

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**ANNUAL FINANCIAL REPORT
(With Independent Auditor's Report Therein)**

FOR THE YEAR ENDED JUNE 30, 2018

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 3
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>	4 - 5

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis	6a – 6h
--------------------------------------	---------

BASIC FINANCIAL STATEMENTS

Statement of Net Position	7-8
Statement of Revenues, Expenses, and Changes in Net Position	9-10
Statement of Cash Flows	11-12
Notes to Financial Statements	13 - 43

REQUIRED SUPPLEMENTARY INFORMATION

State Universities Retirement System of Illinois (SURS) Trend Data - <i>Unaudited</i>	44
Notes to Required Pension Supplementary Information - <i>Unaudited</i>	45
Other Post-employment Benefit System of Illinois Trend Data and Schedule of Contributions - <i>Unaudited</i>	46
Notes to Required OPEB Supplementary Information - <i>Unaudited</i>	47

SUPPLEMENTAL INFORMATION

FINANCIAL STATEMENTS

Combined Balance Sheet - All Fund Types	48
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	49
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	50

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

TABLE OF CONTENTS

SUPPLEMENTAL INFORMATION (CONTINUED)

FINANCIAL STATEMENTS (CONCLUDED)

Statement of Revenues, Expenses, and Changes in Retained Earnings - Budget and Actual - Proprietary Fund Type	51
Statement of Cash Flows - Proprietary Fund Type	52
<i>Governmental Fund Types</i>	
Combining Balance Sheet - Governmental Fund Types - General Fund	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Types - General Fund	54
Combining Balance Sheet - Governmental Fund Types - Special Revenue Funds	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Types - Special Revenue Funds	56
<u>OTHER</u>	
Reconciliation and Schedule of Budget Basis	57
Schedule of Assessed Valuations, Tax Rates, and Tax Extensions - <i>Unaudited</i>	58
Summary of Taxes Receivable and Tax Collections – <i>Unaudited</i>	59
Summary of Assessed Valuations - <i>Unaudited</i>	60
Schedule of Legal Debt Margin - <i>Unaudited</i>	61
Schedule of Debt Maturities	62
Schedule of Expenses for Tort Immunity Purposes	63

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

TABLE OF CONTENTS

SUPPLEMENTAL INFORMATION (CONCLUDED)

UNIFORM FINANCIAL STATEMENT (UFS)

All Funds Summary (UFS#1)	64
Summary of Fixed Assets and Debt (UFS#2)	65
Operating Funds Revenues and Expenditures (UFS#3)	66-67
Restricted Purposes Fund Revenues and Expenditures (UFS#4)	68
Current Funds Expenditures by Activity (UFS#5)	69

CERTIFICATION OF CHARGEBACK REIMBURSEMENT

Certification of Chargeback Reimbursement	70
---	----

STATE COMPLIANCE SECTION

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 Grant and Adult Education and Family Literacy Grants	71-72
--	-------

State Adult Education Restricted Funds

Balance Sheet	73
Statement of Revenues, Expenditures, and Changes in Fund Balance	74
ICCB Compliance Statement for the Adult Education and Family Literacy Grant - Expenditure Amounts and Percentages for ICCB Grant Funds Only	75

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

TABLE OF CONTENTS

STATE COMPLIANCE SECTION (CONCLUDED)

ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS FINANCIAL COMPLIANCE SECTION (CONCLUDED)

Career and Technical Education-Program Improvement

Balance Sheet	76
Statement of Revenues, Expenditures, and Changes in Fund Balance	77
Notes to Financial Statements	78
Background Information on State Grant Activity	79

SCHEDULES OF ENROLLMENT DATA
AND RECONCILIATION OF SEMESTER CREDIT HOURS

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	81
Reconciliation of Total Reimbursable Semester Credit Hours	82
Documentation of Residency Verification Steps	83

FEDERAL COMPLIANCE SECTION

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniformed Guidance	84-85
Schedule of Expenditures of Federal Awards	86
Notes to the Schedule of Expenditures of Federal Awards	87-88
Background Information on Federal Grant Activity	89

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

TABLE OF CONTENTS

FEDERAL COMPLIANCE SECTION (CONCLUDED)

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results	90
Section II – Financial Statement Findings	91
Section III – Federal Award Findings and Questioned Costs	92
Section IV – Summary of Prior Audit Findings	93



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lake Land College
Community College District No. 517
Mattoon, Illinois 61938

Report of the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Lake Land Community College District No. 517 and the discretely presented component unit, Lake Land College Foundation, as of and for the year ended June 30, 2018, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Lake Land College Foundation, Inc. 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 basic 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 principles 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 respective financial position of the business-type activities and the discretely presented component unit of Lake Land Community College District No. 517, as of June 30, 2018, and the respective changes in financial position, and 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 and the State Universities Retirement System of Illinois Trend Data and Other Post-employment Benefit System of Illinois Trend Data and Schedule of Contributions on pages 6a-6h and 44-47, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Lake Land Community College District No. 517's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information, including the schedule of expenditures of federal awards, 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, except for the portion marked unaudited, 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 September 24, 2018, on our consideration of Lake Land Community College District No. 517'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.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
*Certified Public Accountants
and Consultants*

Mattoon, Illinois
September 24, 2018

**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***

Board of Trustees
Lake Land College
Community College District No. 517
Mattoon, Illinois 61938

We have audited, 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 business-type activities and the discretely presented component unit of Lake Land Community College District No. 517 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Lake Land Community College District No. 517's basic financial statements, and have issued our report thereon dated September 24, 2018. The financial statements of the Lake Land College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Lake Land College Foundation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lake Land Community College District No. 517'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 Lake Land Community College District No. 517's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Land Community College District No. 517's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Land Community College District No. 517'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*.

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.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
*Certified Public Accountants
and Consultants*

Mattoon, Illinois
September 24, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018. 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 7-12) and the footnotes (beginning on page 13). Included in the basic financial statements is information on the College's component unit, The Lake Land College Foundation, Inc., which also has a separately issued financial statement that may be obtained by calling the Foundation Office at (217) 234-5354. Responsibility for the completeness and fairness of the College's report rests with the College.

USING THE ANNUAL REPORT

The financial statements focus on the College as a whole, versus the traditional presentation by fund types. The College's financial statements (see pages 7-12) 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, federal 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 OVERVIEW AND HIGHLIGHTS

For the fiscal year ended June 30, 2018, the College experienced more normal state funding levels with the passage of the state budget that occurred at the beginning of the fiscal year. Some significant items during this year are as follows:

- Lake Land College's Fiscal Year 2018 operating budget was updated to assume the receipt of state funding at its allocated level of \$8.7 million. Given a more normal state funding level being allocated for Fiscal Year 2018, the college was able to replenish and build upon its fund balance that had been largely depleted due to covering state funding shortfalls in prior years.
- The College issued a debt certificate in the amount of \$16,025,000 to be used for the remodeling of the child care center to house the board room and administrative offices, and to remodel and expand the Luther Student Center.
- The College completed paying back its 2013B General Obligation Bond. This bond totaled \$5,215,000 and was paid back over a five (5) year period.
- The College experienced a delay in collecting the receivables from the Department of Corrections Program, with approximately \$3,900,000 outstanding at June 30, 2018.

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

	Net Position As of June 30,		Increase (Decrease)
	2018	2017	
Current assets	\$ 91,598,146	\$ 63,594,940	\$ 28,003,206
Noncurrent assets			
Capital assets, net of depreciation	59,370,142	61,914,614	(2,544,472)
Total assets	150,968,288	125,509,554	25,458,734
Current liabilities	11,877,346	11,092,728	784,618
Noncurrent liabilities	42,127,675	11,118,028	31,009,647
Total liabilities	54,005,021	22,210,756	31,794,265
Deferred inflows of resources	28,367,035	20,232,516	8,134,519
Net position			
Net investment in capital assets	52,525,142	53,560,342	(1,035,200)
Restricted for:			
Capital projects	1,842,864	1,826,674	16,190
Grant purposes	-	-	0
Debt service	670,682	651,954	18,728
Unrestricted	13,619,923	27,088,153	(13,468,230)
Total net position	\$ 68,658,611	\$ 83,127,123	\$(14,468,512)

Total assets increased \$25.5 million or 20% from fiscal 2017. This is a result of an increase of \$28.0 million in the current asset section due to an increase of \$1.7 million in cash and cash equivalents due to a year end receipt of state funding, \$28.4 million in investments due to the favorable market conditions, and a \$16.0 debt certificate issued during FY2018. This increase was coupled with an increase in net receivables of \$2.0 million. This increase was a result of the budget impasse coming to a close at the end of the fiscal year. The increase in current assets was also offset by a decrease in Noncurrent assets in the amount of \$2.5 million due to the disposal of some obsolete and older assets.

Total liabilities increased \$31.8 million or 143% from fiscal 2017. This increase is a result of \$21.8 million increase in postemployment benefits and \$9.4 million in bonds payments to be issued in the next fiscal year as opposed to FY2017. The total net position of the College was decreased by \$14.5 million due to the above mentioned changes and the operating results for the year ended June 30, 2018 as shown on the following page.

Operating Results for the Years Ended
June 30,

	2018	2017	Increase (Decrease)
Operating revenue:			
Tuition and fees	\$ 13,610,378	\$ 15,513,380	\$ (1,903,002)
Auxiliary	1,615,905	1,531,171	84,734
Department of Corrections instructional	11,218,957	6,854,936	4,364,021
Other	1,290,117	791,518	498,599
Total operating revenue	<u>27,735,357</u>	<u>24,691,005</u>	<u>3,044,352</u>
Less operating expenses	<u>59,702,729</u>	<u>56,995,509</u>	<u>2,707,220</u>
Operating income (loss)	<u>(31,967,372)</u>	<u>(32,304,504)</u>	<u>337,132</u>
Non-operating revenue (expenses):			
Other state revenues	8,305,649	14,109,641	(5,803,992)
SURS on-behalf contributions	15,953,963	15,331,267	622,696
Federal and local grants and contracts	12,490,307	11,531,804	958,503
Property taxes	18,509,985	17,456,123	1,053,862
Investment income	307,510	570,385	(262,875)
Interest expense	(143,486)	(285,814)	142,328
Disposal of fixed assets	<u>(169,958)</u>	<u>(322,641)</u>	<u>152,683</u>
Non-operating revenue (net)	<u>55,253,970</u>	<u>58,390,765</u>	<u>(3,136,795)</u>
Increase (decrease) in net position	7,332,635	10,754,994	(3,422,359)
Net position, beginning of year	<u>61,325,976</u>	<u>72,372,129</u>	<u>(11,046,153)</u>
Net position, end of year	<u>\$ 68,658,611</u>	<u>\$ 83,127,123</u>	<u>\$ (14,468,512)</u>

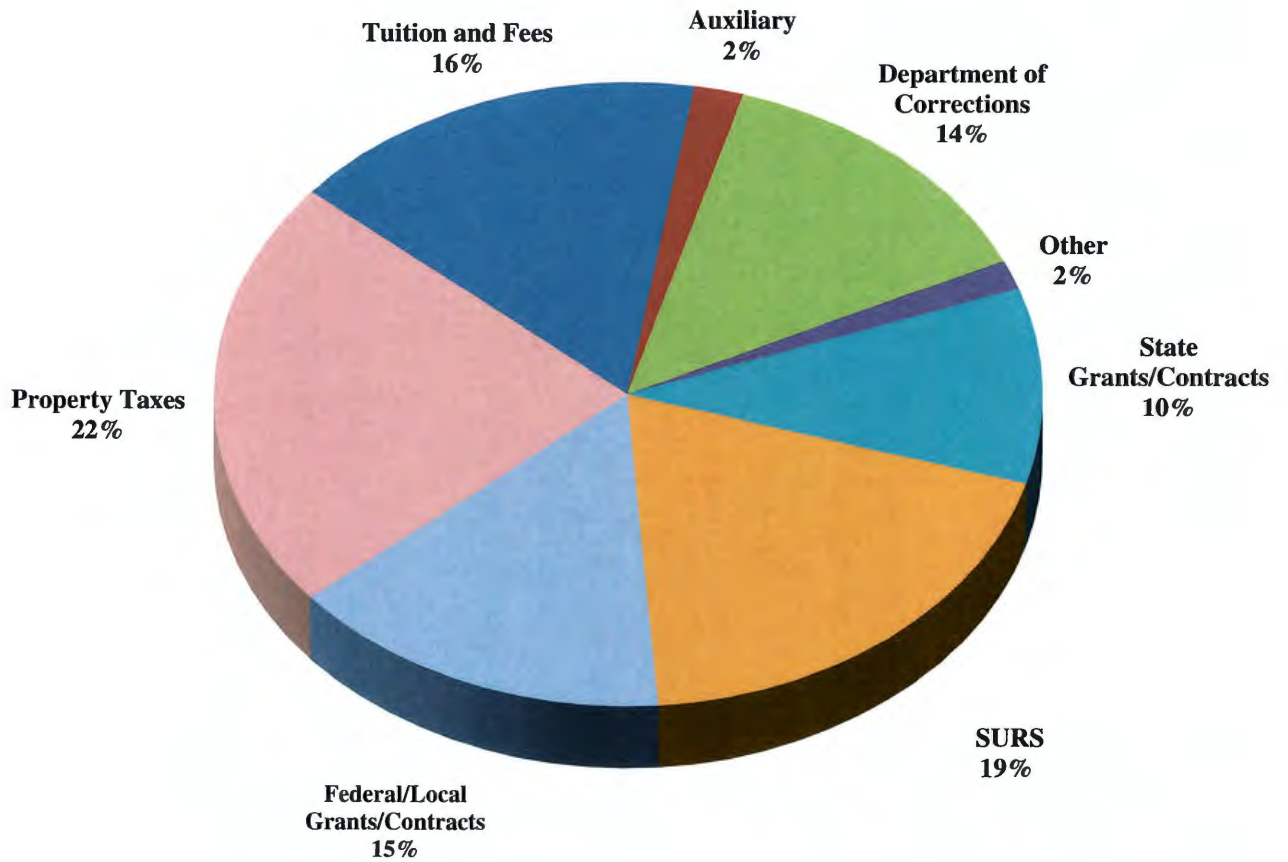
For the year ended June 30, 2018, the College recorded total operating revenues of \$27,735,357 and total operating expenses of \$59,702,729. The difference produced an operating loss of \$31,967,372, which is comparable to the previous year operating loss of \$32,304,504. Net non-operating revenue of \$55,253,970. This results in an overall increase in net position of \$7,332,635 compared to the fiscal 2017 increase in net position of \$10,754,994.

Non-operating revenue included local property taxes of \$18,509,985, other state revenues of \$8,305,649, SURS on-behalf contributions of \$15,953,963 federal grants and local contracts of \$12,490,307, investment expense net of interest earnings of \$164,024 and loss on disposal and impairment of capital assets of \$(169,958).

Of the College's total revenue, operating revenue accounted for approximately 34%, non-operating revenues accounted for 66%. Operating revenue consisted of tuition and fees, net of scholarships, totaling \$13,610,378, auxiliary enterprise revenues totaling \$1,615,905, instructional revenues from the Department of Corrections totaling \$11,218,957 and other miscellaneous revenue of \$1,290,117.

The College had a net position at the beginning of the year totaling \$61,325,976. The current year increase in net position of \$7,332,635 brought the total of net position at the end of the year to \$68,658,611.

