

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2013

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Section:	
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Component Unit - Statement of Financial Position	14
Component Unit - Statement of Activities	15
Notes to Financial Statements	16
Supplemental Financial Information:	
Schedules of Management Information	34
Combined Balance Sheet-All Fund Types	35
Combined Statement of Revenue, Expenditures and Changes in Fund Balances-Budget and Actual-(Budget Basis)-All Budgeted Governmental Fund Types	36
Combined Statement of Revenue, Expenses and Changes in Retained Earnings-Budget and Actual-Proprietary Fund Type	38
Combining Balance Sheet - Governmental Fund Types - General Fund	39
Combining Balance Sheet - Governmental Fund Types - Special Revenue Funds	40
Combining Statement of Revenue, Expenditures and Changes in Fund Balances-Budget and Actual-(Budget Basis)-Governmental Fund Types-General Fund	41
Combining Statement of Revenue, Expenditures and Changes in Fund Balances-Budget and Actual-(Budget Basis)-Governmental Fund Types-Special Revenue Funds	42
Reconciliation and Schedule of Budget Basis	43
Assessed Valuations and Taxes Extended and Collected	44
Summary of Taxes Receivable and Tax Collections	45
Schedule of Debt Maturities-Governmental Fund Types	46
Schedule of Legal Debt Margin	47
Schedule of Expenses for Tort Immunity Purposes	48
Accompanying Information:	
Special Reports Section:	
Uniform Financial Statements	
Uniform Financial Statement-All Funds Summary	52
Summary of Fixed Assets and Debt	53
Operating Revenue by Source	54
Operating Expenditures	55
Restricted Purposes Fund Revenue by Source	56
Restricted Purposes Fund Expenditures	57

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

Year Ended June 30, 2013

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Accompanying Information (continued):	
Special Reports Section (continued):	
Uniform Financial Statements (continued)	
Current Funds Expenditures by Activity	58
Certification of Chargeback Reimbursement	60
Illinois Board of Higher Education:	
Cooperative Work Study Program:	
Independent Auditor's Report - Illinois Cooperative Work Study Program	62
Statement of Revenue and Expenditures (Modified Cash Basis)	64
Notes to Financial Statement	65
Illinois Community College Board State Grants-Financial-Compliance Section:	
Independent Auditor's Report on Compliance with State Requirements for Career and Technical Education-Program Improvement Grants and Adult Education and Family Literacy Grants	67
Financial Statements:	
Career and Technical Education-Program Improvement-Balance Sheet	69
Career and Technical Education-Program Improvement-Statement of Revenue, Expenditures and Changes in Fund Balance	70
State Adult Education and Family Literacy Restricted Funds-Balance Sheet	71
State Adult Education and Family Literacy Restricted Funds-Statement of Revenue, Expenditures and Changes in Fund Balance	72
Federal Basic Adult Education Restricted Fund-Balance Sheet	73
Federal Basic Adult Education Restricted Fund-Statement of Revenue, Expenditures and Changes in Fund Balance	74
Notes to ICCB Grant Programs Financial Statements	75
State Adult Education and Family Literacy Restricted Funds-Expenditure Amounts and Percentages for ICCB Grant Funds Only	76
Background Information on ICCB Grant Activity	77
Compliance Section-Enrollment Data:	
Independent Auditor's Report on the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	80
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	82
Reconciliation of Total Reimbursable Semester Credit Hours, Reconciliation of In-District/Chargeback and Cooperative/Contractual Agreement Reimbursable Credit Hours, and Reconciliation of Total Correctional Semester Credit Hours	83
Documentation of Residency Verification Steps	84
Summary of Assessed Valuations - Most Recent Three Years	85

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

Year Ended June 30, 2013

TABLE OF CONTENTS
(Continued)

Page

Federal Awards - Compliance Section:

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87
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	89
Schedule of Expenditures of Federal Awards	91
Notes to Schedule of Expenditures of Federal Awards	93
Schedule of Findings and Questioned Costs	96
Schedule of Prior Year Findings	98

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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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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. The financial statements of the College's component unit were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the discretely presented component unit of the College, as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2013, 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* in considering the College's internal control over financial reporting and compliance.

Doehring, Winklers & Co. LLP

Mattoon, Illinois
October 3, 2013

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, 2013. 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) 234-5223. 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 Position 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 Position 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 Position As of June 30,		Increase (Decrease)
	2013	2012	
Current assets	\$ 49,630,365	\$ 42,889,233	\$ 6,741,132
Noncurrent Assets			
Capital assets, net of depreciation	63,459,093	57,181,711	6,277,382
Total assets	113,089,458	100,070,944	13,018,514
Current liabilities	18,185,903	9,965,932	8,219,971
Noncurrent Liabilities	16,332,040	15,046,318	1,285,722
Total liabilities	34,517,943	25,012,250	9,505,693
Deferred Inflows of Resources	13,176,000	12,096,000	1,080,000
Net position			
Net Investment in capital assets	48,349,093	46,031,711	2,317,382
Restricted	2,457,314	2,719,241	(261,927)
Unrestricted	14,589,108	14,211,742	377,366
Total net position	\$ 65,395,515	\$ 62,962,694	\$ 2,432,821

Operating Results for the Years Ended
June 30,

	2013	2012	Increase (Decrease)
Operating revenue			
Tuition and fees	\$ 9,837,962	\$ 8,949,844	\$ 888,118
Auxiliary	968,370	908,665	59,705
Department of Corrections instructional	5,722,165	3,957,351	1,764,814
Other	1,922,286	1,710,202	212,084
Total	18,450,783	15,526,062	2,924,721
Less operating expenses	61,158,661	58,586,767	2,571,894
Operating income (loss)	(42,707,878)	(43,060,705)	352,827
Non-operating revenue (expenses)			
Other state revenues	21,962,822	20,763,350	1,199,472
Federal and local grants and contracts	10,991,399	11,878,210	(886,811)
Property taxes	12,099,665	12,028,361	71,304
Investment income	151,654	450,023	(298,369)
Interest expense	(337,957)	(268,534)	(69,423)
Disposal of fixed assets	(9,115)	(1,367,541)	1,358,426
Non-operating revenue (net)	44,858,468	43,483,869	1,374,599
Capital grants	282,231	1,002,021	(719,790)
Increase in net position	2,432,821	1,425,185	1,007,636
Net position, beginning of year	62,962,694	61,537,509	1,425,185
Net position, end of year	\$ 65,395,515	\$ 62,962,694	\$ 2,432,821

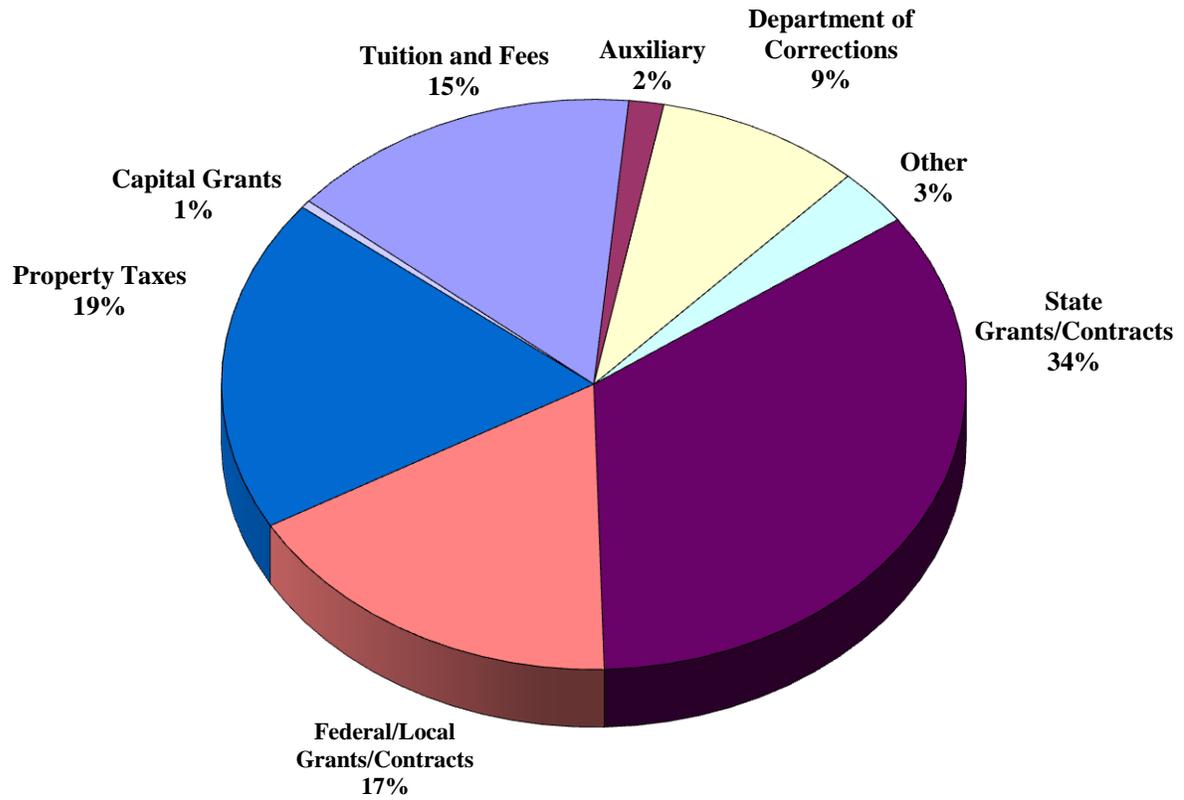
For the year ended June 30, 2013 the College recorded total operating revenues of \$18,450,783 and total operating expenses of \$61,158,661. The difference produced an operating loss of \$42,707,878. Net non-operating revenue of \$44,858,468 plus capital contributions of \$282,231 offsets this loss and results in an overall increase in net position of \$2,432,821.

Non-operating revenue included local property taxes of \$12,099,665, other state revenues of \$21,962,822, federal grants and local contracts of \$10,991,399, investment expense net of interest earnings of \$(186,303) and loss on disposal of fixed assets of \$(9,115).

Of the College's total revenue, operating revenue accounted for approximately 29%, non-operating revenues accounted for 70%, and capital contributions accounted for 1%. Operating revenue consisted of tuition and fees, net of scholarships, totaling \$9,837,962, auxiliary enterprise revenues totaling \$968,370, instructional revenues from the Department of Corrections totaling \$5,722,165 and other miscellaneous revenue of \$1,922,286.

The College had net position at the beginning of the year totaling \$62,962,694. The current year increase in net position of \$2,432,821 brought the total of net position at the end of the year to \$65,395,515.

