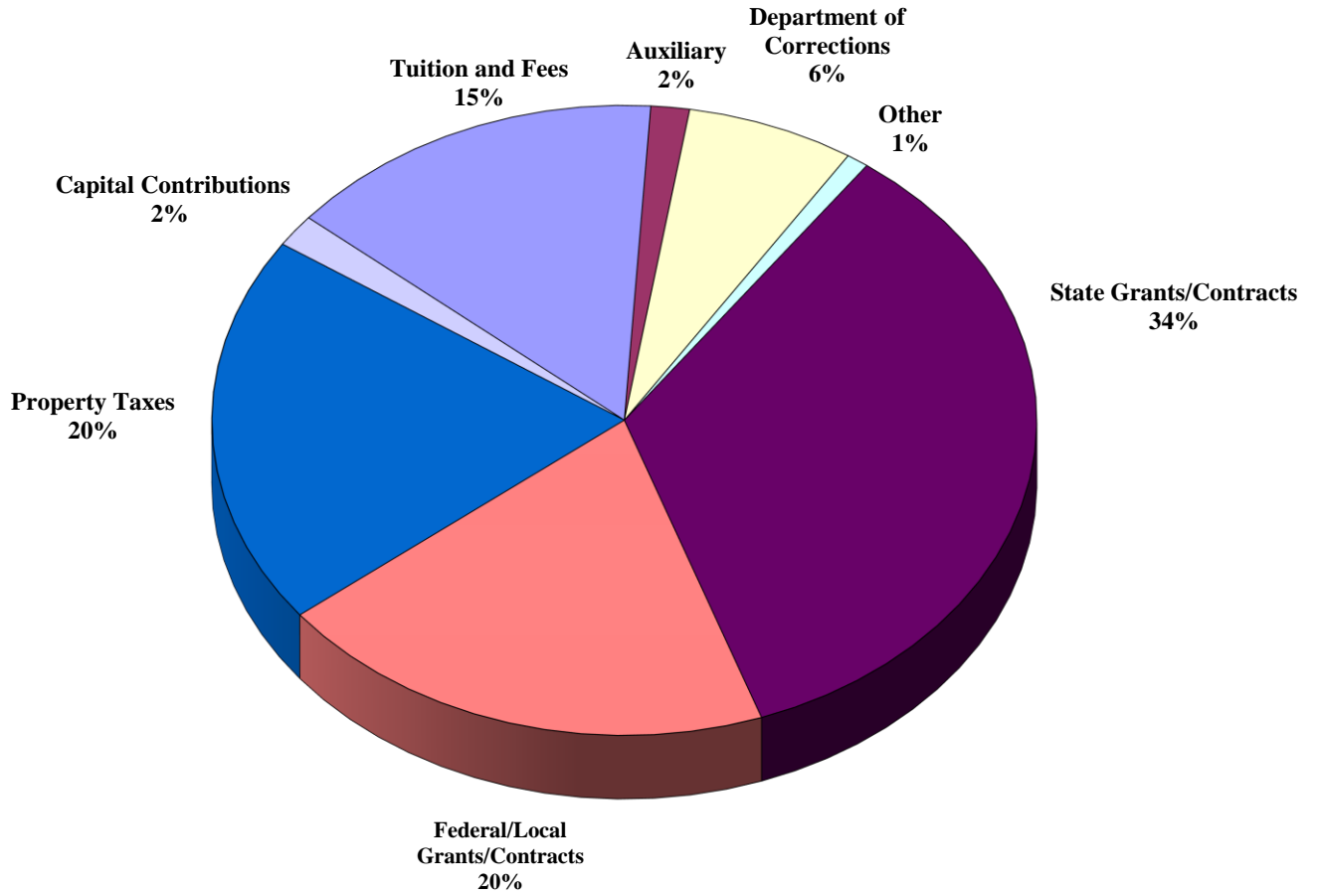
For the year ended June 30, 2012 the College recorded total operating revenues of \$15,526,062 and total operating expenses of \$58,586,767. The difference produced an operating loss of \$43,060,705. Net non-operating revenue of \$43,483,869 plus capital contributions of \$1,002,021 offsets this loss and results in an overall increase in net assets of \$1,425,185.

Non-operating revenue included local property taxes of \$12,028,361, other state revenues of \$20,763,350, federal grants and local contracts of \$11,878,210, investment earnings net of interest expense of \$181,489 and loss on disposal of fixed assets of (\$1,367,541). The loss on disposal of fixed assets was due to renovations of Webb Hall, as well as other building projects across the campus, resulting in the write off of previous building improvements.

Of the College's total revenue, operating revenue accounted for approximately 26%, non-operating revenues accounted for 72%, and capital contributions accounted for 2%. Operating revenue consisted of tuition and fees, net of scholarships, totaling \$8,949,844, auxiliary enterprise revenues totaling \$908,665, instructional revenues from the Department of Corrections totaling \$3,957,351 and other miscellaneous revenue of \$1,710,202.

The College had net assets at the beginning of the year totaling \$61,537,509. The current year net increase in assets of \$1,425,185 brought the total of net assets at the end of the year to \$62,962,694.

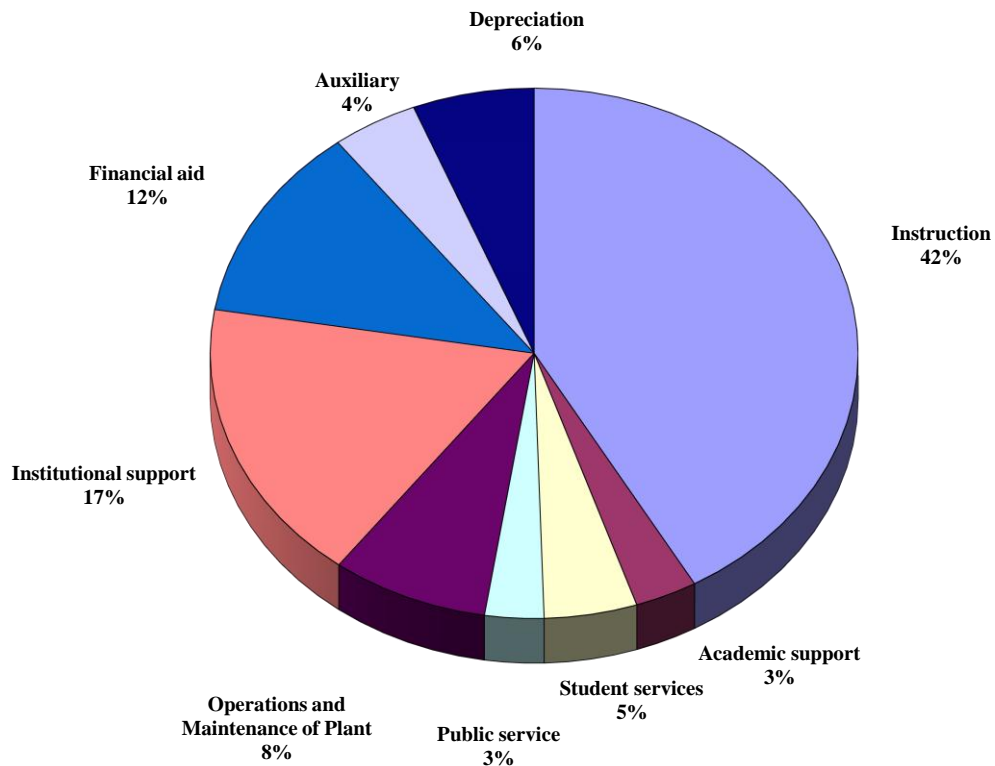
Revenue by Source



Operating Expenses
For the Years Ended June 30,

	2012	2011	Increase (Decrease)
Operating expense			
Instruction	\$ 24,465,289	\$ 23,803,304	\$ 661,985
Academic support	1,822,588	1,878,169	(55,581)
Student services	2,717,750	2,702,096	15,654
Public service	1,725,692	1,480,067	245,625
Operations and maintenance of plant	4,593,574	4,749,997	(156,423)
Institutional support	10,158,463	8,287,629	1,870,834
Financial aid	7,029,640	7,845,391	(815,751)
Auxiliary	2,514,444	2,383,574	130,870
Depreciation	3,559,327	3,337,321	222,006
Total	\$ 58,586,767	\$ 56,467,548	\$2,119,219

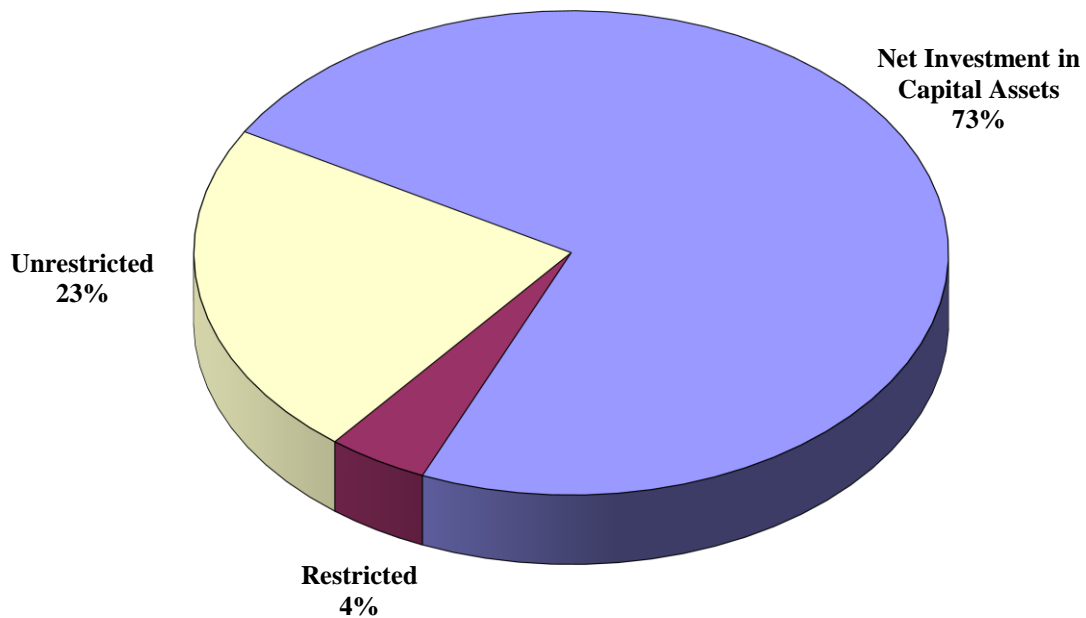
Operating Expenses



Analysis of Net Assets
June 30,

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Net Assets			
Net Investment in Capital Assets	\$ 46,031,711	\$ 43,215,947	\$ 2,815,764
Restricted	2,719,241	2,633,247	85,994
Unrestricted	<u>14,211,742</u>	<u>15,688,315</u>	<u>(1,476,573)</u>
Total	<u>\$ 62,962,694</u>	<u>\$ 61,537,509</u>	<u>\$ 1,425,185</u>

Analysis of Net Assets



	Capital Assets, Net June 30,		Increase (Decrease)
	2012	2011	
Capital Assets			
Land	\$ 497,214	\$ 497,214	\$ -
Building	71,112,662	77,060,578	(5,947,916)
Equipment	7,632,465	8,366,668	(734,203)
Construction in progress	7,934,020	2,005,520	5,928,500
Total	87,176,361	87,929,980	(753,619)
Less Accumulated Depreciation	(29,994,650)	(31,859,033)	1,864,383
Net Capital Assets	<u>\$ 57,181,711</u>	<u>\$ 56,070,947</u>	<u>\$ 1,110,764</u>

As of June 30, 2012, the College had recorded approximately \$87.2 million invested in capital assets, approximately \$30.0 million in accumulated depreciation and approximately \$57.2 million in net capital assets. Capital asset deletions exceeded additions by approximately \$800 thousand after the renovation of Webb Hall and related disposals (see Notes 5 and 6), which caused net accumulated depreciation to decrease by \$1.9 million. The College also received approximately \$1 million in capital contributions to help fund the capital asset additions. The net effect resulted in a capital asset increase of approximately \$1.1 million.

The College issued \$6.7 million in Working Cash Bonds. The entire \$6.7 million is still outstanding at June 30, 2012. During the year, the College paid \$3.0 million in principal on Alternate Revenue Bonds issued in fiscal year 2007, Funding Bonds and PHS Bonds that were issued in fiscal year 2008 and General Obligation Bonds that were issued in fiscal year 2010. The balance on the 2007 Alternative Revenue Bonds is \$1.90 million, the balance of the PHS Bond is \$550 thousand and the balance of the General Obligation Bonds is \$7.9 million at June 30, 2012. The College also issued an \$850 thousand note to help fund the College's construction projects. The payment schedule for the balance of the remaining bond issues is provided in the notes to the financial statements (see note 8).

The College began the construction on the energy savings program with construction of the West Building addition during September 2007, remodeled the Field House the summer of 2008, remodeled the North West Building in 2009, the Virgil Judge Learning Resource Center in 2010 and began the remodel of Webb Hall in 2012.

Any project that reduces the reliance on fossil fuels, reduces the damage to our natural resources, and decreases our carbon footprint is important in itself. What makes these projects unique is its pure holistic approach using innovative technology and design. Energy reduction, education and energy generation are interdependent parts necessary to achieve carbon neutrality.

Energy reduction begins at the room level with upgraded lighting using T8 florescent bulbs, LED, automated control systems and daylight harvesting. The most innovative and energy reducing system is a geothermal diversification design using a 12" single loop outside the campus building ring, allowing for load diversification. This unique design allows for nearly a 100 percent reduction in natural gas and a 25 to 30 percent reduction in electricity. Two of nine campus buildings have been renovated using these energy reducing techniques. As a result, energy reduction in the College's Field House is 44 percent less while the Northwest classroom building is experiencing a 30 percent savings.

This investment in renewable energy has been instrumental in job creation while highlighting best practices on many levels.

For additional energy reduction the College's IT staff have worked directly with manufacturers to replace 2,000 desktop computers with a new and innovative thin client technology device to minimize electric loads for computing by 50 percent. This technology has been proven in one computer lab and will be implemented campus-wide. The final phase of reducing energy is through education for modifying behavior. Today, people want to save energy and only need to know how to participate in energy conservation. Part two of our holistic approach is to generate electricity with appropriate wind turbines and solar cells to generate enough electricity to meet the newly reduced demand.

A critical component of achieving carbon neutrality is to generate electricity using renewable sources such as the wind and sun. Diversified renewable energy sources will play an increasingly important roll in meeting this need. Wind studies show that the Lake Land College campus can generate enough electricity to meet demand part of the time with onsite 100 kW and 250 kW wind turbines. A total of four wind turbines have been sited for our 300 plus acre campus.

Solar energy can be converted into electricity through photovoltaic methods. Recent efficiency performances of solar cells are making it a viable source of energy generation and it is totally non-polluting. By placing solar panels on the roof of classroom buildings, energy generation will be located close to the demand closing the gap to carbon neutrality.