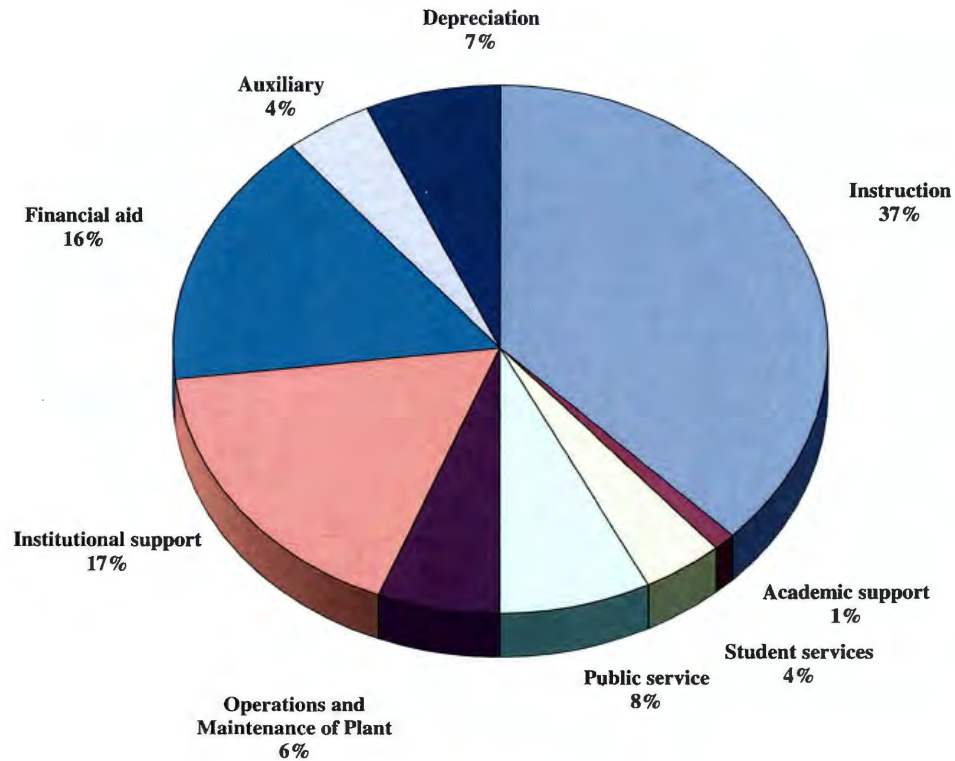
Revenue by Source



Operating Expenses
For the Years Ended June 30,

	2018	2017	Increase (Decrease)
Operating expense			
Instruction	\$ 22,346,336	\$ 19,854,501	\$ 2,491,835
Academic support	654,473	830,444	(175,971)
Student services	2,368,339	2,165,984	202,355
Public service	4,473,169	4,092,604	380,565
Operations and maintenance of plant	3,613,117	1,908,536	1,704,581
Institutional support	10,189,456	11,035,751	(846,295)
Financial aid	9,456,882	10,439,091	(982,209)
Auxiliary	2,595,661	2,600,160	(4,499)
Depreciation	4,005,296	4,068,438	(63,142)
Total	\$ 59,702,729	\$ 56,995,509	\$ 2,707,220

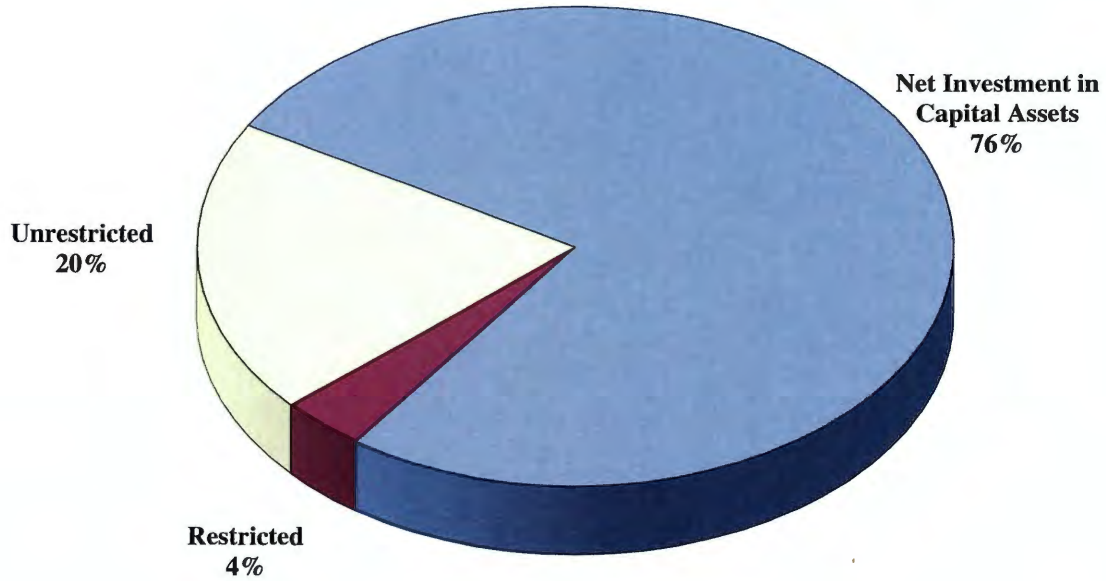
Operating Expenses



Analysis of Net Position
June 30,

	2018	2017	Increase (Decrease)
Net Position			
Net Investment in Capital Assets	\$ 52,525,142	\$ 53,560,342	\$ (1,035,200)
Restricted	2,513,546	2,478,328	35,218
Unrestricted	13,619,923	27,088,153	(13,468,230)
Total	<u>\$ 68,658,611</u>	<u>\$ 83,126,823</u>	<u>\$ (14,468,212)</u>

Analysis of Net Position



	Capital Assets, Net June 30,		
	2018	2017	Increase (Decrease)
Capital Assets			
Land	\$ 981,487	\$ 981,487	\$ -
Building	94,516,627	91,933,093	2,583,534
Equipment	5,697,868	8,822,319	(3,124,451)
Construction in progress	2,260,238	3,605,998	(1,345,760)
Total	103,456,220	105,342,897	(1,886,677)
Less Accumulated Depreciation	(44,086,078)	(43,428,283)	(657,795)
Net Capital Assets	\$ 59,370,142	\$ 61,914,614	\$ (2,544,472)

As of June 30, 2018, the College had recorded approximately \$103.5 million invested in capital assets, approximately \$44.1 million in accumulated depreciation and approximately \$59.4 million in net capital assets. Capital asset deletions exceeded additions by approximately \$1.9 million (see Notes 3 and 4). Accumulated depreciation increased approximately \$.6 million during the year.

During fiscal year 2018, the College issued a debt certificate in the amount of \$16.025 million. The purpose of the debt certificate was to remodel the child care center to house administrative staff as well as the renovation and expansion of the Luther Student Center. The debt certificate will be repaid with a bond issue in FY2019. Details of the remaining bonds held by the College can be found in Note 9 of the financial statements.

THE COLLEGE'S ECONOMIC OUTLOOK

The College's economic outlook remains strong due to the College's Administration and Board of Trustees being proactive and strategic in its allocation of resources. By remaining committed to the College's core priority of enhancing student success, Lake Land College enters the 2019 fiscal year in a solid position. As a result, Lake Land College was able to keep tuition levels well below the state average for community college tuition costs. In addition, approximately 35 percent of the district's graduating high school class chose Lake Land College as their choice for higher education.

In addition, the College has positioned itself favorably with its employee groups and their respective collective bargaining agreements. This year, the College worked collaboratively with its Custodial group to negotiate a three year agreement that includes a formula for annual wage adjustments that is based on annual funding levels for the College. This unique model helps ensure that staffing costs adjust within the confines of the College's annual funding levels.

While the College is conservatively meeting current financial needs, private, state and federal grants are providing growth opportunities. The College is in the fourth year of a five-year TRiO Student Success grant which will assist in developing and educating first generation and low-income college students. The College is also in the third year of a five-year TRiO talent search grant. The College also plans to continue facilitating the Workforce Innovation and Opportunity Act (WIOA) to enhance our workforce training and education initiative. 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 Bryan Gleckler at 5001 Lake Land Blvd, Mattoon, IL 61938 (217)234-5223.

BASIC FINANCIAL STATEMENTS

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**STATEMENT OF NET POSITION
JUNE 30, 2018**

	Lake Land College	Component Unit Lake Land College Foundation
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,363,350	\$ 35,323
Restricted Cash and Cash Equivalents	221,645	-
Investments	56,329,823	8,852,300
Restricted Investments	1,842,864	-
Receivables		
Property Taxes	17,982,273	-
Governmental Claims	4,450,341	-
Tuition and Fees, Net of Allowance for Doubtful Accounts of \$4,486,761	6,693,188	-
Other Receivables	892,765	-
Inventories	156,532	-
Prepaid Expenses	665,365	-
Total Current Assets	<u>91,598,146</u>	<u>8,887,623</u>
Non-Current Assets		
Investments	-	4,207,759
Capital Assets, Net of Accumulated Depreciation	59,370,142	613,255
Total Non-Current Assets	<u>59,370,142</u>	<u>4,821,014</u>
Total Assets	<u>150,968,288</u>	<u>13,708,637</u>
Deferred Outflows of Resources		
Federal, Trust, or Grant Pension Contributions	62,379	-
Total Deferred Outflows of Resources	<u>62,379</u>	<u>-</u>
Liabilities		
Current Liabilities		
Accounts Payable	2,905,276	26,059
Accrued Expenses	1,285,704	-
Deposits Held in Custody	180,601	141,743
Unearned Revenue	95,862	-
Annuity Payable	-	23,648
Planned Retirement Payable, Due in One Year	691,979	-
Bonds Payable, Due in One Year	6,717,924	-
Total Current Liabilities	<u>11,877,346</u>	<u>191,450</u>
Non-Current Liabilities		
Annuity Payable	-	416,371
Accrued Compensated Absences	327,002	-
Planned Retirement Payable	1,214,526	-
Other Postemployment Benefits	21,801,147	-
Bonds Payable	18,785,000	-
Total Non-Current Liabilities	<u>42,127,675</u>	<u>416,371</u>
Total Liabilities	<u>54,005,021</u>	<u>607,821</u>

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**STATEMENT OF NET POSITION (CONCLUDED)
JUNE 30, 2018**

	Lake Land College	Component Unit Lake Land College Foundation
Deferred Inflows of Resources		
Deferred Other Post Employee Benefits	2,223,282	-
Deferred Tuition and Fees	7,150,603	-
Deferred Property Tax	18,993,150	-
Total Deferred Inflows of Resources	28,367,035	-
Net Position		
Net Investment in Capital Assets	52,525,142	-
Restricted for:		
Capital Projects	1,842,864	-
Debt Service	670,682	-
Without Donor Restrictions	-	3,462,559
With Donor Restrictions	-	9,638,257
Unrestricted	13,619,923	-
Total Net Position	\$ 68,658,611	\$ 13,100,816

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	Lake Land College	Component Unit Lake Land College Foundation
Revenues		
Operating Revenues:		
Student Tuition and Fees	\$ 13,610,378	\$ -
Contributions	-	1,481,730
Auxiliary Enterprise Revenue	1,615,905	-
Department of Corrections Instructional	11,218,957	-
Revenue from Educational Services and Materials	937,756	-
Other	352,361	185,580
Total Operating Revenues	27,735,357	1,667,310
Expenses		
Operating Expenses:		
Instruction	22,346,336	-
Academic Support	654,473	-
Student Services	2,368,339	1,318,336
Public Service/Continuing Education	4,473,169	-
Operation and Maintenance of Plant	3,613,117	-
Institutional Support	10,189,456	-
Scholarships, Student Grants, and Waivers	9,456,882	-
Auxiliary Enterprise	2,595,661	-
Depreciation	4,005,296	16,393
On-Behalf Expenditures	15,953,963	-
Total Operating Expenses	75,656,692	1,334,729
Operating Income (Loss)	(47,921,335)	332,581

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Lake Land College	Component Unit Lake Land College Foundation
Non-Operating Revenues (Expenses)		
State Grants and Contracts	7,912,845	-
Property Taxes	18,509,985	-
Personal Property Replacement Taxes	396,804	-
Federal Grants and Contracts	12,166,969	-
Local Grants and Contracts	323,338	-
On-Behalf Revenues	15,953,963	-
Loss on Disposal of Capital Assets	(169,958)	-
Bond Premium Amortization (Interest Expense), Net	(143,486)	-
Rental Income, Net	-	41,302
Investment Income	307,510	455,636
Other	(4,000)	
Total Non-Operating Revenues (Expenses)	55,253,970	496,938
Increase (Decrease) in Net Position	7,332,635	829,519
Net Position, July 1, 2017	61,325,976	12,271,297
Net Position, June 30, 2018	\$ 68,658,611	\$ 13,100,816

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

Cash Flows from Operating Activities	
Tuition and Fees	\$ 13,654,625
Payments to Suppliers	(30,279,612)
Payments to Employees	(27,937,892)
Department of Corrections Instructional	12,293,689
Auxiliary Enterprise Charges	1,615,905
Other Receipts	1,290,117
Net Cash Provided (Used) by Operating Activities	<u>(29,363,168)</u>
Cash Flows from Noncapital Financing Activities	
Local Property Taxes	19,059,055
Grants and Contracts	28,271,816
Proceeds from Debt Certificates	16,025,000
Principal Paid on Noncapital Debt	(4,690,000)
Interest Paid on Noncapital Debt	(362,379)
Agency Receipts	752,963
Agency Payments	(747,861)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>58,308,594</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of Capital Assets	(2,070,411)
Principal Paid on Capital Debt	(1,825,000)
Interest Paid on Capital Debt	(61,502)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,956,913)</u>
Cash Flows from Investing Activities	
Proceeds from Sales and Maturities of Investments	11,497,148
Purchases of Investments	(35,111,920)
Income from Investments	307,510
Net Cash Provided (Used) by Investing Activities	<u>(23,307,262)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,681,251
Cash and Cash Equivalents, July 1, 2017	<u>903,744</u>
Cash and Cash Equivalents, June 30, 2018	<u>\$ 2,584,995</u>

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**STATEMENT OF CASH FLOWS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2018**

Reconciliation of Operating Income (Loss) to Net

Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (47,921,335)
-------------------------	-----------------

Adjustments to Reconcile Operating Income (Loss) to
Net Cash Provided (Used) by Operating Activities:

Depreciation Expense	4,005,296
On-Behalf Revenues	15,953,963

Change in Current Assets and Liabilities:

(Increase) Decrease in Tuition and Fees Receivables (Net)	(5,624,282)
(Increase) Decrease in Operating Receivables	(1,989,180)
(Increase) Decrease in Inventories	(3,146)
(Increase) Decrease in Prepaid Expenses	23,712
Increase (Decrease) in Accounts Payable	343,371
Increase (Decrease) in Accrued Expenses	248,880
Increase (Decrease) in Accrued Compensated Absences	(92,601)
Increase (Decrease) in Planned Retirement Payable	67,340
Increase (Decrease) in Deferred Tuition and Fees	5,624,814

Net Cash Provided (Used) by Operating Activities	\$ (29,363,168)
---	------------------------

Noncash Investing, capital and noncapital financing transactions:

Decrease in Fair Value of Investments	\$ 868,810
---------------------------------------	------------

Amortization of Bond Premium	\$ 161,256
------------------------------	------------

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Land Community College District No. 517 (the College) is organized under the Illinois Public Community College Act with partial funding by the Illinois Community College Board. The College encompasses parts of 15 counties in East Central Illinois. The main campus is located in Mattoon, with extension centers in Effingham, Pana, and Marshall, Illinois.