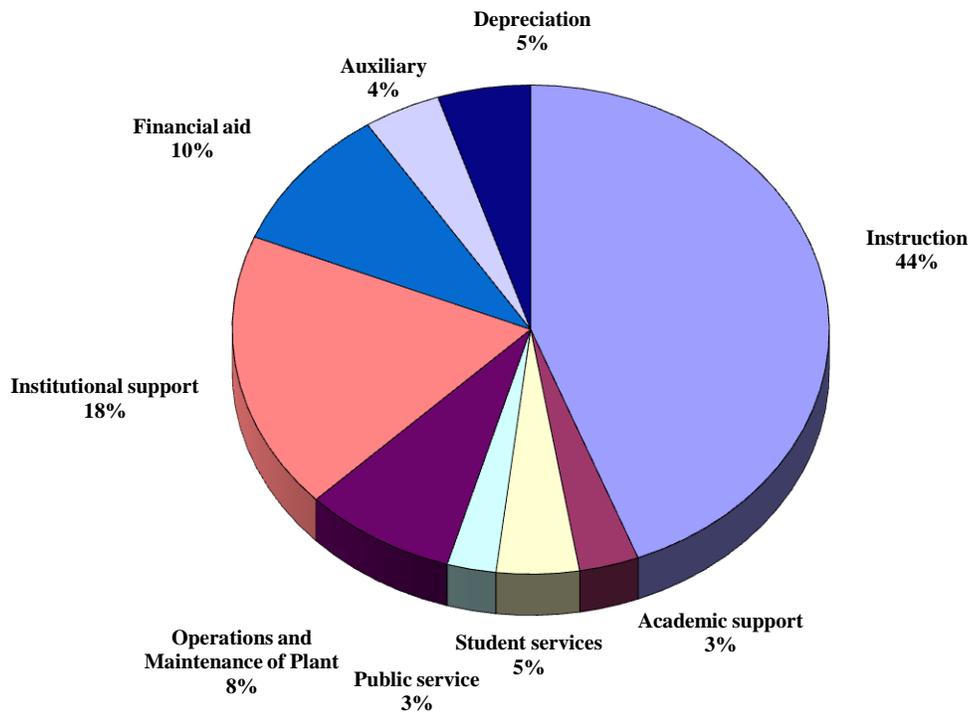
Revenue by Source



Operating Expenses
For the Years Ended June 30,

	2013	2012	Increase (Decrease)
Operating expense			
Instruction	\$ 27,001,758	\$ 24,465,289	\$2,536,469
Academic support	1,973,669	1,822,588	151,081
Student services	2,740,518	2,717,750	22,768
Public service	1,624,972	1,725,692	(100,720)
Operations and maintenance of plant	5,044,012	4,593,574	450,438
Institutional support	11,260,851	10,158,463	1,102,388
Financial aid	5,880,973	7,029,640	(1,148,667)
Auxiliary	2,549,933	2,514,444	35,489
Depreciation	3,081,975	3,559,327	(477,352)
Total	<u>\$ 61,158,661</u>	<u>\$ 58,586,767</u>	<u>\$2,571,894</u>

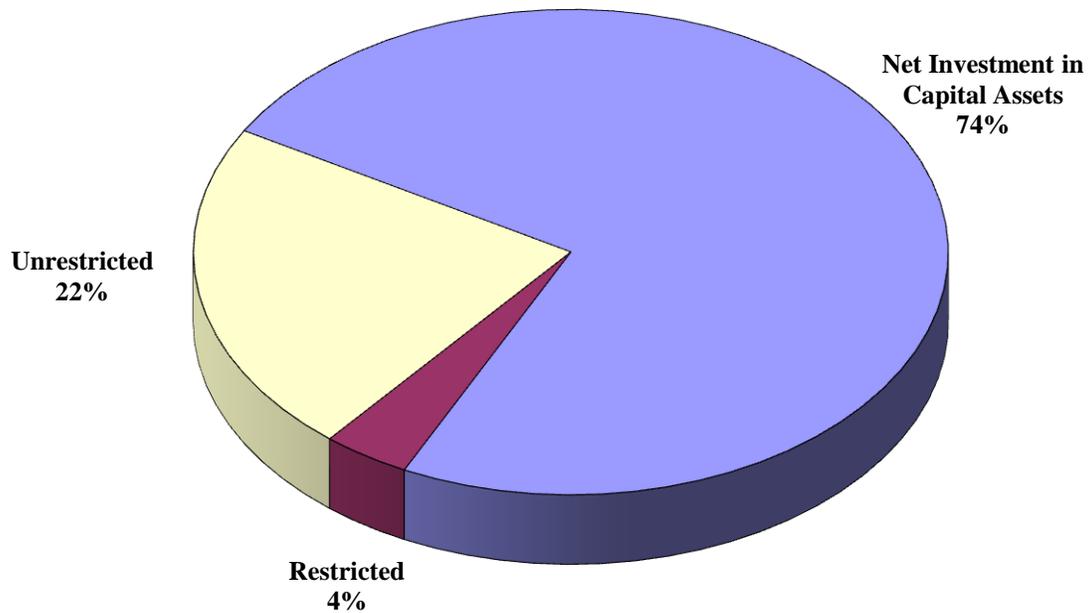
Operating Expenses



Analysis of Net Position
June 30,

	2013	2012	Increase (Decrease)
Net Position			
Net Investment in Capital Assets	\$ 48,349,093	\$ 46,031,711	\$ 2,317,382
Restricted	2,457,314	2,719,241	(261,927)
Unrestricted	14,589,108	14,211,742	377,366
Total	\$ 65,395,515	\$ 62,962,694	\$ 2,432,821

Analysis of Net Position



	Capital Assets, Net June 30,		
	2013	2012	Increase (Decrease)
Capital Assets			
Land	\$ 981,487	\$ 497,214	\$ 484,273
Building	72,099,894	71,112,662	987,232
Equipment	8,798,850	7,632,465	1,166,385
Construction in progress	14,544,849	7,934,020	6,610,829
Total	96,425,080	87,176,361	9,248,719
Less Accumulated Depreciation	(32,965,987)	(29,994,650)	(2,971,337)
Net Capital Assets	<u>\$ 63,459,093</u>	<u>\$ 57,181,711</u>	<u>\$ 6,277,382</u>

As of June 30, 2013, the College had recorded approximately \$96.4 million invested in capital assets, approximately \$33.0 million in accumulated depreciation and approximately \$63.4 million in net capital assets. Capital asset additions exceeded deletions by approximately \$9.2 million after the renovation of the Northeast Building and related disposals (see Notes 6 and 7). Accumulated depreciation increased approximately \$3.0 million during the year. This increase resulted from approximately \$3.1 million of depreciation expense for the year and the disposal of equipment with approximately \$.1 million of accumulated depreciation removed during the year.

During fiscal year 2013 the College issued \$5.2 million in Funding Bonds. The entire \$5.2 million is still outstanding at June 30, 2013. During the year, the College paid \$3.2 million in principal on Alternate Revenue Bonds issued in fiscal year 2007, 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 \$1.80 million, and the balance of the General Obligation Bonds is \$5.3 million at June 30, 2013. The College also obtained an \$8 million bank loan 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 9).

The College began the construction on the energy savings program in September 2007 and continuing through 2013 with the remodel of the North East Classroom Building. As a result the College has built two buildings and renovated five additional buildings.

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. Three 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 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 7 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 2014 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 \$4.50 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 third 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 is in the second year of 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 POSITION

June 30, 2013

ASSETS

Current assets:

Cash	\$ 1,493,763
Investments	23,251,830
Receivables, net	22,281,560
Due from component unit	33,987
Inventories	234,229
Prepaid expenditures	521,004
Restricted investments	1,813,992
Total current assets	49,630,365

Noncurrent assets:

Capital assets, net of accumulated depreciation	63,459,093
Total assets	113,089,458

LIABILITIES

Current liabilities:

Accounts payable	2,967,492
Accrued salaries	778,936
Accrued interest payable	91,321
Deposits held for others	146,556
Advances from grantors	239,788
Summer tuition received in advance	1,622,312
Current portion of long-term obligations	12,339,498
Total current liabilities	18,185,903

Noncurrent liabilities:

Accrued compensated absences	330,321
Planned retirement payable	243,082
Bonds payable, including bond premium	15,758,637
Total noncurrent liabilities	16,332,040
Total liabilities	34,517,943

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	13,176,000

NET POSITION

Invested in capital assets, net of related debt	48,349,093
Restricted for:	
Capital projects	1,813,992
Grant purposes	227,551
Debt service	415,771
Unrestricted	14,589,108
Total net position	\$ 65,395,515

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 POSITION

Year Ended June 30, 2013

Revenues:	
Operating revenue:	
Student tuition and fees, net of scholarship allowances of \$3,789,122	\$ 9,832,864
Chargeback revenue	5,098
Auxiliary enterprises revenue	968,370
Department of Corrections instructional	5,722,165
Revenue from educational services and materials	1,060,931
Other operating revenue	861,355
	<hr/>
Total operating revenue	18,450,783
	<hr/>
Expenses:	
Operating expenses:	
Instruction	27,001,758
Academic support	1,973,669
Student services	2,740,518
Public service	1,624,972
Operations and maintenance of plant	5,044,012
Institutional support	11,260,851
Financial aid	5,880,973
Auxiliary enterprises	2,549,933
Depreciation	3,081,975
	<hr/>
Total operating expenses	61,158,661
	<hr/>
Operating loss	(42,707,878)
	<hr/>
Non-operating revenues (expenses):	
State grants and contracts	21,540,094
Property taxes	12,099,665
Personal property replacement tax	422,728
Federal grants and contracts	10,094,917
Local grants and contracts	896,482
Loss on disposal of capital assets	(9,115)
Interest expense	(337,957)
Investment income	151,654
	<hr/>
Non-operating revenues, net	44,858,468
	<hr/>
Income before capital contributions	2,150,590
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Capital grants	282,231
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Increase in net position	2,432,821
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Net position, beginning of year	62,962,694
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Net position, end of year	\$ 65,395,515
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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, 2013

Cash flows from operating activities:	
Tuition and fees	\$ 11,016,863
Payments to suppliers	(24,806,639)
Payments to employees	(25,399,127)
Department of Corrections instructional	5,533,823
Auxiliary enterprise charges	984,978
Other	<u>1,888,299</u>
Net cash (used) by operating activities	<u>(30,781,803)</u>
Cash flows from noncapital financing activities:	
Local property taxes	10,740,731
State appropriations	13,099,821
Grants and contracts	10,654,530
Principal paid on noncapital debt	(550,000)
Interest paid on noncapital debt	(11,825)
Agency receipts	596,833
Agency payments	<u>(578,499)</u>
Net cash provided by noncapital financing activities	<u>33,951,591</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(9,368,472)
Proceeds from note and bonds payable	18,565,000
Principal paid on capital debt and leases	(8,840,000)
Interest paid on capital debt and leases	(458,605)
Proceeds from bond premium	222,616
Capital grants	<u>282,231</u>
Net cash provided by capital and related financing activities	<u>402,770</u>
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	12,772,621
Income from investments	710,682
Purchase of investments	<u>(16,973,118)</u>
Net cash (used) by investing activities	<u>(3,489,815)</u>
Net increase in cash	82,743
Cash, beginning of year	<u>1,411,020</u>
Cash, end of year	<u><u>\$ 1,493,763</u></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, 2013

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

Operating loss	\$ (42,707,878)
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Adjustments to reconcile operating loss to net cash used by operating activities:

Depreciation expense	3,081,975
State on-behalf payments for fringe benefits	8,185,326
Change in assets and liabilities:	
(Increase) in receivables	(368,032)
(Increase) in due from component unit	(33,987)
(Increase) in inventories and other assets	(241,423)
(Decrease) in accounts payable	(69,398)
(Decrease) in due to component unit	(10,634)
(Decrease) in accrued salaries and compensated absences	(51,353)
Increase in planned retirement payable	58,402
Increase in advances from grantors	120,707
Increase in advances in tuition	174,492
Increase in deferred property taxes	<u>1,080,000</u>

Net cash (used) by operating activities	<u>\$ (30,781,803)</u>
---	------------------------

Noncash investing, capital and noncapital financing transactions:

Change in fair value of investments	<u>\$ (559,028)</u>
Amortization of bond premium	<u>\$ 141,109</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 FINANCIAL POSITION
June 30, 2013

ASSETS

Cash and cash equivalents	\$ 157,130
Investments	7,027,307
Works of art	18,248
Property and equipment, net	<u>711,637</u>
Total assets	<u>\$ 7,914,322</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Due to Lake Land College	\$ 33,987
Agency funds	70,752
Annuity payable	<u>17,500</u>
Total liabilities	<u>122,239</u>
Net assets:	
Unrestricted	1,975,676
Temporarily restricted	2,294,029
Permanently restricted	<u>3,522,378</u>
Total net assets	<u>7,792,083</u>
Total liabilities and net assets	<u>\$ 7,914,322</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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and reclassifications:				
Contributions	\$ 545,656	\$ 374,912	\$ 664,742	\$ 1,585,310
Special events	36,379	143	-	36,522
Rental income	36,600	-	-	36,600
Investment income, net of fees	30,625	123,847	-	154,472
Realized gains	54,928	219,321	-	274,249
Unrealized gains	50,729	111,778	2,518	165,025
Change in actuarial value of split interest agreements	-	-	2,959	2,959
Net assets released from restrictions	424,329	(424,329)	-	-
 Total revenues, gains, and reclassifications	 <u>1,179,246</u>	 <u>405,672</u>	 <u>670,219</u>	 <u>2,255,137</u>
 Expenses				
Program services	619,972	-	-	619,972
Management and general	142,652	-	-	142,652
Fundraising	32,765	-	-	32,765
 Total expenses	 <u>795,389</u>	 <u>-</u>	 <u>-</u>	 <u>795,389</u>
 Change in net assets	 383,857	 405,672	 670,219	 1,459,748
 Net assets, beginning of year	 <u>1,591,819</u>	 <u>1,888,357</u>	 <u>2,852,159</u>	 <u>6,332,335</u>
 Net assets, end of year	 <u>\$ 1,975,676</u>	 <u>\$ 2,294,029</u>	 <u>\$ 3,522,378</u>	 <u>\$ 7,792,083</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, 2013

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 position, the statement of revenues, expenses and changes in net position, 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 20-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, 2013, the Foundation provided \$584,454 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) 234-5223.

