

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

Mattoon, Illinois

Annual Comprehensive Financial Report

For the Year Ended

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities (the College) and the discretely presented component unit of Lake Land College as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in fiscal year 2023, the College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Correction of Error

As discussed in Note 24 to the financial statements, the net position as of June 30, 2022 has been amended to correct previously reported amounts for accounts payable at June 30, 2022. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The financial statements of Lake Land College Foundation were not audited in accordance with *Government Auditing Standards*.

In performing an audit in accordance with generally accepted auditing and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, the Schedule of Proportionate Share of Net Pension Liability – SURS on page 53, Schedule of Contributions – SURS on page 54, the Schedule of Proportionate Share of OPEB Liability – CIP on page 56, and the Schedule of Contributions – CIP on page 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The accompanying combining financial statements and other data in Schedules 1 through 15 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The uniform financial statements in Schedules 16 through 20 and the certificate of chargeback reimbursement (Schedule 21) are presented for purposes of additional analysis as required by the Illinois Community College Board and are also not a required part of the basic financial statements. The accompanying Schedules 31 through 33, including the Schedule of Expenditures of Federal Awards, 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, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. As described in Note 26, Schedules 1 through 3, Schedules 6 through 9, Schedule 16, and Schedules 18 through 20 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than GAAP for a special-purpose government engaged only in business-type activities.

Schedules 1 through 21 and Schedules 31 through 33, including the schedule of expenditures of federal awards, are the responsibility of management. Schedules 1 through 21 and Schedules 31 through 33, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Information on Schedules 1 through 21 and Schedules 31 through 33, 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 on Schedules 1 through 21 and Schedules 31 through 33, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole, except for differences between GAAP for a special-purpose government engaged only in business-type activities and the modified accrual basis of accounting used for the schedules noted above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 3, 2023, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the College's 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.

Martin Hood LLC

Champaign, Illinois
October 3, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Lake Land College's Annual Comprehensive Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal year ended June 30, 2023. 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 13-17) and the footnotes (beginning on page 18). 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 13-17) 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 focuses 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, 2023, the College experienced more normal state funding levels. Some significant items during this year are as follows:

- The College experienced a delay in collecting the receivables from the Department of Corrections Program and the Department of Juvenile Justice, with approximately \$2,570,000 and \$118,000 respectively outstanding at June 30, 2023.
- All Base Operating Grant and Equalization payments from the state were received prior to June 30, 2023.

	Net Position As of June 30,		Increase (Decrease)
	2023	2022	
Other assets	\$ 109,029,346	\$ 118,413,357	\$ (9,384,011)
Capital assets, net	91,407,954	73,290,284	18,117,670
Total assets	200,437,300	191,703,641	8,733,659
Deferred Outflows of Resources	1,199,411	1,681,572	(482,161)
Current liabilities	11,762,612	12,892,799	(1,130,187)
Noncurrent liabilities	26,253,254	45,783,079	(19,529,825)
Total liabilities	38,015,866	58,675,878	(20,660,012)
Deferred inflows of resources	38,411,702	29,311,535	9,100,167
Net position			
Net investment in capital assets	68,966,326	45,910,283	23,056,043
Restricted for:			
Capital projects	3,417,536	3,311,311	106,225
Grant purposes	-	2,757	(2,757)
Debt service	2,714,028	2,312,097	401,931
Enabling legislation	659,226	114,390	544,836
Unrestricted	49,452,027	53,746,962	(4,294,935)
Total net position	\$ 125,209,143	\$ 105,397,800	\$ 19,811,343

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

Total assets increased \$8.7 million or 4.6% from fiscal 2022. Other Assets decreased by \$9.4 million. This decrease is a result of receivables increasing \$0.2 million, investments decreasing by \$10.5 million due to the purchase of the Effingham Technology Center and the beginning of work on Neal Hall and cash increasing by \$1.1 million. These decreases were offset by the \$18.1 million increase in Capital Assets. This increase was the result of the purchase of the Effingham Technology Center building and associated land.

Total liabilities decreased \$20.7 million or 35.3% from fiscal 2022. This decrease is a result of a \$6.7 million decrease in bonds payable, \$13.9 million decrease in other post-employment benefits and a decrease of \$0.8 million in Accounts payable. The total net position of the College was increased by \$19.8 million due to the above mentioned changes and the operating results for the year ended June 30, 2023 as shown on the following page. The following operating results exclude operating expenses related to on-behalf expenditures and non-operating revenues related to on-behalf payments which net to zero.

Operating Results for the Years Ended
June 30,

	2023	2022	Increase (Decrease)
Operating revenue:			
Tuition and fees	\$ 7,102,853	\$ 6,537,394	\$ 565,459
Auxiliary	2,112,922	1,950,615	162,307
Department of Corrections instructional	7,990,714	12,520,978	(4,530,264)
Other	2,474,885	1,370,580	1,104,305
Total operating revenue	19,681,374	22,379,567	(2,698,193)
Less operating expenses	62,445,557	61,311,440	1,134,117
Operating income (loss)	(42,764,183)	(38,931,873)	(8,832,310)
Non-operating revenue (expenses):			
Other state revenues	16,972,577	10,966,146	6,006,431
Federal and local grants and contracts	19,244,424	20,255,371	(1,010,947)
Property taxes	22,891,780	19,884,365	3,007,415
Investment income	2,222,025	(3,461,820)	5,683,845
Interest expense and bond issuance costs	(1,226,869)	(215,096)	(1,011,773)
Disposal of fixed assets	-	(133,076)	133,076
Non-operating revenue (net)	60,103,937	47,295,890	12,808,047
Increase (decrease) in net position	17,339,754	8,364,017	8,974,737
Net position, beginning of year, as Restated	107,869,389	97,033,783	10,835,606
Net position, end of year	\$ 125,209,143	\$ 105,397,800	\$ 19,811,343

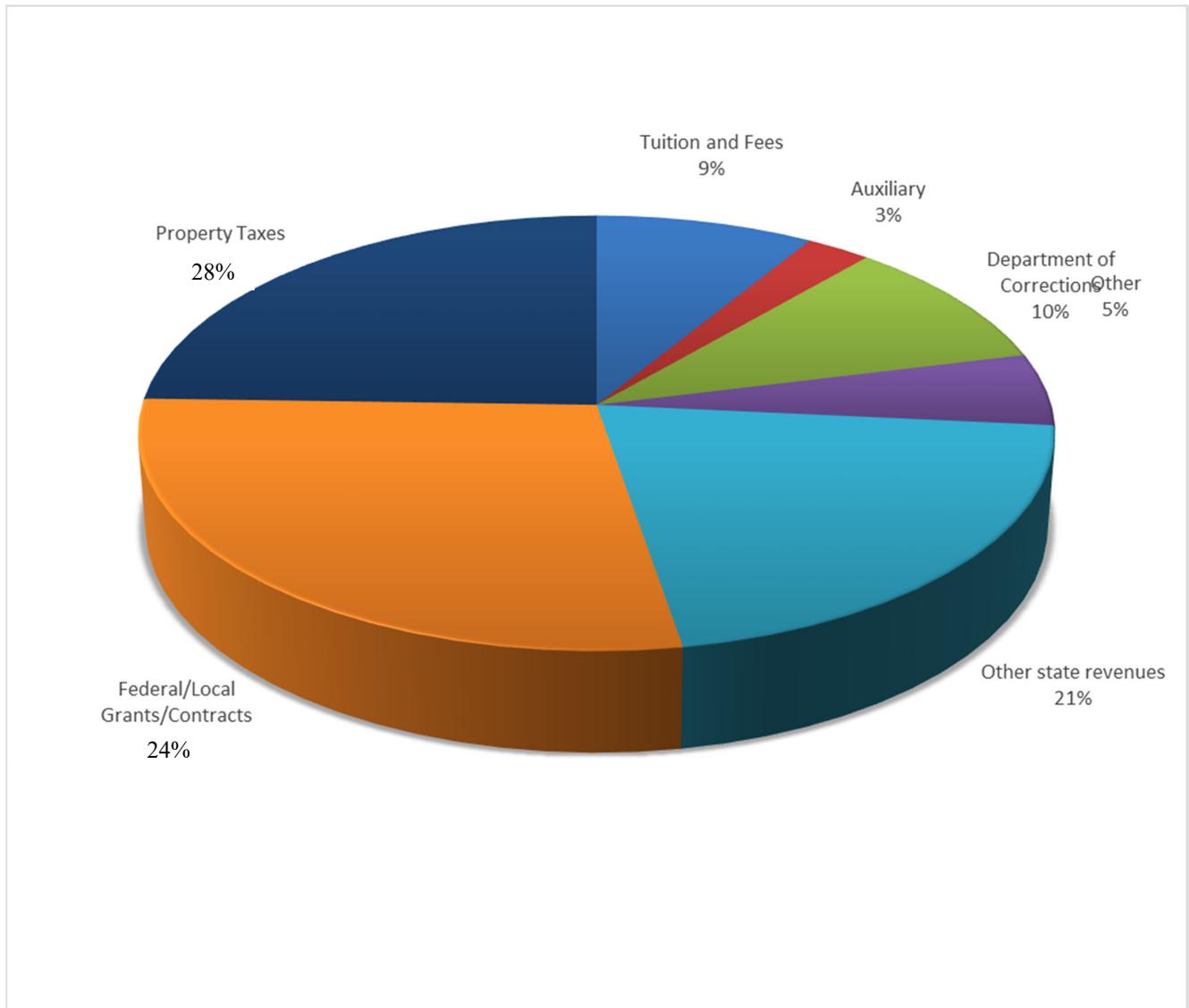
For the year ended June 30, 2023, the College recorded total operating revenues of \$19,681,374 and total operating expenses, excluding on-behalf expenditures made by ICCB, of \$62,445,557. The difference produced an operating loss of \$42,764,183 which is marginally higher than the previous year operating loss of \$38,931,873. Net non-operating revenue of \$60,103,937 was also higher than the previous year non-operating revenue of \$47,295,890. This results in an overall increase in net position of \$17,339,754 compared to the fiscal 2022 increase in net position of \$8,364,017.