Lake Land has a vision to become carbon neutral through a variety of systems designed to reduce electrical demand while generating electricity through renewable sources. This holistic approach will create something unique in Illinois that can be a model for the nation. With our proven systems of a unique geothermal design, lighting upgrades, thin client technology and behavioral education, it is estimated that a 40 percent reduction in current electrical demand is achievable while generating 3 million kWhs of electricity through renewable energy generation. Lake Land College, as a public higher education institution, is not eligible for tax incentives and must rely on grants to accomplish our vision. For more information on these projects see note 6 for details.

THE COLLEGE'S ECONOMIC OUTLOOK

Through prudent financial decisions made during the past two decades by the Board of Trustees, Lake Land College enters the 2013 fiscal year in a solid position. While colleges throughout the state are facing dire financial conditions due to decreased and lethargic state funding, the Board's decision to raise tuition by \$3.00 per credit hour and increase fees by \$1.00 per credit hour, Lake Land College is operating with a balanced budget. In addition, nearly 40 percent of the district's graduating high school class chose Lake Land College as their choice for higher education.

While the college is conservatively meeting current financial needs, private, state and federal grants are providing growth opportunities. We are currently in the second year of a \$2.5 million, three-year, U.S. Department of Labor Community Based Job Training Grant. This grant is assisting the college in developing the educational component of its ***Envision. Educate. Engage for a sustainable future initiative***. The College was also once again awarded a five year TRIO grant which will assist in developing and educating first generation and low-income college students. Grant funds will be used to purchase equipment, develop training programs for jobs of the future, provide finances for personnel and assist dislocated workers.

CONTACTING FINANCIAL MANAGEMENT

This final report is designed to provide our customers with a general overview of Lake Land College's finances and to show Lake Land College's accountability for the revenue it receives. If you have questions about this report or need additional information, contact Raymond E. Rieck at 5001 Lake Land Blvd, Mattoon, IL 61938 (217)234-5223.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS

Current assets:	
Cash	\$ 1,411,020
Investments	19,610,556
Receivables:	
Property taxes	11,394,340
Governmental claims	6,461,257
Other receivables	1,684,453
Inventories	168,888
Deferred expenditures	344,922
Restricted investments	1,813,797
Total current assets	42,889,233
Noncurrent assets:	
Capital assets, net of accumulated depreciation	57,181,711
Total assets	\$ 100,070,944

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 3,036,888
Accrued salaries	758,675
Accrued interest payable	82,685
Deferred revenue	13,662,903
Due to component unit	10,634
Deposits held for others	128,222
Current portion of long-term obligations	4,381,925
Total current liabilities	22,061,932
Noncurrent liabilities:	
Accrued compensated absences	401,935
Planned retirement payable	435,196
Bonds payable, including bond premium	14,209,187
Total noncurrent liabilities	15,046,318
Total liabilities	37,108,250
Net assets:	
Invested in capital assets, net of related debt	46,031,711
Restricted for:	
Capital projects	1,813,797
Grant purposes	255,472
Debt service	649,972
Unrestricted net assets	14,211,742
Total net assets	62,962,694
Total liabilities and net assets	\$ 100,070,944

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended June 30, 2012

Revenues:	
Operating revenue:	
Student tuition and fees, net of scholarship allowances of \$3,769,223	\$ 8,946,703
Chargeback revenue	3,141
Auxiliary enterprises revenue	908,665
Department of Corrections instructional	3,957,351
Other operating revenue	<u>1,710,202</u>
Total operating revenue	<u>15,526,062</u>
Expenses:	
Operating expenses:	
Instruction	24,465,289
Academic support	1,822,588
Student services	2,717,750
Public service	1,725,692
Operations and maintenance of plant	4,593,574
Institutional support	10,158,463
Financial aid	7,029,640
Auxiliary enterprises	2,514,444
Depreciation	<u>3,559,327</u>
Total operating expenses	<u>58,586,767</u>
Operating loss	<u>(43,060,705)</u>
Non-operating revenues (expenses):	
State grants and contracts	20,363,944
Property taxes	12,028,361
Personal property replacement tax	399,406
Federal grants and contracts	10,569,274
Local grants and contracts	1,308,936
Loss on disposal of fixed assets	(1,367,541)
Interest expense	(268,534)
Investment income earned	<u>450,023</u>
Non-operating revenues, net	<u>43,483,869</u>
Income before capital contributions	423,164
Capital grants	<u>1,002,021</u>
Increase in net assets	1,425,185
Net assets, beginning of year	<u>61,537,509</u>
Net assets, end of year	<u>\$ 62,962,694</u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF CASH FLOWS

Year Ended June 30, 2012

Cash flows from operating activities:	
Tuition and fees	\$ 9,131,245
Payments to suppliers	(23,258,264)
Payments to employees	(26,177,110)
Department of Corrections instructional	3,462,877
Auxiliary enterprise charges	911,394
Other	<u>1,945,763</u>
Net cash (used) by operating activities	<u>(33,984,095)</u>
Cash flows from noncapital financing activities:	
Local property taxes	11,815,333
State appropriations	15,563,784
Grants and contracts	12,467,367
Principal paid on noncapital debt	(450,000)
Interest paid on noncapital debt	(15,075)
Agency receipts	556,782
Agency payments	<u>(564,949)</u>
Net cash provided by noncapital financing activities	<u>39,373,242</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(6,037,632)
Proceeds from note and bonds payable	7,520,000
Principal paid on capital debt and leases	(2,555,000)
Interest paid on capital debt and leases	(232,115)
Proceeds from bond premium	581,635
Federal capital grant	<u>1,002,021</u>
Net cash provided by capital and related financing activities	<u>278,909</u>
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	18,286,941
Income from investments	437,865
Purchase of investments	<u>(25,308,411)</u>
Net cash (used) by investing activities	<u>(6,583,605)</u>
Net decrease in cash	(915,549)
Cash, beginning of year	<u>2,326,569</u>
Cash, end of year	<u>\$ 1,411,020</u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2012

Reconciliation of operating loss to net
cash used by operating activities:

Operating loss	\$ (43,060,705)
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Adjustments to reconcile operating loss to net cash
used by operating activities:

Depreciation expense	3,559,327
State on-behalf payments for fringe benefits	5,720,421
Change in assets and liabilities:	
(Increase) in receivables	(54,006)
Decrease in inventories and other assets	80,463
Increase in accounts payable	494,307
Increase in due to component unit	10,634
(Decrease) in accrued salaries and compensated absences	(628,269)
(Decrease) in planned retirement payable	(85,490)
(Decrease) in deferred revenue	(20,777)

Net cash (used) by operating activities	\$ (33,984,095)
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Noncash investing, capital and noncapital financing transactions:

Change in fair value of investments	\$ 12,158
Amortization of bond premium	\$ 27,125

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMPONENT UNIT
LAKE LAND COLLEGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2012

<u>ASSETS</u>	<u>2012</u>
Cash and cash equivalents	\$ 135,983
Investments	5,533,423
Due from Lake Land College	10,634
Works of art	18,248
Property and equipment, net	<u>726,825</u>
Total assets	<u>\$ 6,425,113</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Accounts payable	\$ 10,693
Agency funds	60,085
Annuity payable	<u>22,000</u>
Total liabilities	<u>92,778</u>
Net assets:	
Unrestricted	1,591,819
Temporarily restricted	1,888,357
Permanently restricted	<u>2,852,159</u>
Total net assets	<u>6,332,335</u>
Total liabilities and net assets	<u>\$ 6,425,113</u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMPONENT UNIT
LAKE LAND COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and reclassifications:				
Contributions	\$ 284,544	\$ 479,621	\$ 792,127	\$ 1,556,292
Special events	41,487	-	-	41,487
Rental income	36,600	-	-	36,600
Investment income, net of fees	27,427	98,969	-	126,396
Realized gains	21,965	77,251	-	99,216
Unrealized gains (losses)	(30,960)	(154,849)	5,126	(180,683)
Change in actuarial value of split interest agreements	-	-	(1,248)	(1,248)
Net assets released from restrictions	376,894	(345,820)	(31,074)	-
	<u>757,957</u>	<u>155,172</u>	<u>764,931</u>	<u>1,678,060</u>
Expenses				
Program services	481,627	-	-	481,627
Management and general	192,521	-	-	192,521
Fundraising	45,360	-	-	45,360
	<u>719,508</u>	<u>-</u>	<u>-</u>	<u>719,508</u>
Change in net assets	38,449	155,172	764,931	958,552
Net assets, beginning of year	<u>1,553,370</u>	<u>1,733,185</u>	<u>2,087,228</u>	<u>5,373,783</u>
Net assets, end of year	<u>\$ 1,591,819</u>	<u>\$ 1,888,357</u>	<u>\$ 2,852,159</u>	<u>\$ 6,332,335</u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Land College, Community College District #517 (College), established in 1966 under the Illinois Public Community College Act, provides baccalaureate, vocational, and continuing education courses to all or part of a 15 county area located in East Central Illinois. The main campus is located at the intersection of I-57 and U.S. Route 45, south of Mattoon, with extension centers in Effingham, Pana, and Marshall. The Board of Trustees is the College's ruling body which establishes the policies and procedures by which the College is governed.

Reporting Entity

In accordance with Government Accounting Standards Board (GASB) Statements 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, the accompanying financial statements present the statement of net assets, the statement of revenues, expenses and changes in net assets, and the statement of cash flows of the College.

In addition, the accompanying financial statements include the accounts of Lake Land College Foundation, Inc. (Foundation), defined as a component unit of the College under GASB Statements 14, *The Financial Reporting Entity* and 39, *Determining Whether Certain Organizations are Component Units*. The Foundation is a legally separate, tax-exempt entity that acts primarily as a fund-raising organization to supplement the resources that are available to the College. The 18-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. The economic resources held by the Foundation are entirely for the benefit of the College, its students, and its programs. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model is FASB Accounting Standards Codification 958-205, *Presentation of Financial Statements for Not-For-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (See Component Unit Note within Note 1) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

During the year ended June 30, 2012, the Foundation provided \$427,052 in scholarships and other support to the College and its students. Financial statements for the Foundation can be obtained by calling the Foundation Office at (217) 234-5354.

Basis of Presentation

As a public institution, the College is considered a special-purpose government under the provisions of GASB 35. The College records revenue in part from tuition, fees, and other charges for services to external users, and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged in business-type activities. This model allows for all financial information of the College to be reported in a single column in each of the financial statements, accompanied by separate financial statements for its component unit. All significant internal activity between funds has been eliminated from these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues from exchange transactions are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Intergovernmental revenues, such as federal, state and local grants, and state shared revenues generally meet the definition of non-exchange transactions. Revenue from these sources is recognized when all applicable eligibility requirements have been met. 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 specific purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis. Receivables are reported for those amounts for which revenue has been recognized but the related payments have not been received.

Property tax revenues are reported in accordance with National Council on Governmental Accounting (NCGA) Interpretation 3, *Revenue Recognition - Property Taxes*, GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and GASB Interpretation No. 5, *Property Tax Revenue Recognition in Governmental Funds*. Consequently, under the accrual basis of accounting, property tax revenue is recognized in the period for which the taxes are levied. Property tax receivables are reported when the College has an enforceable legal claim to the taxes, which is considered to be the lien date.

The accounting and reporting policies of the College conform to generally accepted accounting principles applicable to government units and Illinois community colleges. The 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. The College reports are based on all applicable FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentations. The following is a summary of the more significant policies.

Estimates

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

Cash and Cash Equivalents

Cash includes deposits held at banks and small amounts of cash on hand. For purposes of the statement of cash flows, the College considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents, except for money market funds which management considers to be investments.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value, with unrealized gains or losses included in investment income. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The net fair value adjustment for the year ended June 30, 2012, was an unrealized gain of \$12,158.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in Illinois. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with the reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Receivables are recorded net of estimated uncollectible amounts.

Inventories

Inventories consist of items held for resale in the bookstore and printing supplies utilized in the print shop. Inventories are recorded at cost as determined under the first-in, first-out method.

Capital Assets

All College activities are accounted for on a total economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Assets. The College's operating statement presents increases (revenues) and decreases (expenses) in net total assets. Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations.

Capital assets include property, plant equipment, and infrastructure assets, such as roads and sidewalks. The College defines capital assets as assets with an initial cost of \$5,000 or more and 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 estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add value to 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 useful lives:

Buildings	40 years
Building improvements	8 - 20 years
Land improvements	15 years
Vehicles	5 years
Equipment	8 years
Technology	4 years

Depreciation expense for fiscal year 2012 is \$3,559,327.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Library Books and Textbooks

Library books and textbooks rented to students are charged to expense accounts when purchased.

Deferred Revenue

Deferred revenue includes: (1) tax levies accrued that are levied for future fiscal years, (2) tuition, Pell grant, and fee revenues collected during the fiscal year which relate to the period after June 30, 2012, and (3) amounts received from grant and contract sponsors for which eligibility requirements have not been met.

Compensated Absences

The College records a liability for employees' vacation leave earned but not taken. Employees are allowed to carry over a limited number of vacation days from year to year. At June 30, 2012, the College recorded a liability of \$401,935. The College considers the entire liability to be long term based on a review of employee usage.

Accumulated sick leave is not paid when an employee terminates employment; therefore, an accrual has not been made. Employees that retire are granted credit for unused sick leave towards years of service in the State Universities Retirement System pension plan.

Net Assets

The College's net assets are classified as follows:

Invested in capital assets, net of related debt -- Represents the College's total investment in capital assets, net of accumulated depreciation, and net of related debt.

Restricted net assets -- 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, then unrestricted resources when they are needed.

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

Classification of Revenues

Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, and (2) sales and services of auxiliary enterprises, net of 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, (3) most federal, state and local grants and contracts, and (4) gifts and contributions.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On-Behalf Payments for Fringe Benefits

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the College has reported on-behalf payments made by the State of Illinois to the State Universities' Retirement System of Illinois (SURS) of \$5,720,421 for retirement costs for the year ended June 30, 2012. These costs are reflected as nonoperating revenues and operating expenses with the expenses allocated to each educational and general program.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Property Taxes

The 2011 property tax extension has been deferred to comply with the Government Accounting Standards Board Statement 33 since it was levied to finance activities of the 2012/2013 school year. In accordance with these guidelines, property tax revenue is to be recognized in the period the levy is intended to finance.

The College must file its tax levy ordinance by the last Tuesday in December of each year. The College's property tax is levied each year on all taxable real property located within the District. These taxes attach an enforceable lien on real property as of January 1 and are payable in two installments; due dates vary by county. The College receives significant distributions of property tax receipts from July through November.

Federal Financial Assistance Programs

The College participates in federally funded PELL Grants, SEOG Grants, Federal Work-Study, Academic Competitive Grants and Federal Family Education Loan Programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, 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*.