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, 2013

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, including the newly adopted GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ending June 30, 2013. Also, GASB No. 65, *Items Previously Reported as Assets and Liabilities*, was early implemented for the year ending June 30, 2013.

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 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, liabilities, and deferred inflows of resources 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, 2013

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, 2013, was an unrealized loss of \$559,028.

Receivables

Receivables consist of tuition and fee charges to students, auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in Illinois, and property tax receivables as shown in Note 5. 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, which is based on management's assessment of collectability of specific student accounts and the aging of the accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

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 Position. The College's operating statement presents increases (revenues) and decreases (expenses) in net total position. 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 useful lives shown below. Depreciation expense for fiscal year 2013 is \$3,081,975.

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

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.

Advances from Grantors

Advances from grantors include amounts received from grant and contract sponsors for which eligibility requirements have not yet been met.

Summer Tuition Received in Advance

Summer tuition received in advance includes tuition and fees collected during the fiscal year which relate to the period after June 30, 2013.

Deferred Inflows of Resources

A deferred inflow of resources represents the acquisition of resources that are applicable to a future reporting period. At June 30, 2013, deferred inflows of resources includes tax levies accrued that are levied for use in the next fiscal year.

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, 2013, the College recorded a liability of \$330,321. 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 Position

The College's total net position is 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 -- 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 -- 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.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$8,185,326 for retirement costs for the year ended June 30, 2013. 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 Position. 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 2012 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 2013/2014 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, 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*.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 position class as determined by donor stipulation and in accordance with the law.

Investments are reported at fair value.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

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.

As of June 30, 2013, the carrying balance of the College's cash deposits was \$1,493,763 which includes \$3,820 of cash on hand, and the bank balances totaled \$2,746,360, 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).

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, 2013, the College held \$1,860,733 in the Illinois Funds Prime Fund with a Standard and Poor's AAAM rating and other money market funds of \$1,985,077 all with Moody's Aaa ratings. The mutual bond funds of \$19,962,538 were unrated as of June 30, 2013.

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.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

2 DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk (continued)

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.

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. Mutual Fund investments may hold an allocation of not more than 10% in foreign government bonds. The College's investments, including those restricted, by category at June 30, 2013, were as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>%</u>
Investments administered by Wells Fargo Advisors:		
Open ended mutual bond funds	\$ 19,962,538	79.64
Federal Home Loan Bank Bonds	192,826	0.77
Federal Home Loan Mortgage Corporation Bonds	90,745	0.36
Certificates of deposit	921,437	3.68
Money market accounts	28,860	0.12
Investments administered by First Mid-Illinois Bank Fund Trust:		
Sweep Savings Account	2,043	-
Federated Ultrashort Govt Fund #969	142,225	0.57
Northern Institutional Govt Select Fund	1,813,992	7.24
Illinois Funds Prime Fund	1,860,733	7.42
Certificates of deposit	50,406	0.20
G.S. Money Market Fund Class B	17	-
	<u>\$ 25,065,822</u>	<u>100.00</u>
Total		

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.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

2 DEPOSITS AND INVESTMENTS (Continued)

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. The schedule below assumes that callable investments will be called.

Weighted Average Maturity	Mutual Bond Funds	Government Bonds	Certificates of Deposit	Money Market Accounts	Total
On Demand	\$ -	\$ -	\$ -	\$ 3,847,870	\$ 3,847,870
0-1 Year	9,249,148	283,571	530,922	-	10,063,641
1-3 Years	2,713,876	-	202,488	-	2,916,364
3-7 Years	4,888,742	-	238,433	-	5,127,175
7-10 Years	3,110,772	-	-	-	3,110,772
Total	<u>\$ 19,962,538</u>	<u>\$ 283,571</u>	<u>\$ 971,843</u>	<u>\$ 3,847,870</u>	<u>\$ 25,065,822</u>

3 RECEIVABLES

Receivables consist of the following at June 30, 2013:

Property taxes	\$ 13,176,000
Governmental claims	7,623,775
Other receivables	1,481,785
	<u>\$ 22,281,560</u>

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, 2013

5 PROPERTY TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

Property taxes receivable and the related allowance for uncollected taxes were computed as follows for the year ended June 30, 2013:

2012 Equalized assessed valuation	<u>\$ 2,497,724,371</u>		
	<u>2012 Taxes Extended</u>	<u>2012 Taxes Collected</u>	<u>Property Taxes Receivable*</u>
General Fund:			
Education Fund	\$ 5,764,854	\$ -	\$ 5,764,854
Operations, Building and Maintenance Fund	624,431	-	624,431
Total general funds	<u>6,389,285</u>	<u>-</u>	<u>6,389,285</u>
Special Revenue Fund:			
Audit Fund	107,000	-	107,000
Liability, Protection and Settlement Fund	1,459,000	-	1,459,000
Total special revenue funds	<u>1,566,000</u>	<u>-</u>	<u>1,566,000</u>
Bond and Interest Fund	<u>4,115,715</u>	<u>-</u>	<u>4,115,715</u>
Capital Projects Fund:			
Operations, Building and Maintenance Fund (Restricted)	<u>1,105,000</u>	<u>-</u>	<u>1,105,000</u>
Total	<u>\$ 13,176,000</u>	<u>\$ -</u>	<u>\$ 13,176,000</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, 2013. Property taxes receivable and the related collections on the 2012 tax levy are recorded as deferred inflows of resources at June 30, 2013.

6 CAPITAL ASSETS

A summary of changes in capital asset categories follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Capital assets not being depreciated				
Land	\$ 497,214	\$ 484,273	\$ -	\$ 981,487
Construction in progress	<u>7,934,020</u>	<u>7,598,061</u>	<u>(987,232)</u>	<u>14,544,849</u>
Total capital assets not being depreciated	<u>8,431,234</u>	<u>8,082,334</u>	<u>(987,232)</u>	<u>15,526,336</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

6 CAPITAL ASSETS (Continued)

Capital assets being depreciated

Buildings	\$ 71,112,662	\$ 987,232	\$ -	\$ 72,099,894
Equipment	<u>7,632,465</u>	<u>1,286,138</u>	<u>(119,753)</u>	<u>8,798,850</u>
Total capital assets being depreciated	<u>78,745,127</u>	<u>2,273,370</u>	<u>(119,753)</u>	<u>80,898,744</u>
Less accumulated depreciation for:				
Buildings	23,242,597	2,559,903	-	25,802,500
Equipment	<u>6,752,053</u>	<u>522,072</u>	<u>(110,638)</u>	<u>7,163,487</u>
Total accumulated depreciation	<u>29,994,650</u>	<u>3,081,975</u>	<u>(110,638)</u>	<u>32,965,987</u>
Total capital assets being depreciated, net	<u>48,750,477</u>	<u>(808,605)</u>	<u>(9,115)</u>	<u>47,932,757</u>
Capital assets, net	<u>\$ 57,181,711</u>	<u>\$ 7,273,729</u>	<u>\$ (996,347)</u>	<u>\$ 63,459,093</u>

7 CONSTRUCTION IN PROGRESS

The College has the following construction projects in progress at June 30, 2013:

	Project Budget	Expended to June 30, 2013	Committed
Energy savings projects			
North East - Energy Savings Renovation	\$ 6,895,142	\$ 3,779,051	\$ 3,116,091
Webb Hall Energy Savings Renovation	4,136,578	4,196,217	(59,639)
Wind Turbine	<u>100,000</u>	<u>94,480</u>	<u>5,520</u>
Total energy savings projects	<u>11,131,720</u>	<u>8,069,748</u>	<u>3,061,972</u>
PHS levied projects			
Webb Hall Health and Safety Renovation	1,850,000	2,306,696	(456,696)
North East Health & Safety Renovation	1,100,000	680,904	419,096
Wind Turbine	415,242	222,078	193,164
Roof replacement, NE and NW	<u>698,933</u>	<u>717,469</u>	<u>(18,536)</u>
Total PHS levied projects	<u>4,064,175</u>	<u>3,927,147</u>	<u>137,028</u>
DCEO grant projects			
ARRA-Wind	500,000	521,926	(21,926)
Solar and Well	<u>75,600</u>	<u>76,255</u>	<u>(655)</u>
Total DCEO grant projects	<u>575,600</u>	<u>598,181</u>	<u>(22,581)</u>
CBJT projects			
Wind Turbine	<u>450,000</u>	<u>467,255</u>	<u>(17,255)</u>
Total CBJT projects	<u>450,000</u>	<u>467,255</u>	<u>(17,255)</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

7 CONSTRUCTION IN PROGRESS (Continued)

CDB projects			
Student Center	\$ 12,179,100	\$ 820,565	\$ 11,358,535
Total CDB projects	<u>12,179,100</u>	<u>820,565</u>	<u>11,358,535</u>
Other projects			
ZEB Hall	700,000	555,972	144,028
Solar and Well	43,759	56,133	(12,374)
Recycling Center	30,000	23,481	6,519
IL Clean Energy Grant - Wind Turbine	25,690	26,367	(677)
Total other projects	<u>799,449</u>	<u>661,953</u>	<u>137,496</u>
Total construction in progress	<u>\$ 29,200,044</u>	<u>\$ 14,544,849</u>	<u>\$ 14,655,195</u>

Construction in progress additions include capitalized interest expense of \$213,961. 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 \$1,813,992 at June 30, 2013.

8 CHANGES IN LONG-TERM LIABILITIES

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
Note payable	\$ 850,000	\$ 13,350,000	\$ 6,200,000	\$ 8,000,000
Bonds payable	16,970,000	5,215,000	3,190,000	18,995,000
Bond premium	554,510	222,616	141,109	636,017
Planned retirement payable	651,798	271,450	213,048	710,200
Accrued compensated absences	401,935	-	71,614	330,321
Total	<u>\$ 19,428,243</u>	<u>\$ 19,059,066</u>	<u>\$ 9,815,771</u>	<u>\$ 28,671,538</u>

	Amount Due Within One Year
Note payable	\$ 8,000,000
Bonds payable	3,705,000
Bond premium	167,380
Planned retirement payable	467,118
	<u>\$ 12,339,498</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

9 LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2013:

Midland States Bank, note payable, in one lump sum of \$8,000,000, including interest at 1.55% due March 31, 2014. The note is collateralized by inventory, equipment and certain other assets of the College.	\$ 8,000,000
Alternative revenue bonds, payable in annual principal installments ranging from \$90,000 to \$170,000, and semi-annual interest payments at an average rate of 4.36%, due December 1, 2026.	1,805,000
Series 2010 bonds, payable in annual principal installments ranging from \$2,305,000 to \$3,000,000, and annual interest payments at an average rate of 2.21%, due June 30, 2015.	5,305,000
Series 2012 general obligation 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
Series 2013 general obligation funding bonds, payable in annual principal installments ranging from \$2,580,000 to \$2,635,000, and annual interest payments at a stated rate of 2.0% (effective interest rate of 1.37% with bond premium), due December 1, 2017.	5,215,000
	\$ 26,995,000

Total interest expense for the year ended June 30, 2013, was \$551,921, with capitalized interest representing \$213,961 of this amount, and \$337,957 recognized as interest expense in the Statement of Revenues, Expenses and Changes in Net Position. This interest expense of \$337,957 is net of amortization of bond premium of \$141,109.