Non-operating revenue, net of non-operating expenses, included local property taxes of \$22,891,780, other state revenues of \$16,972,577, federal grants and local contracts of \$19,244,424 and investment earnings net of interest expense and bond issuance costs of \$995,156.

Of the College's total revenue, excluding on-behalf payment revenue, operating revenue accounted for approximately 24%, non-operating revenues accounted for 76%. Operating revenue consisted of tuition and fees, net of scholarships, totaling \$7,102,853, auxiliary enterprise revenues totaling \$2,112,922, instructional revenues from the Department of Corrections totaling \$7,990,714 and other miscellaneous revenue of \$2,474,885.

The College had a net position at the beginning of the year totaling \$107,869,389. The current year increase in net position of \$17,339,754 brought the total of net position at the end of the year to \$125,209,143.

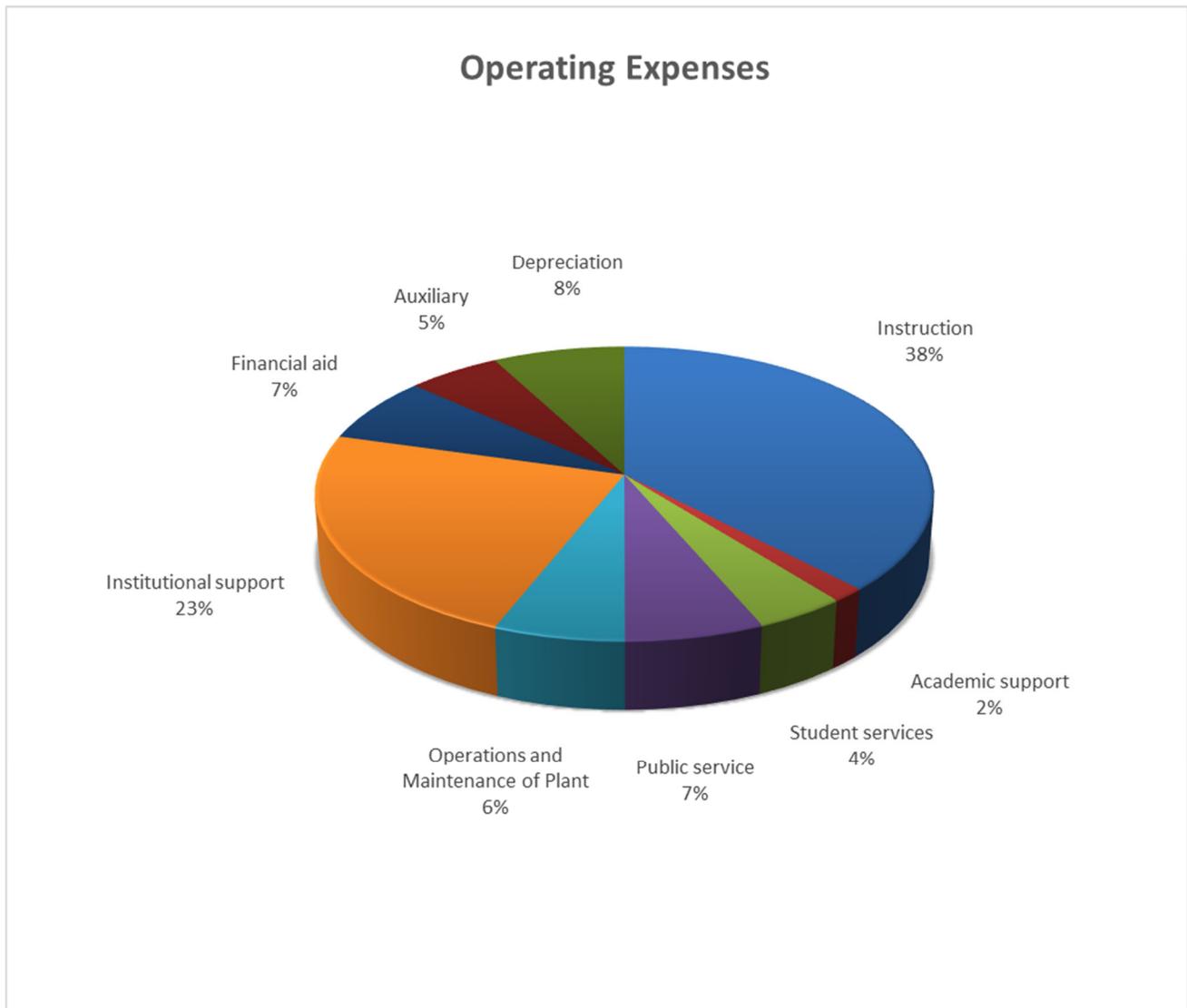
Revenue by Source



The tables for operating expenses below exclude expenses related to other postemployment benefits (OPEB) which was (\$3,762,957) for the year ended June 30, 2023. Expenses related to OPEB were \$5,880 for the year ended June 30, 2022 and were included in instruction expenses.

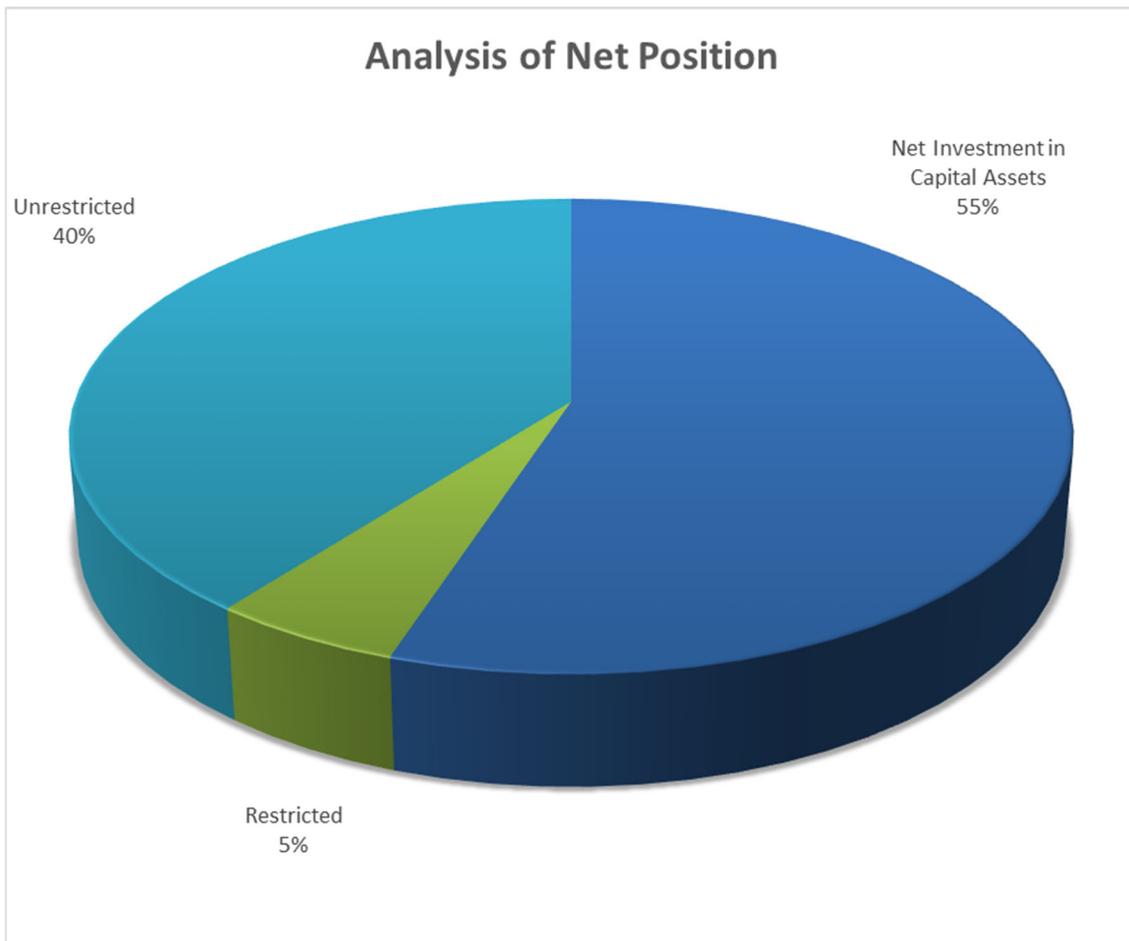
Operating Expenses
For the Years Ended June 30,