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 the Lake Land College Foundation, Inc. (Foundation), defined as a component unit of the College under GASB Statements No. 14 and 61, *The Financial Reporting Entity* and No. 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 17 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 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 differ from GASB revenue recognition criteria and presentation. 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.

The accompanying financial statements include all entities for which the Board of Trustees of the College has financial accountability.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

As a public institution, the College is considered a special-purpose government under the provisions of GASB No. 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-purposes 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.

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 and are accounted for as non-operating revenues. 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 these amounts for which revenues 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 No. 3, *Revenue Recognition – Property Taxes*, GASB Statement No. 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 consider to be the lien date.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

New Accounting Guidance

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes new accounting requirements for interest cost incurred before the end of a construction period and is effective for reporting periods beginning after December 15, 2019, however, earlier application is encouraged. The implementation of this standard requires that interest cost incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred. The College has made the determination to implement the standards set forth in GASB Statement No. 89 for the fiscal year June 30, 2018.

GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, primary objective is to improve accounting and financial reporting by State and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by non-employer entities (the State of Illinois). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

The accounting and reporting policies of the College conform to generally accepted accounting principles applicable to government units and Illinois community colleges. The GASB is the accepted standard setting body for establishing accounting and financial reporting principles. These authoritative pronouncements are consistent with the accounting practices prescribed or permitted by the Illinois Community College Board (ICCB), as set forth in the ICCB Fiscal Management Manual. The 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 the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may 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 and the FDIC Bank Deposit Program which management considers to be investments.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 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 the current exchange rates. Cash deposits and money market accounts are reported at carrying amount, which reasonably estimates fair value.

Receivables

Receivables consist of tuition and fee charges to students, auxiliary enterprise fees for services provided to students, faculty, and staff, the majority of each residing in Illinois, and property tax receivables. Receivables also include amounts due from the federal, 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 students' 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 stated at the lower of cost or net realizable value as determined under the first-in, first-out method.

Capital Assets

Capital assets include property, equipment, and infrastructure assets; such as roads, parking lots and sidewalks. Capital assets are defined by the College as assets with an initial cost of \$10,000 or more and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Concluded)

Depreciation is computed by the straight-line method over the estimated useful lives as follows:

Buildings	40 Years
Building Improvements	8-20 Years
Land Improvements	10 Years
Vehicles	5 Years
Equipment	8 Years
Technology Hardware/Software	4 Years

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.

Tuition Received in Advance

Summer and fall tuition received in advanced includes tuition and fees collected during the fiscal year which relate to the period after June 30, 2018 and are reported as unearned revenue at June 30, 2018.

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, 2018, deferred inflows of resources included tax levies accrued that are levied for use in the next fiscal year and student tuition and fees that were collected or accrued for the next academic year.

Compensated Absences

The College records a liability for employees' vacation leave and compensatory time earned but not taken. Employees are allowed to carry over a limited number of vacation days from year to year and all compensatory time earned but not taken from year to year. At June 30, 2018, the College recorded a liability of \$327,002. 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.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization of Debt Issuance Premiums/Discounts

The College amortizes debt issuance premiums and discounts by the effective interest method over the period the related debt issue is outstanding. The debt premium/discount is amortized by using the same interest rate as the related debt issue and the current period amortization is shown as a decrease (for a premium) or increase (for a discount) to current period interest expense.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This represents assets/resources that are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties, reduced by liabilities and deferred inflow resources related to those assets. Sources of restricted revenue included federal, state, and private grants and contracts. Externally restricted funds may be utilized only in accordance with the purpose established by the source of such funds and are in contrast with unrestricted funds over which the Board of Trustees retains full control to use in achieving any of its institutional purposes. 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 represents unrestricted assets/resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the Board of Trustees to meet current expenses for any lawful purpose.

Classification of Revenues

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 2017 property tax extension has been deferred to comply with the GASB Statement No. 33 since it was levied to finance activities of the 2018/2019 academic 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 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 Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audit of States, Local Governments and Non-Profit Organizations*, and the *Compliance Supplement*.

Budgets

Budgeted amounts used for comparison in this report are obtained from the operating budget approved by the Board of Trustees. 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 and the Trust and Agency Funds.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Concluded)

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pension benefits to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

Component Unit

The Foundation is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, and board-designated endowment.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Component Unit (Concluded)

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net asset without donor restrictions 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 decreased in net asset without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in the appropriate net positions class as determined by donor stipulation and in accordance with the law.

Investments are reported at fair value.

Subsequent Events

The College has evaluated subsequent events through September 24, 2018, the date which the financial statements were available to be issued.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

The College maintains and operates a majority of its cash balances in a common checking account, as 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, 2018, the carrying balance of the College's cash deposits was \$2,584,995, which includes \$2,090 of cash on hand, and the bank balance was \$3,242,783, all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution in the College's name.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Statutes authorize the College to invest in obligations of the U.S. Treasury, direct obligation 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 statute and further limits the amount invested in each category (See Concentration Risk disclosure below).

Credit Risk

Credit risk is the risk that an issuer or other counterparty to the 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, 2018, the College held \$3,034,103 in money market funds all with Moody's AAA ratings. The mutual bond funds balance of \$55,138,584 were unrated as of June 30, 2018.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. To guard against custodial credit risk for deposits with financial institutions, the College's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral with a written agreement and held at an independent, third-party institution, in the name of the College. At June 30, 2018, 100% of the College's investments were held by various custodians in the Colleges' name and were not subject to creditors of the custodians.

The College's investments in 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.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit 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 the 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 25% in foreign government bonds. The College's investments, including those restricted, by category at June 30, 2018, were as follows:

Investment	Fair Value	%
Investments administered by Wells Fargo Advisors:		
Open ended Mutual Funds	\$ 49,790,197	85.59%
Stocks	3,683,381	6.33%
Money Market Accounts	1,191,239	2.05%
Fixed Income	1,665,006	2.86%
Investments administered by First Mid-Illinois Bank Fund Trust:		
Money Market Accounts	1,842,864	3.17%
Total	<u>\$ 58,172,687</u>	<u>100.00%</u>

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.

Interest Rate Risk

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Concluded)

The schedule below assumes that callable investments will be called.

Weighted Average Maturity	Mutual Bond Funds	Government Bonds	Certificates of Deposit	Money Market and Savings Accounts	Total
On Demand	\$ -	\$ -	\$ -	\$ 3,034,103	\$ 3,034,103
0-1 Year	8,666,770	-	-	-	8,666,770
1-3 Years	17,707,106	-	-	-	17,707,106
3-7 Years	11,207,029	-	-	-	11,207,029
7-10 Years	8,890,910	-	-	-	8,890,910
10-15 Years	8,666,769	-	-	-	8,666,769
Total	\$ 55,138,584	\$ -	\$ -	\$ 3,034,103	\$ 58,172,687

The College accounts for its investments in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which provides the framework for measuring fair value. The three levels of the fair value hierarchy under GASB Statement No. 72 are described below.

Level 1 – Inputs to the valuation methodology derive 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 investments requiring the additional fair value disclosures are as follows:

	Cost	Level 1	Total Fair Value
Open Ended Mutual Bond Funds	\$ 55,138,584	\$ 55,099,811	\$ 55,099,811

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: DEPOSITS AND INVESTMENTS (CONCLUDED)

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 4, for more information on these.

NOTE 3: CAPITAL ASSETS

The following is a schedule of changes in capital asset categories for the fiscal year ended June 30, 2018. The investment in capital assets is determined by reducing historical cost by accumulated depreciation. Depreciation expense for June 30, 2018 was \$4,005,296.

	<u>Primary Government/Business-Type Activity</u>			
	<u>Balance 07/01/17</u>	<u>Additions</u>	<u>Deletions</u>	
Historical Cost:				
Capital Assets Not Being Depreciated:				
Land	\$ 981,487	\$ -	\$ -	\$ 981,487
Construction in Progress	<u>3,605,998</u>	<u>1,791,272</u>	<u>(3,137,032)</u>	<u>2,260,238</u>
Total Capital Assets				
Not Being Depreciated	<u>4,587,485</u>	<u>1,837,006</u>	<u>(3,137,032)</u>	<u>3,241,725</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	91,933,093	2,659,601	(76,067)	94,516,627
Equipment	<u>8,822,319</u>	<u>321,606</u>	<u>(3,446,057)</u>	<u>5,697,868</u>
Total Capital Assets				
Being Depreciated	<u>100,755,412</u>	<u>2,982,207</u>	<u>(3,522,124)</u>	<u>100,214,495</u>
Less Accumulated Depreciation:				
Buildings and Improvements	35,766,156	3,417,633	(39,449)	39,144,340
Equipment	<u>7,662,127</u>	<u>587,664</u>	<u>(3,308,053)</u>	<u>4,941,738</u>
Total Accumulated Depreciation	<u>43,428,283</u>	<u>\$ 4,005,296</u>	<u>\$ (3,347,502)</u>	<u>44,086,078</u>
Capital Assets, Net	<u>\$ 61,914,614</u>			<u>\$ 59,370,142</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: CONSTRUCTION IN PROGRESS

The College has the following construction projects in progress at June 30, 2018:

	Project Budget	Expended to 06/30/18	Committed
Student Center Projects			
Renovation - Child Care	\$ 1,745,896	\$ 989,413	\$ 756,483
Renovation - LSC	3,321,031	491,363	2,829,668
Total Student Center Projects	<u>5,066,927</u>	<u>1,480,776</u>	<u>3,586,151</u>
CDB Projects			
Student Center	8,962,100	777,033	8,185,067
Total Construction in Progress	<u>\$ 14,029,027</u>	<u>\$ 2,257,809</u>	<u>\$ 11,771,218</u>

A new Student Center is being added to the current Administration Building. Under a trust agreement that is 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. At June 30, 2018, the balance in this account was \$1,842,864. At June 30, 2018, \$2,249 of capitalized interest was included in the College's total capitalized construction in process.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5: CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of long-term debt transactions of the College for the year ended June 30, 2018:

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Bonds Payable	\$ 15,940,000	\$ -	\$ 6,515,000	\$ 9,425,000
Bond Premium	214,180	-	161,256	52,924
Debt Certificate Payable	-	16,025,000	-	16,025,000
Planned Retirement Payable	1,839,165	212,373	145,033	1,906,505
Accrued Compensated Absences	419,603	317,755	410,356	327,002
Total	<u>\$ 18,412,948</u>	<u>\$ 16,555,128</u>	<u>\$ 7,231,645</u>	<u>\$ 27,736,431</u>
				Amount Due Within One Year
Bonds Payable				\$ 6,665,000
Bond Premium				52,924
Planned Retirement Payable				691,979
Total				<u>\$ 7,409,903</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6: BONDS PAYABLE

Long-term debt consists of the following at June 30, 2018:

Series 2013B general obligation funding bonds, payable in annual principal installments ranging from \$1,135,000 to \$2,865,000, and annual interest payments at an average rate of 1.75%, due December 1, 2019.	\$ 1,525,000	
Series 2014 general obligations funding bonds, payable in annual principal installments ranging from \$645,000 to \$1,695,000 and annual interest payments at a stated rate of 3.0% (effective interest rate of 1.48% with bond premium), due December 1, 2018.	4,000,000	
Series 2016A general obligation funding bonds, payable in annual principal installments ranging from \$1,515,000 to \$1,685,000, and annual interest payments at a stated rate ranging from 3.0% to 4.0% (effective interest rate of 1.70% with bond premium), due June 1, 2019.	1,685,000	
Series 2016B general obligation funding bonds, payable in annual principal installments ranging from \$130,000 to \$160,000, and annual interest payments at a stated rate ranging from 2.0% to 2.25% (effective interest rate of 2.05% with bond premium), due June 1, 2027.	1,320,000	
Series 2017 general obligation funding bonds, payable in annual principal installments ranging from \$435,000 to \$450,000, and annual interest payments at a stated rate ranging from 1.15% to 1.50% , due December 1, 2019.	895,000	
Series 2018A general obligation debt certificates (limited tax), payable with proceeds from Series 2018B general obligation funding bonds issued on July 2, 2018. See details below.	16,025,000	
Total Bonds Payable	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 25,450,000</td> </tr> </table>	\$ 25,450,000
\$ 25,450,000		

As detailed in Note 4 the College is constructing a new Student Center. To fund this project on March 29, 2018 the College issued Series 2018A general obligation debt certificates, which were to be repaid with the issuance of Series 2018B general obligation funding bonds. On July 2, 2018 the Series 2018B general obligation funding bonds were issued and the related debt certificates were repaid. The 2018B general obligation funding bonds are payable in annual principal installments due December 1, 2019, 2020, and 2021, in the amounts of \$4,370,000, \$6,200,000, and \$5,445,000, respectively, with semi-annual interest payments at a stated rate ranging from 2.12% to 2.65%, due December 1st and June 1st.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6: BONDS PAYABLE (CONCLUDED)

GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB & AICPA Pronouncements* requires that a short-term obligation that has been extinguished with the issuance of a long-term obligation after the date of the financial statements but before those financial statements are issued should be excluded from current liabilities if certain conditions are met. The financing agreement for the Series 2018B general obligation funding bonds fulfilled those conditions, therefore the Series 2018A general obligation debt certificates have been presented as long-term obligations under the terms of the Series 2018B general obligation funding bonds.

For the year ended June 30, 2018, \$143,486 was recognized as interest expense in the Statement of Revenues, Expenses and Changes in Net Position. Interest expense is net of amortization of bond premium in the amount of \$161,256.

At June 30, 2018, the annual cash flow requirements of principal and interest were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 6,665,000	\$ 812,781	\$ 7,477,781
2020	6,090,000	666,975	6,756,975
2021	6,340,000	416,250	6,756,250
2022	5,590,000	153,275	5,743,275
2023	145,000	14,250	159,250
2024-2028	620,000	26,500	646,500
Bonds Payable Subtotal	25,450,000	\$ 2,090,031	\$ 27,540,031
Unamortized Bond Premium	52,925		
Total Bonds Payable	\$ 25,502,925		

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: RETIREMENT COMMITMENTS

Defined Benefit Pension Plans

Plan Description

Lake Land College District No. 517 contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2017 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2017 and 2018 respectively, was 12.53% and 12.46% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: RETIREMENT COMMITMENTS (CONTINUED)

Contributions (Concluded)

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

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

Net Pension Liability

The net pension liability (NPL) was measured as of June 30, 2017. At June 30, 2017, SURS reported a net pension liability (NPL) of \$25,481,105,995.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for Lake Land College District No. 517 is \$-0-. The proportionate share of the State’s net pension liability associated with Lake Land College District No. 517 is \$147,815,896 or 0.5801%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2017 was determined based on the June 30, 2016 actuarial valuation rolled forward. The basis of allocation was used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2017.

Pension Expense

At June 30, 2017 SURS reported a collective net pension expense of \$2,412,918,129.

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2017. As a result, Lake Land College District No. 517 recognized on-behalf revenue and pension expense of \$13,997,338 for the fiscal year ended June 30, 2018.