At June 30, 2013, the annual cash flow requirements of principal and interest were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 11,705,000	\$ 554,145	\$ 12,259,145
2015	3,680,000	420,431	4,100,431
2016	3,975,000	282,699	4,257,699
2017	3,600,000	155,200	3,755,200
2018	2,750,000	79,556	2,829,556
2019-2023	650,000	193,671	843,671
2024-2028	635,000	52,598	687,598
Long-term debt subtotal	26,995,000	\$ 1,738,300	\$ 28,733,300
Unamortized bond premium	636,018		
Total	\$ 27,631,018		

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

10 LITIGATION

As of June 30, 2013, 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.

11 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.

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 2014) is 35.20% 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, 2013, 2012, and 2011 were \$8,224,032, \$5,781,672, and \$4,588,146, 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 \$38,706, \$61,251, and \$28,222 for the years ended June 30, 2013, 2012, and 2011, respectively.

12 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, 2013, the balance of the planned retirement liability was \$710,200.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

13 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.

14 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 (seven at June 30, 2013). 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 \$300,000 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.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

15 INVESTMENTS - COMPONENT UNIT

Lake Land College Foundation, Inc. (component unit of Lake Land College) accounts for its investments in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets. |
| Level 2 | Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available. |

The Foundation's investments are held primarily by a national banking association and managed by an investment advisor in accordance with the terms of an investment advisor agreement. Investments shown below were measured at fair value as described above.

The purpose of the Foundation's investments is to provide income and capital to meet current and future needs of the Foundation. The earnings of investment funds donated by individuals and businesses are to be distributed on a semi-annual basis primarily for student scholarships. The primary force behind all investment decisions shall be the achievement of capital protection and the safety and security of all investments.

Investments as of June 30, 2013, consisted of the following:

	Cost	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Fair Value
U.S. Government obligations	\$ 512,610	\$ -	\$ 511,378	\$ 511,378
Bonds	1,013,672	-	1,021,414	1,021,414
Mutual funds	2,215,344	2,511,961	-	4,519,792
Exchange traded funds	1,715,384	2,007,831	-	-
Money market	974,723	974,723	-	974,723
	\$ 6,431,733	\$ 5,494,515	\$ 1,532,792	\$ 7,027,307

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2013

15 INVESTMENTS - COMPONENT UNIT (Continued)

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2013:

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Investment income	\$ 39,584	\$ 157,927	\$ -	\$ 197,511
Investment fees	(8,959)	(34,080)	-	(43,039)
Realized gains	54,928	219,321	-	274,249
Unrealized gains	50,729	111,778	2,518	165,025
Total investment return	\$ 136,282	\$ 454,946	\$ 2,518	\$ 593,746

16 NEW GOVERNMENTAL ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, which revises the guidance for reporting pension plans for state and local governments. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. The impact on the College's financial statements will be reviewed during the year ending June 30, 2014.

SUPPLEMENTAL FINANCIAL INFORMATION

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
SCHEDULES OF MANAGEMENT INFORMATION
Year Ended June 30, 2013

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, 2013

	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	\$ 663,959	\$ 263,416	\$ 26,075	\$ 4,779	\$ 189,977	\$ 144,387	\$ 201,170	\$ 1,493,763
Investments	2,055,408	-	17	-	-	-	21,196,405	23,251,830
Accounts receivable:								
Property taxes	6,389,285	1,566,000	4,115,715	1,105,000	-	-	-	13,176,000
Governmental claims	3,282,577	4,341,198	-	-	-	-	-	7,623,775
Other receivables	1,333,549	104,646	-	-	41,421	2,169	-	1,481,785
Due from other funds	3,359,671	-	481,000	-	659,170	-	645,502	5,145,343
Due from component unit	24,457	8,123	-	-	1,407	-	-	33,987
Inventories	-	-	-	-	234,229	-	-	234,229
Deferred expenditures	317,795	203,209	-	-	-	-	-	521,004
Restricted investments	-	-	-	1,813,992	-	-	-	1,813,992
Fixed assets, net	-	-	-	-	173,890	-	-	173,890
Total assets	\$ 17,426,701	\$ 6,486,592	\$ 4,622,807	\$ 2,923,771	\$ 1,300,094	\$ 146,556	\$ 22,043,077	\$ 54,949,598
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,084,890	\$ 191,398	\$ -	\$ 1,677,032	\$ 14,172	\$ -	\$ -	\$ 2,967,492
Accrued salaries	653,576	124,896	-	-	464	-	-	778,936
Accrued compensated absences	286,269	24,947	-	-	19,105	-	-	330,321
Planned retirement payable	710,200	-	-	-	-	-	-	710,200
Deferred revenue	8,084,420	1,732,965	4,115,715	1,105,000	-	-	-	15,038,100
Due to other funds	246,519	4,546,546	-	352,278	-	-	-	5,145,343
Deposits held for others	-	-	-	-	-	146,556	-	146,556
Total liabilities	11,065,874	6,620,752	4,115,715	3,134,310	33,741	146,556	-	25,116,948
Fund balances:								
Retained earnings	-	-	-	-	1,266,353	-	-	1,266,353
Reserved for construction projects	-	-	-	1,813,992	-	-	-	1,813,992
Unreserved:								
Designated	-	-	507,092	-	-	-	-	507,092
Undesignated	6,360,827	(134,160)	-	(2,024,531)	-	-	22,043,077	26,245,213
Total fund balances	6,360,827	(134,160)	507,092	(210,539)	1,266,353	-	22,043,077	29,832,650
Total liabilities and fund balances	\$ 17,426,701	\$ 6,486,592	\$ 4,622,807	\$ 2,923,771	\$ 1,300,094	\$ 146,556	\$ 22,043,077	\$ 54,949,598

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, 2013

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:						
Local government	\$ 6,549,344	\$ 6,573,678	\$ 24,334	\$ 1,894,064	\$ 1,751,347	\$ (142,717)
State government	11,920,983	18,838,378	6,917,395	10,380,789	9,237,703	(1,143,086)
Federal government	14,296	10,380	(3,916)	12,241,380	10,149,437	(2,091,943)
Tuition and fees	13,906,785	13,621,986	(284,799)	-	-	-
Other sources	1,213,584	1,987,824	774,240	932,280	640,685	(291,595)
Total revenue	<u>33,604,992</u>	<u>41,032,246</u>	<u>7,427,254</u>	<u>25,448,513</u>	<u>21,779,172</u>	<u>(3,669,341)</u>
Expenditures:						
Instruction	15,490,071	19,379,888	3,889,817	8,493,176	8,193,164	(300,012)
Academic support	1,714,440	1,968,784	254,344	168,206	22,485	(145,721)
Student services	2,187,146	2,509,869	322,723	132,525	306,737	174,212
Public services/Continuing education	1,104,199	1,402,461	298,262	178,442	253,560	75,118
Operation and maintenance of plant	4,151,072	4,382,689	231,617	477,461	650,094	172,633
Institutional support	7,373,923	8,417,361	1,043,438	3,581,478	3,184,101	(397,377)
Scholarships/Grants/Waivers	227,000	394,472	167,472	12,167,544	9,275,623	(2,891,921)
Capital outlay	84,451	1,973,567	1,889,116	335,005	185,981	(149,024)
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	13,798	13,798	-	-	-	-
Total expenditures	<u>32,346,100</u>	<u>40,442,889</u>	<u>8,096,789</u>	<u>25,533,837</u>	<u>22,071,745</u>	<u>(3,462,092)</u>
Excess (deficiency) of revenue over expenditures	<u>1,258,892</u>	<u>589,357</u>	<u>(669,535)</u>	<u>(85,324)</u>	<u>(292,573)</u>	<u>(207,249)</u>
Other financing sources (uses):						
Proceeds from notes payable	-	840,200	840,200	-	-	-
Proceeds from bond payable	-	-	-	-	-	-
Proceeds from bond premium	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-
Transfer to other funds	(1,258,892)	(1,413,309)	(154,417)	-	-	-
Total other financing sources (uses)	<u>(1,258,892)</u>	<u>(573,109)</u>	<u>685,783</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>16,248</u>	<u>\$ 16,248</u>	<u>\$ (85,324)</u>	<u>(292,573)</u>	<u>\$ (207,249)</u>
Fund balances, beginning of year		6,344,579			158,413	
Fund balances, end of year		<u>\$ 6,360,827</u>			<u>\$ (134,160)</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

Year Ended June 30, 2013

	Bond and Interest Fund			Capital Projects Fund			Total (Memorandum Only)		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:									
Local government	\$ 3,260,000	\$ 3,240,495	\$ (19,505)	\$ 1,250,000	\$ 1,223,867	\$ (26,133)	\$ 12,953,408	\$ 12,789,387	\$ (164,021)
State government	-	-	-	3,629,893	-	(3,629,893)	25,931,665	28,076,081	2,144,416
Federal government	-	-	-	-	-	-	12,255,676	10,159,817	(2,095,859)
Tuition and fees	-	-	-	-	-	-	13,906,785	13,621,986	(284,799)
Other sources	-	5	5	-	195	195	2,145,864	2,628,709	482,845
Total revenue	3,260,000	3,240,500	(19,500)	4,879,893	1,224,062	(3,655,831)	67,193,398	67,275,980	82,582
Expenditures:									
Instruction	-	-	-	-	-	-	23,983,247	27,573,052	3,589,805
Academic support	-	-	-	-	-	-	1,882,646	1,991,269	108,623
Student services	-	-	-	-	-	-	2,319,671	2,816,606	496,935
Public services/Continuing education	-	-	-	-	-	-	1,282,641	1,656,021	373,380
Operation and maintenance of plant	-	-	-	-	11,229	11,229	4,628,533	5,044,012	415,479
Institutional support	-	-	-	-	-	-	10,955,401	11,601,462	646,061
Scholarships/Grants/Waivers	-	-	-	-	-	-	12,394,544	9,670,095	(2,724,449)
Capital outlay	-	-	-	5,403,505	6,862,719	1,459,214	5,822,961	9,022,267	3,199,306
Principal retirement	3,190,000	3,190,000	-	-	6,200,000	6,200,000	3,190,000	9,390,000	6,200,000
Interest and fiscal charges	542,119	670,593	128,474	-	-	-	555,917	684,391	128,474
Total expenditures	3,732,119	3,860,593	128,474	5,403,505	13,073,948	7,670,443	67,015,561	79,449,175	12,433,614
Excess (deficiency) of revenue over expenditures	(472,119)	(620,093)	(147,974)	(523,612)	(11,849,886)	(11,326,274)	177,837	(12,173,195)	(12,351,032)
Other financing sources (uses):									
Proceeds from note payable	-	-	-	-	12,509,800	12,509,800	-	13,350,000	13,350,000
Proceeds from bonds payable	-	-	-	-	5,215,000	5,215,000	-	5,215,000	5,215,000
Proceeds from bond premium	-	222,616	222,616	-	-	-	-	222,616	222,616
Transfer from other funds	472,119	171,912	(300,207)	523,612	-	(523,612)	995,731	171,912	(823,819)
Transfer to other funds	-	-	-	-	-	-	(1,258,892)	(1,413,309)	(154,417)
Total other financing sources (uses)	472,119	394,528	(77,591)	523,612	17,724,800	17,201,188	(263,161)	17,546,219	17,809,380
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	\$ -	(225,565)	\$ (225,565)	\$ -	5,874,914	\$ 5,874,914	\$ (85,324)	5,373,024	\$ 5,458,348
Fund balances, beginning of year		732,657			(6,085,453)			1,150,196	
Fund balances, end of year		\$ 507,092			\$ (210,539)			\$ 6,523,220	