	2023	2022	Increase (Decrease)
Operating expense			
Instruction	\$ 24,960,964	\$ 25,232,470	\$ (271,506)
Academic support	1,019,528	662,083	357,445
Student services	2,797,268	2,607,729	189,539
Public service	4,277,154	4,174,565	102,589
Operations and maintenance of plant	4,029,113	3,519,729	509,384
Institutional support	15,514,609	14,259,614	1,254,995
Financial aid	4,800,632	2,992,395	1,808,237
Auxiliary	3,649,376	3,021,443	627,933
Depreciation and Amortization	5,159,870	4,841,412	318,458
Total	\$ 66,208,514	\$ 61,311,440	\$ 4,897,074



Analysis of Net Position
June 30,

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Net Position			
Net Investment in Capital Assets	\$ 68,966,326	\$ 45,910,283	\$ 23,056,043
Restricted			
Capital Projects	3,417,536	3,311,311	106,225
Debt Services	2,714,028	2,312,097	401,931
Grants	0	2,757	(2,757)
Enabling Legislation	659,226	114,390	544,836
Unrestricted	<u>49,452,027</u>	<u>53,746,962</u>	<u>(4,294,935)</u>
Total	<u>\$ 125,209,143</u>	<u>\$ 105,397,800</u>	<u>\$ 19,811,343</u>



	Capital Assets, Net		
	June 30,		
	2023	2022	Increase (Decrease)
Capital Assets			
Land	\$ 5,013,637	\$ 981,487	\$ 4,032,150
Equipment Held for Future Use	1,554,775	-	1,554,775
Building, Leased Assets	135,738,259	122,251,030	13,487,229
Equipment, Subscription IT Assets	11,188,346	6,909,081	4,279,265
Construction in progress	1,274,330	1,660,652	(386,322)
Total	154,769,347	131,802,250	22,967,097
Less Accumulated Depreciation and Amortization	(63,361,393)	(58,511,966)	(4,849,427)
Net Capital Assets	\$ 91,407,954	\$ 73,290,284	\$ 18,117,670

As of June 30, 2023, the College had recorded approximately \$154.8 million invested in capital assets, approximately \$63.4 million in accumulated depreciation and amortization and approximately \$91.4 million in net capital assets. Capital asset additions exceeded deletions by approximately \$23.0 million (see Note 6). Accumulated depreciation increased approximately \$4.8 million during the year.

LONG-TERM DEBT

During fiscal year 2023, the College issued one bond in the amount of \$15,735,000. The purpose of this bond was to begin progress on a 10 year master landscaping plan, the remodel of Neal Hall, the renovation of the Kluthe Center in Effingham, IL and also to build a building to house the Career Academy in Effingham, IL. The bond will be paid off in its entirety in fiscal year 2027. The College paid down debt certificates of \$16,025,000 in fiscal year 2023.

The College issued \$1,208,666 in bond premiums in the current year and amortized \$451,845 in interest income. The College had a net decrease of OPEB liability in the amount of \$13,867,611. The College had a net increase of \$40,977 in accrued compensated absences. The College added lease liabilities of \$234,508 and paid down \$28,687 of lease liabilities. The College added \$635,216 and paid down \$497,467 of subscription-based liabilities in the current year. The College had a net decrease of planned retirement payable of \$22,237 in the current year.

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 2024 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. The ability to maintain lower than average tuition allows the College to attract approximately 31 percent of the entire district's graduating high school class who continue to choose Lake Land College as their choice for higher education.

While the College is conservatively meeting current financial needs and positioning itself favorably with the respective employee groups' collective bargaining agreements on campus, private, state and federal grants are providing growth opportunities. The College is in its third year of renewed 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 second 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 stakeholders 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 Dr. Jonathan Bullock at 5001 Lake Land Blvd, Mattoon, IL 61938 (217)234-5222.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Statement of Net Position
June 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government	Component Unit
Current Assets		
Unrestricted:		
Cash and Cash Equivalents	\$ 2,100,927	\$ -
Investments	74,195,309	-
Receivables:		
Property Taxes	17,080,218	-
Student Tuition and Fees, Net of Allowance of \$5,655,466	952,921	-
Receivable from Component Unit	250,000	-
Lease Receivable, Current Portion	61,220	-
Other	1,213,307	-
Prepaid Expenses	682,099	-
Inventories	350,186	-
Restricted:		
Cash and Cash Equivalents	1,301,039	244,869
Investments	3,417,536	14,037,448
Receivables:		
Property Taxes	2,893,522	-
Governmental Grants and Contracts	3,802,690	-
Total Current Assets	108,300,974	14,282,317
Lease Receivable, Net of Current Portion	728,372	-
Capital Assets, Net	91,407,954	3,059,932
Total Assets	200,437,300	17,342,249
Deferred Outflows of Resources		
Pension Related Deferred Outflows	80,471	-
Other Postemployment Benefits Related Deferred Outflows	1,118,940	-
Total Deferred Outflows of Resources	1,199,411	-
Total Assets and Deferred Outflows of Resources	\$ 201,636,711	\$ 17,342,249
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current Liabilities		
Accounts Payable	\$ 1,915,868	\$ 34,322
Accrued Liabilities	1,690,346	-
Unearned Revenue	1,342,239	-
Lease Liabilities	40,001	-
Subscription Liabilities	53,600	-
Unamortized Bond Premium	374,512	-
Due to Agency Funds	-	317,889
Commitment to Lake Land College	-	250,000
Planned Retirement Payable	461,046	-
Bonds Payable	5,885,000	-
Total Current Liabilities	11,762,612	602,211
Long-Term Liabilities		
Lease Liabilities, Net of Current Portion	165,820	-
Subscription Liabilities, Net of Current Portion	84,149	-
Unamortized Bond Premium, Net of Current Portion	1,003,546	-
Planned Retirement Payable, Net of Current Portion	1,769,319	-
Bonds Payable, Net of Current Portion	14,835,000	-
Net Other Postemployment Benefit Liabilities	8,395,420	-
Total Long-Term Liabilities	26,253,254	-
Total Liabilities	38,015,866	602,211
Deferred Inflows of Resources		
Deferred Property Taxes	21,003,668	-
Deferred Inflow - Related to Leases	784,340	-
Other Postemployment Benefits Related Deferred Inflows	16,623,694	-
Total Deferred Inflows of Resources	38,411,702	-
Net Position		
Net Investment in Capital Assets	68,966,326	-
Restricted for:		
Capital Projects	3,417,536	-
Debt Service	2,714,028	-
Other - Restricted by Enabling Legislation	659,226	-
Net Assets With Donor Restrictions	-	14,425,949
Unrestricted	49,452,027	2,314,089
Total Net Position	125,209,143	16,740,038
Total Liabilities, Deferred Inflows, and Net Position	\$ 201,636,711	\$ 17,342,249

See Accompanying Notes

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

Operating Revenues

Student Tuition and Fees, Net of Scholarship	
Allowance of \$4,784,756	\$ 7,102,853
Department of Corrections Institutional	7,990,714
Auxiliary Enterprises Revenue	2,112,922
Revenue from Educational Services and Materials	1,015,589
Other Operating Revenues	1,459,296
Total Operating Revenues	<u>19,681,374</u>

Operating Expenses

Instruction	24,960,964
Academic Support	1,019,528
Student Services	2,797,268
Public Services/Continuing Education	4,277,154
Operation and Maintenance of Plant	4,029,113
Institutional Support	15,514,609
Scholarship, Student Grants, and Waivers	4,800,632
Auxiliary Enterprise	3,649,376
Depreciation and Amortization	5,159,870
Other Postemployment Benefits	(3,762,957)
On-Behalf Expenditures	7,929,874
Total Operating Expenses	<u>70,375,431</u>

Operating Loss(50,694,057)**Non-Operating Revenues (Expenses)**

State Grants and Contracts	16,972,577
Local Property Tax Revenues	22,891,780
Federal Grants and Contracts	14,924,316
On-Behalf Payments	7,929,874
Investment Income Earned	1,770,180
Contributions	901,359
Bond Issuance Costs	(251,441)
Interest Income	451,845
Interest Expense	(975,428)
Total Non-Operating Revenues	<u>64,615,062</u>

Capital Contributions3,418,749**Increase in Net Position**

17,339,754

Net Position, Beginning of Year, As Restated107,869,389**Net Position, End of Year**\$ 125,209,143