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

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: RETIREMENT COMMITMENTS (CONTINUED)

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 136,193,227	\$ 1,170,771
Changes in assumption	205,004,315	259,657,577
Net differences between projected and actual earnings on pension plan investments	94,620,827	-
Total	<u>\$ 438,818,369</u>	<u>\$ 260,828,348</u>

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expense

<u>Year Ending June 30</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 55,589,850
2019	187,874,276
2020	90,475,551
2021	(155,949,656)
2022	-
Thereafter	-
Total	<u>\$ 177,990,021</u>

Employer Deferral of Fiscal Year 2018 Pension Expense

Employer paid \$62,379 in federal, trust or grant contributions for the fiscal year ended June 30, 2018. These contributions were made subsequent to the pension liability measurement date of June 30, 2017 and are recognized as deferred outflows of resources as of June 30, 2018.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: RETIREMENT COMMITMENTS (CONTINUED)

Assumptions and Other Inputs

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 15.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2014 Combined Mortality Table, projected with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2017, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	6.08%
Private Equity	6%	8.73%
Non-U.S. Equity	19%	7.34%
Global Equity	8%	6.85%
Fixed Income	19%	1.38%
Treasury-Inflation Protected Securities	4%	1.17%
Emerging Market Debt	3%	4.14%
Real Estate REITS	4%	5.75%
Direct Real Estate	6%	4.62%
Commodities	2%	4.23%
Hedged Strategies	5%	3.95%
Opportunity Fund	1%	6.71%
Total	100%	5.20%
Inflation		2.75%
Expected Arithmetic Return		7.95%

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: RETIREMENT COMMITMENTS (CONCLUDED)

Discount Rate

A single discount rate of 7.09% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.56% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point-higher:

1% Decrease 6.09%	Current Single Discount Rate Assumption 7.09%	1% Increase 8.09%
\$30,885,146,279	\$25,481,105,995	\$20,997,457,586

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

NOTE 8: PLANNED RETIREMENT

To enhance long-range planning, College employees are encouraged to submit resignations up to four years in advance of their planned retirement date. Upon acceptance of the resignation by the Board of Trustees, qualified employees will receive a guaranteed 6% raise on their contractual based salary for each of the last four years of service. A formula using years of service determines the paid incentive. This incentive will be paid on the first payroll following 60 calendar days after the retirement date. The College records a liability for all qualified employees who have had their resignations accepted by the Board of Trustees. At June 30, 2018, the balance of the planned retirement liability was \$1,906,505. During fiscal year June 30, 2018 the College discontinued this planned retirement program. Current participants will remain in the program until their scheduled retirement date, however, no new employees will be admitted.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS

Plan Description

In addition, Lake Land College District No. 517 contributes to the Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program “CIP”) that was established under the State Employees Group Insurance Act of 1971, as amended, 5 ILCS 375/6.9(f), which became effective July 1, 1999. The CCHISF is a cost-sharing, multiple-employer defined benefit OPEB Trust Fund, which has a special funding situation as described in 40 ILCS 15/1.4. A non-employer (the State) is required by statute to contribute a defined percentage of participant payroll directly to the OPEB plan, which is administered through the trust.

CCHISF has no component units and is not a component unit of any other entity. However, because CCHISF is not legally separate from the State of Illinois, the financials statements of the CCHISF are included in the financial statements of the State of Illinois as a pension (and other employee benefit) trust fund. This fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing health benefits to retirees, as established under the plan and associated administrative cost.

Benefits Provided

Through the trust the State provides health, dental, vision, and life insurance benefits for retirees and their dependents. 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 their 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 Employees’ Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retire 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 for a portion of the employer costs for the benefits provided. The total cost of the State’s portion of the health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an 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 the dependents.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)

A summary of post-employment benefit provision, 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 Central Management Services. A copy of the financial statements of the Department of Central Management Services, may be obtained by writing to the Department of Central Management Services, Stratton Office Building, 401 South Spring Street, Springfield, IL 62706.

Contributions

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from the district. Administrative costs are paid by the CCHISF. At June 30, 2018, the College's policy was not to subsidize health insurance premiums of their retirees.

Employers participating in a cost-sharing OPEB plan, and any non-employer contributing entities that meet the definition of a special funding situation, are required to recognize their proportionate share of the collective OPEBs amounts for the OPEB benefits provided to members through the CCHISF plan. During fiscal year 2018 the College recognized OPEB contributions of \$103,716.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary increases	Depends on service and ranges from 10.00% at 1 year of service to 3.75% at 34 or more years of service. Salary increase includes a 3.75% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.52% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2014.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since the CIP fund is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017. The increase in the single discount rate from 2.85% to 3.56% caused the College's total OPEB liability to decrease by approximately \$370,371 from 2016 to 2017.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of the future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of the benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

During the plan year ending June 30, 2017, the collective trust earned \$24,000 in interest and due to the significant benefit payable, the trust net assets at June 30, 2017 of the collective trust is a negative (deficit) balance of \$50,818,000. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumptions was set to zero.

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the discount rate assumption

The following presents the College's proportionate share of the collective net OPEB liability, as well as what the College's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (<u>2.56%</u>)	Current Discount Rate (<u>3.56%</u>)	1% Increase (<u>4.56%</u>)
Employer's proportionate share of the collective net OPEB liability	\$ 24,933,127	\$ 21,801,147	\$ 19,100,969

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates assumption

The following table shows the College's net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.02% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates assumption (Concluded)

	<u>1% Decrease^a</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase^b</u>
Employer's proportionate share of the collective net OPEB liability	\$ 18,086,261	\$ 21,801,147	\$ 27,177,025

^a One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate rate of 4.02% in 2025 for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

^b One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.02% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The collective net OPEB liability was measured as of June 30, 2017. At June 30, 2017, the CCHISF reported a net OPEB liability of \$1,823,636,957.

At June 30, 2018, the College reported a liability for its proportionate share of the net OPEB liability that is reflected as a reduction for State OPEB support provided to the College. The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the collective net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of the College, actuarially determined. At June 30, 2017, the College's proportion was \$21,801,147 (1.195476%), which was a decrease of .042770% from its proportion measured as of June 30, 2016 of \$22,171,518 (1.21824%). The State's support and total are for disclosure purposes only. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follow:

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)

Employer's proportionate share of the net OPEB liability	\$ 21,801,147
State's proportionate share of the net OPEB liability associated with the employer	<u>21,514,012</u>
Total	<u>\$ 43,315,159</u>

For the year ending June 30, 2018, the College recognized OPEB expense and revenue of \$1,956,625 for support provided on-behalf by the State. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 61,702
Changes of assumptions	-	1,816,017
Net difference between projected and actual earnings on OPEB plan investments	-	230
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	<u>345,333</u>
Total Deferred Amounts Related to OPEB	<u>\$ -</u>	<u>\$ 2,223,282</u>

Other amounts reported as deferred outflows of resources and 4deferred inflows of resources related to OPEB will be recognized in the College's OPEB expense as follows:

Year Ending June 30,		Net Deferred Out flows of Resources
2019	\$	499,785
2020		499,785
2021		499,785
2022		499,785
2023		<u>224,142</u>
Total	\$	<u>2,223,282</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONCLUDED)

Request for information

CCHISF has no component units and is not a component unit of any other entity. However, because CCGISF is not legally separate from the State of Illinois, the financials statements of the CCHISF are included in the financial statement of the State of Illinois as a pension (and other employee benefit) trust fund. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.

NOTE 10: INTERGOVERNMENTAL AGREEMENT

In September 2017, the College entered into an educational partnership agreement (Community College Education Agreement) with 36 other Illinois community colleges to provide additional educational programs to the citizens of each district. The cooperating institutions in this agreement will be treated as in district in relation to admission policies for their programs. Colleges sending students to any receiving cooperating institution will no longer pay chargebacks to the receiving college.

NOTE 11: 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 College carries commercial insurance.

The College also carries commercial insurance for all other risks of loss, including general liability, property and worker's compensation insurance. Settled claims resulting from these risk have not exceeded commercial insurance.

Litigation

As of June 30, 2018, the College is a defendant in a lawsuit. The College intends to vigorously defend this lawsuit. Management believes that the liability insurance of the College is sufficient to cover any potential asserted claims.

Federal and State Grants

The College has received a number of Federal and State grants for specific purposes which are subject to review and audit by grantor agencies. Such audits may result in requests for reimbursement to granting agencies for expenditures disallowed under the terms of the grants. Based on prior experience, College management believes that such disallowances, if any, will not be material.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12: RESTATEMENT

The College implemented GASB Statement No. 75 (detailed in Note 1) and consequently recognized deferred outflows of resources, deferred inflows of resources, and net OPEB liability in the current year. Because these OPEB related opening balances reflect OPEB expenses not previously recognized, the beginning net position of the business-type activities on the Statement of Revenues, Expenses, and Changes in Net Position has been restated as follows:

Net Position

Net position - July 1, 2017	\$ 83,127,123
Effect of recognizing OPEB liability	<u>(21,801,147)</u>
Net position, restated - July 1, 2017	<u><u>\$ 61,325,976</u></u>

NOTE 13: COMPONENT UNIT

The 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 priorities 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 in Note 1.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13: COMPONENT UNIT (CONCLUDED)

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 focus behind all investment decisions shall be the achievement of capital protection and the safety and security of all investments.

Investments as of June 30, 2018, consisted of the following:

	Cost	Fair Value		Total
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market	\$ 107,068	\$ 107,068	\$ -	\$ 107,068
Mutual Funds	2,854,463	3,027,086	-	3,027,086
Exchange Traded Funds	4,847,065	5,493,280	-	5,493,280
Bonds	223,428	-	224,866	224,866
Current	8,032,024	8,627,434	224,866	8,852,300
Real Estate	2,542,875	-	2,542,875	2,542,875
U.S. Government Obligations	102,684	-	103,047	103,047
Bonds	1,608,723	-	1,561,837	1,561,837
Noncurrent	4,254,282	-	4,207,759	4,207,759
Total Investments	\$ 12,286,306	\$ 8,627,434	\$ 4,432,625	\$ 13,060,059

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Investment Income	\$ 88,755	\$ 206,900	\$ 295,655
Investment Fees	(24,532)	(57,655)	(82,187)
Realized Gains	69,726	86,626	156,352
Unrealized Gains	62,168	23,648	85,816
Total Investment Return	\$ 196,117	\$ 259,519	\$ 455,636

REQUIRED SUPPLEMENTARY INFORMATION

**LAKE LAND COLLEGE
COMMUNITY COLLEGE CISTRICCT NO. 517
MATTOON, IL**

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES
RETIREMENT SYSTEM OF ILLINOIS (SURS) TREND DATA - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF SHARE OF NET PENSION LIABILITY	FY 2014	FY 2015	FY 2016	FY 2017
LAKE LAND COLLEGE				
(a) Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability Associated with Employer	133,234,506	139,107,184	154,077,204	147,815,986
Total (b) + (c)	<u>\$133,234,506</u>	<u>\$139,107,184</u>	<u>\$154,077,204</u>	<u>\$ 147,815,986</u>
Employer DB Covered Payroll	\$ 22,225,415	\$ 21,416,911	\$ 21,444,618	\$ 20,492,289
Proportion of Collective Net Pension Liability associated with Employer as a Percentage of DB Covered Payroll	599.47%	649.52%	718.49%	721.32%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.58%	42.04%

SCHEDULE OF CONTRIBUTIONS	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
LAKE LAND COLLEGE					
Federal, Trust, Grant and Other Contribution	\$ 44,728	\$ 86,474	\$ 69,447	\$ 60,841	\$ 62,379
Contribution in Relation to Required Contribution	44,728	86,474	69,447	60,841	62,379
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Covered Payroll	\$ 514,282	\$ 738,466	547,258	485,562	500,636
Contributions as a Percentage of Covered Payroll	8.70%	11.71%	12.69%	12.53%	12.46%

LAKE LAND COLLEGE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
On-Behalf Payments for Community College Health Insurance Program	\$ 111,183	\$ 109,111	\$ 110,412	\$ 103,716	\$ 106,230

* Note: The System implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

Fiscal Year 2018 Total DB Contribution: \$ 1,686,572

Fiscal Year 2018 Total SMP Contributions: \$ 197,997

**LAKE LAND COLLEGE
COMMUNITY COLLEGE CISTRICK NO. 517
MATTOON, IL**

**NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION - *UNAUDITED*
FOR THE YEAR ENDED JUNE 30, 2018**

Changes of Benefit Terms.

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2017.

Changes of Assumptions.

Changes of Assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- Mortality Rates: Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary Increase: Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal Retirement Rates: Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early Retirement Rates: Change to a slight increase to the rates at ages 55 and 56.
- Turnover Rates: Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability Rates: Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent Assumption: Main the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE CISTRIC NO. 517
MATTOON, IL**

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES
OTHER POST-EMPLOYMENT BENEFIT SYSTEM OF ILLINOIS TREND DATA - *UNAUDITED*
FOR THE YEAR ENDED JUNE 30, 2018**

	2017	2016
Employer's Proportion (percentage) of Collective Net OPEB Liability	1.195476%	1.218243%
Employer's Proportion (amount) of Collective Net OPEB Liability	\$ 21,801,147	\$ 22,171,518
Non-Employer Proportion (amount) of Collective Net OPEB Liability	21,514,012	23,100,835
TOTAL	\$ 43,315,159	\$ 45,272,353
Employer's Covered-Employee Payroll	\$ 485,562	\$ 547,258
Employer's Proportionate Share (amount) of the Collective Net OPEB Liability as a Percentage of the Employer's Covered Payroll	4489.88%	4051.39%
Plan's Fiduciary Net Position as a Percent of Total OPEB Liability	-85.24%	-118.31%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES
SCHEDULE OF STATE CONTRIBUTIONS - *UNAUDITED*
FOR THE YEAR ENDED JUNE 30, 2018**

	2017	2016
Statutorily Required Contribution **	\$ 103,716	\$ 110,412
Contributions in Relation to the Employer's Covered-Employee Payroll	21.36%	20.18%
Annual Contribution Deficiency (Excess) **	N/A	N/A

** *Statutorily Required Contributions = Actual Contributions*

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE CISTRIC NO. 517
MATTOON, IL**

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES
NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION - *UNAUDITED*
FOR THE YEAR ENDED JUNE 30, 2018**

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Sponsor's Fiscal year End	June 30, 2018

Methods and Assumptions Used to Determine Actuarial Liability and Contributions:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on pay-as-you-go basis. Retired members contribute a percentage of premium rates based on service at retirement. The sponsor contributes claims and expenses in excess of retired member contributions. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
Retirees' Share of Benefit-Related Costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2017 and 2018 are based on actual premiums. Premiums after 2018 were projected based on the same healthcare cost trend rates applied to per capita claim cost but excluding the additional trend rate that estimates the impact of the Excise Tax.
Asset Valuation Method	Not Applicable
Investment Rate of Return	Not Applicable
Inflation	2.75%
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trends start at 8.00% and 9.00% for non-Medicare cost and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.49% is added to non-Medicare cost on and after 2020 to account for the Excise Tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.
Salary Increases	Depends on service ad rages from 15.00% at less than 1 year of service to 3.75% at 34 or more years of service. Salary increases includes a 3.75% wage inflation assumption.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2014, actuarial valuation.
Mortality	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