Budgets

Budgeted amounts used for comparison in this report are obtained from the operating budget approved by the Board of Trustees. No amendments were made by the Board of Trustees for these budgets. The Board of Trustees adopts the budget at the fund level for all governmental funds. The Board of Trustees does not adopt a budget for the Working Cash Fund and the Trust and Agency Fund.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets (continued)

The College's Board of Trustees must adopt a budget for each fiscal year within or before the first quarter of each fiscal year. A tentative budget must be available for public inspection at least 30 days prior to final adoption, and at least one public hearing must be held on the tentative budget.

The Board may, from time to time, make transfers between the various items in any fund not exceeding, in the aggregate, 10% of the total of such fund as set forth in the budget. Budgetary transfers that exceed this limit must follow the procedures for the adoption of the original budget.

Component Unit

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets -- Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets -- Net assets subject to donor-imposed restrictions that will be met by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets -- Net assets subject to donor-imposed restrictions that they may be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give as applicable, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of donated noncash assets are recorded at their fair values in the period received.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in the appropriate net asset class as determined by donor stipulation and in accordance with the law.

Investments are reported at fair value.

2 DEPOSITS AND INVESTMENTS

Deposits

Separate bank accounts are not maintained for all College funds; instead, the uninvested cash balances of certain funds are maintained in a common checking account. Separate bank accounts are not required to be maintained for all College funds. The College's accounting records are maintained to show the portion of the common bank account attributable to each participating fund. At various times throughout the year, expenditures will exceed the cash available within a particular fund, therefore the College follows the practice of making temporary interfund loans.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (continued)

As of June 30, 2012, the carrying balance of the College's cash deposits was \$1,411,020 which includes \$1,796 of cash on hand, and the bank balances totaled \$1,824,532, all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution in the College's name. Also, the College's investments in certificates of deposit and a savings account were fully covered by federal depository insurance.

Investments

Statutes authorize the College to invest in obligations of the U.S. Treasury, direct obligations of any bank as defined by the Illinois Banking Act, short term obligations of corporations subject to certain qualifications, money market mutual funds registered under the Investment Company Act of 1940 subject to certain restrictions, any mutual funds that invest primarily in corporate investment grade or global government short-term bonds, and the Illinois Funds Money Market Fund. Furthermore, investments may be made in banks, savings and loan associations and credit unions covered by depository insurance. The College's investment policy authorizes the same investments as authorized by law and further limits the amount invested within each category (See Concentration Risk disclosure below).

Concentration Risk

The College's investment policy limits investments in collateralized repurchase agreements, commercial paper, and the Illinois Public Treasurer's Investment Pool to 33% of the total investments; investments in banks and mutual bond funds are limited to 90% of the total investments; and 100% of total investments can be invested in U.S. Government securities and money market mutual funds registered under the Investment Company Act of 1940. The College's investments, including those restricted, by category at June 30, 2012, were as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>%</u>
Investments administered by Wells Fargo Advisors:		
Open ended mutual bond funds	\$ 17,009,052	79.39
Federal National Mortgage Association Bonds	113,842	0.53
Federal Home Loan Mortgage Corporation Bonds	9,569	0.04
Governmental National Mortgage Association Bonds	100,090	0.47
Certificates of deposit	780,097	3.64
Money market accounts	35,921	0.17
Investments administered by First Mid-Illinois Bank Fund Trust:		
Sweep Savings Account	1,580	0.01
Federated Ultrashort Govt Fund #969	142,512	0.67
Northern Institutional Govt Select Fund	1,813,797	8.47
Illinois Funds Prime Fund	1,367,881	6.38
Certificates of deposit	50,000	0.23
G.S. Money Market Fund Class B	12	-
	<u>12</u>	<u>-</u>
Total	<u>\$ 21,424,353</u>	<u>100.00</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

2 DEPOSITS AND INVESTMENTS (Continued)

Concentration Risk (continued)

The Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act (15 ILCS 520/11). Details on the nature of these investments are available within the State of Illinois' Comprehensive Annual Financial Report. The Illinois Funds do not have any direct or indirect investments in derivative instruments.

The mutual bond funds have not disclosed to the College whether derivatives are used, held, or were written during the period covered by the financial statements.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The College requires that the purchase of mutual bond funds that invest primarily in short-term global government bonds be rated in at least the top ten categories by a recognized rating service. The College held bonds which were either explicitly or implicitly guaranteed by the U.S. Government, and are not subject to credit risk disclosures.

As of June 30, 2012, the College held \$1,367,881 in the Illinois Funds Prime Fund with a Standard and Poor's AAAM rating and other money market funds of \$1,992,230 all with Moody's Aaa ratings. The mutual bond funds of \$17,009,052 were unrated as of June 30, 2012.

Custodial Credit Risk

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the College would not be able to recover the value of deposits, investments or collateral securities that are in possession of an outside party. The College's policy for reducing exposure to this risk is to require deposits in excess of the federally insured amount to be collateralized at 100%. One hundred percent of the College's investments are held by various custodians in the College's name and are not subject to creditors of the custodians.

The College's investments in the Illinois Funds, money market funds, as well as mutual bond funds are not subject to detailed disclosure because the College owns shares of each investment fund and not the physical securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average maturity method is presented below to display the interest rate risk of the College's investments.

Weighted Average Maturity	Mutual Bond Funds	Government Bonds	Certificates of Deposit	Money Market Accounts	Total
On Demand	\$ -	\$ -	\$ -	\$ 3,361,703	\$ 3,361,703
0-1 Year	4,372,108	109,659	393,077	-	4,874,844
1-3 Years	2,634,105	113,842	201,412	-	2,949,359
3-7 Years	7,216,224	-	235,608	-	7,451,832
7-10 Years	2,786,615	-	-	-	2,786,615
Total	<u>\$ 17,009,052</u>	<u>\$ 223,501</u>	<u>\$ 830,097</u>	<u>\$ 3,361,703</u>	<u>\$ 21,424,353</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

3 PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUE

Property taxes receivable and the related allowance for uncollected taxes were computed as follows for the year ended June 30, 2012

2011 Equalized assessed valuation	<u>\$ 2,447,107,325</u>		
	<u>2011 Taxes Extended</u>	<u>2011 Taxes Collected</u>	<u>Property Taxes Receivable*</u>
General Fund:			
Education Fund	\$ 5,529,955	\$ (320,779)	\$ 5,209,176
Operations, Building and Maintenance Fund	<u>691,364</u>	<u>(40,104)</u>	<u>651,260</u>
Total general funds	<u>6,221,319</u>	<u>(360,883)</u>	<u>5,860,436</u>
Special Revenue Fund:			
Audit Fund	95,758	(5,556)	90,202
Liability, Protection and Settlement Fund	<u>1,340,595</u>	<u>(77,764)</u>	<u>1,262,831</u>
Total special revenue funds	<u>1,436,353</u>	<u>(83,320)</u>	<u>1,353,033</u>
Bond and Interest Fund	<u>3,121,672</u>	<u>(181,081)</u>	<u>2,940,591</u>
Capital Projects Fund:			
Operations, Building and Maintenance Fund (Restricted)	<u>1,316,656</u>	<u>(76,376)</u>	<u>1,240,280</u>
Total	<u>\$ 12,096,000</u>	<u>\$ (701,660)</u>	<u>\$ 11,394,340</u>

* Based on review of prior year property tax receipts, management believes that property taxes receivable will be fully collectible for the fiscal year ended June 30, 2012. Property taxes receivable and the related collections on the 2011 tax levy are recorded as deferred revenue at June 30, 2012.

4 RESTRICTED INVESTMENTS

The College has entered into trust agreements with the Capital Development Board (CDB) to fund various construction projects. These funds have been invested and can only be released with the approval of CDB. See the Construction in Progress note for more information on these trust accounts.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

5 CAPITAL ASSETS

A summary of changes in capital asset categories follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated				
Land	\$ 497,214	\$ -	\$ -	\$ 497,214
Construction in progress	2,005,520	5,928,500	-	7,934,020
Total capital assets not being depreciated	<u>2,502,734</u>	<u>5,928,500</u>	<u>-</u>	<u>8,431,234</u>
Other capital assets being depreciated				
Buildings	77,060,578	-	(5,947,916)	71,112,662
Equipment	8,366,668	109,132	(843,335)	7,632,465
Total capital assets being depreciated	<u>85,427,246</u>	<u>109,132</u>	<u>(6,791,251)</u>	<u>78,745,127</u>
Less accumulated depreciation for:				
Buildings	25,183,007	2,674,116	(4,614,526)	23,242,597
Equipment	6,676,026	885,211	(809,184)	6,752,053
Total accumulated depreciation	<u>31,859,033</u>	<u>3,559,327</u>	<u>(5,423,710)</u>	<u>29,994,650</u>
Total capital assets being depreciated, net	<u>53,568,213</u>	<u>(3,450,195)</u>	<u>(1,367,541)</u>	<u>48,750,477</u>
Capital assets, net	<u>\$ 56,070,947</u>	<u>\$ 2,478,305</u>	<u>\$ (1,367,541)</u>	<u>\$ 57,181,711</u>

6 CONSTRUCTION IN PROGRESS

The College has the following construction projects in progress at June 30, 2012:

	Project Budget	Expended to June 30, 2012	Committed
Energy savings projects			
North East - Energy Savings Renovation	\$ 5,500,000	\$ 71,969	\$ 5,428,031
Kluthe Bldg Automation System Upgrade	49,800	51,371	(1,571)
Geothermal Well Field	538,400	553,843	(15,443)
Webb Hall Energy Savings Renovations	4,136,578	2,652,855	1,483,723
Wind Turbine	100,000	66,910	33,090
Total energy savings projects	<u>10,324,778</u>	<u>3,396,948</u>	<u>6,927,830</u>
PHS levied projects			
Geothermal	86,282	88,736	(2,454)
Webb Hall Health and Safety Renovation	1,850,000	1,391,323	458,677
Wind Turbine	415,242	243,374	171,868
Roof replacement, NE and NW	698,933	625,917	73,016
Total PHS levied projects	<u>3,050,457</u>	<u>2,349,350</u>	<u>701,107</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

6 CONSTRUCTION IN PROGRESS (Continued)

	Project Budget	Expended to June 30, 2012	Committed
DCEO grant projects			
ARRA-Wind	\$ 500,000	\$ 511,483	\$ (11,483)
ARRA-Wells	280,000	288,308	(8,308)
Total DCEO grant projects	<u>780,000</u>	<u>799,791</u>	<u>(19,791)</u>
CBJT projects			
Wind Turbine	450,000	413,326	36,674
Total CBJT projects	<u>450,000</u>	<u>413,326</u>	<u>36,674</u>
CDB projects			
Student Center	12,179,100	815,093	11,364,007
Total CDB projects	<u>12,179,100</u>	<u>815,093</u>	<u>11,364,007</u>
Other projects			
ZEB Hall	700,000	133,682	566,318
IL Clean Energy Grant - Wind Turbine	25,690	25,830	(140)
Total other projects	<u>725,690</u>	<u>159,512</u>	<u>566,178</u>
Total construction in progress	<u>\$ 27,510,025</u>	<u>\$ 7,934,020</u>	<u>\$ 19,576,005</u>

Construction in progress additions include capitalized interest expense of \$101,838. The Protection Health Safety (PHS) projects are funded through a tax levy (protection health safety) that cannot exceed .05 percent per year.

A new Student Center is being added to the Administration Building. Under a trust agreement that is a prerequisite in obtaining the award from the Capital Development Board (CDB), the College has contributed funds into a government money market account to fund a portion of the local share of the building project. The balance of this account is \$1,813,797 at June 30, 2012.

7 CHANGES IN LONG-TERM LIABILITIES

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Note payable	\$ -	\$ 850,000	\$ -	\$ 850,000
Bonds payable	13,305,000	6,670,000	3,005,000	16,970,000
Bond premium	-	581,635	27,125	554,510
Planned retirement payable	737,288	-	85,490	651,798
Accrued compensated absences	365,343	36,592	-	401,935
Total	<u>\$ 14,407,631</u>	<u>\$ 8,138,227</u>	<u>\$ 3,117,615</u>	<u>\$ 19,428,243</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

7 CHANGES IN LONG-TERM LIABILITIES (Continued)

	Amount Due Within One Year
Note payable	\$ 850,000
Bonds payable	3,190,000
Bond premium	125,323
Planned retirement payable	216,602
	\$ 4,381,925

8 LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2012:

Midland States Bank, note payable, in one lump sum of \$850,000, including interest at 2.145% due December 14, 2012. The note is collateralized by inventory, equipment and certain other assets of the College.	\$ 850,000
PHS bonds, payable in an annual principal installments ranging from \$550,000 to \$1,250,000, and semi-annual interest payments at an average rate of 4.23%, due December 1, 2012.	550,000
Alternative revenue bonds, payable in annual principal installments ranging from \$80,000 to \$170,000, and semi-annual interest payments at an average rate of 4.36%, due December 1, 2026.	1,890,000
Series 2010 bonds, payable in annual principal installments ranging from \$1,225,000 to \$3,000,000, and annual interest payments at an average rate of 2.21%, due June 30, 2015.	7,860,000
Series 2012 working cash bonds, payable in annual principal installments ranging from \$615,000 to \$3,870,000, and annual interest payments at a stated rate of 4.0% (effective interest rate of 1.80% with bond premium), due December 1, 2016.	6,670,000
	\$ 17,820,000

Total interest expense for the year ended June 30, 2012, was \$370,372, with capitalized interest representing \$101,838 of this amount, and \$268,534 recognized as interest expense in the Statement of Revenues, Expenses and Changes in Net Assets. This interest expense of \$268,534 is net of amortization of bond premium of \$27,125.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

8 LONG-TERM DEBT (Continued)

At June 30, 2012, the annual cash flow requirements of principal and interest were as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 4,040,000	\$ 548,527	\$ 4,588,527
2014	3,705,000	418,555	4,123,555
2015	3,680,000	316,131	3,996,131
2016	3,975,000	178,399	4,153,399
2017	1,020,000	76,700	1,096,700
2018-2022	625,000	218,547	843,547
2023-2027	775,000	80,928	855,928
Long-term debt subtotal	17,820,000	<u>\$ 1,837,787</u>	<u>\$ 19,657,787</u>
Unamortized bond premium	<u>554,510</u>		
Total	<u>\$ 18,374,510</u>		

9 LITIGATION

As of June 30, 2012, the College is a defendant in various lawsuits. The College's attorney states no opinion as to the outcome of these cases or the potential for loss. The attorney also states that the College intends to vigorously defend these lawsuits. Management believes that the liability insurance of the College is sufficient to cover the asserted claims.

10 PENSION PLAN

Plan Description

Lake Land College contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois 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 the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website, www.surs.org, or by calling 1-800-275-7877.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

10 PENSION PLAN (Continued)

Funding Policy

Plan members are required to contribute 8.0% (police officers, 9.5%) of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate (for FY 2013) is 34.51% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ending June 30, 2012, 2011, and 2010 were \$5,781,672, \$4,588,146, and \$4,026,124, respectively, equal to the required contributions for each year. The required employer contributions described in the foregoing sentence include amounts contributed by the College for employee salaries paid from federal and state grant funds, which were \$61,251, \$28,222, and \$28,326 for the years ended June 30, 2012, 2011, and 2010, respectively.