See Accompanying Notes

LAKE LAND COLLEGE
Statements of Activities - Component Unit
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions of Cash and Other Financial Assets	\$ 34,043	\$ 1,339,543	\$ 1,373,586
Contributions of Nonfinancial Assets	1,570,195	98,991	1,669,186
Support Provided by Lake Land College	246,956	-	246,956
Special Events	57,602	-	57,602
Rental Income	41,748	-	41,748
Farm Income	218,412	-	218,412
Interest and Dividends, Net of Fees	(22,800)	320,591	297,791
Realized Gain (Loss) on Investments	(30,503)	(180,774)	(211,277)
Unrealized Gain (Loss) on Investments	53,870	879,244	933,114
Net Assets Released from Restrictions	922,577	(922,577)	-
Total Support and Revenue	<u>3,092,100</u>	<u>1,535,018</u>	<u>4,627,118</u>
Expenses			
Program Services	2,443,674	-	2,443,674
Management and General	512,860	-	512,860
Fundraising	138,543	-	138,543
Total Expenses	<u>3,095,077</u>	<u>-</u>	<u>3,095,077</u>
Change in Net Assets	(2,977)	1,535,018	1,532,041
Net Assets, Beginning of Year	<u>2,317,066</u>	<u>12,890,931</u>	<u>15,207,997</u>
Net Assets, End of Year	<u>\$ 2,314,089</u>	<u>\$ 14,425,949</u>	<u>\$ 16,740,038</u>

See Accompanying Notes

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows from Operating Activities	
Student Tuition and Fees	\$ 6,797,737
Payments to Suppliers	(21,501,730)
Payments to Employees and Benefits Paid	(34,560,236)
Department of Corrections Instructional	7,348,115
Payments for Financial Aid and Scholarships	(4,800,632)
Auxiliary Enterprise Charges	2,112,922
Other Receipts	2,469,633
Net Cash Used in Operating Activities	<u>(42,134,191)</u>
Cash Flows from Non-Capital Financing Activities	
Grants and Contracts	33,126,815
Local Property Taxes	22,879,857
Contributions	901,359
Net Cash Provided by Non-Capital Financing Activities	<u>56,908,031</u>
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Debt Certificates and Bonds	(22,395,001)
Proceeds from Issuance of Bonds	15,735,000
Proceeds from Bond Premium Issuance	1,208,666
Payments for Debt Issuance Costs	(251,441)
Interest Paid on Bonds	(975,428)
Federal and State Grants for Capital Purposes	1,863,974
Purchase of Property and Equipment	(20,826,182)
Proceeds from Sale of Property and Equipment	44,141
Principal Paid on Subscription Liabilities	(497,467)
Principal Paid on Lease Liabilities	(28,687)
Net Cash Used in Capital and Related Financing Activities	<u>(26,122,425)</u>
Cash Flows from Investing Activities	
Interest on Investments	1,770,180
Payments Received from Due from Component Unit	250,000
Net Proceeds from Sale of Investments	10,462,825
Net Cash Provided by Investing Activities	<u>12,483,005</u>
Net Increase in Cash and Cash Equivalents	1,134,420
Cash and Cash Equivalents, Beginning of Year	<u>2,267,546</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,401,966</u>
On the Statement of Net Position as:	
Unrestricted - Cash and Cash Equivalents	\$ 2,100,927
Restricted - Cash and Cash Equivalents	<u>1,301,039</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,401,966</u>

See Accompanying Notes

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Statement of Cash Flows
For the Year Ended June 30, 2023

Reconciliation of Operating Loss to Net Cash

Used in Operating Activities

Operating Loss	\$ (50,694,057)
Adjustments to Reconcile Operating Loss to Net Cash	
Used in Operating Activities:	
Depreciation and Amortization Expense	5,159,870
Impairment Reserve Adjustment	(71,000)
On-Behalf Expenditures	7,929,874
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:	
Student Tuition and Fees Receivables	(813,833)
Prepaid Expenses	33,362
Inventories	(31,685)
Lease Receivable	(789,592)
Deferred Inflows - Related to Leases	784,340
Pension Related Deferred Outflows	(21,900)
OPEB Related Deferred Outflows	504,061
Accounts Payable	(80,865)
Accrued Liabilities	358,471
Unearned Tuition and Fees	(133,882)
Planned Retirement Payable	(22,237)
Net OPEB Liabilities	(13,867,611)
OPEB Related Deferred Inflows	9,622,493
Net Cash Used in Operating Activities	<u>\$ (42,134,191)</u>

Supplemental Disclosure of Non-Cash Capital and Related Financing Activity

Capital Assets Acquired through Lease Liabilities	<u>\$ 234,508</u>
Capital Assets Acquired through Subscription Liabilities	<u>\$ 635,216</u>
Contributed Capital Assets	<u>\$ 1,554,775</u>

See Accompanying Notes

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Notes to Basic Financial Statements
June 30, 2023

Lake Land College, Community College District #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. The summary of accounting policies is presented to assist you in understanding the College's financial statements.

1. Reporting Entity

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

The College is a community college governed by an elected seven-member Board of Trustees. The College's mission is to provide affordable vocational, technical, and academic education.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the financial reporting entity of the College, which consists of the College (the primary government of the reporting entity) and the Lake Land College Foundation (the Foundation), a discretely presented component unit of the College. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the College and those resources are significant to the College.

Separate financial statements for the Foundation can be obtained from the Foundation office at 5001 Lake Land Blvd, Mattoon, Illinois, 61938.

2. Basis of Accounting and Significant Accounting Policies

- a. The financial statements of the College are prepared in accordance with GAAP. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.
- b. For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and, expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

- c. Cash includes deposits held at banks and small amounts of cash held for change funds. Cash equivalents include deposits held in the Illinois Funds Money Market Fund and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.
- d. Cash and cash equivalents that are subject to certain limitations as to their uses are reported as restricted. These amounts include property taxes received for specific purposes, grant funds, and bond proceeds or trust funds held for capital projects.
- e. 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 held in investment accounts are reported at carrying amount, which reasonably estimates fair value.
- f. Student tuition and fees receivables include uncollateralized student obligations, which generally require payment by the first day of classes. These receivables are stated at the invoice amount.

Student balances unpaid at the middle of the term are considered delinquent. Collection costs may be applied to account balances still outstanding 30 days following the end of the semester. Payments of accounts receivable are applied to the specific invoices identified on the students' remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of student tuition and fees receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific students' accounts and based on the aging of the accounts receivable by semesters. If the actual defaults are higher than the historical experience, management's estimates of 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. The total allowance as of June 30, 2023, was \$5,655,466.

Receivables also include outstanding balances from replacement taxes, federal and state funding sources, leases, and other miscellaneous items. No allowance has been provided for these receivables, as management believes these are fully collectible based on past experience with these funding sources.

- g. Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out (FIFO) basis. Inventories consist of items held for resale in the bookstore and printing supplies utilized in the print shop.
- h. Capital assets include property, plant equipment, infrastructure assets, such as roads, parking lots, sidewalks, leased assets, and subscription-based information technology arrangement assets. 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Leased assets and subscription assets are capitalized based on the present value of lease payments. Leased assets and subscription assets are amortized using the straight-line method over the lease term.

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

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

- i. The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College has two items that qualify for reporting in this category. These items, the pension related deferred outflows and other postemployment benefits (OPEB) related deferred outflows, are reported in the Statement of Net Position. The pension related deferred outflows item is the amount of contributions made by the College to the State Universities Retirement System (SURS or the System) for retirement benefits on grant funded salaries during the year ended June 30, 2023. One of the OPEB related deferred outflows items is the amount of contributions made by the College to the Community College Health Insurance Security Fund (also known as the College Insurance Program (CIP)) for retiree health insurance benefits. These contributions occurred after the SURS and CIP liability measurement date of June 30, 2022 and will be included in the pension and other postemployment benefit expense, respectively, in Fiscal Year 2024. The College's other OPEB related deferred outflows item is the allocated portion of the net difference between projected and actual experience of the total OPEB liability, the College's changing portion of the allocated CIP liability, and the differences between the College's contribution and its share of contributions.

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Other postemployment benefit related deferred inflows qualify for reporting in this category at June 30, 2023. The other postemployment benefit related deferred inflows consist of the College's allocated portion of changes in

assumptions, the net difference between projected and actual experience of the total OPEB liability, and the net difference between projected and actual investment earnings on OPEB plan investments. Additionally, this category includes a deferred inflow for the College's changing proportion of the allocated CIP liability.

- j. Accrued liabilities include accrued vacation, which is a limited number of accumulated unused vacation days that employees are allowed to accumulate. Those days are guaranteed to be paid to employees upon termination of employment. The rate of accrued compensated absence is calculated based on the employee's equivalent hourly rate as of Statement of Net Position date. The College considers the entire liability to be current based on a review of employee usage.
- k. Unearned revenue includes amounts received which represent payments for services to be provided in future periods for which asset recognition criteria has been met, but for which revenue recognition criteria have not been met. These amounts consist of unexpended grant funds.

Unearned revenue also includes tuition and fee charges for a portion of the in-progress Summer semester and all of the upcoming Fall semester. The tuition and fee charges are prorated according to the timing of the semester.

- l. Deferred Inflows related to Leases represents the unamortized amount of the present value of future receipts related to lease agreements where the College is the lessor. These amounts are to be recognized ratably into operating revenue over the term of the lease agreement.
- m. 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 related debt that has been used as of the statement of net position date to finance capital additions.
 - Restricted Net Position – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or enabling legislation. 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.
 - Unrestricted Net Position – This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources may be used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any lawful purpose.