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, 2013

	Proprietary Fund Type		Variance Over (Under)
	Enterprise Fund		
	Budget	Actual	
Operating revenue:			
Bookstore sales	\$ 664,632	\$ 503,164	\$ (161,468)
Cafeteria	46,000	36,058	(9,942)
Activity fees	165,000	160,662	(4,338)
Print Shop	508,250	490,607	(17,643)
Child care lab	140,000	101,163	(38,837)
Farm sales	108,000	161,739	53,739
Other	15,000	5,584	(9,416)
Total operating revenue	<u>1,646,882</u>	<u>1,458,977</u>	<u>(187,905)</u>
Operating expenses:			
Salaries	618,420	607,510	(10,910)
Employee benefits	107,242	120,142	12,900
Contractual services	116,405	91,417	(24,988)
General materials and supplies	772,165	700,503	(71,662)
Travel	153,679	130,523	(23,156)
Fixed charges	257,950	275,783	17,833
Capital outlay	57,500	-	(57,500)
Depreciation	-	21,828	21,828
Scholarships/Grants	430,000	624,958	194,958
Other	101,199	117,572	16,373
Total operating expenses	<u>2,614,560</u>	<u>2,690,236</u>	<u>75,676</u>
Net (loss) before operating transfers	(967,678)	(1,231,259)	(263,581)
Operating transfers:			
Transfers from other funds	<u>967,678</u>	<u>1,241,397</u>	<u>273,719</u>
Net income	<u>\$ -</u>	<u>10,138</u>	<u>\$ 10,138</u>
Retained earnings, July 1, 2012		<u>1,256,215</u>	
Retained earnings, June 30, 2013		<u>\$ 1,266,353</u>	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING BALANCE SHEET - GOVERNMENTAL FUND TYPES - GENERAL FUND

June 30, 2013

	Education Fund	Operations, Building, and Maintenance Fund	Total
<u>ASSETS</u>			
Cash	\$ 601,655	\$ 62,304	\$ 663,959
Investments	2,055,408	-	2,055,408
Accounts receivable:			
Property taxes	5,764,854	624,431	6,389,285
Governmental claims	3,282,577	-	3,282,577
Other receivables	1,274,046	59,503	1,333,549
Due from component unit	24,457	-	24,457
Due from other funds	-	3,359,671	3,359,671
Deferred expenditures	317,795	-	317,795
	<u>\$ 13,320,792</u>	<u>\$ 4,105,909</u>	<u>\$ 17,426,701</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,021,863	\$ 63,027	\$ 1,084,890
Accrued salaries	643,273	10,303	653,576
Accrued compensated absences	248,853	37,416	286,269
Planned retirement payable	710,200	-	710,200
Due to other funds	246,519	-	246,519
Deferred revenue	7,459,989	624,431	8,084,420
	<u>10,330,697</u>	<u>735,177</u>	<u>11,065,874</u>
Fund balances:			
Unreserved:			
Designated	-	-	-
Undesignated	2,990,095	3,370,732	6,360,827
	<u>2,990,095</u>	<u>3,370,732</u>	<u>6,360,827</u>
	<u>\$ 13,320,792</u>	<u>\$ 4,105,909</u>	<u>\$ 17,426,701</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING BALANCE SHEET - GOVERNMENTAL FUND TYPES - SPECIAL REVENUE FUNDS

June 30, 2013

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
<u>ASSETS</u>				
Cash	\$ 257,547	\$ 729	\$ 5,140	\$ 263,416
Accounts receivable:				
Property taxes	-	107,000	1,459,000	1,566,000
Governmental claims	4,341,074	-	124	4,341,198
Other receivables	104,646	-	-	104,646
Due from component unit	8,123	-	-	8,123
Deferred expenditures	-	-	203,209	203,209
Total assets	<u>\$ 4,711,390</u>	<u>\$ 107,729</u>	<u>\$ 1,667,473</u>	<u>\$ 6,486,592</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 142,663	\$ -	\$ 48,735	\$ 191,398
Accrued salaries	121,474	-	3,422	124,896
Accrued compensated absences	-	2,404	22,543	24,947
Deferred revenue	166,965	107,000	1,459,000	1,732,965
Due to other funds	4,052,737	42,000	451,809	4,546,546
Total liabilities	<u>4,483,839</u>	<u>151,404</u>	<u>1,985,509</u>	<u>6,620,752</u>
Fund balances:				
Unreserved:				
Designated	-	-	-	-
Undesignated	227,551	(43,675)	(318,036)	(134,160)
Total fund balances	<u>227,551</u>	<u>(43,675)</u>	<u>(318,036)</u>	<u>(134,160)</u>
Total liabilities and fund balances	<u>\$ 4,711,390</u>	<u>\$ 107,729</u>	<u>\$ 1,667,473</u>	<u>\$ 6,486,592</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, 2013

	Education Fund			Operations, Building and Maintenance Fund			Total		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:									
Local government sources	\$ 5,899,344	\$ 5,961,678	\$ 62,334	\$ 650,000	\$ 612,000	\$ (38,000)	\$ 6,549,344	\$ 6,573,678	\$ 24,334
State government sources	9,179,691	15,285,918	6,106,227	2,741,292	3,552,460	811,168	11,920,983	18,838,378	6,917,395
Federal government sources	14,296	10,380	(3,916)	-	-	-	14,296	10,380	(3,916)
Tuition and fees	13,906,785	13,621,986	(284,799)	-	-	-	13,906,785	13,621,986	(284,799)
Other sources	722,535	1,336,909	614,374	491,049	650,915	159,866	1,213,584	1,987,824	774,240
Total revenue	29,722,651	36,216,871	6,494,220	3,882,341	4,815,375	933,034	33,604,992	41,032,246	7,427,254
Expenditures:									
Instruction	15,490,071	19,379,888	3,889,817	-	-	-	15,490,071	19,379,888	3,889,817
Academic support	1,714,440	1,968,784	254,344	-	-	-	1,714,440	1,968,784	254,344
Student services	2,187,146	2,509,869	322,723	-	-	-	2,187,146	2,509,869	322,723
Public service/Continuing education	1,104,199	1,402,461	298,262	-	-	-	1,104,199	1,402,461	298,262
Operation and maintenance of plant	-	-	-	4,151,072	4,382,689	231,617	4,151,072	4,382,689	231,617
Institutional support	7,373,923	8,417,361	1,043,438	-	-	-	7,373,923	8,417,361	1,043,438
Scholarships/Grants/Waivers	227,000	394,472	167,472	-	-	-	227,000	394,472	167,472
Capital outlay	84,451	1,192,103	1,107,652	-	781,464	781,464	84,451	1,973,567	1,889,116
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	13,798	13,798	-	-	-	-	13,798	13,798	-
Total expenditures	28,195,028	35,278,736	7,083,708	4,151,072	5,164,153	1,013,081	32,346,100	40,442,889	8,096,789
Excess (deficiency) of revenue over expenditures	1,527,623	938,135	(589,488)	(268,731)	(348,778)	(80,047)	1,258,892	589,357	(669,535)
Other financing sources (uses):									
Proceeds from notes payable	-	840,200	840,200	-	-	-	-	840,200	840,200
Non-mandatory transfer from (to) other funds	(1,258,892)	(1,420,118)	(161,226)	-	6,809	6,809	(1,258,892)	(1,413,309)	(154,417)
Total other financing sources (uses)	(1,258,892)	(579,918)	678,974	-	6,809	6,809	(1,258,892)	(573,109)	685,783
Excess (deficiency) of revenue over expenditures and other sources (uses)	\$ 268,731	358,217	\$ 89,486	\$ (268,731)	(341,969)	\$ (73,238)	\$ -	16,248	\$ 16,248
Fund balance, July 1, 2012		2,631,878			3,712,701			6,344,579	
Fund balance, June 30, 2013		\$ 2,990,095			\$ 3,370,732			\$ 6,360,827	

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, 2013

	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	\$ 394,064	\$ 261,896	\$ (132,168)	\$ 100,000	\$ 99,531	\$ (469)	\$ 1,400,000	\$ 1,389,920	\$ (10,080)	\$ 1,894,064	\$ 1,751,347	\$ (142,717)
State government sources	10,380,789	9,237,703	(1,143,086)	-	-	-	-	-	-	10,380,789	9,237,703	(1,143,086)
Federal government sources	12,241,380	10,149,437	(2,091,943)	-	-	-	-	-	-	12,241,380	10,149,437	(2,091,943)
Other sources	932,280	640,685	(291,595)	-	-	-	-	-	-	932,280	640,685	(291,595)
Total revenue	23,948,513	20,289,721	(3,658,792)	100,000	99,531	(469)	1,400,000	1,389,920	(10,080)	25,448,513	21,779,172	(3,669,341)
Expenditures:												
Instruction	8,493,176	8,193,164	(300,012)	-	-	-	-	-	-	8,493,176	8,193,164	(300,012)
Academic support	168,206	22,485	(145,721)	-	-	-	-	-	-	168,206	22,485	(145,721)
Student services	64,418	231,775	167,357	-	-	-	68,107	74,962	6,855	132,525	306,737	174,212
Public service/Continuing education	178,442	253,560	75,118	-	-	-	-	-	-	178,442	253,560	75,118
Operations and maintenance of plant	-	17,262	17,262	-	-	-	477,461	632,832	155,371	477,461	650,094	172,633
Institutional support	2,541,722	2,137,792	(403,930)	100,000	95,591	(4,409)	939,756	950,718	10,962	3,581,478	3,184,101	(397,377)
Scholarships/Grants/Waivers	12,167,544	9,275,623	(2,891,921)	-	-	-	-	-	-	12,167,544	9,275,623	(2,891,921)
Capital outlay	335,005	185,981	(149,024)	-	-	-	-	-	-	335,005	185,981	(149,024)
Total expenditures	23,948,513	20,317,642	(3,630,871)	100,000	95,591	(4,409)	1,485,324	1,658,512	173,188	25,533,837	22,071,745	(3,462,092)
Excess (deficiency) of revenue over expenditures	\$ -	(27,921)	\$ (27,921)	\$ -	3,940	\$ 3,940	\$ (85,324)	(268,592)	\$ (183,268)	\$ (85,324)	(292,573)	\$ (207,249)
Fund balance, July 1, 2012		255,472			(47,615)			(49,444)			158,413	
Fund balance, June 30, 2013		\$ 227,551			\$ (43,675)			\$ (318,036)			\$ (134,160)	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

RECONCILIATION AND SCHEDULE OF BUDGET BASIS

Year Ended June 30, 2013

RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION

Fund balance-All fund types (budget basis)	\$ 29,832,650
Reconciling items:	
Investment in capital assets of governmental fund types	94,874,744
Accumulated depreciation on capital assets of governmental fund types	(32,707,593)
Amount to be provided for debt payments	(26,995,000)
Bond premium	(636,018)
Accrued interest payable	(91,321)
Capitalized interest on construction in progress, including assets placed in service	1,118,053
	<u>1,118,053</u>
Net position on Statement of Net Position	<u>\$ 65,395,515</u>

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

Excess of revenue over expenditures (budget basis)	\$ 5,530,996
Reconciling items:	
Depreciation expense on capital assets of governmental fund types	(3,060,147)
Principal repayments of debt	9,390,000
Proceeds from notes and bonds payable	(18,565,000)
Proceeds from bond premium	(222,616)
Amortization of bond premium	141,109
Change in accrual of interest for debt	(8,634)
Purchases of capital assets of governmental fund types	9,022,267
Capitalized interest	213,961
Loss on disposal of capital assets	(9,115)
	<u>(9,115)</u>
Increase in net position	<u>\$ 2,432,821</u>

EXPENDITURES AND TRANSFERS IN EXCESS OF BUDGET

	Actual Expenditures	Budget	Variance Over Budget
Education Fund	\$ 36,698,854	\$ 29,453,920	\$ 7,244,934
Liability, Protection and Settlement Fund	\$ 1,658,512	\$ 1,485,324	\$ 173,188
Auxiliary Enterprise Fund	\$ 2,690,236	\$ 2,614,560	\$ 75,676
Capital Projects Fund	\$ 13,073,948	\$ 5,403,505	\$ 7,670,443
Operations, Building and Maintenance Fund	\$ 5,164,153	\$ 4,151,072	\$ 1,013,081