11 POST EMPLOYMENT BENEFITS

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans.

Health, dental and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the College's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services, may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

12 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 natural disasters, for which the government carries commercial insurance.

In 2001, the College joined the Community College Insurance Cooperative (CCIC), a public entity risk pool currently operating as a common risk management and insurance program for independent organizations (nine at June 30, 2012). The College pays an annual premium to CCIC for its medical insurance coverage under a retrospectively rated policy (the initial premium is adjusted based on actual experience of the group during the period of coverage). The Agreement for Formation of the CCIC provides that CCIC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$250,000 for each insured individual.

The College continues to carry commercial insurance for all other risks of loss, including general liability, property and workers' compensation insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

13 PLANNED RETIREMENT

To enhance long-range planning, College employees are encouraged to submit resignations up to four years in advance of their retirement date. Upon acceptance of the resignation by the Board of Trustees, qualified employees will receive a guaranteed 6% raise on their contractual base salary for each of the last four years of service. In addition, a years-of-service incentive will be paid on the first payroll following 60 calendar days after the retirement date. The incentive is based on a formula which includes total years of service. The College records a liability for all qualified employees who have had their resignations accepted by the Board of Trustees. At June 30, 2012, the balance of the planned retirement liability was \$651,798.

14 LEASE COMMITMENTS

In December 2009, the College entered into a lease agreement for its Western Center in Pana, Illinois. Rent expense for the year ended June 30, 2012 was \$9,750. This lease expires on June 30, 2013, and requires monthly rental payments of \$750. Future minimum lease payments under this lease for the year ended June 30 are as follows:

2013	<u>\$</u> <u>9,000</u>
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SUPPLEMENTAL FINANCIAL INFORMATION

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
SCHEDULES OF MANAGEMENT INFORMATION
Year Ended June 30, 2012

The following schedules are maintained for management information purposes to comply with Illinois Community College Board regulations.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINED BALANCE SHEET - ALL FUND TYPES

June 30, 2012

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types		Total (Memorandum Only)
	General	Special Revenue	Bond and Interest	Capital Projects	Auxiliary Enterprise Fund	Expendable Trust Funds	Nonexpendable Trust Funds	
ASSETS								
Cash	\$ 20,928	\$ 84,697	\$ 142,641	\$ 31	\$ 1,033,181	\$ 129,199	\$ 343	\$ 1,411,020
Investments	1,561,973	-	12	-	-	-	18,048,571	19,610,556
Accounts receivable:								
Property taxes	5,860,436	1,353,033	2,940,591	1,240,280	-	-	-	11,394,340
Governmental claims	2,949,503	3,511,754	-	-	-	-	-	6,461,257
Other receivables	1,176,625	449,035	-	-	58,029	764	-	1,684,453
Due from other funds	5,062,000	-	771,085	-	-	8,000	3,846,329	9,687,414
Inventories	-	-	-	-	168,888	-	-	168,888
Deferred expenditures	217,123	127,799	-	-	-	-	-	344,922
Restricted investments	-	-	-	1,813,797	-	-	-	1,813,797
Fixed assets, net	-	-	-	-	63,476	-	-	63,476
Total assets	\$ 16,848,588	\$ 5,526,318	\$ 3,854,329	\$ 3,054,108	\$ 1,323,574	\$ 137,963	\$ 21,895,243	\$ 52,640,123
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,122,640	\$ 343,245	\$ -	\$ 1,523,905	\$ 37,357	\$ 9,741	\$ -	\$ 3,036,888
Accrued salaries	633,215	124,774	-	-	686	-	-	758,675
Accrued compensated absences	350,828	29,947	-	-	21,160	-	-	401,935
Planned retirement payable	651,798	-	-	-	-	-	-	651,798
Deferred revenue	7,741,965	1,482,610	3,121,672	1,316,656	-	-	-	13,662,903
Due to other funds	-	3,387,329	-	6,299,000	1,085	-	-	9,687,414
Due to component unit	3,563	-	-	-	7,071	-	-	10,634
Deposits held for others	-	-	-	-	-	128,222	-	128,222
Total liabilities	10,504,009	5,367,905	3,121,672	9,139,561	67,359	137,963	-	28,338,469
Fund balances:								
Retained earnings	-	-	-	-	1,256,215	-	-	1,256,215
Reserved for construction projects	-	-	-	1,813,797	-	-	-	1,813,797
Unreserved:								
Designated	-	-	732,657	-	-	-	-	732,657
Undesignated	6,344,579	158,413	-	(7,899,250)	-	-	21,895,243	20,498,985
Total fund balances	6,344,579	158,413	732,657	(6,085,453)	1,256,215	-	21,895,243	24,301,654
Total liabilities and fund balances	\$ 16,848,588	\$ 5,526,318	\$ 3,854,329	\$ 3,054,108	\$ 1,323,574	\$ 137,963	\$ 21,895,243	\$ 52,640,123

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
ALL BUDGETED GOVERNMENTAL FUND TYPES

Year Ended June 30, 2012

	General Fund			Special Revenue Fund			Bond and Interest Fund		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:									
Local government	\$ 6,459,344	\$ 6,381,182	\$ (78,162)	\$ 2,091,045	\$ 2,047,936	\$ (43,109)	\$ 3,171,263	\$ 3,192,124	\$ 20,861
State government	11,788,293	16,246,366	4,458,073	10,619,707	8,782,891	(1,836,816)	-	-	-
Federal government	14,296	11,145	(3,151)	12,937,215	11,532,515	(1,404,700)	-	-	-
Tuition and fees	13,176,536	12,715,926	(460,610)	-	-	-	-	-	-
Other sources	1,420,323	2,029,934	609,611	528,688	583,160	54,472	-	6	6
Total revenue	32,858,792	37,384,553	4,525,761	26,176,655	22,946,502	(3,230,153)	3,171,263	3,192,130	20,867
Expenditures:									
Instruction	15,357,559	17,676,500	2,318,941	8,618,179	7,323,201	(1,294,978)	-	-	-
Academic support	1,804,690	1,719,787	(84,903)	213,709	114,589	(99,120)	-	-	-
Student services	2,029,656	2,527,321	497,665	130,660	260,705	130,045	-	-	-
Public services/Continuing education	1,167,652	1,327,588	159,936	996,746	423,340	(573,406)	-	-	-
Operation and maintenance of plant	4,023,776	3,985,282	(38,494)	667,461	608,292	(59,169)	-	-	-
Institutional support	6,895,933	7,552,428	656,495	2,769,327	2,950,256	180,929	-	-	-
Scholarships/Grants/Waivers	227,000	410,307	183,307	12,169,036	10,388,556	(1,780,480)	-	-	-
Capital outlay	79,836	123,102	43,266	733,408	1,028,185	294,777	-	-	-
Principal retirement	-	-	-	-	-	-	3,005,000	3,005,000	-
Interest and fiscal charges	13,798	13,798	-	-	-	-	335,630	335,230	(400)
Total expenditures	31,599,900	35,336,113	3,736,213	26,298,526	23,097,124	(3,201,402)	3,340,630	3,340,230	(400)
Excess (deficiency) of revenue over expenditures	<u>1,258,892</u>	<u>2,048,440</u>	<u>789,548</u>	<u>(121,871)</u>	<u>(150,622)</u>	<u>(28,751)</u>	<u>(169,367)</u>	<u>(148,100)</u>	<u>21,267</u>
Other financing sources (uses):									
Proceeds from note payable	-	-	-	-	-	-	-	-	-
Proceeds from bond premium	-	-	-	-	-	-	-	581,635	581,635
Transfer from other funds	-	-	-	-	-	-	169,367	175,838	6,471
Transfer to other funds	(1,258,892)	(2,066,849)	(807,957)	-	-	-	-	-	-
Total other financing sources (uses)	(1,258,892)	(2,066,849)	(807,957)	-	-	-	169,367	757,473	588,106
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>(18,409)</u>	<u>\$ (18,409)</u>	<u>\$ (121,871)</u>	<u>(150,622)</u>	<u>\$ (28,751)</u>	<u>\$ -</u>	<u>609,373</u>	<u>\$ 609,373</u>
Fund balances, beginning of year		<u>6,362,988</u>			<u>309,035</u>			<u>123,284</u>	
Fund balances, end of year		<u>\$ 6,344,579</u>			<u>\$ 158,413</u>			<u>\$ 732,657</u>	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
ALL BUDGETED GOVERNMENTAL FUND TYPES (Continued)

Year Ended June 30, 2012

	Capital Projects Fund			Total (Memorandum Only)		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:						
Local government	\$ 1,250,000	\$ 1,188,297	\$ (61,703)	\$ 12,971,652	\$ 12,809,539	\$ (162,113)
State government	701,382	-	(701,382)	23,109,382	25,029,257	1,919,875
Federal government	-	-	-	12,951,511	11,543,660	(1,407,851)
Tuition and fees	-	-	-	13,176,536	12,715,926	(460,610)
Other sources	-	8,737	8,737	1,949,011	2,621,837	672,826
Total revenue	<u>1,951,382</u>	<u>1,197,034</u>	<u>(754,348)</u>	<u>64,158,092</u>	<u>64,720,219</u>	<u>562,127</u>
Expenditures:						
Instruction	-	-	-	23,975,738	24,999,701	1,023,963
Academic support	-	-	-	2,018,399	1,834,376	(184,023)
Student services	-	-	-	2,160,316	2,788,026	627,710
Public services/Continuing education	-	-	-	2,164,398	1,750,928	(413,470)
Operation and maintenance of plant	-	-	-	4,691,237	4,593,574	(97,663)
Institutional support	-	-	-	9,665,260	10,502,684	837,424
Scholarships/Grants/Waivers	-	-	-	12,396,036	10,798,863	(1,597,173)
Capital outlay	2,109,244	4,776,692	2,667,448	2,922,488	5,927,979	3,005,491
Principal retirement	-	-	-	3,005,000	3,005,000	-
Interest and fiscal charges	-	-	-	349,428	349,028	(400)
Total expenditures	<u>2,109,244</u>	<u>4,776,692</u>	<u>2,667,448</u>	<u>63,348,300</u>	<u>66,550,159</u>	<u>3,201,859</u>
Excess (deficiency) of revenue over expenditures	<u>(157,862)</u>	<u>(3,579,658)</u>	<u>(3,421,796)</u>	<u>809,792</u>	<u>(1,829,940)</u>	<u>(2,639,732)</u>
Other financing sources (uses):						
Proceeds from notes payable	-	850,000	850,000	-	850,000	850,000
Proceeds from bond premium	-	-	-	-	581,635	581,635
Transfer from other funds	157,862	675,000	517,138	327,229	850,838	523,609
Transfer to other funds	-	-	-	(1,258,892)	(2,066,849)	(807,957)
Total other financing sources (uses)	<u>157,862</u>	<u>1,525,000</u>	<u>1,367,138</u>	<u>(931,663)</u>	<u>215,624</u>	<u>1,147,287</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>(2,054,658)</u>	<u>\$ (2,054,658)</u>	<u>\$ (121,871)</u>	<u>(1,614,316)</u>	<u>\$ (1,492,445)</u>
Fund balances, beginning of year		<u>(4,030,795)</u>			<u>2,764,512</u>	
Fund balances, end of year		<u>\$ (6,085,453)</u>			<u>\$ 1,150,196</u>	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINED STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET AND ACTUAL -
PROPRIETARY FUND TYPE

Year Ended June 30, 2012

	Proprietary Fund Type		Variance Over (Under)
	Enterprise Fund		
	Budget	Actual	
Operating revenue:			
Bookstore sales	\$ 623,000	\$ 430,556	\$ (192,444)
Cafeteria	46,000	44,732	(1,268)
Activity fees	165,000	164,282	(718)
Print Shop	500,000	473,069	(26,931)
Child care lab	98,504	97,883	(621)
Farm sales	160,000	151,142	(8,858)
Other	15,000	2,731	(12,269)
Total operating revenue	<u>1,607,504</u>	<u>1,364,395</u>	<u>(243,109)</u>
Operating expenses:			
Salaries	601,353	616,219	14,866
Employee benefits	120,841	110,399	(10,442)
Contractual services	115,605	98,838	(16,767)
General materials and supplies	712,352	743,536	31,184
Travel	152,679	128,457	(24,222)
Fixed charges	257,638	253,717	(3,921)
Capital outlay	47,500	-	(47,500)
Depreciation	-	21,016	21,016
Scholarships/Grants	430,000	538,624	108,624
Other	101,199	137,314	36,115
Total operating expenses	<u>2,539,167</u>	<u>2,648,120</u>	<u>108,953</u>
Net (loss) before operating transfers	(931,663)	(1,283,725)	(352,062)
Operating transfers:			
Transfers from other funds	<u>931,663</u>	<u>1,216,011</u>	<u>284,348</u>
Net loss	<u>\$ -</u>	<u>(67,714)</u>	<u>\$ (67,714)</u>
Retained earnings, July 1, 2011		<u>1,323,929</u>	
Retained earnings, June 30, 2012		<u>\$ 1,256,215</u>	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING BALANCE SHEET - GOVERNMENTAL FUND TYPES - GENERAL FUND

June 30, 2012

	Education Fund	Operations, Building, and Maintenance Fund	Total
<u>ASSETS</u>			
Cash	\$ 4,663	\$ 16,265	\$ 20,928
Investments	1,561,973	-	1,561,973
Accounts receivable:			
Property taxes	5,209,176	651,260	5,860,436
Governmental claims	2,949,503	-	2,949,503
Other receivables	1,147,715	28,910	1,176,625
Due from other funds	1,242,000	3,820,000	5,062,000
Deferred expenditures	217,123	-	217,123
	<u>\$ 12,332,153</u>	<u>\$ 4,516,435</u>	<u>\$ 16,848,588</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,069,908	\$ 52,732	\$ 1,122,640
Accrued salaries	624,314	8,901	633,215
Accrued compensated absences	300,091	50,737	350,828
Planned retirement payable	651,798	-	651,798
Due to component unit	3,563	-	3,563
Deferred revenue	7,050,601	691,364	7,741,965
	<u>9,700,275</u>	<u>803,734</u>	<u>10,504,009</u>
Fund balances:			
Unreserved:			
Designated	-	-	-
Undesignated	2,631,878	3,712,701	6,344,579
	<u>2,631,878</u>	<u>3,712,701</u>	<u>6,344,579</u>
	<u>\$ 12,332,153</u>	<u>\$ 4,516,435</u>	<u>\$ 16,848,588</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING BALANCE SHEET - GOVERNMENTAL FUND TYPES - SPECIAL REVENUE FUNDS