When both restricted and unrestricted resources are available to finance expenses, it is the College's policy to first apply restricted resources to such expenses.

- n. Operating revenues include all activities that have the characteristics of exchange transactions, such as student tuition and fees, and sales and services of auxiliary enterprises, net of scholarship discounts and allowances. All other revenues are considered non-operating.
- o. The College's property taxes are levied each calendar year on all taxable real estate located in the College's district. The district's boundaries overlap fifteen counties with each serving as a local taxing authority for the College. Property taxes are recorded on an accrual basis of accounting. The College records the 2022 levy payable in 2023 as property taxes receivable, less any amounts collected prior to June 30, 2023 and a deferred inflow of resources, as this levy is intended to finance the College's 2023-2024 academic year. The amounts accrued from year to year will vary based upon the tax collections of the respective counties. 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.

Property tax receivables have not been reduced for an allowance as the College's historical collection experience indicates this amount is insignificant.

- p. 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 SURS and additions to/deduction 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 purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan net position of the Community College Health Insurance Security Fund (CIP) and additions to/deduction from CIP's plan net position has been determined on the same basis as they are reported by CIP. 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 its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity and 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. The College recognizes its proportionate share of the State's pension expense relative to the College's employees as non-operating revenue and on-behalf expense.

- q. 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 student charges, the College has recorded a scholarship discount and allowance.

- r. 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 Custodial Fund.

The Colleges 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.

Although the College adopts an expanded operational budget, the budget legally required by the Illinois Community College Board contains only a statement of cash on hand at the beginning of the fiscal year, an estimate of the cash expected to be received during such fiscal year from all sources, an estimate of the expenditures contemplated for such fiscal year, and a statement of the estimated cash expected to be on hand at the end of such year. The Board may, from time to time, make transfers between the various items in any fund not exceeding, in the aggregate, 10 percent 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.

- s. The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

The most sensitive estimates affecting the financial statements were:

1. The valuation of the student tuition receivable
 2. The useful lives of depreciable capital assets
 3. The valuation of the self-insured health benefit obligation
 4. The valuation of the liability for post-employment health insurance benefits
 5. The amount of expenses eligible for reimbursement under the College's state and federal grants
- t. In June 2017, GASB issued Statement No. 96 (GASB 96), *Subscription Based Information Technology Arrangements*. The provisions of GASB 96 require that certain lessees recognize a lease liability and asset for all information technology asset

arrangements greater than 12 months. The College adopted the new standard during Fiscal Year 2023. The adoption of this standard did not impact net position as of June 30, 2022, as previously reported. The adoption of the standard caused a \$352,821 decrease in operating expenses and a \$2,777 increase in nonoperating expenses for the year ended June 30, 2023.

In April 2022, GASB issued Statement No. 99 (GASB 99), *Omnibus 2022*. The provisions of GASB 99 include clarifications on accounting for leases, public-private and public-public partnerships, subscription-based information technology arrangements, and other various topics. The College adopted the new standard during Fiscal Year 2023. The adoption of the standard had no impact on net position as of June 30, 2022, as previously reported, or on the change in net position recorded for Fiscal Year 2023.

In June 2022, GASB issued Statement No. 100 (GASB 100), *Accounting Changes and Error Corrections*. The provisions of GASB 100 enhance accounting and financial reporting and disclosure requirements for accounting changes and error corrections. The College has early adopted the new standard, and it is effective for the College's Fiscal Year 2023. The adoption of the new standard had no impact on net position as of June 30, 2022, as previously reported, or on the change in net position recorded for Fiscal Year 2023.

3. Over Expenditure of Legal Budgets

The College over expended its legally adopted budgets for the following funds in Fiscal Year 2023.

- The O&M Restricted Fund budget was over expended by \$23,600,000. Of this amount, \$15,500,000 relates to the purchase of the Patterson building. The remaining over expenditure relates to debt certificate principal payments which were paid down by funds from newly issued bonds.
- The Bond & Interest Fund budget was over expended by \$837,000. The over expenditure was due to debt issuance costs and differences in interest payments on newly issued bonds.
- The Auxiliary Fund budget was over expended by \$303,000. The over expenditure was due to Auxiliary Fund expenses being higher than expected.

4. Deposits and Investments

The College is authorized to invest in instruments outlined under Chapter 30, Section 235 of the Illinois Compiled Statutes. Such instruments include: direct obligations of federally insured banks and savings and loan associations; insured obligations of Illinois credit unions; securities issued or guaranteed by the U.S. Government; money market mutual funds investing only in U.S. Government based securities; commercial paper of U.S. corporations with assets over \$500 million; short-term obligations as defined in the Public Fund Investment Act; and the investment pools managed by the State Treasurer of Illinois.

Fair Value Measurements

The College categorizes its fair value measurements of investments within the fair value hierarchy established by GAAP. The three levels of fair value hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical investments
- Level 2 – inputs (other than quoted prices included within Level 1) that are observable for the investment, either directly or indirectly.
- Level 3 – unobservable inputs – market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an investment.

The fair value of investments measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The College has the following fair value measurements as of June 30, 2023:

	<u>Carrying Value</u>	<u>Level</u>
Money Market Accounts - Not Held at Depository Banks	\$ 3,502,970	1
Debt Exchange Traded Funds	2,835,715	1
Non-Negotiable Certificates of Deposit	6,639,139	N/A
U.S. Government Bonds	9,309,311	2
Open Ended Bond Mutual Funds	55,325,710	1
Total Investments	<u>\$ 77,612,845</u>	

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires that funds on deposit in excess of federal deposit insurance limits must be secured by collateral pledged by the financial institution. At June 30, 2023, \$3,147,710 of the Colleges \$3,397,710 bank balance was exposed to custodial credit risk. The exposed balance was fully collateralized by securities pledged by the depository bank, but such securities are not held in the name of the College.

Custodial Credit Risk - Investments

Of the investment amount held in investment accounts at June 30, 2023, \$18,284,165 is subject to custodial credit risk as their value exceeds coverage provided by the Securities Investor Protection Corporation.

Credit Risk – Investments

Credit risk is the risk that the issuer of a bond or note security will not repay the principal or pay the interest due on the debt. The College's investment policy limits investments in collateralized repurchase agreements, commercial paper, and the Illinois Public Treasurer's Investment Pool to 33 percent of the total investments. Investments in banks and mutual bond funds are limited to 90 percent of the total investments. 100 percent 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. The College held \$3,502,970 in money market funds all with Moody's AAA ratings. The bond mutual funds balance of \$55,325,710 was unrated as of June 30, 2023. The bond mutual funds were distributed between investment grade, non-investment grade, U.S. Government backed, and unrated securities. The bond mutual 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 – Investments

Interest rate risk is the risk that a change in the market rate of interest for a category of debt securities will negatively impact the fair value of a debt security. 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 College's investments subject to interest rate risk as of June 30, 2023:

	0-1 years	1-5 years	5-10 years	10+ years	Total
U.S. Government Bonds	\$ 896,397	\$ 8,412,914	\$ -	\$ -	\$ 9,309,311
Debt Exchange Traded Funds	1,549,710	1,286,005	-	-	2,835,715
Open Ended Bond					
Mutual Funds	2,429,593	36,588,324	9,600,382	6,707,411	55,325,710
Total	<u>\$ 4,875,700</u>	<u>\$ 46,287,243</u>	<u>\$ 9,600,382</u>	<u>\$ 6,707,411</u>	<u>\$ 67,470,736</u>

Restricted Investments

The College periodically enters into trust agreements with the State of Illinois Capital Development Board (CDB) to fund various construction projects. These funds have been invested and can only be released with the approval of CDB. As of June 30, 2023, the College held \$3,417,536 in restricted assets related to CDB projects.

5. Lease Receivable

The College leases a portion of one of its buildings to a third party, from whom the College bought the building in 2023. The agreement expires April 30, 2033, and includes fees for shared maintenance costs, which are considered a non-lease component of the agreement.

Revenue recognized under this lease during the year ended June 30, 2023 was \$20,111, which includes both lease revenue and interest.