SUPPLEMENTAL INFORMATION

Financial Statements

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**COMBINED BALANCE SHEET
ALL FUND TYPES
JUNE 30, 2018**

	Governmental Fund Types				Proprietary	Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Bond and Interest	Capital Projects	Fund Type Enterprise	Fund Type Trust and Agency	
Assets							
Cash and Cash Equivalents	\$ 1,363,242	\$ 143,063	\$ 39,436	\$ 38,629	\$ 984,380	\$ 517	\$ 2,569,267
Investments	-	38,910,112	-	17,419,711	-	-	56,329,823
Receivables							
Property Taxes	8,298,243	1,636,764	6,623,662	1,423,604	-	-	17,982,273
Governmental Claims	-	4,450,341	-	-	-	-	4,450,341
Tuition and Fees, Net of Allowances	6,693,188	-	-	-	-	-	6,693,188
Other	139,023	699,823	-	-	53,835	84	892,765
Due From Other Funds	22,227,671	93,313	1,000,000	-	1,000,000	180,000	24,500,984
Inventories	-	-	-	-	156,532	-	156,532
Prepaid Expenses	464,816	200,549	-	-	-	-	665,365
Restricted Investments	-	-	-	1,842,864	-	-	1,842,864
Capital Assets, Net of Depreciation	-	-	-	-	265,146	-	265,146
Total Assets	39,186,183	46,133,965	7,663,098	20,724,808	2,459,893	180,601	116,348,548
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 39,186,183	\$ 46,133,965	\$ 7,663,098	\$ 20,724,808	\$ 2,459,893	\$ 180,601	\$ 116,348,548
Liabilities							
Accounts Payable	\$ 2,523,086	\$ 425,461	\$ -	\$ 103,134	\$ 4,096	\$ -	\$ 3,055,777
Accrued Salaries	1,038,347	230,664	-	-	16,693	-	1,285,704
Accrued Compensated Absences	260,983	48,923	-	-	17,096	-	327,002
Planned Retirement Payable	1,906,505	-	-	-	-	-	1,906,505
Deposits Held in Custody	-	-	-	-	-	180,601	180,601
Unearned Revenue	-	95,862	-	-	-	-	95,862
Due To Other Funds	-	19,500,984	-	5,300,000	-	-	24,800,984
Total Liabilities	5,728,921	20,301,894	-	5,403,134	37,885	180,601	31,652,435
Deferred Inflows of Resources							
Deferred Tuition and Fees	7,150,603	-	-	-	-	-	7,150,603
Deferred Property Taxes	8,772,025	1,726,456	6,992,416	1,502,253	-	-	18,993,150
Total Deferred Inflows of Resources	15,922,628	1,726,456	6,992,416	1,502,253	-	-	26,143,753
Fund Equities							
Net Investment in Capital Assets	-	-	-	-	265,146	-	265,146
Retained Earnings - Unreserved	-	-	-	-	2,156,862	-	2,156,862
Reserved for Construction Projects	-	-	-	1,842,864	-	-	1,842,864
Unreserved							
Designated	-	24,105,615	670,682	11,976,557	-	-	36,752,854
Undesignated	17,534,634	-	-	-	-	-	17,534,634
Total Fund Balances	17,534,634	24,105,615	670,682	13,819,421	2,422,008	-	58,552,360
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 39,186,183	\$ 46,133,965	\$ 7,663,098	\$ 20,724,808	\$ 2,459,893	\$ 180,601	\$ 116,348,548

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Bond and Interest	Capital Projects	
Revenues					
Local Government	\$ 8,349,662	\$ 2,044,468	\$ 6,715,959	\$ 1,399,896	\$ 18,509,985
State Government	10,101,829	9,426,777	-	-	19,528,606
Federal Government	-	12,166,969	-	-	12,166,969
Student Tuition and Fees	13,610,378	-	-	-	13,610,378
Investment Income	27,545	201,938	-	78,027	307,510
Nongovernmental Gifts, Grants, and Bequests	312,538	10,800	-	-	323,338
Other	1,197,748	92,369	-	-	1,290,117
Total Revenue	<u>33,599,700</u>	<u>23,943,321</u>	<u>6,715,959</u>	<u>1,477,923</u>	<u>65,736,903</u>
On-Behalf - Community College Health Insurance Program	1,956,625	-	-	-	1,956,625
On-Behalf - State Universities Retirement System	13,997,338	-	-	-	13,997,338
Total On-Behalf Payments	<u>15,953,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,953,963</u>
Total Revenues	<u>49,553,663</u>	<u>23,943,321</u>	<u>6,715,959</u>	<u>1,477,923</u>	<u>81,690,866</u>
Expenditures					
Instruction	13,593,593	6,467,082	-	-	20,060,675
Academic Support	654,473	-	-	-	654,473
Student Services	2,039,841	328,498	-	-	2,368,339
Public Service/Continuing Education	763,079	3,710,090	-	-	4,473,169
Operation and Maintenance of Plant	2,949,765	612,429	-	50,923	3,613,117
Institutional Support	6,218,299	3,650,597	300,877	19,683	10,189,456
Scholarships, Student Grants, and Waivers	788,769	8,668,113	-	-	9,456,882
Capital Outlay	168,886	110,252	-	1,791,273	2,070,411
Total Expenditures	<u>27,176,705</u>	<u>23,547,061</u>	<u>300,877</u>	<u>1,861,879</u>	<u>52,886,522</u>
On-Behalf - Community College Health Insurance Program	1,956,625	-	-	-	1,956,625
On-Behalf - State Universities Retirement System	13,997,338	-	-	-	13,997,338
Total On-Behalf Payments	<u>15,953,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,953,963</u>
Total Expenditures	<u>43,130,668</u>	<u>23,547,061</u>	<u>300,877</u>	<u>1,861,879</u>	<u>68,840,485</u>
Excess (Deficiency) of Revenue over Expenditures	<u>6,422,995</u>	<u>396,260</u>	<u>6,415,082</u>	<u>(383,956)</u>	<u>12,850,381</u>
Other Financing Sources (Uses)					
Interest on Debt Certificate	-	-	(11,634)	-	(11,634)
Debt Certificate Proceeds	-	-	-	16,025,000	16,025,000
Principal Payment on Debt	-	-	(6,515,000)	-	(6,515,000)
Bond Issue Cost	-	-	(4,000)	-	(4,000)
Transfers From (To) Other Funds	(1,233,703)	316	134,280	-	(1,099,107)
Total Other Financing Sources (Uses)	<u>(1,233,703)</u>	<u>316</u>	<u>(6,396,354)</u>	<u>16,025,000</u>	<u>8,395,259</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	5,189,292	396,576	18,728	15,641,044	21,245,640
Fund Balance, July 1, 2017	<u>12,345,342</u>	<u>23,709,039</u>	<u>651,954</u>	<u>(1,821,623)</u>	<u>34,884,712</u>
Fund Balance, June 30, 2018	<u>\$ 17,534,634</u>	<u>\$ 24,105,615</u>	<u>\$ 670,682</u>	<u>\$ 13,819,421</u>	<u>\$ 56,130,352</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund		Special Revenue Funds		Bond and Interest Fund		Capital Projects Fund	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues								
Local Government	\$ 8,922,204	\$ 8,349,662	\$ 2,032,166	\$ 2,044,468	\$ 6,831,297	\$ 6,715,959	\$ 1,411,000	\$ 1,399,896
State Government	25,015,897	10,101,829	14,427,225	9,426,777	-	-	-	-
Federal Government	14,296	-	7,941,947	12,166,969	-	-	-	-
Student Tuition and Fees	15,562,477	13,610,378	-	-	-	-	-	-
Interest Income	146,000	27,545	-	201,938	-	-	-	78,027
Nongovernmental Gifts, Grants, and Bequests	-	312,538	-	10,800	-	-	-	-
Other	959,547	1,197,748	99,000	92,369	-	-	-	-
Total Direct Revenues	<u>50,620,421</u>	<u>33,599,700</u>	<u>24,500,338</u>	<u>23,943,321</u>	<u>6,831,297</u>	<u>6,715,959</u>	<u>1,411,000</u>	<u>1,477,923</u>
On-Behalf - Community College Health Insurance Program	-	1,956,625	-	-	-	-	-	-
On-Behalf - State Universities Retirement System	-	13,997,338	-	-	-	-	-	-
Total On-Behalf Payments	<u>-</u>	<u>15,953,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>50,620,421</u>	<u>49,553,663</u>	<u>24,500,338</u>	<u>23,943,321</u>	<u>6,831,297</u>	<u>6,715,959</u>	<u>1,411,000</u>	<u>1,477,923</u>
Expenditures								
Instruction	23,522,077	13,593,593	11,472,809	6,467,082	-	-	-	-
Academic Support	1,355,477	654,473	-	-	-	-	-	-
Student Services	3,345,604	2,039,841	741,294	328,498	-	-	-	-
Public Service/Continuing Education	1,082,923	763,079	3,387,129	3,710,090	-	-	-	-
Operation and Maintenance of Plant	4,348,679	2,949,765	621,303	612,429	-	-	529,758	50,923
Institutional Support	14,258,090	6,218,299	993,108	3,650,597	316,297	300,877	-	19,683
Scholarships, Student Grants, and Waivers	1,170,066	788,769	7,151,782	8,668,113	-	-	-	-
Capital Outlay	158,634	168,886	-	110,252	-	-	-	1,791,273
Total Direct Expenditures	<u>49,241,550</u>	<u>27,176,705</u>	<u>24,367,425</u>	<u>23,547,061</u>	<u>316,297</u>	<u>300,877</u>	<u>529,758</u>	<u>1,861,879</u>
On-Behalf - Community College Health Insurance Program	-	1,956,625	-	-	-	-	-	-
On-Behalf - State Universities Retirement System	-	13,997,338	-	-	-	-	-	-
Total On-Behalf Payments	<u>-</u>	<u>15,953,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>49,241,550</u>	<u>43,130,668</u>	<u>24,367,425</u>	<u>23,547,061</u>	<u>316,297</u>	<u>300,877</u>	<u>529,758</u>	<u>1,861,879</u>
Excess Revenues Over (Under) Expenditures	<u>1,378,871</u>	<u>6,422,995</u>	<u>132,913</u>	<u>396,260</u>	<u>6,515,000</u>	<u>6,415,082</u>	<u>881,242</u>	<u>(383,956)</u>
Other Financing Sources (Uses)								
Interest on Debt Certificate	-	-	-	-	-	(11,634)	-	-
Debt Certificate Proceeds	-	-	-	-	-	-	-	16,025,000
Principal Payment on Debt	-	-	-	-	(6,515,000)	(6,515,000)	-	-
Bond Issue Cost	-	-	-	-	-	(4,000)	-	-
Tuition Chargeback	35,000	-	-	-	-	-	-	-
Transfers From (To) Other Funds	(1,378,871)	(1,233,703)	-	316	160,100	134,280	-	-
Total Other Financing Sources (Uses)	<u>(1,343,871)</u>	<u>(1,233,703)</u>	<u>-</u>	<u>316</u>	<u>(6,354,900)</u>	<u>(6,396,354)</u>	<u>-</u>	<u>16,025,000</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 35,000</u>	<u>5,189,292</u>	<u>\$ 132,913</u>	<u>396,576</u>	<u>\$ 160,100</u>	<u>18,728</u>	<u>\$ 881,242</u>	<u>15,641,044</u>
Fund Balance, July 1, 2017		<u>12,345,342</u>		<u>23,709,039</u>		<u>651,954</u>		<u>(1,821,623)</u>
Fund Balance, June 30, 2018		<u>\$ 17,534,634</u>		<u>\$ 24,105,615</u>		<u>\$ 670,682</u>		<u>\$ 13,819,421</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2018**

	Proprietary Fund Type	
	Enterprise Fund	
	Budget	Actual
Operating Revenues		
Bookstore	\$ 506,084	\$ 583,147
Food Service	22,988	21,874
Activity Fees	315,000	264,896
Print Shop	569,774	642,155
Farm Revenue	75,000	98,436
Other	21,000	5,397
Total Operating Revenue	1,509,846	1,615,905
Operating Expenses		
Salaries	538,410	516,745
Employee Benefits	150,424	121,178
Contractual Services	206,413	161,336
General Material and Supplies	667,814	685,441
Conference and Meeting	126,426	115,445
Fixed Charges	300,176	342,572
Capital Outlay	10,000	1,698
Other	715,865	673,927
Total Operating Expenses	2,715,528	2,618,342
Operating Income (Loss)	(1,205,682)	(1,002,437)
Non-operating Revenues (Expenses)	-	-
Income (Loss) Before Operating Transfers	(1,205,682)	(1,002,437)
Operating Transfers From (To) Other Funds	1,135,845	1,099,107
Net Income (Loss)	\$ (69,837)	96,670
Retained Earnings, July 1, 2017		2,325,338
Retained Earnings, June 30, 2018		\$ 2,422,008

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2018**

	Proprietary Fund Type
	Enterprise Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,573,426
Cash Payments to Suppliers and Others	(1,960,652)
Cash Payments to Employees for Service	(633,081)
Net Cash Provided (Used) by Operating Activities	(1,020,307)
Cash Flows from Noncapital Financing Activities	
Operating Transfers In	1,099,107
Change in Due From/To Other Funds	670,000
Net Cash Provided (Used) by Noncapital Financing Activities	1,769,107
Cash Flows from Investing Activities	
Purchase of Capital Asset	(99,000)
Net Cash Provided by Investing Activities	(99,000)
Net Increase (Decrease) in Cash and Cash Equivalents	649,800
Cash and Cash Equivalents, July 1, 2017	334,580
Cash and Cash Equivalents, June 30, 2018	\$ 984,380
Reconciliation of Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (1,002,437)
Adjustments to Reconcile Operating Income (Loss) to Net	
Cash Provided by (Used for) Operating Activities:	
Depreciation	22,681
(Increase) Decrease in Inventories	(3,146)
(Increase) Decrease in Receivables and Other Assets	(39,333)
Increase (Decrease) in Accounts Payable	(2,914)
Increase (Decrease) in Accrued Expenses and Other Liabilities	4,842
Net Cash Provided (Used) by Operating Activities	\$ (1,020,307)

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES - GENERAL FUND
JUNE 30, 2018**