June 30, 2012

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
<u>ASSETS</u>				
Cash	\$ 84,697	\$ -	\$ -	\$ 84,697
Accounts receivable:				
Property taxes	-	90,202	1,262,831	1,353,033
Governmental claims	3,511,754	-	-	3,511,754
Other receivables	449,035	-	-	449,035
Deferred expenditures	-	-	127,799	127,799
Total assets	<u>\$ 4,045,486</u>	<u>\$ 90,202</u>	<u>\$ 1,390,630</u>	<u>\$ 5,526,318</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 281,951	\$ -	\$ 61,294	\$ 343,245
Accrued salaries	121,805	-	2,969	124,774
Accrued compensated absences	-	2,042	27,905	29,947
Deferred revenue	46,258	95,757	1,340,595	1,482,610
Due to other funds	3,340,000	40,018	7,311	3,387,329
Total liabilities	<u>3,790,014</u>	<u>137,817</u>	<u>1,440,074</u>	<u>5,367,905</u>
Fund balances:				
Unreserved:				
Designated	-	-	-	-
Undesignated	255,472	(47,615)	(49,444)	158,413
Total fund balances	<u>255,472</u>	<u>(47,615)</u>	<u>(49,444)</u>	<u>158,413</u>
Total liabilities and fund balances	<u>\$ 4,045,486</u>	<u>\$ 90,202</u>	<u>\$ 1,390,630</u>	<u>\$ 5,526,318</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
GOVERNMENTAL FUND TYPES - GENERAL FUND

Year Ended June 30, 2012

	Education Fund			Operation, Building and Maintenance Fund			Total		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:									
Local government sources	\$ 5,809,344	\$ 5,787,030	\$ (22,314)	\$ 650,000	\$ 594,152	\$ (55,848)	\$ 6,459,344	\$ 6,381,182	\$ (78,162)
State government sources	9,014,542	13,176,666	4,162,124	2,773,751	3,069,700	295,949	11,788,293	16,246,366	4,458,073
Federal government sources	14,296	11,145	(3,151)	-	-	-	14,296	11,145	(3,151)
Tuition and fees	13,176,536	12,715,926	(460,610)	-	-	-	13,176,536	12,715,926	(460,610)
Other sources	879,274	1,377,925	498,651	541,049	652,009	110,960	1,420,323	2,029,934	609,611
Total revenue	<u>28,893,992</u>	<u>33,068,692</u>	<u>4,174,700</u>	<u>3,964,800</u>	<u>4,315,861</u>	<u>351,061</u>	<u>32,858,792</u>	<u>37,384,553</u>	<u>4,525,761</u>
Expenditures:									
Instruction	15,357,559	17,676,500	2,318,941	-	-	-	15,357,559	17,676,500	2,318,941
Academic support	1,804,690	1,719,787	(84,903)	-	-	-	1,804,690	1,719,787	(84,903)
Student services	2,029,656	2,527,321	497,665	-	-	-	2,029,656	2,527,321	497,665
Public service/Continuing education	1,167,652	1,327,588	159,936	-	-	-	1,167,652	1,327,588	159,936
Operation and maintenance of plant	-	-	-	4,023,776	3,985,282	(38,494)	4,023,776	3,985,282	(38,494)
Institutional support	6,895,933	7,552,428	656,495	-	-	-	6,895,933	7,552,428	656,495
Scholarships/Grants/Waivers	227,000	410,307	183,307	-	-	-	227,000	410,307	183,307
Capital outlay	79,836	110,107	30,271	-	12,995	12,995	79,836	123,102	43,266
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	13,798	13,798	-	-	-	-	13,798	13,798	-
Total expenditures	<u>27,576,124</u>	<u>31,337,836</u>	<u>3,761,712</u>	<u>4,023,776</u>	<u>3,998,277</u>	<u>(25,499)</u>	<u>31,599,900</u>	<u>35,336,113</u>	<u>3,736,213</u>
Excess (deficiency) of revenue over expenditures	<u>1,317,868</u>	<u>1,730,856</u>	<u>412,988</u>	<u>(58,976)</u>	<u>317,584</u>	<u>376,560</u>	<u>1,258,892</u>	<u>2,048,440</u>	<u>789,548</u>
Other financing sources (uses):									
Non-mandatory transfer from (to) other funds	<u>(1,258,892)</u>	<u>(2,070,386)</u>	<u>(811,494)</u>	-	3,537	3,537	<u>(1,258,892)</u>	<u>(2,066,849)</u>	<u>(807,957)</u>
Total other financing sources (uses)	<u>(1,258,892)</u>	<u>(2,070,386)</u>	<u>(811,494)</u>	-	3,537	3,537	<u>(1,258,892)</u>	<u>(2,066,849)</u>	<u>(807,957)</u>
Excess (deficiency) of revenue over expenditures and other sources (uses)	<u>\$ 58,976</u>	<u>(339,530)</u>	<u>\$ (398,506)</u>	<u>\$ (58,976)</u>	321,121	<u>\$ 380,097</u>	<u>\$ -</u>	<u>(18,409)</u>	<u>\$ (18,409)</u>
Fund balance, July 1, 2011		<u>2,971,408</u>			<u>3,391,580</u>			<u>6,362,988</u>	
Fund balance, June 30, 2012		<u>\$ 2,631,878</u>			<u>\$ 3,712,701</u>			<u>\$ 6,344,579</u>	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
GOVERNMENTAL FUND TYPES - SPECIAL REVENUE FUNDS

Year Ended June 30, 2012

	Restricted Purposes Fund			Audit Fund			Liability, Protection and Settlement Fund			Total		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Over (Under)			Over (Under)			Over (Under)			Over (Under)
Revenue:												
Local government sources	\$ 431,045	\$ 378,631	\$ (52,414)	\$ 60,000	\$ 60,438	\$ 438	\$ 1,600,000	\$ 1,608,867	\$ 8,867	\$ 2,091,045	\$ 2,047,936	\$ (43,109)
State government sources	10,619,707	8,782,891	(1,836,816)	-	-	-	-	-	-	10,619,707	8,782,891	(1,836,816)
Federal government sources	12,937,215	11,532,515	(1,404,700)	-	-	-	-	-	-	12,937,215	11,532,515	(1,404,700)
Other sources	528,688	583,160	54,472	-	-	-	-	-	-	528,688	583,160	54,472
Total revenue	24,516,655	21,277,197	(3,239,458)	60,000	60,438	438	1,600,000	1,608,867	8,867	26,176,655	22,946,502	(3,230,153)
Expenditures:												
Instruction	8,618,179	7,323,201	(1,294,978)	-	-	-	-	-	-	8,618,179	7,323,201	(1,294,978)
Academic support	213,709	91,399	(122,310)	-	-	-	-	23,190	23,190	213,709	114,589	(99,120)
Student services	62,553	214,028	151,475	-	-	-	68,107	46,677	(21,430)	130,660	260,705	130,045
Public service/Continuing education	996,746	423,340	(573,406)	-	-	-	-	-	-	996,746	423,340	(573,406)
Operations and maintenance of plant	-	-	-	-	-	-	667,461	608,292	(59,169)	667,461	608,292	(59,169)
Institutional support	1,723,024	1,827,482	104,458	96,547	90,794	(5,753)	949,756	1,031,980	82,224	2,769,327	2,950,256	180,929
Scholarships/Grants/Waivers	12,169,036	10,388,556	(1,780,480)	-	-	-	-	-	-	12,169,036	10,388,556	(1,780,480)
Capital outlay	733,408	1,002,021	268,613	-	-	-	-	26,164	26,164	733,408	1,028,185	294,777
Total expenditures	24,516,655	21,270,027	(3,246,628)	96,547	90,794	(5,753)	1,685,324	1,736,303	50,979	26,298,526	23,097,124	(3,201,402)
Excess (deficiency) of revenue over expenditures	\$ -	7,170	\$ 7,170	\$ (36,547)	(30,356)	\$ 6,191	\$ (85,324)	(127,436)	\$ (42,112)	\$ (121,871)	(150,622)	\$ (28,751)
Fund balance, July 1, 2011		248,302			(17,259)			77,992			309,035	
Fund balance, June 30, 2012		\$ 255,472			\$ (47,615)			\$ (49,444)			\$ 158,413	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

RECONCILIATION AND SCHEDULE OF BUDGET BASIS

Year Ended June 30, 2012

RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET ASSETS

Fund balance-All fund types (budget basis)	\$ 24,301,654
Reconciling items:	
Investment in capital assets of governmental fund types	85,972,233
Accumulated depreciation on capital assets of governmental fund types	(29,758,084)
Amount to be provided for debt payments	(17,820,000)
Bond premium	(554,510)
Accrual of interest for debt	(82,685)
Capitalized interest on construction in progress	904,086
	<u>904,086</u>
Net assets on Statement of Net Assets	<u>\$ 62,962,694</u>

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES

Excess of revenue over expenditures (budget basis)	\$ 5,419,199
Reconciling items:	
Depreciation expense on capital assets of governmental fund types	(3,538,311)
Principal repayments of debt	3,005,000
Proceeds from notes and bonds payable	(7,520,000)
Proceeds from bond premium	(581,635)
Amortization of bond premium	27,125
Accrual of interest for debt	(48,469)
Purchases of capital assets of governmental fund types	5,927,979
Capitalized interest	101,838
Loss on disposal of capital assets	(1,367,541)
	<u>(1,367,541)</u>
Increase in net assets	<u>\$ 1,425,185</u>

EXPENDITURES AND TRANSFERS IN EXCESS OF BUDGET

	Actual Expenditures	Budget	Variance Over Budget
Education Fund	\$ 33,408,222	\$ 28,835,016	\$ 4,573,206
Liability, Protection and Settlement Fund	\$ 1,736,303	\$ 1,685,324	\$ 50,979
Auxiliary Enterprise Fund	\$ 2,648,120	\$ 2,539,167	\$ 108,953

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ASSESSED VALUATIONS AND TAXES EXTENDED AND COLLECTED

Levy Years 2011, 2010, and 2009

	<u>2011 Levy</u>	<u>2010 Levy</u>	<u>2009 Levy</u>
Assessed valuations:			
Christian	\$ 65,243,687	\$ 62,076,432	\$ 60,502,245
Clark	179,145,975	185,143,993	179,367,030
Clay	12,721,347	12,307,137	12,441,620
Coles	631,471,223	616,689,104	597,179,091
Crawford	17,039	16,487	26,671
Cumberland	123,324,448	114,575,130	109,276,511
Douglas	64,520,895	64,319,416	62,530,636
Edgar	199,253,214	196,217,512	188,535,092
Effingham	586,139,718	565,304,746	546,307,304
Fayette	89,596,881	87,495,368	82,423,570
Jasper	11,673,001	10,766,629	10,766,629
Macon	3,309,192	3,076,331	2,887,363
Montgomery	2,089,459	1,996,474	1,908,904
Moultrie	203,068,136	194,117,470	186,926,222
Shelby	275,533,110	267,668,405	259,868,272
Total assessed valuations	<u>\$ 2,447,107,325</u>	<u>\$ 2,381,770,634</u>	<u>\$ 2,300,947,160</u>
Tax rates (per \$100 of assessed valuations):			
Education Fund	0.1564	0.1564	0.1577
Foundation tax	0.0695	0.0712	0.0729
Operations, Building and Maintenance Fund	0.0283	0.0269	0.0251
Bond and Interest Fund	0.1276	0.1311	0.1231
Life Safety	0.0538	0.0517	0.0497
Audit Fund	0.0039	0.0025	0.0020
Liability, Protection and Settlement Fund	0.0548	0.0660	0.0679
Total	<u>0.4943</u>	<u>0.5058</u>	<u>0.4984</u>
Taxes extended:			
Education Fund	\$ 3,830,272	\$ 3,726,156	\$ 3,628,657
Foundation tax	1,699,683	1,695,229	1,676,738
Operations, Building and Maintenance Fund	691,364	639,895	576,995
Bond and Interest Fund	3,121,672	3,121,961	2,831,814
Life Safety	1,316,656	1,230,567	1,144,127
Audit Fund	95,758	59,067	46,357
Liability, Protection and Settlement Fund	1,340,595	1,575,125	1,563,312
Total	<u>\$ 12,096,000</u>	<u>\$ 12,048,000</u>	<u>\$ 11,468,000</u>
Total current taxes collected	<u>\$ 701,660</u>	<u>\$ 12,029,190</u>	<u>\$ 11,456,637</u>
Percentage of extensions collected	<u>5.80%</u>	<u>99.84%</u>	<u>99.90%</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SUMMARY OF TAXES RECEIVABLE AND TAX COLLECTIONS

Year Ended June 30, 2012

Levy Year	Valuation	Combined Rate	Taxes Extended	Total Collected to June 30, 2011	Collected During Year Ended June 30, 2012	Total Collected to June 30, 2012	Percent Collected June 30, 2012	Taxes Written-off
2011	\$ 2,447,107,325	0.4943	\$ 12,096,000	\$ -	\$ 701,660	\$ 701,660	5.80%	\$ -
2010	2,381,770,634	0.5058	12,048,000	1,266,094	10,763,096	12,029,190	99.84%	-
2009	2,300,947,160	0.4984	11,468,000	11,456,637	-	11,456,637	99.90%	-
Back taxes	-		-	-	1,720	1,720		-
Total	\$ 7,129,825,119		\$ 35,612,000	\$ 12,722,731	\$ 11,466,476	\$ 24,189,207		\$ -

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2011 TAXES EXTENDED

	Uncollected June 30, 2012	Estimate for Uncollectible Taxes	Balance after Estimated Uncollectible Taxes
Education	\$ 3,608,088	\$ -	\$ 3,608,088
Foundation	1,601,088	-	1,601,088
Operations, Building and Maintenance	651,260	-	651,260
Bond and Interest	2,940,591	-	2,940,591
Life Safety	1,240,280	-	1,240,280
Audit	90,202	-	90,202
Liability, Protection and Settlement	1,262,831	-	1,262,831
Total	\$ 11,394,340	\$ -	\$ 11,394,340

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF DEBT MATURITIES
GOVERNMENTAL FUND TYPES

Year Ended June 30, 2012

	Bond Type	Interest Rate	Amounts Due During Year			Unpaid Principal Balance June 30, 2012
			Principal	Interest	Total	
2012-2013	Working Cash - Fitness Cntr	6.50 %	\$ 85,000	\$ 82,005	\$ 167,005	\$ 85,000
2012-2013	PHS Bond	4.30 %	550,000	11,825	561,825	550,000
2012-2013	Series 2010	2.00 %	2,555,000	143,175	2,698,175	2,555,000
2012-2013	Series 2012	4.00 %	-	303,114	303,114	-
2013-2014	Working Cash - Fitness Cntr	6.25 %	90,000	76,430	166,430	90,000
2013-2014	Series 2010	2.00 %	3,000,000	87,625	3,087,625	3,000,000
2013-2014	Series 2012	4.00 %	615,000	254,500	869,500	615,000
2014-2015	Working Cash - Fitness Cntr	6.00 %	100,000	70,618	170,618	100,000
2014-2015	Series 2010	2.50 %	2,305,000	28,813	2,333,813	2,305,000
2014-2015	Series 2012	4.00 %	1,275,000	216,700	1,491,700	1,275,000
2015-2016	Working Cash - Fitness Cntr	5.75 %	105,000	64,599	169,599	105,000
2015-2016	Series 2012	4.00 %	3,870,000	113,800	3,983,800	3,870,000
2016-2017	Working Cash - Fitness Cntr	5.60 %	110,000	58,500	168,500	110,000
2016-2017	Series 2012	4.00 %	910,000	18,200	928,200	910,000
Thereafter	Working Cash - Fitness Cntr	3.85-4.05 %	1,400,000	299,475	1,699,475	1,400,000
Total			<u>\$ 16,970,000</u>	<u>\$ 1,829,379</u>	<u>\$ 18,799,379</u>	<u>\$ 16,970,000</u>

Interest is due December 1 and June 1; principal is due December 1.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF LEGAL DEBT MARGIN

Year Ended June 30, 2012

Assessed valuation - 2011 Levy	<u>\$ 2,447,107,325</u>
Debt limit, 2.875% of assessed valuation (50 ILCS 405/1)	\$ 70,354,336
Less:	
Note payable	850,000
Bond indebtedness	<u>16,970,000</u>
Legal debt margin	<u>\$ 52,534,336</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENSES FOR TORT IMMUNITY PURPOSES

Year Ended June 30, 2012

Administrative salaries	\$	290,977
Administrative benefits		62,692
Campus security salaries		303,953
Campus security benefits		70,450
Materials and supplies		55,596
General liability insurance		212,184
Workers compensation insurance		219,276
Unemployment insurance		195,683
Social Security/Medicare		293,462
Travel		32,030
		<hr/>
Total tort immunity purposes expenses	\$	<u>1,736,303</u>

Since the College levies property taxes for tort immunity/liability insurance purposes, as required by Public Act 91-068 passed by the Illinois General Assembly, the College is including the above list of tort immunity purposes expenses in its annual financial report.