The future minimum lease receipts that are included in the lease receivable are:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 61,220	\$ 27,199	\$ 88,419
2025	65,239	24,948	90,187
2026	69,440	22,551	91,991
2027	73,830	20,001	93,831
2028	78,417	17,291	95,708
2029-2033	441,446	39,767	481,213
	<u>\$ 789,592</u>	<u>\$ 151,757</u>	<u>\$ 941,349</u>

6. Property and Equipment, Net

The following is a summary of changes in property and equipment for the year ended June 30, 2023:

	As Restated June 30, 2022	Additions	Disposals	June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	\$ 981,487	\$ 4,032,150	\$ -	\$ 5,013,637
Equipment Held for Future Use	-	1,554,775	-	1,554,775
Construction in Progress	1,660,650	2,300,931	2,687,251	1,274,330
Total Capital Assets, Not Being Depreciated	<u>2,642,137</u>	<u>7,887,856</u>	<u>2,687,251</u>	<u>7,842,742</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	122,217,285	13,309,638	23,172	135,503,751
Equipment	6,805,828	3,870,714	123,412	10,553,130
Total Capital Assets, Being Depreciated	<u>129,023,113</u>	<u>17,180,352</u>	<u>146,584</u>	<u>146,056,881</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(53,898,111)	(4,175,958)	(16,155)	(58,057,914)
Equipment	(4,476,856)	(805,052)	(157,289)	(5,124,619)
Total Accumulated Depreciation	<u>(58,374,967)</u>	<u>(4,981,010)</u>	<u>(173,444)</u>	<u>(63,182,533)</u>
Total Capital Assets, Being Depreciated, Net	<u>70,648,146</u>	<u>12,199,342</u>	<u>(26,860)</u>	<u>82,874,348</u>
Lease Assets:				
Building	-	234,508	-	234,508
Less: Accumulated Amortization				
Building	-	(31,437)	-	(31,437)
Total Lease Assets, Being Amortized, Net	<u>-</u>	<u>203,071</u>	<u>-</u>	<u>203,071</u>
Subscription Assets:				
Technology Hardware / Software	-	635,216	-	635,216
Less: Accumulated Amortization				
Technology Hardware / Software	-	(147,423)	-	(147,423)
Total Subscription Assets, Being Amortized, Net	<u>-</u>	<u>487,793</u>	<u>-</u>	<u>487,793</u>
Total Capital Assets, Net	<u>\$ 73,290,283</u>	<u>\$ 20,778,062</u>	<u>\$ 2,660,391</u>	<u>\$ 91,407,954</u>

The College recorded depreciation and amortization expense of \$5,173,888 for the year ended June 30, 2023.

Total capital assets, being depreciated, was increased and total accumulated depreciation was increased of June 30, 2022 was increased by \$136,999 to reclassify a reserve for impaired assets.

During Fiscal Year 2023, the College received \$1,554,775 of donated office equipment and fixtures related to the Patterson building. The use of the equipment has not been determined as of June 30, 2023 and is being held as a non-depreciable capital asset until future use is determined.

7. Lease Liabilities

The College is obligated under four non-cancellable operating leases for classroom space which require monthly lease payments totaling \$3,837 with terms running through January 1, 2026. One of the leases includes an option to extend for two additional three year terms, which has been included in the term used for lease measurement as management expects to renew the lease.

The total costs of the College's lease assets are recorded as \$234,508, less accumulated amortization of \$31,437.

Future minimum lease payments under these operating leases are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 40,001	\$ 6,779	\$ 46,780
2024	24,851	5,459	30,310
2025	19,643	4,707	24,350
2026	19,994	4,006	24,000
2027	20,719	3,281	24,000
2029-2032	80,613	5,387	86,000
	<u>\$ 205,821</u>	<u>\$ 29,619</u>	<u>\$ 235,440</u>

8. Subscription-Based Information Technology Arrangements

The College has entered into subscription-based technology arrangements (SBITA) involving staff software, academic software, communications software, and various information systems software arrangements. The College is obligated under these non-cancellable arrangements on a subscription basis which require either one time or annual payments. These arrangements have terms running through August 30, 2025.

The total costs of the College's SBITA assets are recorded as \$635,216, less accumulated amortization of \$147,423.

Future minimum payments under these arrangements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 53,600	\$ 2,871	\$ 56,471
2025	84,149	1,050	85,199
	<u>\$ 137,749</u>	<u>\$ 3,921</u>	<u>\$ 141,670</u>

9. Accrued Liabilities

Accrued liabilities consist of the following at June 30, 2023:

Accrued Salaries and Payroll Liabilities	\$ 1,215,916
Accrued Compensated Absences	390,808
Accrued Interest	83,622
Total Accrued Liabilities	<u>\$ 1,690,346</u>

10. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	June 30, 2022	Additions	Retired	June 30, 2023	Due Within One Year
Bonds	\$ 11,355,000	\$ 15,735,000	\$ 6,370,000	\$ 20,720,000	\$ 5,885,000
Bond Premium	621,237	1,208,666	451,845	1,378,058	374,512
Net Other Postemployment					
Benefit liability	22,263,031	-	13,867,611	8,395,420	-
Accrued Compensated Absences	349,831	40,977	-	390,808	390,808
Lease Liabilities	-	234,508	28,687	205,821	40,001
Subscription Liabilities		635,216	497,467	137,749	53,600
Planned Retirement Payable	2,252,602	332,964	355,201	2,230,365	461,046
Debt Certificates	16,025,000	-	16,025,000	-	-
Total Long-Term Debt	<u>\$ 52,866,701</u>	<u>\$ 18,187,331</u>	<u>\$ 37,595,811</u>	<u>\$ 33,458,221</u>	<u>\$ 7,204,967</u>

In 2016, the College issued Series 2016B general obligation funding bonds for an original issuance amount of \$1,450,000. The bonds, which are payable in annual principal installments ranging from \$130,000 to \$160,000 and semi-annual interest payments at a stated rate ranging from 2.0 percent to 2.25 percent, mature June 1, 2027.

In 2020, the College issued Series 2020 general obligation funding bonds for an original issuance amount of \$11,065,000. The bonds, which are payable in annual principal installments ranging from \$475,000 to \$6,225,000 and semi-annual interest payments at a stated rate ranging from 1.02 percent to 1.41 percent, mature June 1, 2024.

In 2022, the College issued Series 2022A general obligation funding bonds for an original issuance amount of \$15,735,000. The bonds, which are payable in annual principal installments ranging from \$1,370,000 to \$6,340,000 and semi-annual interest payments at a stated rate ranging from 2.14 percent to 2.71 percent, mature June 1, 2027.

The College used funds from the Series 2022A general obligation funding bonds to pay down the remaining balance in previously issued Series 2022 general obligation debt certificates. The debt certificates had an outstanding balance at time of payment of \$16,025,000.

Total interest expense incurred for all long-term debt for the year ended June 30, 2023 was \$975,047.

Maturities of the bonds are as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30			
2024	\$ 5,885,000	\$ 872,925	\$ 6,757,925
2025	6,185,000	575,750	6,760,750
2026	6,495,000	263,400	6,758,400
2027	2,155,000	51,675	2,206,675
	\$ 20,720,000	\$ 1,763,750	\$ 22,483,750

11. Unrestricted Net Position

Unrestricted net position at June 30, 2023 consisted of (\$23,900,174) related to other postemployment benefit activity and \$74,918,348 related to other general purposes.

12. Defined Benefit Pension Plan

Plan Description

The College contributes to SURS, a cost-sharing multiple-employer-defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities and community colleges, 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 Annual Comprehensive Financial Report (ACFR) as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 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 six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2022, can be found in the Financial Section of SURS ACFR.

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 percent 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 College’s normal cost for Fiscal Year 2023 was 12.83 percent of employee payroll. The normal cost is equal to the value of the 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 percent of their annual covered salary, except for police officers and fire fighters who contribute 9.5 percent of their earnings. The contribution requirements of plan members and the College are established and may be amended by the Illinois General Assembly.

The College makes 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), Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6 percent during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

Net Pension Liability

At June 30, 2022, SURS reported a net pension liability (NPL) of \$29,078,053,857. The net pension liability was measured as of June 30, 2022.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the NPL to be recognized for the College is \$0. The proportionate share of the State of Illinois’ net pension liability associated with the College is \$172,217,100 or 0.5923 percent. The College’s proportionate share changed by (0.0137 percent) from 0.6059 percent since the last measurement date on June 30, 2021. This amount is not recognized in the College’s financial statements. The net pension liability and total pension liability as of June 30, 2022, was determined based on the June 30, 2021, actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during Fiscal Year 2021.

Defined Benefit Pension Expense

At June 30, 2022, SURS defined benefit plan reported a collective net pension expense of \$1,903,314,699.

Employer Proportionate Share of Defined Benefit Pension Expense

The College's proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) 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 2021. As a result, the College recognized on-behalf revenue and pension expense of \$11,272,534 from this special funding situation for the fiscal year ended June 30, 2023.

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

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$31,973,496	\$28,674,599
Changes in assumption	279,362,441	982,954,268
Net difference between projected and actual earnings on pension plan investments	31,628,935	-
Total	\$342,964,872	\$1,011,628,867

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

Fiscal Year Ending June 30	Net Deferred Inflows of Resources
2023	\$ (332,941,204)
2024	(528,966,820)
2025	(249,290,775)
2026	442,534,804
Total	<u>\$ (668,663,995)</u>

Employer Deferral of Fiscal Year 2021 Pension Expense

The College paid \$80,471 in federal, trust or grant contributions to SURS defined benefit pension plan for the fiscal year ended June 30, 2023. These contributions were made subsequent to the pension liability measurement date of June 30, 2022, and are recognized as Deferred Outflows of Resources as of June 30, 2023.

Assumptions and Other Inputs

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.25 percent
- Salary increases 3.00 to 12.75 percent, including inflation
- Investment rate of return 6.50 percent

Mortality rates were based on the Pub-2010 employee and retiree gender distinct tables with projected generational mortality and a sperate mortality assumption for disabled participants.