	Education Fund	Operations and Maintenance Fund	Total General Fund
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 840,148	\$ 523,094	\$ 1,363,242
Accounts Receivable			
Property Taxes	7,586,441	711,802	8,298,243
Tuition Receivables, Net of Allowances	6,693,188	-	6,693,188
Other	138,556	467	139,023
Due From Other Funds	20,227,671	2,000,000	22,227,671
Prepaid Expenses	464,816	-	464,816
Total Assets	<u>35,950,820</u>	<u>3,235,363</u>	<u>39,186,183</u>
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 35,950,820</u>	<u>\$ 3,235,363</u>	<u>\$ 39,186,183</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 2,366,460	\$ 156,626	\$ 2,523,086
Accrued Salaries	1,038,347	-	1,038,347
Accrued Compensated Absences	225,233	35,750	260,983
Planned Retirement Payable	1,906,505	-	1,906,505
Total Liabilities	<u>5,536,545</u>	<u>192,376</u>	<u>5,728,921</u>
Deferred Inflows of Resources			
Deferred Tuition and Fees	7,150,603	-	7,150,603
Deferred Property Taxes	8,020,899	751,126	8,772,025
Total Deferred Inflows of Resources	<u>15,171,502</u>	<u>751,126</u>	<u>15,922,628</u>
Fund Balances			
Unreserved	<u>15,242,773</u>	<u>2,291,861</u>	<u>17,534,634</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 35,950,820</u>	<u>\$ 3,235,363</u>	<u>\$ 39,186,183</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Education Fund	Operations and Maintenance Fund	Total General Funds
Revenues			
Local Government	\$ 7,649,770	\$ 699,892	\$ 8,349,662
State Government	7,762,169	2,339,660	10,101,829
Student Tuition and Fees	13,610,378	-	13,610,378
Investment Income	27,545	-	27,545
Nongovernmental Gifts, Grants, and Bequests	234,973	77,565	312,538
Other	891,550	306,198	1,197,748
Total Revenues	30,176,385	3,423,315	33,599,700
On-Behalf - Community College Health Insurance Program	1,956,625	-	1,956,625
On-Behalf - State Universities Retirement System	13,159,691	837,647	13,997,338
Total On-Behalf Payments	15,116,316	837,647	15,953,963
Total Revenues	45,292,701	4,260,962	49,553,663
Expenditures			
Instruction	13,593,593	-	13,593,593
Academic Support	654,473	-	654,473
Student Services	2,039,841	-	2,039,841
Public Service/Continuing Education	763,079	-	763,079
Operation and Maintenance of Plant	-	2,949,765	2,949,765
Institutional Support	6,218,299	-	6,218,299
Scholarships, Student Grants, and Waivers	788,769	-	788,769
Capital Outlay	148,892	19,994	168,886
Total Direct Expenditures	24,206,946	2,969,759	27,176,705
On-Behalf - Community College Health Insurance Program	1,956,625	-	1,956,625
On-Behalf - State Universities Retirement System	13,159,691	837,647	13,997,338
Total On-Behalf Payments	15,116,316	837,647	15,953,963
Total Expenditures	39,323,262	3,807,406	43,130,668
Excess Revenues Over (Under) Expenditures	5,969,439	453,556	6,422,995
Other Financing Sources (Uses)			
Transfers From (To) Other Funds	(1,237,846)	4,143	(1,233,703)
Total Other Financing Sources (Uses)	(1,237,846)	4,143	(1,233,703)
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,731,593	457,699	5,189,292
Fund Balance, July 1, 2017	10,511,180	1,834,162	12,345,342
Fund Balance, June 30, 2018	\$ 15,242,773	\$ 2,291,861	\$ 17,534,634

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES - SPECIAL REVENUE FUNDS
JUNE 30, 2018**

	Restricted Purposes Fund	Audit Fund	Working Cash Fund	Liability, Protection and Settlement Fund	Total Special Revenue Funds
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 141,012	\$ 474	\$ 671	\$ 906	\$ 143,063
Investments	-	-	38,910,112	-	38,910,112
Accounts Receivable					
Property Taxes	-	75,634	-	1,561,130	1,636,764
Governmental Claims	4,450,341	-	-	-	4,450,341
Other Receivables	699,823	-	-	-	699,823
Due From Other Funds	-	93,313	-	-	93,313
Prepaid Expenses	-	-	-	200,549	200,549
Total Assets	<u>5,291,176</u>	<u>169,421</u>	<u>38,910,783</u>	<u>1,762,585</u>	<u>46,133,965</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,291,176</u>	<u>\$ 169,421</u>	<u>\$ 38,910,783</u>	<u>\$ 1,762,585</u>	<u>\$ 46,133,965</u>
Liabilities					
Current Liabilities					
Accounts Payable	\$ 425,461	\$ -	\$ -	\$ -	\$ 425,461
Accrued Salaries	230,664	-	-	-	230,664
Accrued Compensated Absences	21,726	2,736	-	24,461	48,923
Unearned Revenue	95,862	-	-	-	95,862
Due To Other Funds	4,472,671	-	15,004,000	24,313	19,500,984
Total Liabilities	<u>5,246,384</u>	<u>2,736</u>	<u>15,004,000</u>	<u>48,774</u>	<u>20,301,894</u>
Deferred Inflows of Resources					
Deferred Property Taxes	<u>-</u>	<u>79,441</u>	<u>-</u>	<u>1,647,015</u>	<u>1,726,456</u>
Fund Balances					
Reserved	<u>44,792</u>	<u>87,244</u>	<u>23,906,783</u>	<u>66,796</u>	<u>24,105,615</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,291,176</u>	<u>\$ 169,421</u>	<u>\$ 38,910,783</u>	<u>\$ 1,762,585</u>	<u>\$ 46,133,965</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Restricted Purposes Fund	Audit Fund	Working Cash Fund	Liability, Protection and Settlement Fund	Total Special Revenue Funds
Revenues					
Local Government	\$ 102,503	\$ 129,852	\$ -	\$ 1,812,113	\$ 2,044,468
State Government	9,426,777	-	-	-	9,426,777
Federal Government	12,166,969	-	-	-	12,166,969
Investment Income	-	-	201,938	-	201,938
Nongovernmental Gifts, Grants, and Bequests	10,800	-	-	-	10,800
Other	92,369	-	-	-	92,369
Total Revenues	<u>21,799,418</u>	<u>129,852</u>	<u>201,938</u>	<u>1,812,113</u>	<u>23,943,321</u>
Expenditures					
Instruction	6,467,082	-	-	-	6,467,082
Student Services	241,852	-	-	86,646	328,498
Public Service/Continuing Education	3,710,090	-	-	-	3,710,090
Operations and Maintenance of Plant	15,275	973	-	596,181	612,429
Institutional Support	2,451,776	97,437	137,742	963,642	3,650,597
Scholarships, Student Grants, and Waivers	8,668,113	-	-	-	8,668,113
Capital Outlay	110,252	-	-	-	110,252
Total Expenditures	<u>21,664,440</u>	<u>98,410</u>	<u>137,742</u>	<u>1,646,469</u>	<u>23,547,061</u>
Excess Revenues Over (Under) Expenditures	<u>134,978</u>	<u>31,442</u>	<u>64,196</u>	<u>165,644</u>	<u>396,260</u>
Other Financing Sources (Uses)					
Transfers From (To) Other Funds	-	-	-	316	316
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>316</u>	<u>316</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>134,978</u>	<u>31,442</u>	<u>64,196</u>	<u>165,960</u>	<u>396,576</u>
Fund Balance, July 1, 2017	<u>(90,186)</u>	<u>55,802</u>	<u>23,842,587</u>	<u>(99,164)</u>	<u>23,709,039</u>
Fund Balance, June 30, 2018	<u>\$ 44,792</u>	<u>\$ 87,244</u>	<u>\$ 23,906,783</u>	<u>\$ 66,796</u>	<u>\$ 24,105,615</u>

SUPPLEMENTAL INFORMATION

Other

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**RECONCILIATION AND SCHEDULE OF BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

**RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION**

Fund Balance - All Fund Types - Budget Basis	\$	58,552,360
Reconciling Items:		
Restatement of Net Assets for Other Post Employment Benefits Liability (See Note 12)		(21,801,147)
General Fixed Asset Account Group Asset Accounts		466,229
Investment in Capital Assets of Governmental Fund Types		100,765,171
Accumulated Depreciation on Capital Assets of Governmental Fund Types		(43,920,413)
Capitalized Interest on Construction in Progress, Including Assets Placed in Service		2,260,238
Federal, Trust or Grant Pension Contribution (Deferred Outflow)		62,379
Amount to be Provided for Debt Payments		(25,450,000)
Bond Premium		(52,924)
Other Post Employment Benefit		(2,223,282)
Net Position on Statement of Net Position	\$	<u><u>68,658,611</u></u>

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Excess (Deficiency) of Revenue over Expenditures - Budget Basis	\$	21,342,310
Reconciling Items:		
Depreciation Expense on Capital Assets of Governmental Fund Types		(3,982,615)
Loss on Asset Disposals		(169,958)
Federal, Trust or Grant Pension Contribution (Deferred Outflow)		(62,379)
Principal Repayments of Debt		6,515,000
Proceeds from Debt Certificates		(16,025,000)
Bond Premium Proceeds/Amortization		(161,256)
Change in Accrual of Interest for Debt		29,404
Purchases of Capital Assets of Governmental Fund Types		2,070,411
Other Post Employment Benefit		(2,223,282)
Increase (Decrease) in Net Position	\$	<u><u>7,332,635</u></u>

EXPENDITURES AND TRANSFERS IN EXCESS OF BUDGET

	Budget	Actual Expenditures	Variance Over Budget
Bond and Interest Fund	\$ 6,831,297	\$ 6,831,511	\$ 214
Capital Projects Funds	\$ 529,758	\$ 1,861,879	\$ 1,332,121
Audit	\$ 87,099	\$ 98,410	\$ 11,311

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF ASSESSED VALUATIONS, TAX RATES, AND TAX EXTENSIONS
UNAUDITED
LEVY YEARS 2017, 2016, AND 2015**

	2017 Levy Payable in 2018*	2016 Levy Payable in 2017*	2015 Levy Payable in 2016*
Assessed Valuation (by County)			
Christian	\$ 75,601,568	\$ 73,874,399	\$ 71,385,076
Clark	223,151,243	212,245,897	203,587,126
Clay	17,950,175	16,620,111	15,772,840
Coles	699,606,957	689,025,490	667,196,717
Crawford	25,807	23,391	21,193
Cumberland	157,210,209	149,015,412	137,345,150
Douglas	84,754,115	80,188,187	76,383,196
Edgar	242,869,285	275,481,592	227,112,066
Effingham	798,646,134	680,629,852	653,168,551
Fayette	118,301,592	108,067,878	108,563,794
Jasper	17,371,584	15,977,464	14,622,564
Macon	3,827,309	4,356,677	4,129,395
Montgomery	2,853,277	2,619,177	2,434,363
Moultrie	249,685,884	245,450,191	237,667,073
Shelby	326,526,205	372,552,244	301,029,191
	<u>\$ 3,018,381,344</u>	<u>\$ 2,926,127,962</u>	<u>\$ 2,720,418,295</u>
Tax Rates (Per \$100 of Assessed Valuation)			
Education	0.1590	0.1487	0.1503
Foundation	0.1234	0.1155	0.1158
Operations, Buildings and Maintenance	0.0255	0.0250	0.0250
Bond and Interest	0.2194	0.2280	0.2251
Life Safety	0.0510	0.0500	0.0500
Audit	0.0023	0.0050	0.0050
Liabilities Protections and Settlement	0.0517	0.0615	0.0661
	<u>0.6323</u>	<u>0.6337</u>	<u>0.6373</u>
Taxes Extended			
Education	\$ 4,799,230	\$ 4,351,150	\$ 4,088,445
Foundation	3,724,680	3,379,680	3,150,000
Operations, Buildings and Maintenance	769,690	731,530	680,000
Bond and Interest	6,622,330	6,671,570	6,122,555
Life Safety	1,539,370	1,463,060	1,360,000
Audit	69,420	146,310	136,000
Liabilities Protections and Settlement	1,560,500	1,799,570	1,800,000
	<u>\$ 19,085,220</u>	<u>\$ 18,542,870</u>	<u>\$ 17,337,000</u>
Total Current Taxes Collected	<u>\$ 1,010,878</u>	<u>\$ 18,444,032</u>	<u>\$ 17,261,158</u>
Percentage of Extensions Collected	<u>5.30%</u>	<u>99.47%</u>	<u>99.56%</u>

* Tax rates vary by county. Taxes extended represents actual extensions from all counties. Therefore, rate times assessed valuation does not compute to taxes extended.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SUMMARY OF TAXES RECEIVABLE AND TAX COLLECTIONS
UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2018**

Levy Year	Valuation	Combined Rate	Taxes Extended	Total Collected to June 30, 2017	Collected During Year Ended June 30, 2018	Total Collected to June 30, 2018	Percent Collected June 30, 2018	Taxes Written-off
2017	\$ 3,018,381,344	0.6323	\$ 19,085,220	\$ -	\$ 1,010,878	\$ 1,010,878	5.30%	\$ -
2016	2,926,127,962	0.6337	18,542,870	852,673	17,591,359	18,444,032	99.47%	-
2015	2,720,418,295	0.6373	17,337,000	17,261,158	-	17,261,158	99.56%	-
Total			\$ 54,965,090	\$ 18,113,831	\$ 18,602,237	\$ 36,716,068		\$ -

2017 TAXES EXTENDED

	Collected at June 30, 2018	Uncollected June 30, 2018	Estimate for Uncollectible Taxes	Balance after Estimated Uncollectible Taxes
Education	\$ 243,813	\$ 4,556,561	\$ -	\$ 4,800,374
Foundation	190,646	3,534,354	-	3,725,000
Operations, Building and Maintenance	39,324	730,676	-	770,000
Bond and Interest	368,754	6,252,092	-	6,620,846
Life Safety	78,649	1,461,351	-	1,540,000
Audit	3,907	65,093	-	69,000
Liability, Protection and Settlement	85,885	1,474,115	-	1,560,000
Total	\$ 1,010,978	\$ 18,074,242	\$ -	\$ 19,085,220

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SUMMARY OF ASSESSED VALUATIONS
UNAUDITED
Most Recent Three Years
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2018	\$ 3,018,381,344
2017	2,926,127,962
2016	2,720,418,295
	<u>\$ 8,664,927,601</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN
UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2018**

Assessed Valuation (by County) - 2017 Levy	
Christian	\$ 75,601,568
Clark	223,151,243
Clay	17,950,175
Coles	699,606,957
Crawford	25,807
Cumberland	157,210,209
Douglas	84,754,115
Edgar	242,869,285
Effingham	798,646,134
Fayette	118,301,592
Jasper	17,371,584
Macon	3,827,309
Montgomery	2,853,277
Moultrie	249,685,884
Shelby	326,526,205
	<u>\$ 3,018,381,344</u>
Debt Limit, 2.875% of Assessed Valuation (50 ILCS 405/1)	\$ 86,778,464
Less: Total Indebtedness	<u>25,450,000</u>
Legal Debt Margin	<u><u>\$ 61,328,464</u></u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF DEBT MATURITIES
GOVERNMENT FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Bond Type</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Amounts due During Year</u>	
				<u>Interest</u>	<u>Total</u>
2018-2019	Series 2013B	1.75%	2,865,000	45,978	2,910,978
2018-2019	Series 2014	3.00%	1,525,000	22,875	1,547,875
2018-2019	Series 2016A	4.00%	1,685,000	33,700	1,718,700
2018-2019	Series 2016B	2.00%	135,000	25,450	160,450
2018-2019	Series 2017	1.30%	445,000	9,643	454,643
2018-2019	** Series 2018B	2.40%	10,000	675,135	685,135
2019-2020	Series 2013B	2.00%	1,135,000	11,350	1,146,350
2019-2020	Series 2016B	2.00%	135,000	22,750	157,750
2019-2020	Series 2017	1.50%	450,000	3,375	453,375
2019-2020	** Series 2018B	2.40%	4,370,000	629,500	4,999,500
2020-2021	Series 2016B	2.00%	140,000	20,000	160,000
2020-2021	** Series 2018B	2.40%	6,200,000	396,250	6,596,250
2021-2022	Series 2016B	2.00%	145,000	17,150	162,150
2021-2022	** Series 2018B	2.40%	5,445,000	136,125	5,581,125
2022-2023	Series 2016B	2.00%	145,000	14,250	159,250
Thereafter	Series 2016B	2.00%	620,000	26,500	646,500
Total			<u>\$ 25,450,000</u>	<u>\$ 2,090,031</u>	<u>\$ 27,540,031</u>

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

** See Note 6 in Notes to Financial Statements

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF EXPENSES FOR TORT IMMUNITY PURPOSES
FOR THE YEAR ENDED JUNE 30, 2018**

Administrative Salaries	\$	349,685
Administrative Benefits		68,527
Campus Security Salaries		258,767
Campus Security Benefits		72,179
Contractual Services		53,349
Material and Supplies		16,412
Repairs		1,250
General Liability Insurance		283,083
Workers Compensation Insurance		268,471
Unemployment Insurance		10,031
Social Security/Medicare		264,399
		<hr/>
Total Tort Immunity Purposes Expenses	\$	<u>1,646,153</u>

Since the College levies property taxes for tort immunity liability insurance purposes, as required by Public Act 94-068 passed by the Illinois General Assemble, 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 2017 as levied by the counties within the College's district was \$1,560,000. 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.