The College's tax extension for tort immunity/liability insurance and Social Security/Medicare purposes for tax year 2010 as levied by the counties within the college district was \$1,575,125. Any shortfall to cover expenses in excess of taxes collected is derived from previous years' excess or other general fund revenues of the College. Any excess of revenues over expenses is carried forward to subsequent fiscal years subject to a statutory formula.

ACCOMPANYING INFORMATION

SPECIAL REPORTS SECTION

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS

June 30, 2012

The Uniform Financial Statements are required by the Illinois Community College Board for the purpose of providing consistent audited data for every community college district. Regardless of the basis of accounting used for a college's balance sheet and statement of revenues and expenditures, the Uniform Financial Statements are completed using the modified accrual basis of accounting prescribed by the NCGA Statement No. 1 and related interpretations.

The Uniform Financial Statements include the following:

- All Funds Summary
- Summary of Fixed Assets and Debt
- Operating Funds Revenues and Expenditures
- Restricted Purposes Fund Revenues and Expenditures
- Current Funds Expenditures by Activity
- Certificate of Chargeback Reimbursement

UNIFORM FINANCIAL STATEMENTS

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
ALL FUNDS SUMMARY

Year Ended June 30, 2012

	Education Fund	Operations, Building and Maintenance Fund	Operations, Building and Maintenance Fund (Restricted)	Bond and Interest Fund	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Auxiliary Enterprise Fund	Trust and Agency Fund	Working Cash Fund	Total (Memorandum Only)
Fund balances, July 1, 2011	\$ 2,971,408	\$ 3,391,580	\$ (4,030,795)	\$ 123,284	\$ 248,302	\$ (17,259)	\$ 77,992	\$ 1,323,929	\$ -	\$ 14,794,014	\$ 18,882,455
Revenue:											
Local tax revenue	5,384,483	594,152	1,188,297	3,192,124	-	60,438	1,608,867	-	-	-	12,028,361
Other local revenue	402,547	-	-	-	378,631	-	-	-	-	-	781,178
ICCB grants	7,590,024	2,653,056	-	-	2,747,785	-	-	-	-	-	12,990,865
Other state revenue	5,586,642	416,644	-	-	6,035,106	-	-	-	-	-	12,038,392
Federal revenue	11,145	-	-	-	11,532,515	-	-	-	-	-	11,543,660
Student tuition and fees	12,715,926	-	-	-	-	-	-	-	-	-	12,715,926
Bond proceeds	-	-	-	-	-	-	-	-	-	6,670,000	6,670,000
Bond premium	-	-	-	581,635	-	-	-	-	-	-	581,635
Other revenue	1,377,925	652,009	858,737	6	583,160	-	-	1,364,395	-	431,229	5,267,461
Total revenue	33,068,692	4,315,861	2,047,034	3,773,765	21,277,197	60,438	1,608,867	1,364,395	-	7,101,229	74,617,478
Expenditures:											
Instruction	17,676,500	-	-	-	8,325,222	-	-	-	-	-	26,001,722
Academic support	1,760,022	-	-	-	91,399	-	23,190	-	-	-	1,874,611
Student services	2,527,321	-	-	-	214,028	-	46,677	-	-	-	2,788,026
Public services/Continuing education	1,327,588	-	-	-	423,340	-	-	-	-	-	1,750,928
Auxiliary services	-	-	-	-	-	-	-	2,648,120	-	-	2,648,120
Operations and maintenance	-	3,998,277	4,776,692	335,230	-	-	634,456	-	-	-	9,744,655
Institutional support	7,636,098	-	-	3,005,000	1,827,482	90,794	1,031,980	-	-	-	13,591,354
Scholarships/Grants/Waivers	410,307	-	-	-	10,388,556	-	-	-	-	-	10,798,863
Total expenditures	31,337,836	3,998,277	4,776,692	3,340,230	21,270,027	90,794	1,736,303	2,648,120	-	-	69,198,279
Transfers, net	(2,070,386)	3,537	675,000	175,838	-	-	-	1,216,011	-	-	-
Fund balances, June 30, 2012	\$ 2,631,878	\$ 3,712,701	\$ (6,085,453)	\$ 732,657	\$ 255,472	\$ (47,615)	\$ (49,444)	\$ 1,256,215	\$ -	\$ 21,895,243	\$ 24,301,654

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
SUMMARY OF FIXED ASSETS AND DEBT

Year Ended June 30, 2012

	<u>Fixed Assets/Debt July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Fixed Assets/Debt June 30, 2012</u>
<u>Fixed Assets</u>				
Sites, buildings, additions and improvements	\$ 78,761,064	\$ 5,826,662	\$ (5,947,916)	\$ 78,639,810
Equipment	8,366,668	109,132	(843,335)	7,632,465
Accumulated depreciation	<u>(215,550)</u>	<u>(21,016)</u>	<u>-</u>	<u>(236,566)</u>
Net fixed assets	<u>\$ 86,912,182</u>	<u>\$ 5,914,778</u>	<u>\$ (6,791,251)</u>	<u>\$ 86,035,709</u>
 <u>Debt</u>				
Note payable	\$ -	\$ 850,000	\$ -	\$ 850,000
Bonds payable	<u>13,305,000</u>	<u>6,670,000</u>	<u>(3,005,000)</u>	<u>16,970,000</u>
Total fixed liabilities	<u>\$ 13,305,000</u>	<u>\$ 7,520,000</u>	<u>\$ (3,005,000)</u>	<u>\$ 17,820,000</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
OPERATING REVENUE BY SOURCE

Year Ended June 30, 2012

	Education Fund	Operations, Building and Maintenance Fund	Total Operating Funds
Local government:			
Current taxes	\$ 5,384,483	\$ 594,152	\$ 5,978,635
Chargeback revenue	3,141	-	3,141
Corporate personal property replacement taxes	399,406	-	399,406
Total local government	<u>5,787,030</u>	<u>594,152</u>	<u>6,381,182</u>
State government:			
ICCB Base Operating Grant	3,912,540	-	3,912,540
ICCB Equalization Grant	3,267,726	2,653,056	5,920,782
ICCB Career and Technology Funds	409,758	-	409,758
Illinois Department of Corrections	282,866	-	282,866
SURS contribution	5,303,776	416,644	5,720,420
Total state government	<u>13,176,666</u>	<u>3,069,700</u>	<u>16,246,366</u>
Federal government:			
Pell administrative fee	11,145	-	11,145
Total federal government	<u>11,145</u>	<u>-</u>	<u>11,145</u>
Student tuition and fees:			
Tuition	9,254,305	-	9,254,305
Fees	3,009,089	-	3,009,089
Other student assessments	452,532	-	452,532
Total student tuition and fees	<u>12,715,926</u>	<u>-</u>	<u>12,715,926</u>
Other sources:			
Center for Business and Industry seminars	308,065	-	308,065
Facilities rent	-	586,503	586,503
Investment revenue	10,051	-	10,051
Miscellaneous	1,059,809	65,506	1,125,315
Total other sources	<u>1,377,925</u>	<u>652,009</u>	<u>2,029,934</u>
Total revenue	33,068,692	4,315,861	37,384,553
Less nonoperating revenue: *			
Tuition chargeback revenue	3,141	-	3,141
Adjusted revenue	<u>\$ 33,065,551</u>	<u>\$ 4,315,861</u>	<u>\$ 37,381,412</u>

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
OPERATING EXPENDITURES

Year Ended June 30, 2012

	Education Fund	Operations, Building and Maintenance Fund	Total Operating Funds
Expenditures by program:			
Instruction	\$ 17,676,500	\$ -	\$ 17,676,500
Academic support	1,760,022	-	1,760,022
Student services	2,527,321	-	2,527,321
Public services/Continuing education	1,327,588	-	1,327,588
Operations and maintenance	-	3,998,277	3,998,277
Institutional support	7,622,300	-	7,622,300
Scholarships/Grants/Waivers	410,307	-	410,307
Interest and fiscal charges	13,798	-	13,798
Transfers	2,070,386	(3,537)	2,066,849
	33,408,222	3,994,740	37,402,962
Total expenditures by program			
Less nonoperating items:*			
Tuition chargeback	73,891	-	73,891
Transfers to (from) nonoperating funds	2,070,386	(3,537)	2,066,849
	31,263,945	3,998,277	35,262,222
	\$ 31,263,945	\$ 3,998,277	\$ 35,262,222
Expenditures by object:			
Salaries	\$ 17,114,024	\$ 1,344,411	\$ 18,458,435
Employee benefits	8,240,182	709,902	8,950,084
Contractual services	1,072,854	228,073	1,300,927
General materials and supplies	3,356,679	517,104	3,873,783
Conference and meeting expense	374,281	694	374,975
Fixed charges	564,175	74,473	638,648
Utilities	4,631	1,110,625	1,115,256
Capital outlay	110,107	12,995	123,102
Other	90,596	-	90,596
Student grants and scholarships	410,307	-	410,307
Transfers	2,070,386	(3,537)	2,066,849
	33,408,222	3,994,740	37,402,962
Total expenditures by object			
Less nonoperating items: *			
Tuition chargeback	73,891	-	73,891
Transfers to (from) nonoperating funds	2,070,386	(3,537)	2,066,849
	31,263,945	3,998,277	35,262,222
	\$ 31,263,945	\$ 3,998,277	\$ 35,262,222

*Intercollege expenditures that do not generate related local college credit hours are subtracted to allow for statewide comparisons.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
RESTRICTED PURPOSES FUND REVENUE BY SOURCE

Year Ended June 30, 2012

Local government:	
Other local sources	\$ 378,631
State government:	
ICCB Workforce Development Grant	126,557
ICCB Credit Hour Grant	2,291,141
ICCB Program Improvement Grant	33,272
ICCB Adult Education and Family Literacy Grant	241,303
ICCB Innovation Grant	4,262
Other ICCB grants	51,250
Illinois State Board of Education	168,309
Illinois Department of Corrections	3,957,351
Illinois Department of Commerce and Economic Opportunity	27,475
Illinois Board of Higher Education	35,982
Illinois Secretary of State	85,004
Illinois Student Assistance Commission	1,483,010
Other state sources	277,975
Total state government	8,782,891
Federal government:	
U.S. Department of Education	9,568,903
U.S. Department of Energy	569,386
U.S. Department of Labor	830,357
U.S. Department of Transportation	309,651
U.S. Department of Veterans Affairs	82,328
National Science Foundation	162,457
Corporation for National and Community Service	9,433
Total federal government	11,532,515
Other sources:	
John Deere program	577,860
Miscellaneous	5,300
Total other sources	583,160
Total Restricted Purposes Fund revenue	\$ 21,277,197

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
RESTRICTED PURPOSES FUND EXPENDITURES

Year Ended June 30, 2012

Expenditures by program:	
Instruction	\$ 8,325,222
Academic support	91,399
Student services	214,028
Public services/Continuing education	423,340
Operations and maintenance	-
Institutional support	1,827,482
Scholarships/Grants/Waivers	10,388,556
	<hr/>
Total expenditures by program	\$ 21,270,027
	<hr/> <hr/>

Expenditures by object:	
Salaries	\$ 6,228,915
Employee benefits	1,400,171
Contractual services	262,139
Student financial aid	10,697,282
General materials and supplies	1,029,158
Conference and meeting expense	237,330
Fixed charges	394,119
Utilities	18,892
Capital outlay	1,002,021
	<hr/>
Total expenditures by object	\$ 21,270,027
	<hr/> <hr/>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
CURRENT FUNDS EXPENDITURES BY ACTIVITY

Year Ended June 30, 2012

Instruction:	
Instructional programs	\$ 21,164,539
Instructional support	4,780,584
Other	56,599
Total instruction	26,001,722
Academic Support:	
Learning resource center	581,941
Academic administration and planning	376,375
Academic computing support	916,295
Total academic support	1,874,611
Student Services:	
Admissions and records	460,809
Counseling and career guidance	829,053
Student financial aid	1,214,030
Other	284,134
Total student services	2,788,026
Public Service/Continuing Education:	
Center for Business and Industry	467,633
Commercial Driver Training	188,107
Other	1,095,188
Total public service/continuing education	1,750,928
Auxiliary Services	
	2,648,120
Operations and Maintenance of Plant:	
Maintenance	440,883
Custodial services	919,081
Grounds	352,033
Campus security	413,075
Transportation	78,544
Utilities	1,382,183
Administration	510,518
Other	536,416
Total operations and maintenance of plant	4,632,733
Institutional Support:	
Executive office	2,731,232
Business office	1,868,471
General administrative services	1,333,906
General institutional support	2,077,777
Institutional research	82,660
Administrative data processing	2,233,534
Non-operating	258,774
Total institutional support	10,586,354
Scholarships/Grants/Waivers	
	10,798,863
Total current fund expenditures *	\$ 61,081,357

*Current funds include: Education Fund; Operations, Building and Maintenance Fund; Auxiliary Enterprise Fund; Restricted Purposes Fund; Audit Fund; and Liability, Protection and Settlement Fund.