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan’s target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Traditional Growth		
Global Public Equity	38.0%	7.62%
Stabilized Growth		
Public Credit Fixed income	9.0%	4.20%
Credit Real Assets	4.5%	4.98%
Options Strategies	2.5%	4.91%
Private Credit	1.0%	7.45%
Non-Traditional Growth		
Private Equity	10.5%	11.91%
Non-Core Real Assets	2.5%	9.43%
Inflation Sensitive		
U.S. TIPS	5.0%	1.23%
Principal Protection		
Core Fixed Income	8.0%	1.79%
Crisis Risk Offset		
Systemic Trend Following	10.0%	4.33%
Alternative Risk Premia	5.0%	3.59%
Long Duration	4.0%	2.16%
Total	100%	6.08%
Inflation		2.25%
Expected Arithmetic Return		8.33%

Discount Rate

A single discount rate of 6.39 percent was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50 percent and a municipal bond rate of 3.69 percent (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022). 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 SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of SURS 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 State's net pension liability, calculated using a single discount rate of 6.39 percent, as well as what the State's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

1% Decrease 5.39%	Current Single Discount Rate Assumption 6.39%	1% Increase 7.39%
\$35,261,802,968	\$29,078,053,857	\$23,928,731,076

Additional information regarding the SURS basic financial statements including the Plan's net position can be found in the SURS ACFR by accessing the website at www.SURS.org.

13. Defined Contribution Pension Plan

Plan Description

The College contributes to the Retirement Savings Plan (RSP) administered by SURS, a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State of Illinois makes substantially all 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 and community colleges, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is governed by Chapter 40, Act 5, Article 15 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. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Benefits Provided

A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2022, can be found in the System's Annual Comprehensive Financial Report (ACFR) Notes to the Financial Statements.

Contributions

All employees who have elected to participate in the RSP are required to contribute 8.00 percent of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.60 percent of employee earnings. The

State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.60 percent contribution for employee earnings paid from “trust, federal, and other funds” as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State’s General Assembly.

Forfeitures

Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee’s RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee’s own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State’s contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State’s General Assembly.

Defined Contribution Pension Expense

For the year ended June 30, 2022, the State’s contributions to the RSP on behalf of the individual employers totaled \$89,770,940. Of this amount, \$80,902,699 was funded via an appropriation from the State and \$8,868,241 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense

The College’s proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2022. The College’s share of pensionable contributions was 0.2845 percent. As a result, the College recognized on-behalf revenue and defined contribution pension expense of \$255,430 from this special funding situation for the fiscal year ended June 30, 2023, of which \$25,233 constituted forfeitures.

14. 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 percent raise on their contractual-based salary for each of their 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 College discontinued this planned retirement program for new employees, however, current employees were grandfathered in at the date the planned retirement ended and may still participate.

15. Post-Employment Benefits Other Than Pension (OPEB)

Plan Description

The College participates in the State of Illinois Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, “CIP”). CIP 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 the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees and their dependents of Illinois community college districts throughout the State of Illinois, excluding the City Colleges of Chicago. As a result of the Governor’s Executive Order 12-01, the responsibilities in relation to CIP were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of SURS and the boards of trustees of the various community college districts.

Plan Membership

All members receiving benefits from the SURS who have been full-time employees of a community college district or an association of a community college who have paid the required active member CIP contributions prior to retirement are eligible to participate in CIP. Survivors of an annuitant or benefit recipient eligible for CIP coverage are also eligible for coverage under CIP.

Benefits Provided

CIP health coverage includes provisions for medical, prescription drugs, vision, dental, and behavioral health benefits. Eligibility to participate in the CIP is defined in the State Employees Group Insurance Act of 1971 (the Act) (5 ILCS 375/3). The Act (5 ILCS 375/6.9) also establishes health benefits for community college benefit recipients and dependent beneficiaries.

Contributions

The Act (5 ILCS 375/6.10) requires every active contributor (employee) of SURS to contribute 0.50 percent of covered payroll and every community college district to contribute 0.50 percent of covered payroll. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires a special funding situation whereby the State of Illinois makes an annual appropriation to the CIP to cover any expected expenditures in excess of the contributions by active employees, employers, and retirees. The result is pay as you go financing of the plan. The employer contributions made by the State of Illinois on behalf of the College to CIP and the College’s contributions for the year ended June 30, 2023 were both \$123,043.

Net OPEB Liability

At June 30, 2021, CIP reported a net OPEB liability of \$684,560,152.

Employer Proportionate Share of Net OPEB Liability

The proportionate share of the net OPEB liability reported by the College is \$8,395,420. The State of Illinois is considered a non-employer contributing entity and the state's contribution meets the definition of special funding situation. The OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the OPEB liability was determined based on the June 30, 2021 actuarial valuation rolled forward. The College's proportion of the net OPEB liability was based on the College's share of contributions to the OPEB plan relative to the contributions of all participating employers and the state of Illinois. At June 30, 2022, the College's proportion was 1.226396 percent. The portion of the State of Illinois' liability that is associated with the College is \$8,395,418. The total share that is associated with the College is \$16,790,838.

OPEB Expense

At June 30, 2022, CIP reported a collective net OPEB expense of (\$287,349,940).

Employer Proportionate Share of OPEB Expense

For the year ended June 30, 2023, the College recognized proportionate share of collective OPEB expense of (\$3,598,090). The basis of allocation used in the proportionate share of collective OPEB expense is the actual reported contributions made to CIP during Fiscal Year 2022.

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

Deferred Outflows of Resources are the consumption of net position by the system that is applicable to future reporting periods, and thus will not be recognized as an outflow (expense) until the future periods.

Deferred Inflows of Resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$66,323	\$3,496,953
Changes in assumption	-	11,316,764
Net difference between projected and actual earnings on OPEB investments	-	434
Changes in proportion and differences between employer contributions and share of contributions	<u>929,574</u>	<u>1,809,542</u>
Total deferred amounts to be recognized in OPEB expense in future periods	995,897	16,623,693
OPEB contributions made subsequent to the measurement date	<u>123,043</u>	-
Total deferred amounts related to OPEB	\$1,118,940	\$16,623,694

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Fiscal Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 223,788	\$ 3,324,739
2025	223,788	3,324,739
2026	223,788	3,324,739
2027	223,788	3,324,739
2028	223,788	3,324,738
Total	<u>\$ 1,118,940</u>	<u>\$ 16,623,694</u>

Employer Deferral of Fiscal Year 2021 OPEB Expense

The College paid \$123,043 in OPEB contributions for the fiscal year ended June 30, 2023. These contributions were made subsequent to the OPEB liability measurement date of June 30, 2022, and are recognized as Deferred Outflows of Resources as of June 30, 2023. This amount will be recognized in OPEB expense in Fiscal Year 2023.

Assumptions and Other Inputs

The total CIP plan's net OPEB liability was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

- Inflation – 2.25 percent
- Salary increases – depends on service and ranges from 12.75 percent at less than 1 year of service to 3.50 percent at 34 or more years of service under 50 and ranges from 12.00 percent at less than 1 year of service to 3.00 percent at 34 or more year of service for employees over 50. Salary increases include a 3.00 percent wage inflation assumption.
- Investment rate of return – 0 percent, net of OPEB plan investment expense, including inflation
- Healthcare cost trend rates – actual trend used for Fiscal Year 2022 based on premium increases. For fiscal years on or after 2023, trend starts at 8.00 percent for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend rate of 4.25 percent in 2039. For MAPD costs, trend rates are 0 percent in 2024 to 2028, 19.42 percent in 2029 to 2033 and 5.86 percent in 2034, declining gradually to an ultimate rate of 4.25 percent in 2039.

Mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table. For disabled annuitants, mortality rates were based on the Pub-2010 Disabled Retiree Mortality Table. Mortality rates for pre-retirement were based on Pub-2010 Employee Mortality Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2017 to June 30, 2020.

Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rate is 3.69 percent as of June 30, 2022. The increase in the discount rate from 1.92 percent at June 30, 2021 to 3.69 percent caused the total OPEB liability to decrease by approximately \$119.2 million from 2021 to 2022.

Sensitivity of total CIP's OPEB liability to changes in the Single Discount Rate

The following presents the College's proportional share of the OPEB liability, calculated using a Single Discount Rate of 3.69 percent, as well as what the total CIP's plan OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69 percent) or one percentage-point higher (4.69 percent) than the current discount rate:

1% Decrease (2.69%)	Current Single Discount Rate Assumption (3.69%)	1% Increase (4.69%)
\$9,190,281	\$8,395,420	\$7,715,697

Sensitivity of the total CIP's plan OPEB liability to changes in the healthcare cost trend rates

The following presents the College's share of the net OPEB liability, calculated using the healthcare cost trend rates as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point that is higher or lower than the current healthcare cost trend rate. The key trend rates are 9.18 percent in 2023 decreasing to an ultimate trend rate of 4.25 percent in 2039.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$7,502,592	\$8,395,420	\$9,486,376

- One percentage point decrease in healthcare trend rates are 8.18 percent in 2023 decreasing to an ultimate trend rate of 3.25 percent in 2039.
- One percentage point increase in healthcare trend rates are 10.18 percent in 2023 decreasing to an ultimate trend rate of 5.25 percent in 2039.