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ASSESSED VALUATIONS AND TAXES EXTENDED AND COLLECTED

Levy Years 2012, 2011, and 2010

	<u>2012 Levy</u>	<u>2011 Levy</u>	<u>2010 Levy</u>
Assessed valuations:			
Christian	\$ 66,908,662	\$ 65,243,687	\$ 62,076,432
Clark	179,922,027	179,145,975	185,143,993
Clay	13,268,396	12,721,347	12,307,137
Coles	639,571,953	631,471,223	616,689,104
Crawford	17,594	17,039	16,487
Cumberland	126,683,900	123,324,448	114,575,130
Douglas	64,712,246	64,520,895	64,319,416
Edgar	200,445,509	199,253,214	196,217,512
Effingham	600,024,784	586,139,718	565,304,746
Fayette	95,413,119	89,596,881	87,495,368
Jasper	12,469,721	11,673,001	10,766,629
Macon	3,514,508	3,309,192	3,076,331
Montgomery	2,192,802	2,089,459	1,996,474
Moultrie	210,245,070	203,068,136	194,117,470
Shelby	282,334,080	275,533,110	267,668,405
Total assessed valuations	<u>\$ 2,497,724,371</u>	<u>\$ 2,447,107,325</u>	<u>\$ 2,381,770,634</u>
Tax rates (per \$100 of assessed valuations):			
Education Fund *	0.1570	0.1564	0.1564
Foundation Tax	0.0738	0.0695	0.0712
Operations, Building and Maintenance Fund	0.0250	0.0283	0.0269
Bond and Interest Fund	0.1648	0.1276	0.1311
Life Safety	0.0442	0.0538	0.0517
Audit Fund	0.0043	0.0039	0.0025
Liability, Protection and Settlement Fund	0.0584	0.0548	0.0660
Total	<u>0.5275</u>	<u>0.4943</u>	<u>0.5058</u>
Taxes extended:			
Education Fund *	\$ 3,921,473	\$ 3,830,272	\$ 3,726,156
Foundation Tax	1,843,381	1,699,683	1,695,229
Operations, Building and Maintenance Fund	624,431	691,364	639,895
Bond and Interest Fund	4,115,715	3,121,672	3,121,961
Life Safety	1,105,000	1,316,656	1,230,567
Audit Fund	107,000	95,758	59,067
Liability, Protection and Settlement Fund	1,459,000	1,340,595	1,575,125
Total	<u>\$ 13,176,000</u>	<u>\$ 12,096,000</u>	<u>\$ 12,048,000</u>
Total current taxes collected	<u>\$ -</u>	<u>\$ 12,034,298</u>	<u>\$ 12,029,190</u>
Percentage of extensions collected	<u>0.00%</u>	<u>99.49%</u>	<u>99.84%</u>

* The 2012 levy for the Education Fund includes prior year tax adjustments levied of approximately \$50,000 from various counties, which the College plans to expend in the Education Fund.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SUMMARY OF TAXES RECEIVABLE AND TAX COLLECTIONS

Year Ended June 30, 2013

Levy Year	Valuation	Combined Rate	Taxes Extended	Total Collected to June 30, 2012	Collected During Year Ended June 30, 2013	Total Collected to June 30, 2013	Percent Collected June 30, 2013	Taxes Written-off
2012	\$ 2,497,724,371	0.5275	\$ 13,176,000	\$ -	\$ -	\$ -	0.00%	\$ -
2011	2,447,107,325	0.4943	12,096,000	701,660	11,332,638	12,034,298	99.49%	-
2010	2,381,770,634	0.5058	12,048,000	12,029,190	-	12,029,190	99.84%	-
Back taxes	-		-	-	-	-		-
		Total	<u>\$ 37,320,000</u>	<u>\$ 12,730,850</u>	<u>\$ 11,332,638</u>	<u>\$ 24,063,488</u>		<u>\$ -</u>

2012 TAXES EXTENDED

	Uncollected June 30, 2013	Estimate for Uncollectible Taxes	Balance after Estimated Uncollectible Taxes
Education	\$ 3,921,473	\$ -	\$ 3,921,473
Foundation	1,843,381	-	1,843,381
Operations, Building and Maintenance	624,431	-	624,431
Bond and Interest	4,115,715	-	4,115,715
Life Safety	1,105,000	-	1,105,000
Audit	107,000	-	107,000
Liability, Protection and Settlement	1,459,000	-	1,459,000
Total	<u>\$ 13,176,000</u>	<u>\$ -</u>	<u>\$ 13,176,000</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF DEBT MATURITIES
GOVERNMENTAL FUND TYPES

Year Ended June 30, 2013

	Bond Type	Interest Rate	Amounts Due During Year			Unpaid Principal Balance June 30, 2013
			Principal	Interest	Total	
2013-2014	Working Cash - Fitness Center	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
2013-2014	Series 2013	2.00 %	-	135,590	135,590	-
2014-2015	Working Cash - Fitness Center	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
2014-2015	Series 2013	2.00 %	-	104,300	104,300	-
2015-2016	Working Cash - Fitness Center	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
2015-2016	Series 2013	2.00 %	-	104,300	104,300	-
2016-2017	Working Cash - Fitness Center	5.60 %	110,000	58,500	168,500	110,000
2016-2017	Series 2012	4.00 %	910,000	18,200	928,200	910,000
2016-2017	Series 2013	2.00 %	2,580,000	78,500	2,658,500	2,580,000
2017-2018	Working Cash - Fitness Center	3.85 %	115,000	53,206	168,206	115,000
2017-2018	Series 2013	2.00 %	2,635,000	26,350	2,661,350	2,635,000
Thereafter	Working Cash - Fitness Center	3.85-4.05 %	1,285,000	246,269	1,531,269	1,285,000
Total			<u>\$ 18,995,000</u>	<u>\$ 1,738,300</u>	<u>\$ 20,733,300</u>	<u>\$ 18,995,000</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, 2013

Assessed valuation - 2012 Levy	<u>\$ 2,497,724,371</u>
Debt limit, 2.875% of assessed valuation (50 ILCS 405/1)	\$ 71,809,576
Less:	
Note payable	8,000,000
Bond indebtedness	<u>18,995,000</u>
Legal debt margin	<u>\$ 44,814,576</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENSES FOR TORT IMMUNITY PURPOSES

Year Ended June 30, 2013

Administrative salaries	\$	295,213
Administrative benefits		66,438
Campus security salaries		275,503
Campus security benefits		68,573
Contractual services		5,542
Materials and supplies		71,242
Repairs		8,770
General liability insurance		233,134
Workers compensation insurance		151,670
Unemployment insurance		173,234
Social Security/Medicare		299,078
Travel		<u>10,115</u>
Total tort immunity purposes expenses	\$	<u><u>1,658,512</u></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 2011 as levied by the counties within the college district was \$1,340,595. 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

UNIFORM FINANCIAL STATEMENTS

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
ALL FUNDS SUMMARY

Year Ended June 30, 2013

	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, 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
Revenue:											
Local tax revenue	5,533,852	612,000	1,223,867	3,240,495	-	99,531	1,389,920	-	-	-	12,099,665
Other local revenue	427,826	-	-	-	261,896	-	-	-	-	-	689,722
ICCB grants	7,409,624	2,927,933	-	-	1,666,556	-	-	-	-	-	12,004,113
Other state revenue	7,876,294	624,527	-	-	7,571,147	-	-	-	-	-	16,071,968
Federal revenue	10,380	-	-	-	10,149,437	-	-	-	-	-	10,159,817
Student tuition and fees	13,621,986	-	-	-	-	-	-	-	-	-	13,621,986
Bond proceeds	-	-	5,215,000	-	-	-	-	-	-	-	5,215,000
Bond premium	-	-	-	222,616	-	-	-	-	-	-	222,616
Note proceeds	840,200	-	12,509,800	-	-	-	-	-	-	-	13,350,000
Other revenue	1,336,909	650,915	195	5	640,685	-	-	1,458,977	-	147,834	4,235,520
Total revenue	37,057,071	4,815,375	18,948,862	3,463,116	20,289,721	99,531	1,389,920	1,458,977	-	147,834	87,670,407
Expenditures:											
Instruction	19,437,308	-	-	-	8,303,545	-	-	-	-	-	27,740,853
Academic support	1,968,784	-	-	-	22,485	-	-	-	-	-	1,991,269
Student services	2,509,869	-	-	-	231,775	-	74,962	-	-	-	2,816,606
Public services/Continuing education	1,402,461	-	-	-	329,160	-	-	-	-	-	1,731,621
Auxiliary services	-	-	-	-	-	-	-	2,690,236	-	-	2,690,236
Operations and maintenance	-	5,164,153	13,073,948	670,593	17,262	-	632,832	-	-	-	19,558,788
Institutional support	9,565,842	-	-	3,190,000	2,137,792	95,591	950,718	-	-	-	15,939,943
Scholarships/Grants/Waivers	394,472	-	-	-	9,275,623	-	-	-	-	-	9,670,095
Total expenditures	35,278,736	5,164,153	13,073,948	3,860,593	20,317,642	95,591	1,658,512	2,690,236	-	-	82,139,411
Transfers, net	(1,420,118)	6,809	-	171,912	-	-	-	1,241,397	-	-	-
Fund balances, June 30, 2013	\$ 2,990,095	\$ 3,370,732	\$ (210,539)	\$ 507,092	\$ 227,551	\$ (43,675)	\$ (318,036)	\$ 1,266,353	\$ -	\$ 22,043,077	\$ 29,832,650

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
SUMMARY OF FIXED ASSETS AND DEBT

Year Ended June 30, 2013

	<u>Fixed Assets/Debt July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Fixed Assets/Debt June 30, 2013</u>
<u>Fixed Assets</u>				
Sites, buildings, additions and improvements	\$ 78,639,810	\$ 8,855,602	\$ (987,232)	\$ 86,508,180
Equipment	7,632,465	1,286,138	(119,753)	8,798,850
Accumulated depreciation	<u>(236,566)</u>	<u>(21,828)</u>	<u>-</u>	<u>(258,394)</u>
Net fixed assets	<u>\$ 86,035,709</u>	<u>\$ 10,119,912</u>	<u>\$ (1,106,985)</u>	<u>\$ 95,048,636</u>
 <u>Debt</u>				
Note payable	\$ 850,000	\$ 13,350,000	\$ (6,200,000)	\$ 8,000,000
Bonds payable	<u>16,970,000</u>	<u>5,215,000</u>	<u>(3,190,000)</u>	<u>18,995,000</u>
Total fixed liabilities	<u>\$ 17,820,000</u>	<u>\$ 18,565,000</u>	<u>\$ (9,390,000)</u>	<u>\$ 26,995,000</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
OPERATING REVENUE BY SOURCE

Year Ended June 30, 2013

	Education Fund	Operations, Building and Maintenance Fund	Total Operating Funds
Local government:			
Current taxes	\$ 5,533,852	\$ 612,000	\$ 6,145,852
Chargeback revenue	5,098	-	5,098
Corporate personal property replacement taxes	422,728	-	422,728
Total local government	<u>5,961,678</u>	<u>612,000</u>	<u>6,573,678</u>
State government:			
ICCB Base Operating Grant	3,963,014	-	3,963,014
ICCB Equalization Grant	2,927,931	2,927,933	5,855,864
ICCB Career and Technology Funds	518,679	-	518,679
Illinois Department of Corrections	315,494	-	315,494
SURS contribution	7,560,800	624,527	8,185,327
Total state government	<u>15,285,918</u>	<u>3,552,460</u>	<u>18,838,378</u>
Federal government:			
Pell administrative fee	10,380	-	10,380
Total federal government	<u>10,380</u>	<u>-</u>	<u>10,380</u>
Student tuition and fees:			
Tuition	9,806,394	-	9,806,394
Fees	3,169,176	-	3,169,176
Other student assessments	646,416	-	646,416
Total student tuition and fees	<u>13,621,986</u>	<u>-</u>	<u>13,621,986</u>
Other sources:			
Center for Business and Industry seminars	378,639	-	378,639
Revenue from other educational services and materials	682,292	-	682,292
Facilities rent	-	583,574	583,574
Proceeds from notes payable	840,200	-	840,200
Investment revenue	3,620	-	3,620
Donations	98,250	-	98,250
Miscellaneous	174,108	67,341	241,449
Total other sources	<u>2,177,109</u>	<u>650,915</u>	<u>2,828,024</u>
Total revenue	<u>37,057,071</u>	<u>4,815,375</u>	<u>41,872,446</u>
Less nonoperating revenue: *			
Tuition chargeback revenue	5,098	-	5,098
Adjusted revenue	<u>\$ 37,051,973</u>	<u>\$ 4,815,375</u>	<u>\$ 41,867,348</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, 2013