CERTIFICATION OF CHARGEBACK REIMBURSEMENT
FOR FISCAL YEAR 2013

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517


CERTIFICATION OF CHARGEBACK REIMBURSEMENT OF FISCAL YEAR 2013

ALL FISCAL YEAR 2012 NONCAPITAL AUDITED OPERATING EXPENDITURES FROM THE FOLLOWING FUNDS:

1.	Education Fund	\$	31,227,729
2.	Operations, Building and Maintenance Fund		3,985,282
3.	Public Building Commission and Operation and Maintenance Fund		-
4.	Bond and Interest Fund		335,230
5.	Public Building Commission Rental Fund		-
6.	Restricted Purposes Fund		20,268,006
7.	Audit Fund		90,794
8.	Liability, Protection and Settlement Fund		1,736,303
9.	Auxiliary Enterprises Fund (Subsidy Only)		<u>1,283,725</u>
10.	TOTAL NON-CAPITAL EXPENDITURES (sum of lines 1-9)		<u>\$ 58,927,069</u>
11.	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	\$	<u>1,611,399</u>
12.	TOTAL COSTS INCLUDED (line 10 plus line 11)		<u>\$ 60,538,468</u>
13.	Total certified semester credit hours for fiscal year 2012		<u>204,947.0</u>
14.	PER CAPITA COST (line 12 divided by line 13)		<u>\$ 295.39</u>
15.	All fiscal year 2012 state and federal operating grants for noncapital expenditures, except ICCB grants	\$	<u>17,961,272</u>
16.	Fiscal year 2012 state and federal grants per semester credit hour (line 15 divided by line 13)		<u>\$ 87.64</u>
17.	District's average ICCB grant rate (excluding equalization grants) for fiscal year 2013		<u>\$ 27.88</u>
18.	District's student tuition and fee rate per semester credit hour for fiscal year 2013		<u>\$ 100.80</u>
19.	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17 and 18)		<u><u>\$ 79.07</u></u>

Approved:  _____
Chief Fiscal Officer

25 Sep 12
Date

Approved:  _____
Chief Executive Officer

Sept 25, 2012
Date

ILLINOIS BOARD OF HIGHER EDUCATION
COOPERATIVE WORK STUDY PROGRAM

DOEHRING, WINDERS & CO. LLP
*Certified Public Accountants
& Business Advisers*
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITOR'S REPORT
(Illinois Cooperative Work Study Program)

To the Board of Trustees
Lake Land College
Community College District #517

and

To the Illinois Board of Higher Education

We have audited the Statement of Revenue and Expenditures (modified cash basis) of the Illinois Cooperative Work Study Program Grant of Lake Land College, Community College District #517 (College) for the period of February 15, 2011 through June 30, 2012. The Statement is the responsibility of the College's management. Our responsibility is to express an opinion on this Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and guidelines for the Illinois Cooperative Work Study Program Grant issued by the Illinois Board of Higher Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Revenue and Expenditures (modified cash basis) is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 3, the College prepares its Statement of Revenue and Expenditures on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying Statement of Revenue and Expenditures (modified cash basis) was prepared for the purpose of complying with the terms of the Illinois Cooperative Work Study Program Grant and is not intended to be a complete presentation of the College's revenues and expenditures in conformity with generally accepted accounting principles.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and expenditures of the Illinois Cooperative Work Study Program Grant fund for the period of February 15, 2011 through June 30, 2012, in conformity with the modified cash basis described in Note 3. Pursuant to the terms of the grant referred to above, funds were expended for the project in the grant agreement and grant funds were not used for sectarian purposes.

This report is intended solely for the information and use of the Board of Trustees and management of the College and the Illinois Board of Higher Education. However, this report is a matter of public record and its distribution is not limited.

Illinois Department of Professional Regulation
License Number 066-003408

September 25, 2012

Doehring, Winders & Co. LLP

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ILLINOIS BOARD OF HIGHER EDUCATION
COOPERATIVE WORK STUDY PROGRAM

STATEMENT OF REVENUE AND EXPENDITURES
(modified cash basis)

For Grant Period Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>
Revenue:		
Cooperative Work Study Program Grant	<u>\$ 34,400</u>	<u>\$ 34,400</u>
Expenditures:		
Work study stipends	<u>34,400</u>	<u>34,400</u>
Total expenditures	<u>34,400</u>	<u>34,400</u>
Excess of revenue over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ILLINOIS BOARD OF HIGHER EDUCATION
COOPERATIVE WORK STUDY PROGRAM

NOTES TO THE FINANCIAL STATEMENT

For Grant Period Ended June 30, 2012

1 PROGRAM BACKGROUND

The Illinois Cooperative Work Study Program is an internship which provides undergraduate students from Lake Land College with opportunities to work with business and industry. The objective of the program is to recruit undergraduate students of Lake Land College (approximately 20 students in fiscal year 2012) into a Summer Internship Program and to place these students in businesses, government agencies, or community organizations which will agree to pay at least 50 percent of each intern's stipend.

2 ORGANIZATION

The Illinois Cooperative Work Study Program is funded by a grant from the Illinois Board of Higher Education and matching funds from businesses, government agencies and community organizations that participated in the program. The books and records are maintained as a separate fund of Lake Land College.

3 BASIS OF PRESENTATION

The financial statement is presented on a modified cash basis. Grants are recorded as revenue when cash is received from the State of Illinois, and expenditures are recorded when incurred or when obligations are established by executing purchase orders or firm contracts as of June 30, 2012. Expenditures must be paid or liquidated within 90 days after close of the program year.

ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS
FINANCIAL-COMPLIANCE SECTION

DOEHRING, WINDERS & CO. LLP
*Certified Public Accountants
& Business Advisers*

1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR
WORKFORCE DEVELOPMENT GRANT, CAREER AND TECHNICAL
EDUCATION-PROGRAM IMPROVEMENT GRANT, AND
ADULT EDUCATION AND FAMILY LITERACY GRANTS

To the Board of Trustees
Lake Land College
Community College District #517
Mattoon, Illinois

We have audited the accompanying balance sheets of the Workforce Development, Career and Technical Education-Program Improvement, and Adult Education and Family Literacy grants of Lake Land College, Community College District #517 (College) as of June 30, 2012, and the related statements of revenues, expenditures and changes in fund balance - actual for the year then ended. These financial statements are the responsibility of the College's management. 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 grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between the College and the State of Illinois and Illinois Community College Board. We believe that our audit provides a reasonable basis for our opinion, and the College is in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

The accompanying balance sheets and statements of revenue and expenditures were prepared for the purpose of complying with the terms of the Illinois Community College Board Grants and are not intended to be a complete presentation of the College's revenue and expenditures in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Workforce Development, Career and Technical Education-Program Improvement, and Adult Education and Family Literacy grants of the College at June 30, 2012, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Doehring, Winders & Co. LLP

September 25, 2012

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

WORKFORCE DEVELOPMENT
BUSINESS/INDUSTRY GRANT PROGRAM
BALANCE SHEET

June 30, 2012

ASSETS

Cash	\$	640
Total assets	\$	<u>640</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$	-
Accrued salaries		<u>640</u>
Total liabilities		640
Fund balance - unreserved		<u>-</u>
Total liabilities and fund balance	\$	<u>640</u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

WORKFORCE DEVELOPMENT
BUSINESS/INDUSTRY GRANT PROGRAM
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 2012

Revenue:	
State sources	\$ 126,557
Total revenue	<u>126,557</u>
Expenditures:	
Salaries	33,028
Employee benefits	9,729
Contractual services	27,963
Conference and meeting expenses	540
Travel	4,170
Material and supplies	13,787
Facilities rent	37,340
Total expenditures	<u>126,557</u>
Excess of expenditures over revenue	-
Fund balance, July 1, 2011	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

WORKFORCE DEVELOPMENT
BUSINESS/INDUSTRY GRANT PROGRAM
TOTAL EXPENDITURES FOR ICCB GRANT FUNDS ONLY

Year Ended June 30, 2012

	<u>Operation of Workforce Development Office</u>
Expenditures:	
Personnel (salaries and benefits)	\$ 42,757
Contractual services	27,963
Conference and meeting expenses	540
Travel	4,170
Instructional materials	12,931
Costs of operating a Business Assistance Center/ Economic Development/Workforce Preparation Office:	
Consumable supplies	856
Facility rent	<u>37,340</u>
Total	<u><u>\$ 126,557</u></u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT
BALANCE SHEET

June 30, 2012

ASSETS

Cash	\$ 24,670
Total assets	<u>\$ 24,670</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 17,220
Total liabilities	17,220
Fund balance - reserved for encumbrances	7,450
Fund balance - unreserved	<u>-</u>
Total liabilities and fund balance	<u>\$ 24,670</u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 2012

Revenue:	
State sources	<u>\$ 33,272</u>
Expenditures:	
Material and supplies	8,422
Instructional equipment	15,066
Conferences and meeting expenses	<u>2,334</u>
Total expenditures	<u>25,822</u>
Excess of revenue over expenditures	7,450
Fund balance, July 1, 2011	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ 7,450</u></u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATE ADULT EDUCATION AND FAMILY LITERACY
RESTRICTED FUNDS
BALANCE SHEET

June 30, 2012

	State Basic	Public Assistance	Performance	Total
<u>ASSETS</u>				
Cash	\$ -	\$ -	\$ -	\$ -
Governmental claims receivable	29,505	16,354	14,467	60,326
Total assets	\$ 29,505	\$ 16,354	\$ 14,467	\$ 60,326
 <u>LIABILITIES AND FUND BALANCE</u>				
Accounts payable	\$ 26,805	\$ 14,657	\$ 14,193	\$ 55,655
Accrued salaries	2,700	1,697	274	4,671
Total liabilities	29,505	16,354	14,467	60,326
Fund balance - unreserved	-	-	-	-
Total liabilities and fund balance	\$ 29,505	\$ 16,354	\$ 14,467	\$ 60,326

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATE ADULT EDUCATION AND FAMILY LITERACY
RESTRICTED FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 2012

	State Basic	Public Assistance	Performance	Total
Revenue:				
State sources	\$ 118,021	\$ 65,414	\$ 57,868	\$ 241,303
Total revenue	118,021	65,414	57,868	241,303
Expenditures:				
Instructional and Student Services:				
Instruction	65,360	32,987	2,447	100,794
Guidance services	8,668	6,749	-	15,417
Assistive and adaptive equipment	20,886	11,363	-	32,249
Assessment and training	14,093	7,332	-	21,425
Total instructional and student services	109,007	58,431	2,447	169,885
Program Support:				
Improvement of instructional services	-	-	13,120	13,120
General administration	3,839	1,808	16,444	22,091
Operation & Maintenance of Plant Services	-	-	14,315	14,315
Data and information services	5,175	5,175	11,542	21,892
Total program support	9,014	6,983	55,421	71,418
Total expenditures	118,021	65,414	57,868	241,303
Excess of revenue over expenditures	-	-	-	-
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
State Basic		
Instruction (45% minimum required)	\$ 65,360	55.38%
General administration (9% maximum allowed)	\$ 3,839	3.25%
State Public Assistance		
Instruction (45% minimum required)	\$ 32,987	50.43%
General administration (9% maximum allowed)	\$ 1,808	2.76%

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FEDERAL BASIC ADULT EDUCATION RESTRICTED FUND
BALANCE SHEET

June 30, 2012

ASSETS

Cash	\$ 9,789
Total assets	<u>\$ 9,789</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 7,329
Accrued salaries	<u>2,460</u>
Total liabilities	9,789
Fund balance - unreserved	<u>-</u>
Total liabilities and fund balance	<u>\$ 9,789</u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FEDERAL BASIC ADULT EDUCATION RESTRICTED FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 2012

Revenue:		
Federal sources	\$	114,789
		<u>114,789</u>
Total revenue		<u>114,789</u>
Expenditures:		
Instructional and Student Services:		
Instruction		55,422
Social work services		13,130
Guidance services		25,390
Assessment and training		11,755
		<u>105,697</u>
Total instruction and student services		<u>105,697</u>
Program Support:		
General administration		3,917
Data and information services		5,175
		<u>9,092</u>
Total program support		<u>9,092</u>
Total expenditures		<u>114,789</u>
Excess of revenue over expenditures		-
Fund balance, July 1, 2011		<u>-</u>
Fund balance, June 30, 2012	\$	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO ICCB GRANT PROGRAMS FINANCIAL STATEMENTS

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying statements include only those transactions resulting from the Illinois Community College Board (ICCB) Workforce Development-Business/Industry, Career and Technical Education-Program Improvement, and Adult Education and Family Literacy grant programs. These transactions have been accounted for in the Restricted Purposes Fund.

Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2012. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

Fixed Assets

Fixed asset purchases are recorded as capital outlay and not capitalized.

2 PAYMENT 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.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

BACKGROUND INFORMATION ON ICCB GRANT ACTIVITY

Year Ended June 30, 2012

Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment.

Equalization Grants

Grants provided to institutions with less than the statewide average local tax dollars available per full-time equivalent student.

Restricted Grants/Special Initiatives

Workforce Development-Business/Industry Grants

Provides funding for a business/industry center at every college to provide a variety of employment training and business services outside of the classroom.

Career and Technical Education-Program Improvement Grants

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

Statewide Initiatives

Lincoln's Challenge Grants

Funding for a military style boot camp for at-risk teenagers who have not completed high school. After successfully completing the program, students are eligible to receive a scholarship to attend a community college.

Restricted Adult Education Grants/State

State Basic

Grant awarded to Adult Education and Family Literacy providers 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, 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.

Public Assistance

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

BACKGROUND INFORMATION ON ICCB GRANT ACTIVITY

Year Ended June 30, 2012

Restricted Adult Education Grants/State (Continued)

Performance

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

Federal Basic

Grant awarded to Adult Education and Family Literacy providers to assist adults in becoming literate and obtain the knowledge and skills necessary for employment and self-sufficiency, to assist adults who are parents in obtaining the educational skills necessary to become full partners in the educational development of their children, and to assist adults in completing a secondary school education.

COMPLIANCE SECTION
ENROLLMENT DATA

DOEHRING, WINDERS & CO. LLP
*Certified Public Accountants
& Business Advisers*
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF ENROLLMENT
DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED

To the Board of Trustees
Lake Land College
Community College District #517
Mattoon, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of Lake Land College, Community College District #517, for the year ended June 30, 2012. This schedule is the responsibility of the College's management. Our responsibility is to express an opinion on the schedule based upon our examination.

Our examination was made in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed is fairly presented in accordance with the provisions of the aforementioned guidelines.