SUPPLEMENTAL INFORMATION

Uniform Financial Statements

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**ALL FUNDS SUMMARY
UNIFORM FINANCIAL STATEMENT #1
FISCAL YEAR ENDED JUNE 30, 2018**

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Auxiliary Enterprises Fund	Trust and Agency Fund	Working Cash Fund	Total
Fund Balance, July 1, 2017	\$ 10,511,180	\$ 1,834,162	\$ (1,821,623)	\$ 651,954	\$ (90,186)	\$ 55,802	\$ (99,164)	\$ 2,325,338	\$ -	\$ 23,842,587	\$ 37,210,050
Revenues											
Local Tax Revenue	7,649,770	699,892	1,399,896	6,715,976	-	129,852	1,812,113	-	-	-	18,407,499
Other Local Sources	396,804	-	-	-	102,503	-	-	-	-	-	499,307
ICCB Grants	7,020,738	2,339,660	-	-	9,312,134	-	-	-	-	-	18,672,532
Other State Revenue	344,627	-	-	-	114,128	-	-	-	3,907	-	462,662
Federal Revenue	-	-	-	-	12,167,484	-	-	-	-	-	12,167,484
Student Tuition and Fees	13,423,070	-	-	-	-	-	-	264,896	-	-	13,687,966
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-
Debt Certificate Proceeds	-	-	16,025,000	-	-	-	-	-	-	-	16,025,000
Bond Premium	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	1,341,376	383,763	78,027	(17)	103,169	-	-	1,351,009	743,954	201,938	4,203,219
Total Direct Revenues	30,176,385	3,423,315	17,502,923	6,715,959	21,799,418	129,852	1,812,113	1,615,905	747,861	201,938	84,125,669
State On-Behalf Payments	15,116,316	837,647	-	-	-	-	-	-	-	-	15,953,963
Total Revenues	45,292,701	4,260,962	17,502,923	6,715,959	21,799,418	129,852	1,812,113	1,615,905	747,861	201,938	100,079,632
Expenditures											
Instruction	24,134,165	-	-	-	6,577,334	-	-	-	-	-	30,711,499
Academic Support	998,839	-	-	-	-	-	-	-	-	-	998,839
Student Services	3,068,335	-	-	-	241,852	-	86,646	-	-	-	3,396,833
Public Service/Continuing Education	1,133,722	-	-	-	3,710,090	-	-	-	-	-	4,843,812
Auxiliary Services	-	-	-	-	-	-	-	1,917,037	-	-	1,917,037
Operations and Maintenance	-	3,807,406	1,842,196	316,511	15,275	-	596,181	-	-	-	6,577,569
Institutional Support	9,199,432	-	19,683	6,515,000	2,451,776	98,410	963,642	701,305	-	137,742	20,086,990
Scholarships, Student Grants, & Waivers	788,769	-	-	-	8,668,113	-	-	-	747,861	-	10,204,743
Total Expenditures	39,323,262	3,807,406	1,861,879	6,831,511	21,664,440	98,410	1,646,469	2,618,342	747,861	137,742	78,737,322
Net Transfers In (Out)	(1,237,846)	4,143	-	134,280	-	-	316	1,099,107	-	-	-
Fund Balance, June 30, 2018	\$ 15,242,773	\$ 2,291,861	\$ 13,819,421	\$ 670,682	\$ 44,792	\$ 87,244	\$ 66,796	\$ 2,422,008	\$ -	\$ 23,906,783	\$ 58,552,360

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SUMMARY OF FIXED ASSETS AND DEBT
UNIFORM FINANCIAL STATEMENT #2
FISCAL YEAR ENDED JUNE 30, 2018**

	Fixed Asset/Debt Account Groups July 1, 2017	Additions	Deletions	Fixed Asset/Debt Account Groups June 30, 2018
Fixed Assets				
Sites, Building, Additions and Improvements	\$ 96,316,237	\$ 4,450,475	\$ (3,184,537)	\$ 97,582,175
Equipment	8,529,992	222,606	(3,309,762)	5,442,836
Total Fixed Assets	<u>104,846,229</u>	<u>4,673,081</u>	<u>(6,494,299)</u>	<u>103,025,011</u>
Less: Accumulated Depreciation	<u>43,122,141</u>	<u>3,982,218</u>	<u>(3,184,343)</u>	<u>43,920,016</u>
Net Fixed Assets	<u><u>\$ 61,724,088</u></u>	<u><u>\$ 690,863</u></u>	<u><u>\$ (3,309,956)</u></u>	<u><u>\$ 59,104,995</u></u>
Fixed Debt				
Bonds Payable	\$ 15,940,000	\$ -	\$ (6,515,000)	\$ 9,425,000
Debt Certificates Payable	<u>-</u>	<u>16,025,000</u>	<u>-</u>	<u>16,025,000</u>
Total Fixed Liabilities	<u><u>\$ 15,940,000</u></u>	<u><u>\$ 16,025,000</u></u>	<u><u>\$ (6,515,000)</u></u>	<u><u>\$ 25,450,000</u></u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**OPERATING FUNDS REVENUES AND EXPENDITURES
UNIFORM FINANCIAL STATEMENT #3
FISCAL YEAR ENDED JUNE 30, 2018**

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Revenues by Sources			
Local Government Revenues:			
Local Taxes	\$ 7,649,770	\$ 699,892	\$ 8,349,662
Corporate Personal Property Replacement Tax	396,804	-	396,804
Total Local Government	<u>8,046,574</u>	<u>699,892</u>	<u>8,746,466</u>
State Government:			
ICCB Credit Hour Grants	4,060,344	-	4,060,344
ICCB Equalization Grants	2,339,660	2,339,660	4,679,320
ICCB Career and Technical Education	573,057	-	573,057
Illinois Department of Corrections	392,304	-	392,304
Other - State On-Behalf Payments	15,116,316	837,647	15,953,963
Total State Government	<u>22,481,681</u>	<u>3,177,307</u>	<u>25,658,988</u>
Student Tuition and Fees:			
Tuition	10,288,641	-	10,288,641
Fees	3,134,429	-	3,134,429
Total Student Tuition and Fees	<u>13,423,070</u>	<u>-</u>	<u>13,423,070</u>
Other Sources:			
Sales and Service Fees	937,756	-	937,756
Facilities	-	306,198	306,198
Investment Income	27,545	-	27,545
Donations	234,973	77,565	312,538
Transfers from Non-operating Funds	-	4,143	4,143
Other	141,102	-	141,102
Total Other Sources	<u>1,341,376</u>	<u>387,906</u>	<u>1,729,282</u>
Total Revenue	45,292,701	4,265,105	49,557,806
Less Non-Operating Items:*			
Transfers from Non-operating Funds	<u>-</u>	<u>(4,143)</u>	<u>(4,143)</u>
Adjusted Revenue	<u>\$ 45,292,701</u>	<u>\$ 4,260,962</u>	<u>\$ 49,553,663</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 NO. 517
MATTOON, ILLINOIS**

**OPERATING FUNDS REVENUES AND EXPENDITURES
UNIFORM FINANCIAL STATEMENT #3 (CONCLUDED)
FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Education Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Total Operating Funds</u>
Operating Expenditures			
By Program:			
Instruction	\$ 24,134,165	\$ -	\$ 24,134,165
Academic Support	998,839	-	998,839
Student Services	3,068,335	-	3,068,335
Public Service/Continuing Education	1,133,722	-	1,133,722
Operation and Maintenance of Plant	-	3,807,406	3,807,406
Institutional Support	9,199,432	-	9,199,432
Scholarships, Student Grants, and Waivers	788,769	-	788,769
Total Direct Expenditures	<u>39,323,262</u>	<u>3,807,406</u>	<u>43,130,668</u>
Less Non-Operating Items:*			
Transfers	<u>(1,237,846)</u>	<u>-</u>	<u>(1,237,846)</u>
Adjusted Expenditures	<u>\$ 38,085,416</u>	<u>\$ 3,807,406</u>	<u>\$ 41,892,822</u>
By Object:			
Salaries	\$ 15,981,448	\$ 988,614	\$ 16,970,062
Employee Benefits	3,382,472	303,762	3,686,234
Contractual Services	841,919	187,348	1,029,267
General Materials and Supplies	2,078,490	175,116	2,253,606
Conference and Meeting	152,697	-	152,697
Fixed Charges	413,178	235,767	648,945
Utilities	-	1,059,158	1,059,158
Capital Outlay	148,892	19,994	168,886
Scholarships, Student Grants	788,769	-	788,769
Other	419,081	-	419,081
SURS Pension On-Behalf Payments	13,159,691	837,647	13,997,338
OPEB On-Behalf Payments	1,956,625	-	1,956,625
Total Direct Expenditures	<u>39,323,262</u>	<u>3,807,406</u>	<u>43,130,668</u>
Less Non-Operating Items:*			
Transfers to Non-operating Funds	<u>(1,237,846)</u>	<u>-</u>	<u>(1,237,846)</u>
Adjusted Expenditures	<u>\$ 38,085,416</u>	<u>\$ 3,807,406</u>	<u>\$ 41,892,822</u>

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES
UNIFORM FINANCIAL STATEMENT #4
FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Restricted Purposes Fund</u>
Revenues by Source	
Total Local Government	\$ 102,503
State Government:	
ICCB - Credit Hour Grant	1,489,807
ICCB - Adult Educations and Family Literacy	827,936
Illinois Department of Corrections	6,111,331
Illinois Student Assistance Commission	883,060
Other	114,128
Total State Government	<u>9,426,262</u>
Federal Government:	
Department of Education	8,738,593
Department of Labor	3,428,891
Total Federal Government	<u>12,167,484</u>
Other Sources:	
Donation	10,800
Other	92,369
Total Other Sources	<u>103,169</u>
Total Restricted Purposes Fund Revenues	<u>\$ 21,799,418</u>
Expenditures By Program	
Instruction	\$ 6,577,334
Academic Support	-
Student Services	241,852
Public Service/Continuing Education	3,710,090
Operations and Maintenance	15,275
Institutional Support	2,451,776
Scholarships, Student Grants, and Waivers	8,668,113
Total Restricted Purposes Fund Expenditures	<u>\$ 21,664,440</u>
Expenditures By Object	
Salaries	\$ 5,828,983
Employee Benefits	1,755,879
Contractual Services	2,654,723
General Materials and Supplies	1,425,156
Travel and Conference/Meeting	185,338
Fixed Charges	470,110
Utilities	7,314
Capital Outlay	110,252
Scholarships, Student Grants, and Waivers	8,659,595
Other	567,090
Total Restricted Purposes Fund Expenditures	<u>\$ 21,664,440</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**CURRENT FUNDS EXPENDITURES BY ACTIVITY
UNIFORM FINANCIAL STATEMENT #5
YEAR ENDED JUNE 30, 2018**

Instruction	
Instructional Programs	\$ 26,120,223
Instructional Support	4,768,795
Other	56,460
Total Instruction	<u>30,945,478</u>
Academic Support	
Learning Resource Center	711,937
Academic Administration and Planning	2,324
Academic Computing Support	284,576
Total Academic Support	<u>998,837</u>
Student Services	
Admissions and Records	1,858,944
Counseling and Career Guidance	700,847
Student Financial Aid	371,583
Other	461,340
Total Student Services Support	<u>3,392,714</u>
Public Service/Continuing Education	
Center for Business and Industry	881,331
Commercial Driver Training	236,469
LWIOA	3,423,079
Other	297,215
Total Public Service/Continuing Education	<u>4,838,094</u>
Auxiliary Services	
	<u>2,618,343</u>
Operations and Maintenance of Plant	
Maintenance	1,085,524
Custodial	780,636
Grounds	176,440
Campus Security	367,281
Transportation	74,416
Utilities	918,488
Administration	429,537
Other	515,259
Total Operations and Maintenance of Plant	<u>4,347,581</u>
Institutional Support	
Executive Office	686,413
Business Office	1,584,272
General Administrative Services	4,620,041
General Institution Support	1,903,804
Institutional Research	84,047
Administrative Data Processing	1,922,955
Non-Operating	1,506,755
Total Institutional Support	<u>12,308,287</u>
Scholarships, Student Grants, and Waivers	
	<u>9,708,995</u>
Total Current Funds Expenditures	<u>\$ 69,158,329</u>

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

SUPPLEMENTAL INFORMATION

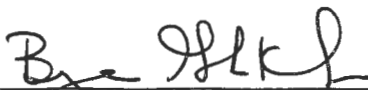
Certification of Chargeback Reimbursement

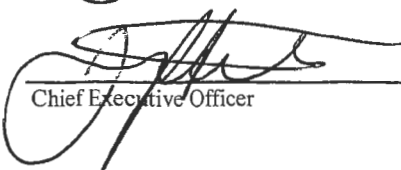
LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS

CERTIFICATION OF CHARGEBACK REIMBURSEMENT
FOR FISCAL YEAR 2018

All Fiscal Year 2018 Non-Capital Audited Operating Expenditures From the Following Funds:

1 Education Fund	\$ 39,174,370	
2 Operations and Maintenance Fund	3,787,412	
3 Public Building Commission Operation and Maintenance Fund	-	
4 Bond and Interest Fund	316,511	
5 Public Building Commission Rental Fund	-	
6 Restricted Purposes Fund	21,664,440	
7 Audit Fund	98,410	
8 Liability, Protection, and Settlement Fund	1,646,469	
9 Auxiliary Enterprises Fund (subsidy only)	<u>2,618,342</u>	
10 Total Non-Capital Expenditures (sum of lines 1-9)		\$ 69,305,954
11 Depreciation on Capital Outlay Expenditures (equipment, buildings, and fixed equipment paid) From Sources Other than State and Federal Funds	<u>2,292,853</u>	
12 Total Costs Included (line 10 plus line 11)		<u>71,598,807</u>
13 Total Certified Semester Credit Hours for Fiscal Year 2018	<u>161,710.0</u>	
14 Per Capita Cost (line 12 divided by line 13)		<u>\$ 442.76</u>
15 All Fiscal Year 2018 State and Federal Operating Grants for noncapital expenditures Do Not Include ICCB Grants	<u>\$ 22,495,831</u>	
16 Fiscal Year 2017 State and Federal Grants Per Semester Credit Hour (line 15 divided by line 13)		<u>139.11</u>
17 District's Average ICCB Grant Rate (excluding equalization grant) for Fiscal Year 2019		<u>33.90</u>
18 Districts's Student Tuition and Fee Rate Per Semester Credit Hour for Fiscal Year 2019		<u>137.00</u>
19 Chargeback Reimbursement Per Semester Credit Hour (line 14 less lines 16, 17, and 18)		<u>\$ 132.75</u>

APPROVED:  9/24/2018
Chief Fiscal Officer Date

APPROVED:  9/24/2018
Chief Executive Officer Date

STATE COMPLIANCE SECTION

**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**

Board of Trustees
Lake Land College
Community College District No. 517
Mattoon, Illinois 61938

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 Community College District No. 517 as of June 30, 2018, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended.