	Education Fund	Operations, Building and Maintenance Fund	Total Operating Funds
Expenditures by program:			
Instruction	\$ 19,437,308	\$ -	\$ 19,437,308
Academic support	1,968,784	-	1,968,784
Student services	2,509,869	-	2,509,869
Public services/Continuing education	1,402,461	-	1,402,461
Operations and maintenance	-	5,164,153	5,164,153
Institutional support	9,552,044	-	9,552,044
Scholarships/Grants/Waivers	394,472	-	394,472
Interest and fiscal charges	13,798	-	13,798
Transfers	1,420,118	(6,809)	1,413,309
	36,698,854	5,157,344	41,856,198
Total expenditures by program			
Less nonoperating items:*			
Tuition chargeback	23,510	-	23,510
Transfers to (from) nonoperating funds	1,420,118	(6,809)	1,413,309
	35,255,226	5,164,153	40,419,379
	\$ 35,255,226	\$ 5,164,153	\$ 40,419,379
Adjusted expenditures			
Expenditures by object:			
Salaries	\$ 16,837,128	\$ 1,390,758	\$ 18,227,886
Employee benefits	10,667,018	946,643	11,613,661
Contractual services	1,554,214	237,691	1,791,905
General materials and supplies	3,468,454	477,561	3,946,015
Conference and meeting expense	354,846	721	355,567
Fixed charges	371,562	81,644	453,206
Utilities	3,605	1,221,423	1,225,028
Capital outlay	1,192,103	781,464	1,973,567
Other	435,334	26,248	461,582
Student grants and scholarships	394,472	-	394,472
Transfers	1,420,118	(6,809)	1,413,309
	36,698,854	5,157,344	41,856,198
Total expenditures by object			
Less nonoperating items: *			
Tuition chargeback	23,510	-	23,510
Transfers to (from) nonoperating funds	1,420,118	(6,809)	1,413,309
	35,255,226	5,164,153	40,419,379
	\$ 35,255,226	\$ 5,164,153	\$ 40,419,379
Adjusted expenditures			

*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, 2013

Local government:	
Other local sources	<u>\$ 261,896</u>
State government:	
ICCB Credit Hour Grant	1,294,139
ICCB Program Improvement Grant	42,116
ICCB Adult Education and Family Literacy Grant	261,903
ICCB Innovation Grant	5,898
ICCB Accelerating Opportunity Implementation Grant	62,500
Illinois State Board of Education	120,008
Illinois Department of Corrections	5,722,165
Illinois Department of Commerce and Economic Opportunity	91,600
Illinois Board of Higher Education	31,274
Illinois Secretary of State	83,706
Illinois Student Assistance Commission	1,293,683
Other state sources	<u>228,711</u>
Total state government	<u>9,237,703</u>
Federal government:	
U.S. Department of Education	8,568,044
U.S. Department of Labor	1,053,453
U.S. Department of Transportation	248,123
U.S. Department of Veterans Affairs	106,457
National Science Foundation	147,299
U.S. Small Business Administration	22,800
Corporation for National and Community Service	<u>3,261</u>
Total federal government	<u>10,149,437</u>
Other sources:	
John Deere program	637,738
Miscellaneous	<u>2,947</u>
Total other sources	<u>640,685</u>
Total Restricted Purposes Fund revenue	<u><u>\$ 20,289,721</u></u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
RESTRICTED PURPOSES FUND EXPENDITURES

Year Ended June 30, 2013

Expenditures by program:

Instruction	\$ 8,303,545
Academic support	22,485
Student services	231,775
Public services/Continuing education	329,160
Operations and maintenance	17,262
Institutional support	2,137,792
Scholarships/Grants/Waivers	9,275,623

Total expenditures by program \$ 20,317,642

Expenditures by object:

Salaries	\$ 6,483,174
Employee benefits	1,622,030
Contractual services	275,316
Student financial aid	9,595,417
General materials and supplies	1,473,022
Conference and meeting expense	265,735
Fixed charges	396,615
Utilities	20,352
Capital outlay	185,981

Total expenditures by object \$ 20,317,642

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
CURRENT FUNDS EXPENDITURES BY ACTIVITY

Year Ended June 30, 2013

Instruction:	
Instructional programs	\$ 22,323,206
Instructional support	5,354,256
Other	63,391
Total instruction	27,740,853
Academic Support:	
Learning resource center	563,580
Academic administration and planning	655,638
Academic computing support	772,051
Total academic support	1,991,269
Student Services:	
Admissions and records	727,684
Counseling and career guidance	845,634
Student financial aid	953,472
Other	289,816
Total student services	2,816,606
Public Service/Continuing Education:	
Center for Business and Industry	535,927
Commercial Driver Training	191,868
Other	1,003,826
Total public service/continuing education	1,731,621
Auxiliary Services	
	2,690,236
Operations and Maintenance of Plant:	
Maintenance	449,701
Custodial services	937,463
Grounds	720,552
Campus security	421,337
Transportation	80,116
Utilities	1,240,420
Administration	1,391,266
Other	573,392
Total operations and maintenance of plant	5,814,247
Institutional Support:	
Executive office	3,588,442
Business office	1,748,110
General administrative services	1,600,689
General institutional support	2,696,741
Institutional research	99,192
Administrative data processing	2,680,240
Non-operating	336,529
Total institutional support	12,749,943
Scholarships/Grants/Waivers	
	9,670,095
Total current fund expenditures *	\$ 65,204,870

*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 2014

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

CERTIFICATION OF CHARGEBACK REIMBURSEMENT OF FISCAL YEAR 2014

ALL FISCAL YEAR 2013 NONCAPITAL AUDITED OPERATING EXPENDITURES FROM THE FOLLOWING FUNDS:

1. Education Fund	\$	34,086,633	
2. Operations, Building and Maintenance Fund		4,382,689	
3. Public Building Commission and Operation and Maintenance Fund		-	
4. Bond and Interest Fund		670,593	
5. Public Building Commission Rental Fund		-	
6. Restricted Purposes Fund		20,131,661	
7. Audit Fund		95,591	
8. Liability, Protection and Settlement Fund		1,658,512	
9. Auxiliary Enterprises Fund (Subsidy Only)		<u>1,231,259</u>	
10. TOTAL NON-CAPITAL EXPENDITURES (sum of lines 1-9)			<u>\$ 62,256,938</u>
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	\$	<u>1,754,787</u>	
12. TOTAL COSTS INCLUDED (line 10 plus line 11)			<u>\$ 64,011,725</u>
13. Total certified semester credit hours for fiscal year 2013		<u>213,424.0</u>	
14. PER CAPITA COST (line 12 divided by line 13)			<u>\$ 299.93</u>
15. All fiscal year 2013 state and federal operating grants for noncapital expenditures, except ICCB grants	\$	<u>20,008,145</u>	
16. Fiscal year 2013 state and federal grants per semester credit hour (line 15 divided by line 13)			<u>\$ 93.75</u>
17. District's average ICCB grant rate (excluding equalization grants) for fiscal year 2014			<u>\$ 25.94</u>
18. District's student tuition and fee rate per semester credit hour for fiscal year 2014			<u>\$ 107.80</u>
19. Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17 and 18)			<u><u>\$ 72.44</u></u>

Approved: 
Chief Fiscal Officer

1 Oct 13
Date

Approved: 
Chief Executive Officer

10-1-13
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

Report on the Financial Statements

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 April 10, 2012 through June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the modified cash basis of accounting described in Note 3; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. The accompanying statement 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of this financial statement that is free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial 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 financial statement is free from material misstatement.

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

Auditor's Responsibility (continued)

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

Opinion

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 April 10, 2012 through June 30, 2013, 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.

Basis of Accounting

We draw attention to Note 3 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

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.

Doehring, Winders & Co. LLP

Illinois Department of Professional Regulation
License Number 066-003408
Mattoon, Illinois
October 3, 2013

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, 2013

	<u>Budget</u>	<u>Actual</u>
Revenue:		
Cooperative Work Study Program Grant	<u>\$ 33,000</u>	<u>\$ 33,000</u>
Expenditures:		
Work study stipends	31,000	31,000
Audit fees	<u>2,000</u>	<u>2,000</u>
Total expenditures	<u>33,000</u>	<u>33,000</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

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, 2013

1 PROGRAM BACKGROUND

The Illinois Cooperative Work Study Program is an internship program 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 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, 2013. 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
CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT
GRANTS AND ADULT EDUCATION AND FAMILY LITERACY GRANTS

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

Report on the Financial Statements

We have audited the accompanying balance sheets of the 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, 2013, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Career and Technical Education-Program Improvement and Adult Education and Family Literacy grants of the College at June 30, 2013, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Career and Technical Education-Program Improvement and Adult Education and Family Literacy grants of the College's financial statements. The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grant Program (page 76) is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grant Programs (page 76) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic grant program financial statements as a whole.

Doehring, Winters & Co. LLP

Mattoon, Illinois
October 3, 2013

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT
BALANCE SHEET

June 30, 2013

ASSETS

Cash	\$ 1,763
Total assets	<u>\$ 1,763</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 1,763
Total liabilities	1,763
Fund balance - reserved for encumbrances	-
Fund balance - unreserved	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,763</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, 2013

Revenue:	
State sources	<u>\$ 42,116</u>
Expenditures:	
Material and supplies	1,149
Instructional equipment	38,829
Conferences and meeting expenses	2,138
Payment of prior year's encumbrances (note 2):	
Materials and supplies	<u>7,450</u>
Total expenditures	<u>49,566</u>
Excess of expenditures over revenue	(7,450)
Fund balance, July 1, 2012	<u>7,450</u>
Fund balance, June 30, 2013	<u><u>\$ -</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, 2013

	State Basic	Public Assistance	Performance	Total
<u>ASSETS</u>				
Cash	\$ 8,504	\$ -	\$ 2,796	\$ 11,300
Governmental claims receivable	11,117	4,716	5,992	21,825
Total assets	\$ 19,621	\$ 4,716	\$ 8,788	\$ 33,125
 <u>LIABILITIES AND FUND BALANCE</u>				
Accounts payable	\$ 14,751	\$ 2,973	\$ 5,421	\$ 23,145
Accrued salaries	850	403	687	1,940
Total liabilities	15,601	3,376	6,108	25,085
Fund balance - reserved for encumbrances	4,020	1,340	2,680	8,040
Fund balance - unreserved	-	-	-	-
Total liabilities and fund balance	\$ 19,621	\$ 4,716	\$ 8,788	\$ 33,125

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, 2013

	State Basic	Public Assistance	Performance	Total
Revenue:				
State sources	\$ 133,403	\$ 56,597	\$ 71,903	\$ 261,903
Total revenue	133,403	56,597	71,903	261,903
Expenditures:				
Instructional and Student Services:				
Instruction	58,338	24,626	-	82,964
Social work services	13,916	5,612	-	19,528
Guidance services	12,193	5,616	-	17,809
Assessment and training	14,741	5,614	-	20,355
Total instructional and student services	99,188	41,468	-	140,656
Program Support:				
Improvement of instructional services	5,509	1,340	3,889	10,738
General administration	4,738	4,738	25,752	35,228
Operation & Maintenance of Plant Services	8,687	1,593	14,943	25,223
Data and information services	11,261	6,118	24,639	42,018
Total program support	30,195	13,789	69,223	113,207
Total expenditures	129,383	55,257	69,223	253,863
Excess of revenue over expenditures	4,020	1,340	2,680	8,040
Fund balance, July 1, 2012	-	-	-	-
Fund balance, June 30, 2013	\$ 4,020	\$ 1,340	\$ 2,680	\$ 8,040

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, 2013

ASSETS

Government claims receivable	\$ 128,012
Total assets	<u>\$ 128,012</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 127,092
Accrued salaries	<u>920</u>
Total liabilities	128,012
Fund balance - unreserved	<u>-</u>
Total liabilities and fund balance	<u>\$ 128,012</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, 2013

Revenue:	
Federal sources	\$ 128,012
Total revenue	128,012
Expenditures:	
Instructional and Student Services:	
Instruction	60,834
Social work services	19,325
Guidance services	20,251
Assessment and training	21,201
Total instruction and student services	121,611
Program Support:	
General administration	3,376
Data and information services	3,025
Total program support	6,401
Total expenditures	128,012
Excess of revenue over expenditures	-
Fund balance, July 1, 2012	-
Fund balance, June 30, 2013	\$ -

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, 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying statements include only those transactions resulting from the Illinois Community College Board (ICCB) 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, 2013. 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

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

Year Ended June 30, 2013

	Audited Expenditure Amount	Actual Expenditure Percentage
State Basic		
Instruction (45% minimum required)	\$ 58,338	45% *
General administration (15% maximum allowed)	\$ 4,738	4%
State Public Assistance		
Instruction (45% minimum required)	\$ 24,626	45% *
General administration (15% maximum allowed)	\$ 4,738	9%

* Percentage does not include instructional expenditures which were reserved for encumbrances

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

BACKGROUND INFORMATION ON ICCB GRANT ACTIVITY

Year Ended June 30, 2013

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.