Doehring, Winders & Co. LLP

September 25, 2012

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

Total Reimbursable Semester Credit Hours by Term

Categories	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	9,614.0	0.0	40,367.0	137.0	41,591.5	89.0	91,572.5	226.0
Business occupational	3,581.0	0.0	9,670.0	0.0	10,030.0	0.0	23,281.0	0.0
Technical occupational	8,809.5	0.0	22,185.0	130.5	24,314.0	134.0	55,308.5	264.5
Health occupational	3,622.0	0.0	9,482.5	0.0	11,320.5	0.0	24,425.0	0.0
Remedial development	985.5	0.0	4,327.0	0.0	2,712.5	0.0	8,025.0	0.0
Adult basic education/ Adult secondary education	17.0	0.0	55.0	1,236.0	97.0	439.5	169.0	1,675.5
Total credit hours	26,629.0	0.0	86,086.5	1,503.5	90,065.5	662.5	202,781.0	2,166.0

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total	Dual Credit	Dual Enrollment
Reimbursable semester credit hours	117,944.5	526.0	118,470.5	10,906.0	0.0

District prior-year equalized assessed valuation \$ 2,447,107,325

Correctional Semester Credit Hours by Term

Categories	Summer	Fall	Spring	Total
Baccalaureate	627.0	4,590.0	5,283.0	10,500.0
Business occupational	299.5	568.0	583.5	1,451.0
Technical occupational	6,796.0	12,779.5	14,020.0	33,595.5
Remedial developmental	318.0	410.0	320.0	1,048.0
Total credit hours	8,040.5	18,347.5	20,206.5	46,594.5

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

RECONCILIATION OF TOTAL REIMBURSABLE SEMESTER CREDIT HOURS

Year Ended June 30, 2012

<u>Categories</u>	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	91,572.5	91,572.5	0.0	226.0	226.0	0.0
Business occupational	23,281.0	23,281.0	0.0	0.0	0.0	0.0
Technical occupational	55,308.5	55,308.5	0.0	264.5	264.5	0.0
Health occupational	24,425.0	24,425.0	0.0	0.0	0.0	0.0
Remedial developmental	8,025.0	8,025.0	0.0	0.0	0.0	0.0
Adult basic education/Adult secondary education	169.0	169.0	0.0	1,675.5	1,675.5	0.0
Total	<u>202,781.0</u>	<u>202,781.0</u>	<u>0.0</u>	<u>2,166.0</u>	<u>2,166.0</u>	<u>0.0</u>

RECONCILIATION OF IN-DISTRICT/CHARGEBACK AND COOPERATIVE/CONTRACTUAL
AGREEMENT REIMBURSABLE CREDIT HOURS

Year Ended June 30, 2012

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB	Difference
In-district residents	117,944.5	117,944.5	0.0
Out-of-district on chargeback or contractual agreement	526.0	526.0	0.0
Total	<u>118,470.5</u>	<u>118,470.5</u>	<u>0.0</u>

	Total Reimbursable	Total Reimbursable as Certified to the ICCB	Difference
Dual credit	10,906.0	10,906.0	0.0
Dual enrollment	0.0	0.0	0.0
Total	<u>10,906.0</u>	<u>10,906.0</u>	<u>0.0</u>

RECONCILIATION OF TOTAL CORRECTIONAL SEMESTER CREDIT HOURS

Year Ended June 30, 2012

<u>Categories</u>	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Baccalaureate	10,500.0	10,500.0	0.0
Business occupational	1,451.0	1,451.0	0.0
Technical occupational	33,595.5	33,595.5	0.0
Remedial developmental	1,048.0	1,048.0	0.0
Total	<u>46,594.5</u>	<u>46,594.5</u>	<u>0.0</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

DOCUMENTATION OF RESIDENCY VERIFICATION STEPS

Year Ended June 30, 2012

The College's policy states that to be classified as a resident of the district, the student must have occupied a dwelling in the district for thirty (30) days immediately prior to the date established to begin classes at the College. The following categories of people are not classified as residents of the district:

1. Federal job corps workers stationed in the district
2. Members of armed forces stationed in the district
3. Inmates of state or federal correctional/rehabilitational institutions located in the district
4. Full-time students attending a post-secondary educational institution who have not demonstrated through documentation a verifiable interest in establishing permanent residency
5. Students who occupy a residence outside the district but who are employed by a firm located in the district
6. Students attending the College under the provisions of a chargeback or cooperative agreement with other community college districts
7. Students on an F-1 visa

The following special groups of people are considered as in-district residents for tuition charges only:

1. Students enrolled in courses taught at business and industry locations in the district
2. Full-time students enrolled at Eastern Illinois University, except students on an F-1 visa, who will be classified as out-of-state
3. International students on an F-1 visa who are sponsored by a resident of the Lake Land College district or who have attended a minimum of one semester at an in-district high school

Lake Land College follows the following guidelines for verifying student residency:

1. Students certify their address on their application by listing their address along with marking the residency status on the student demographic information. If there is a discrepancy between the address listed and the residency status, the College uses the residency status. If a student rebuts the decision made by the College on residency status, the student must present a property tax statement from the address listed in order to verify correct residency status.
2. Out-of-district students may meet the residency requirements by presenting a voter's registration card verifying in-district residency.
3. The College accepts employer signed affidavits verifying a student works at least 35 hours per week at the employer's business location in the college district.
4. Residency status of students who are dual enrolled at Lake Land College and Eastern Illinois University is verified by the information provided on the application. Students who are attending Eastern Illinois University and indicate they graduated from an in-district high school are coded in-district by the College. Students who are attending Eastern Illinois University and indicate they graduated from a high school out of district but in-state are coded as out-of-district but receiving in-district tuition rates. Students who are attending Eastern Illinois University and indicate they graduated from an out of state high school are coded as out-of-state but receive the in-district tuition rate.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SUMMARY OF ASSESSED VALUATIONS
Most Recent Three Years

Year Ended June 30, 2012

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2011	\$ 2,447,107,325
2010	2,381,770,634
2009	<u>2,300,947,160</u>
Total	<u>\$ 7,129,825,119</u>

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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

To the Board of Trustees
Lake Land College
Community College District #517
Mattoon, Illinois

We have audited the financial statements of the business-type activity and the discretely presented component unit of Lake Land College, Community College District #517 (College), as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements and have issued our report thereon dated September 25, 2012. We conducted our audit 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. The financial statements of the Lake Land College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

The management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. We consider the deficiency described as Finding 12-01 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to management of the College, in a separate letter dated September 25, 2012.

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the College's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, others within the College, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Doehring, Winders & Co. LLP

September 25, 2012

FEDERAL AWARDS - COMPLIANCE SECTION

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
& Business Advisers
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees
Lake Land College
Community College District #517
Mattoon, Illinois

Compliance

We have audited Lake Land College, Community College District #517's (College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, others within the College, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Doehring, Winders & Co. LLP

September 25, 2012

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Supplemental Educational Opportunity Grants	84.007A	N/A	(1) \$ 68,755
College Work Study	84.033A	N/A	(1) 72,536
Pell Grant Program - Fiscal Year 2011	84.063P	N/A	(1) 571,855
Pell Grant Program - Fiscal Year 2012	84.063P	N/A	(1) 7,956,344
TRIO - Student Support Services	84.042A	N/A	(2) 224,206
TRIO - Talent Search	84.044A	N/A	(2) 230,355
<i>Passed through Illinois Community College Board:</i>			
Adult Education - Basic Grants to States	84.002A	51701	114,789
Perkins Postsecondary Federal Allocation	84.048	CTE51712	280,764
Perkins Innovation Grant	84.048	CTEL12517	6,395
Programs of Study Grant - Implementation	84.048	CTEL12POSE517	5,000
Programs of Study Grant - Demonstration	84.048	CTEL12POSPTR517	20,000
Vocational Education (Tech Prep)	84.243	CTE 12 AO 517	4,700
<i>Passed through Southwestern Illinois College, District #522:</i>			
Improvement of Postsecondary Education	84.116	P116Z100257	4,486
<i>Passed through the Regional Office of Education No. 11:</i>			
ARRA - Education Jobs Fund	84.410A	12-4880-00	<u>508</u>
Total U.S. Department of Education			<u>9,560,693</u>

See accompanying notes to schedule of expenditures of federal awards.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Energy			
<i>Passed through Illinois Department of Commerce and Economic Opportunity:</i>			
ARRA - Community Renewable Energy Program	81.041	DE-EE0000119	(3) \$ 455,000
ARRA - Thermal Efficiency for Public Facilities	81.041	DE-EE0000119	(3) <u>114,386</u>
Total U.S. Department of Energy			<u>569,386</u>
U.S. Department of Labor			
Community Based Job Training Grant	17.269	N/A	(4) 800,985
<i>Passed through Illinois Community College Board</i>			
CTE Dev Education Bridge Implementation Grant	17.267	WIACTEBIG517	20,754
Adult Education Bridge Grant	17.267	WIAMANUBIG517	<u>8,618</u>
Total U.S. Department of Labor			<u>830,357</u>
Department of Transportation			
<i>Passed through Illinois Community College Board</i>			
ARRA - Highway Planning and Construction	20.205	HCCTP517	<u>309,651</u>
Total Department of Transportation			<u>309,651</u>
U.S. Department of Veterans Affairs			
Post-9/11 Veterans Educational Assistance	64.028	N/A	<u>82,328</u>
Total U.S. Department of Veterans Affairs			<u>82,328</u>

See accompanying notes to schedules of expenditures of federal awards.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
National Science Foundation			
NSF Computer Science, Engineering and Mathematics Scholarships Program - BOOST II	47.076	N/A	\$ 132,585
NSF National Geospatial Technology Center	47.076	N/A	<u>29,872</u>
Total National Science Foundation			<u>162,457</u>
Corporation for National and Community Service			
<i>Passed through the Illinois State Board of Education:</i>			
Learn and Serve American Program	94.004	11-015-5170-51	<u>9,433</u>
Total Corporation for National and Community Service			<u>9,433</u>
Total Federal Awards			<u>\$ 11,524,305</u>

See accompanying notes to schedules of expenditures of federal awards.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

1 GENERAL

The accompanying schedule of federal awards presents the activity of all federal award programs of Lake Land College, Community College District #517 (College) for the year ended June 30, 2012. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule except for the administrative cost allowances and Direct Lending amounts received by the College as listed below. The College was not involved in any insurance programs and did not receive any noncash assistance awards during the year.

Administrative cost allowances:			
Pell	\$	11,145	
College Work Study		8,210	
		19,355	
	\$	19,355	
Direct Lending received by College:			
Direct Loans	\$	1,713,796	
Parent Loans for Undergraduate Students (PLUS)		156,959	
		1,870,755	
	\$	1,870,755	

2 BASIS OF ACCOUNTING

The accompanying schedule of federal awards is presented using the modified accrual basis of accounting.

3 GUARANTEED STUDENT LOANS

During fiscal year 2012, the College participated in two guaranteed student loan programs sponsored by the U.S. Department of Education. Neither the loans nor the related activity have been reflected in the Schedule of Federal Awards for the year ended June 30, 2012.

The loans are made through Direct Lending, a branch of the Department of Education, and provided directly to the College's students or their parents. The U.S. Department of Education guarantees the repayment of the principal and related interest to the financial institution. The College is responsible for completing portions of the loan applications, verifying student eligibility, filing student confirmation reports (SCR), refunding money to Direct Lending, when appropriate, and distributing Direct Loan amounts to the student or their parents.

During fiscal year 2012, the College's students or their parents were eligible to receive the following guaranteed loans:

Stafford Loans:			
Subsidized	\$	1,074,054	
Unsubsidized		647,563	
Parents Loans for Undergraduate Students (PLUS)		160,966	
		1,882,583	
Total	\$	1,882,583	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2012

4 RESTRICTED GRANTS/FEDERAL

Federal Basic

Grant awarded to Adult Education and Family Literacy providers to assist adults in becoming literate and obtain the knowledge and skills necessary for employment and self-sufficiency; to assist adults who are parents in obtaining the educational skills necessary to become full partners in the educational development of their children; and to assist adults in completing a secondary school education.

Restricted Vocational Education Grants to State (Perkins)/Federal

Grant awarded to community colleges as a result of the Carl D. Perkins Vocational and Technical Educational Act of 1998 (Perkins III). This grant is intended to help accomplish the new vision of vocational and technical education for the 21st century. The central goals of this new vision are improving student achievement and preparing students for postsecondary education, further learning, and careers. The grant allows community colleges to focus on those programs and student populations they feel will allow for the greatest improvement in overall performance while assuring success for all students in career and technical education programs.

5 AMOUNTS PROVIDED TO SUBRECIPIENTS

During fiscal year 2012, the College maintained subrecipient agreements with the Illinois Eastern Community Colleges (IECC) under the Community Based Job Training Grant. The amount provided to the IECC through this grant amounted to \$3,182.

6 MAJOR PROGRAMS

The following federal program expenditures comprise major program expenditures under OMB Circular A-133 for the year ended June 30, 2012. Major programs are indicated in the Schedule of Expenditures of Federal Awards by (1), (2), (3) and (4):

(1) Student Financial Aid Cluster	\$ 8,669,490
(2) TRIO Program	454,561
(3) State Energy Program	569,386
(4) Community Based Job Training Grant	<u>800,985</u>
Total major program expenditures	10,494,422
Nonmajor program expenditures	<u>1,029,883</u>
Total federal expenditures	<u><u>\$ 11,524,305</u></u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified not considered to be material weaknesses? X Yes No
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified not considered to be material weaknesses? Yes X No

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) Yes X No

Identification of major programs:

CFDA Numbers	Name of Federal Program
84.007A, 84.033A, 84.063P 84.042A, 84.044 81.041 17.269	Student Financial Aid Cluster TRIO Cluster State Energy Program Community Based Job Training Grant

Dollar threshold used to distinguish between Type A and B programs: \$345,729

Auditee qualified as low-risk auditee? X Yes No

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2012

FINDINGS AND QUESTIONED COSTS FOR FINANCIAL REPORTING

12-01 Internal Control over Preparation of Financial Statements

As is common with smaller organizations, the College does not currently prepare its financial statements, complete with notes, in accordance with accounting principles generally accepted in the United States of America. Statements on Auditing Standards do not provide exceptions to financial reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive.

The College's management has made the decision that it is not cost beneficial to prepare its own financial statements, including the notes, and will continue to place its emphasis on reviewing and approving the annual financial statements.

RECOMMENDATION

We recommend that the College continually monitor the cost/benefit analysis of preparing its own financial statements, complete with notes, in conformity with accounting principles generally accepted in the United States of America.

COLLEGE RESPONSE

While the ICCB certificate does recognize excellence in financial reporting, it is not mandatory. The College meets all audit reporting requirements including those required under GASB Statements 34 and 35 and will continue to do so in the future. Currently, College Officials, including the Comptroller and the Vice President for Business Services, as well as the audit committee of the Board of Trustees, review the annual financial statements. As additional resources become available, the College will take a look at the additional work involved with preparing the financial statements and footnotes.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2012

SCHEDULE OF PRIOR FINDINGS

None noted.