Management's Responsibility for the Financial Statements

These financial statements are 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between Lake Land Community College District No. 517 and the State of Illinois and the Illinois Community College Board (ICCB). We believe that our audit provides a reasonable basis for our opinion and Lake Land Community College District No. 517 is in compliance, in all material respects, with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

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 Lake Land Community College District No. 517 as of June 30, 2018, 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 Information

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

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
*Certified Public Accountants
and Consultants*

Mattoon, Illinois
September 24, 2018

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

STATE ADULT EDUCATION RESTRICTED FUNDS

**BALANCE SHEET
JUNE 30, 2018**

	State Basic	Performance	Total (Memorandum Only)
Assets			
Current Assets			
Receivable - Other	\$ 72,952	\$ 20,555	\$ 93,507
Total Assets	\$ 72,952	\$ 20,555	\$ 93,507
 Liabilities and Fund Balances			
Current Liabilities			
Due To Other Funds	\$ 72,952	\$ 20,555	\$ 93,507
Total Liabilities	72,952	20,555	93,507
Fund Balance			
Reserved	-	-	-
Total Liabilities and Fund Balances	\$ 72,952	\$ 20,555	\$ 93,507

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

STATE ADULT EDUCATION RESTRICTED FUNDS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

	State Basic	Performance	Total (Memorandum Only)
Revenues			
Grant	\$ 384,844	\$ 79,143	\$ 463,987
Expenditures by Program			
Instruction	384,844	-	384,844
Subtotal Instructional & Student Services	384,844	-	384,844
Program Support			
General Administration	-	79,143	79,143
Subtotal Program Support	-	79,143	79,143
Total Expenditures	384,844	79,143	463,987
Excess of Revenues Over (Under) Expenditures	-	-	-
Fund Balance, July 1, 2017	-	-	-
Fund Balance, June 30, 2018	\$ -	\$ -	\$ -

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**ICCB COMPLIANCE STATEMENT FOR THE
ADULT EDUCATION AND FAMILY LITERACY GRANT**

**EXPENDITURE AMOUNTS AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
<u>State Basic</u>		
Instruction (45% Minimum Required)	\$ 384,844	100.00%
General Administration (15% Maximum Allowed)	\$ -	0.00%

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

CAREER AND TECHNICAL EDUCATION - PROGRAM IMPROVEMENT

**BALANCE SHEET
JUNE 30, 2018**

Assets	
Current Assets	\$ <u> -</u>
Liabilities and Fund Balances	
Current Liabilities	\$ -
Fund Balance	
Reserved	<u> -</u>
Total Liabilities and Fund Balances	<u> -</u>

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

CAREER AND TECHNICAL EDUCATION - PROGRAM IMPROVEMENT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

Revenues*		
State	\$	<u>63,673</u>
Expenditures*		
Current Year's Grant		
Conference and Meeting		6,517
Capital Outlay		<u>57,156</u>
Total Expenditures		<u>63,673</u>
Excess of Revenues Over (Under) Expenditures		-
Fund Balance, July 1, 2017		<u>-</u>
Fund Balance, June 30, 2018	\$	<u><u>-</u></u>

***ICCB Grant Funds Only**

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying statements include only those transactions resulting from the 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, 2018. 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 are not capitalized.

NOTE 2: PAYMENTS OF PRIOR YEAR'S ENCUMBRANCES

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

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**BACKGROUND INFORMATION ON STATE GRANT ACTIVITY
JUNE 30, 2018**

Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment.

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.

Equalization Grants

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

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 of age 21 and over or persons under the age of 21 and not otherwise in attendance in public school for the purpose of providing adults in the community, and other instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high school and for Americanization and General Education Development Review classes. Included in this grant are funds for support services, such as student transportation and child care facilities or provision.

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

STATE COMPLIANCE SECTION

**Schedules of Enrollment Data and
Reconciliation of Semester Credit Hours**



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

Board of Trustees
Lake Land College
Community College District No. 517
Mattoon, Illinois 61938

We have audited the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of Lake Land Community College District No. 517 for the year ended June 30, 2018.

Management's Responsibility

The Schedule of Enrollment Data and Other Bases upon Which Claims are Filed is the responsibility of the College's management. Management's responsibility includes 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 examination. Our examination was made in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and the standards applicable to financial audits contained in *Government Auditing Standards* issues by the Comptroller General of the United States.

Opinion

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

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
*Certified Public Accountants
and Consultants*

Mattoon, Illinois
September 24, 2018

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED
FOR THE YEAR ENDED JUNE 30, 2018**

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

Categories	Summer		Fall		Spring		Total (Note 3)	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
(Notes 1 & 2)								
Baccalaureate	7,150.0	-	31,435.0	39.0	31,476.0	42.0	70,061.0	81.0
Business Occupational	3,470.0	46.5	7,347.5	127.0	7,409.0	-	18,226.5	173.5
Technical Occupational	8,726.5	-	17,986.0	330.5	22,462.5	316.0	49,175.0	646.5
Health Occupational	2,622.0	-	6,665.5	88.0	8,320.0	192.0	17,607.5	280.0
Remedial Developmental	667.5	-	2,379.5	27.50	1,483.5	-	4,530.5	27.5
Adult Basic/Secondary Education	10.0	-	24.0	441.0	43.0	383.0	77.0	824.0
Total	22,646.0	46.5	65,837.5	1,053.0	71,194.0	933.0	159,677.5	2,032.5

Note 1) Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements.

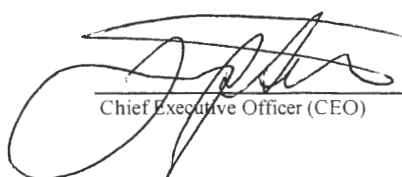
Note 2) Restricted credit hours are supported with more than 50% of restricted sources of funding.

Note 3) Total of unrestricted and restricted should equal the SU and SR record totals.

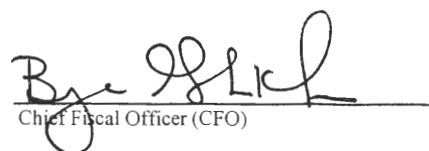
	Attending In-District	Attending Out-of District or Contractual Agreement	Total
Reimbursable Semester Credit Hours (All Terms)	<u>91,889.0</u>	<u>171.5</u>	<u>92,060.5</u>
	Dual Credit	Dual Enrollment	
Reimbursable Semester Credit Hours (All Terms)	<u>12,523.0</u>	<u>-</u>	
District Prior Year Equalized Assessed Valuation			<u>\$ 3,018,381,344</u>

Categories	Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Baccalaureate	789.0	1,293.0	1,341.0	3,423.0
Business Occupational	1,246.5	2,085.0	2,682.5	6,014.0
Technical Occupational	7,252.5	11,202.0	14,787.0	33,241.5
Health Occupational	-	-	-	-
Remedial Development	229.0	309.0	373.0	911.0
Adult Basic/Secondary Education	-	-	-	-
Total	<u>9,517.0</u>	<u>14,889.0</u>	<u>19,183.5</u>	<u>43,589.5</u>

Signatures



Chief Executive Officer (CEO)



Chief Fiscal Officer (CFO)

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**RECONCILIATION OF TOTAL REIMBURSABLE SEMESTER CREDIT HOURS
FOR THE YEAR ENDED JUNE 30, 2018**

<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	70,061.0	70,061.0	-	81.0	81.0	-
Business Occupational	18,226.5	18,226.5	-	173.5	173.5	-
Technical Occupational	49,175.0	49,175.0	-	646.5	646.5	-
Health Occupational	17,607.5	17,607.5	-	280.0	280.0	-
Remedial Developmental	4,530.5	4,530.5	-	27.5	27.5	-
Adult Basic/Secondary Education	77.0	77.0	-	824.0	824.0	-
Total	<u>159,677.5</u>	<u>159,677.5</u>	<u>-</u>	<u>2,032.5</u>	<u>2,032.5</u>	<u>-</u>

**RECONCILIATION OF IN-DISTRICT/CHARGEBACK AND
COOPERATIVE/CONTRACTUAL AGREEMENT CREDIT HOURS
FOR THE YEAR ENDED JUNE 30, 2018**

	Total Attending (Unrestricted and Restricted)	Total Attending As Certified To The ICCB	Difference
Reimbursable In-District Residents	91,889.0	91,889.0	-
Reimbursable Out-of-District on Chargeback or Contractual Agreement	171.50	171.50	-
Total	<u>92,060.5</u>	<u>92,060.5</u>	<u>-</u>

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual Credit	12,523.0	12,523.0	-
Dual Enrollment	-	-	-
Total	<u>12,523.0</u>	<u>12,523.0</u>	<u>-</u>

**RECONCILIATION OF TOTAL CORRECTIONAL SEMESTER CREDIT HOURS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Categories</u>	Total Reimbursable Correctional Credit Hours	Total Reimbursable Correctional Credit Hours Certified to The ICCB	Difference
Baccalaureate	3,423.0	3,423.0	-
Business Occupational	6,014.0	6,014.0	-
Technical Occupational	33,241.5	33,241.5	-
Health Occupational	-	-	-
Remedial Development	911.0	911.0	-
Adult Basic/Secondary Education	-	-	-
Total	<u>43,589.5</u>	<u>43,589.5</u>	<u>-</u>

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS
JUNE 30, 2018**

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:

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

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

- Students enrolled in courses taught at business and industry locations in the district.
- Full-time students enrolled at Eastern Illinois University, except students on an F-1 visa, who will be classified as out-of-state.
- 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:

- 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 the residency status, the student must present a property tax statement from the address listed in order to verify correct residency status.
- Out-of-district students may meet the residency requirements by presenting a voter's registration card verifying in-district residency.
- The college accepts employer signed affidavits verifying a student works at least 35 hours per week at the employer's business locations in the college district.
- 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 received the in-district tuition rate.

FEDERAL COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORMED GUIDANCE**

Board of Trustees
Lake Land College
Community College District No. 517
Mattoon, Illinois 61938

Report on Compliance for Each Major Federal Program

We have audited Lake Land Community College District No. 517's (College) compliance with the types of compliance requirements described in the *OMB 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, 2018. 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's 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audits Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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.

The 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants
and Consultants

Mattoon, Illinois
September 24, 2018

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grant or Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Direct Grants:			
TRIO - Student Support Services	84.042A	N/A	\$ 241,853
TRIO - Talent Search	84.044A	N/A	281,294
			<u>523,147</u>
Federal Student Assistance Cluster			
Federal Pell Grant Program	84.063	N/A	5,874,335 (M)
Federal Direct Student Loans	84.268	N/A	1,642,243 (M)
Federal Supplemental Educational Opportunity	84.007	N/A	68,751 (M)
Federal Work Study Program	84.033	N/A	71,179 (M)
Total Federal Student Assistance Cluster			<u>7,656,508</u>
Passed Through the Illinois Community College Board:			
Adult Education and Family Literacy Federal Basic	84.002A	5170118 RE	167,945
Career and Technical Education Basic Grants to States	84.048	CTE51718 R	275,290
Improving Teacher Quality State Grants	84.367A	BTG51717 R	12,339
			<u>8,635,229</u>
Total U.S. Department of Education			
U.S. Department of Labor			
Passed Through Illinois Department of Commerce and Economic Opportunity			
Workforce Innovation and Opportunity Act (WIOA) Cluster:			
WIOA Adult Programs - Incentive	17.258	15-632023	5,986 (M)
WIOA Youth Activities - Incentive	17.259	15-632023	6,381 (M)
WIOA Dislocated Workers - Incentive	17.278	15-632023	8,792 (M)
			<u>21,159</u>
WIOA Adult Program	17.258	16-681023	273,964 (M)
WIOA Youth Activities	17.259	16-681023	225,978 (M)
WIOA Dislocated Workers	17.278	16-681023	219,820 (M)
			<u>719,762</u>
WIOA Adult Program	17.258	17-681023	969,804 (M)
WIOA Youth Activities	17.259	17-681023	609,712 (M)
WIOA Dislocated Workers	17.278	17-681023	659,901 (M)
			<u>2,239,417</u>
WIOA Trade Case Management			
WIOA Dislocated Workers	12.278	17-651023	20,383 (M)
WIOA Dislocated Workers	17.278	16-651023	14,356 (M)
			<u>34,739</u>
Total WIOA Cluster			<u>3,015,077</u>
Trade Adjustment Assistance	17.245	16-661023	20,223
Trade Adjustment Assistance	17.245	17-661023	348,942
Total Trade Adjustment Assistance			<u>369,165</u>
WIOA National Dislocated Worker / WIA National Emergency	17.277	15-672023	44,648
			<u>3,428,890</u>
Total U.S. Department of Labor			
U.S. Department of Veterans Affairs			
Post - 9/11 Veterans Educational Assistance	64.028	N/A	103,365
			<u>103,365</u>
Total U.S. Department of Veterans Affairs			
Total Expenditures of Federal Awards			<u>\$ 12,167,484</u>
(M) Major Program			

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1: BASIS OF PRESENTATION

General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lake Land College Community College No. 517 (College) under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources and measurement focus and the accrual basis of accounting. The College's Schedule of Expenditures of Federal Awards is prepared in conformity with the same basis of accounting.

NOTE 2: SUBRECIPIENTS

During fiscal year 2018, the College maintained subrecipient agreements with C.E.F.S. Economic Opportunity Corporation under the Workforce Innovation and Opportunity Act Cluster. The amount provided to C.E.F.S. through this Act amounted to \$2,815,500.

NOTE 3: LOANS OR LOAN GUARANTEES OUTSTANDING

During fiscal year 2018, the Collage participated in two guaranteed student loan program 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 students or their parents.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 3: LOANS OR LOAN GUARANTEES OUTSTANDING (CONCLUDED)

During the year ended June 30, 2018, the College's students or their parents were eligible to receive the following guaranteed loans:

Stafford Loans:	
Subsidized	\$ 839,617
Unsubsidized	730,430
Parents Loans for Undergraduate Students (PLUS)	<u>72,196</u>
 Total	 <u>\$ 1,642,243</u>

NOTE 4: INDIRECT COST RATE

The College has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**BACKGROUND INFORMATION ON FEDERAL GRANT ACTIVITY
JUNE 30, 2018**

Restricted Adult Education 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 Education 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.

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a.) Material weaknesses identified? | No |
| b.) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| c.) Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|-------------|
| 1. Internal control over major program: | |
| a.) Material weaknesses identified? | No |
| b.) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 2. Type of auditor’s report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? | No |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

84.007

Federal Student Assistance Cluster:

84.033

Federal Supplemental Educational Opportunity

84.063

Federal Work Study Program

84.268

Federal Pell Grant Program

Federal Direct Student Loans

Workforce Innovation and Opportunity Act (WIOA) Cluster:

17.258

WIOA – Adult Program

17.259

WIOA – Youth Activities

17.278

WIOA – Dislocated Workers

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | No |

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 517
MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
NONE		