Performance Grants

Grants provided to colleges based on measures for advancing success of students who are academically or financially at risk and focus on increasing college course, certificate, and degree completion.

Restricted Grants/Special Initiatives

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.

Performance

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

BACKGROUND INFORMATION ON ICCB GRANT ACTIVITY

Year Ended June 30, 2013

Restricted Adult Education Grants/State (Continued)

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 audited 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, 2013.

Management's Responsibility

This Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the College's management. Management's responsibilities include the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule based upon our audit. Our audit was made 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 schedule is free from material misstatement.

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

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

Opinion

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Schedule of Student Enrollment and Other Bases Upon Which Claims are Filed of the College. The supplementary reconciliation of Semester Credit Hours (page 83) and Documentation of Residency Verification Steps (page 84) are presented for purposes of additional analysis and are not a required part of the schedule, but are supplementary information required by the Illinois Community College Board.

The supplementary reconciliation of Semester Credit Hours and Documentation of Residency Verification Steps are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the schedule. Such information has been subjected to the auditing procedures applied in the audit of the schedule and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the schedule or to the schedule itself, 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 schedule as a whole.

Dochring, Winters & Co. LLP

Mattoon, Illinois
October 3, 2013

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2013

Total Reimbursable Semester Credit Hours by Term

Categories	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	11,348.5	0.0	36,638.0	14.0	39,167.0	28.5	87,153.5	42.5
Business occupational	3,556.5	0.0	12,723.5	0.0	13,291.5	0.0	29,571.5	0.0
Technical occupational	12,861.5	0.0	22,992.0	27.5	27,286.0	10.0	63,139.5	37.5
Health occupational	3,122.0	0.0	8,939.0	112.0	11,605.5	0.0	23,666.5	112.0
Remedial development	970.0	0.0	4,018.5	0.0	2,867.5	0.0	7,856.0	0.0
Adult basic education/ Adult secondary education	13.5	0.0	154.0	676.5	124.0	877.0	291.5	1,553.5
Total credit hours	31,872.0	0.0	85,465.0	830.0	94,341.5	915.5	211,678.5	1,745.5

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total	Dual Credit	Dual Enrollment
Reimbursable semester credit hours	113,316.0	745.0	114,061.0	10,384.5	0.0

District prior-year equalized assessed valuation \$ 2,497,724,371

Correctional Semester Credit Hours by Term

Categories	Summer	Fall	Spring	Total
Baccalaureate	3,166.0	1,272.0	1,458.0	5,896.0
Business occupational	390.5	3,862.5	4,165.0	8,418.0
Technical occupational	10,505.5	13,789.0	16,097.0	40,391.5
Remedial developmental	203.0	289.0	391.0	883.0
Total credit hours	14,265.0	19,212.5	22,111.0	55,588.5

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

RECONCILIATION OF TOTAL REIMBURSABLE SEMESTER CREDIT HOURS

Year Ended June 30, 2013

<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	87,153.5	87,153.5	0.0	42.5	42.5	0.0
Business occupational	29,571.5	29,571.5	0.0	0.0	0.0	0.0
Technical occupational	63,139.5	63,139.5	0.0	37.5	37.5	0.0
Health occupational	23,666.5	23,666.5	0.0	112.0	112.0	0.0
Remedial developmental	7,856.0	7,856.0	0.0	0.0	0.0	0.0
Adult basic education/Adult secondary education	291.5	291.5	0.0	1,553.5	1,553.5	0.0
Total	<u>211,678.5</u>	<u>211,678.5</u>	<u>0.0</u>	<u>1,745.5</u>	<u>1,745.5</u>	<u>0.0</u>

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

Year Ended June 30, 2013

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB	Difference
In-district residents	113,316.0	113,316.0	0.0
Out-of-district on chargeback or contractual agreement	745.0	745.0	0.0
Total	<u>114,061.0</u>	<u>114,061.0</u>	<u>0.0</u>

	Total Reimbursable	Total Reimbursable as Certified to the ICCB	Difference
Dual credit	10,384.5	10,384.5	0.0
Dual enrollment	0.0	0.0	0.0
Total	<u>10,384.5</u>	<u>10,384.5</u>	<u>0.0</u>

RECONCILIATION OF TOTAL CORRECTIONAL SEMESTER CREDIT HOURS

Year Ended June 30, 2013

<u>Categories</u>	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Baccalaureate	5,896.0	5,896.0	0.0
Business occupational	8,418.0	8,418.0	0.0
Technical occupational	40,391.5	40,391.5	0.0
Remedial developmental	883.0	883.0	0.0
Total	<u>55,588.5</u>	<u>55,588.5</u>	<u>0.0</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

DOCUMENTATION OF RESIDENCY VERIFICATION STEPS

Year Ended June 30, 2013

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, 2013

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2012	\$ 2,497,724,371
2011	2,447,107,325
2010	<u>2,381,770,634</u>
Total	<u>\$ 7,326,602,330</u>

FEDERAL AWARDS - COMPLIANCE SECTION

DOEHRING, WINDERS & CO. LLP

Certified Public Accountants

& Business Advisers

1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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 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, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 3, 2013. The financial statements of the Lake Land College Foundation, Inc. (component unit of the College) were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. Finding 2013-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from 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*.

College's Response to Finding

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Doehring, Winders & Co. L.P.

Mattoon, Illinois
October 3, 2013

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management' Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Doehring, Winders & Co. LLP

Mattoon, Illinois
October 3, 2013

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

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) \$ 73,210
Direct Student Loans	84.268	N/A	(1) 2,373,177
College Work Study	84.033A	N/A	(1) 92,902
Pell Grant Program - Fiscal Year 2013	84.063P	N/A	(1) <u>7,548,992</u>
Total Student Financial Assistance Cluster			<u>10,088,281</u>
TRIO - Student Support Services	84.042A	N/A	(2) 231,775
TRIO - Talent Search	84.044A	N/A	(2) <u>226,357</u>
Total TRIO Cluster			<u>458,132</u>
<i>Passed through Illinois Community College Board:</i>			
Adult Education - Basic Grants to States	84.002A	51701	128,012
Perkins Postsecondary Federal Allocation	84.048	CTE51713	271,997
Perkins Innovation Grant	84.048	CTEL13517	<u>5,179</u>
Total U.S. Department of Education			<u>10,951,601</u>
U.S. Department of Labor			
Community Based Job Training Grant	17.269	N/A	(3) <u>1,053,453</u>
Total U.S. Department of Labor			<u>1,053,453</u>
Department of Transportation			
<i>Passed through Illinois Community College Board</i>			
ARRA - Highway Planning and Construction	20.205	HCCTP517	<u>248,123</u>
Total Department of Transportation			<u>248,123</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, 2013

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Veterans Affairs			
Post-9/11 Veterans Educational Assistance	64.028	N/A	\$ 106,457
Total U.S. Department of Veterans Affairs			<u>106,457</u>
National Science Foundation			
NSF Computer Science, Engineering and Mathematics Scholarships Program - BOOST II	47.076	N/A	136,950
NSF National Geospatial Technology Center	47.076	N/A	<u>10,349</u>
Total National Science Foundation			<u>147,299</u>
Corporation for National and Community Service			
<i>Passed through the Illinois State Board of Education:</i>			
Learn and Serve American Program	94.004	09KSNIL001	<u>3,261</u>
Total Corporation for National and Community Service			<u>3,261</u>
U.S. Small Business Administration			
<i>Passed through the Illinois Department of Commerce and Economic Opportunity through the Partnership for a Connected Illinois</i>			
Broadband Innovation Grant	59.000	SBAHQ-08-I-0179	<u>22,800</u>
Total U.S. Small Business Administration			<u>22,800</u>
Total Federal Awards			<u>\$ 12,532,994</u>

See accompanying notes to schedule of expenditures of federal awards.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

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, 2013. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. The College was not involved in any insurance programs and did not receive any noncash assistance awards during the year.

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 2013, the College participated in two guaranteed student loan programs sponsored by the U.S. Department of Education.

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 2013, the College's students or their parents were eligible to receive the following guaranteed loans:

Stafford Loans:	
Subsidized	\$ 1,589,866
Unsubsidized	722,317
Parents Loans for Undergraduate Students (PLUS)	<u>93,258</u>
Total	<u><u>\$ 2,405,441</u></u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2013

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 2013, 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 \$4,651.

6 MAJOR PROGRAMS

The following federal program expenditures comprise major program expenditures under OMB Circular A-133 for the year ended June 30, 2013. Major programs are indicated in the Schedule of Expenditures of Federal Awards by (1), (2) and (3):

(1) Student Financial Aid Cluster	\$ 10,088,281
(2) TRIO Cluster	458,132
(3) Community Based Job Training Grant	<u>1,053,453</u>
Total major program expenditures	11,599,866
Nonmajor program expenditures	<u>933,128</u>
Total federal expenditures	<u>\$ 12,532,994</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2013

7 RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following is a reconciliation of total expenditures as reported on the accompanying Schedule of Expenditures of Federal Awards to the revenue items reported as federal grants and contracts and capital grants on the Statement of Revenues, Expenses and Changes in Net Position included in the College's financial statements.

Funds, derived from federal aid, gifts or grants, may be used only to meet expenditures for the purposes specifically identified by sponsoring agencies. The federal aid, gifts or grants are recognized as revenue in the College's financial statements as expended.

Therefore, expenditures on the Schedule of Expenditures of Federal Awards agree with revenues on the Statement of Revenues, Expenses and Changes in Net Position, except as noted below:

Total expenditures as shown on the Schedule of Expenditures of Federal Awards	\$ 12,532,994
Subtract:	
Direct loans included in the Schedule of Expenditures of Federal Awards not included in the financial statements	<u>(2,373,177)</u>
Total federal grants and contracts and capital grants revenues shown on the Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 10,159,817</u>
Federal grants and contracts	\$ 10,094,917
Capital grants	<u>64,900</u>
Total federal grants and contracts and capital grants revenues shown on the Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 10,159,817</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ Yes	<u> X </u> No
• Significant deficiency(ies) identified not considered to be material weaknesses?	<u> X </u> Yes	_____ No
• Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	_____ Yes	<u> X </u> No
• Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> No

Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	_____ Yes	<u> X </u> No
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Identification of major programs:

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

Dollar threshold used to distinguish between Type A and B programs:	<u>\$375,990</u>
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No
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LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2013

FINDINGS AND QUESTIONED COSTS FOR FINANCIAL REPORTING

2013-01 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, 2013

SCHEDULE OF PRIOR FINDINGS

None noted.