No amount was owed to the plan at June 30, 2023. The College provides no other financially significant postemployment benefit to employees.

16. On-Behalf Payments for Fringe Benefits

For the year ending June 30, 2023, expense for fringe benefits payments made by the State of Illinois on behalf of the College were \$11,527,964 for pensions to SURS pensions and (\$3,598,090) for the health insurance program to CIP.

17. Other Risk Management Issues

The College is exposed to various risks of loss due to torts involving outside contractors, theft, or damage to assets, errors and omissions, and natural disasters. The College purchases commercial insurance for these risks. There has been no significant reduction in coverage over the past two years and settlements have not exceeded insurance coverage in any of the past three years.

The College is insured under a retrospectively rated policy for workers' compensation coverage whereas the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the current fiscal year, there were no significant adjustments in premiums based on actual experience.

18. Inter-Sub-Fund Balances and Transfers

The College maintains various sub-funds to track the activity of the primary government. The following is a summary of the balances and transactions among these sub-funds as of and for the year ended June 30, 2023.

	Due to	Due from
Education Fund	\$ -	\$ 38,530,001
Operations and Maintenance Fund	-	6,500,001
Operations and Maintenance Fund - Restricted	3,832,486	-
Bond and Interest Fund	-	2,574,764
Auxiliary Fund	-	999,999
Restricted Purposes Fund	1,240,001	-
Working Cash Fund	41,390,323	-
General Fixed Assets Fund	2,161,955	-
Liability, Protection, and Settlement Fund	-	20,000
	<u>\$ 48,624,765</u>	<u>\$ 48,624,765</u>
	Transfer in	Transfer out
Bond and Interest Fund	\$ 103,286	\$ -
Auxiliary Fund	1,603,076	-
Education Fund	-	1,717,311
Liability, Protection, and Settlement Fund	3,832	-
Operations & Maintenance - Operational Fund	7,117	-
	<u>\$ 1,717,311</u>	<u>\$ 1,717,311</u>

The inter-sub-fund balances and transactions are eliminated for the preparation of the basic financial statements of the primary government of the College.

19. Related Party Activity

At June 30, 2023, the College has \$34,204 receivable from the Foundation related to scholarships reimbursements. The Foundation has a \$34,204 liability at June 30, 2023 due to the College.

The Foundation entered into an irrevocable donation agreement with Lake Land College during fiscal year 2020 to advance the initial design and construction costs of the Foundation and Alumni Center in the amount of \$1,500,000. Payments of \$250,000 are to be paid annually. At June 30, 2023, the balance of the agreement is \$250,000.

During the year ended June 30, 2023, the College received \$1,554,775 of donated equipment from the Foundation. The equipment is further discussed in Note 6 to the financial statements.

20. Self-Insurance

The College sponsors a health and prescription insurance plan for its employees. The College pays a minimum premium to provide for administration of the health plan and claims up to the aggregate maximum liability. Aggregate maximum liability under the policy is a factor of the group census. The College is contingently liable for any deficit the health and dental plan may incur.

Claim liabilities are based on the requirements of GASB Statements which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At June 30, 2023, the submitted and accrued claims were \$500,000, and are included in the accounts payable on the Statement of Net Position.

The stop-loss limit for health insurance plan at June 30, 2023 was \$150,000. This liability is based on estimates and the ultimate liability may be greater or less than the amount estimated. The methods used to calculate such estimates are continually reviewed, and any adjusted will be reflected in a future period.

The change in claim liability was as follows:

Accrued Claims, Beginning of Year	\$ 500,000
Incurred Claims	4,866,688
Claim Payments	<u>(4,866,688)</u>
Accrued Claims, End of Year	<u>\$ 500,000</u>

21. Contingencies

Federal and State Grants

The College participates in a number of federal and state funded grant programs. Under the terms of these programs, periodic audits may be required by grantor agencies, and certain costs may be questioned as not being appropriate expenditures under the terms of these programs. Such audits could lead to reimbursements to grantor agencies. Based on prior experience, the College's management believes examinations would not result in any material disallowed costs for grant revenue recorded in these financial statements or from prior years.

22. Other Commitments

The College entered into a construction contract for a locker room renovation and roof renovation. The remaining commitment on the contract at June 30, 2023 was approximately \$621,000.

The College has entered into several contracts for the renovation of a building and a parking lot replacement through the Capital Development Board (CDB). The remaining commitment on the contracts related to these projects at June 30, 2023 was \$4,730,978.

Subsequent to year end, the College entered into a construction contract for a softball press box. The commitment on the contract at June 30, 2023 is \$179,984.

The College also has an ongoing commitment to fund a portion of entity’s annual operating budget for which the College is jointly governing with other community colleges. The purpose of the entity is to purchase certain software on behalf of a group of community colleges, including Lake Land College. The amount of the commitment is established with an annual bill received by the College. No outstanding commitment existed at June 30, 2023.

23. New Government Accounting Standard

In June 2022, GASB issued GASB Statement 101 (GASB 101), *Compensated Absences*. The provisions of GASB 101 require that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. GASB 101 will be effective for the College’s Fiscal Year 2025.

The College’s management is currently reviewing what impact, if any, this new standard will have on its future financial statements and disclosures.

24. Prior Period Adjustment

The accompanying financial statements include a prior period adjustment to correct an error in the previous periods. The self-insurance claims accrued liability was overstated in the prior year by \$2,471,589 due to the College including employee contributions as a liability. The error understated expenses by \$68,454 in Fiscal Year 2022.

	Net Position June 30, 2022 As Previously Reported	Prior Period Adjustment	Net Position June 30, 2022 As Restated
Business-Type Activities	\$ 105,397,800	\$ 2,471,589	\$ 107,869,389

25. Discretely Presented Component Unit

The following notes are provided for the College’s component unit, the Foundation:

A. Nature of Organization

Lake Land College (the Foundation) is a nonprofit corporation organized under the laws of the State of Illinois for educational, scientific, and charitable purposes designed to promote the general welfare of Lake Land College (the College) by encouraging gifts of money, property, works of art, and other materials having educational, artistic, or historical value. The Foundation is considered a component unit of the College under the accounting standards followed by the College; however, the Foundation is a separate legal entity.

The Foundation’s major sources of support and revenue are contributions from donors and investment income.

B. Summary of Significant Accounting Policies

- a. The Foundation's financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States.
- b. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents, except for money market funds which management considers to be investments.
- c. Investments consist of managed investment accounts comprised of various mutual funds, money market funds, exchange traded funds, and bonds. These investments are stated at fair value. Unrealized appreciation or decline in fair value is included in the statement of activities.
- d. Property and equipment expenditures in excess of \$500 are capitalized and recorded at cost, or, if donated, at fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful life of assets.
- e. Works of art are stated at cost for all purchased items, or, if donated, at fair value at the time of donation. The Foundation does not recognize depreciation on works of art.
- f. The Foundation acts as an intermediary for various clubs and athletic departments associated with the College. The liability "Agency Funds" on the statement of financial position represents the amount held for these organizations and is not part of the Foundation's activities.
- g. Net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Board of Directors and/or the passage of time, or that must be maintained permanently by the Foundation. This includes contributions of nonfinancial assets designated for a specific program. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

- h. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions and increase that net asset class. Contributions of cash and other financial assets received with donor-imposed restrictions which require the corpus to be invested in perpetuity are classified as net assets with donor restrictions, restricted in perpetuity. Contributions of cash and other

financial assets are presented as with donor restrictions, restricted by purpose or time, support if they are received with donor-imposed restrictions that limit their use. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions, restricted by purpose or time, are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

- i. Contributions of land, facilities, and equipment are capitalized if the fair value of the property exceeds the Foundation's capitalization threshold of \$500. Contributed services are recognized if the benefit received (a) creates or enhances non-financial assets or (b) requires specialized skills provided by individuals possessing those skills and (c) would typically need to be purchased if not provided by donation. Such contributions are recorded at fair value on the date of the contribution and are presented as "Contributions of Nonfinancial Assets" and "Support Provided by Lake Land College" on the statement of activities.
- j. The Foundation holds special events throughout the year. A portion of the revenue raised at these events is considered reciprocal and is not tax deductible by the donor. This revenue is segregated from regular contributions and presented net of related expenses as special event revenue.
- k. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Foundation's most significant estimates are the fair value of level 2 investments utilizing a computerized pricing service or a yield-based matrix for less actively traded issues and the fair values of equipment and donated services.

- l. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel expenses are allocated based on management's estimate of time and effort. All other expenses are directly charged to the applicable program or support function.
- m. The Foundation, as a nonprofit organization, is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income taxes has been made.
- n. The Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), as of July 1, 2022, utilizing the modified retrospective method of transition. The Foundation elected a package of practical expedients permitted under the transition guidance. These expedients did not require reassessment of prior conclusions related to contracts containing a lease, lease

classification, and initial direct lease costs. There was no impact on the Statements of Financial Position or Statements of Activities for the years ended June 30, 2023 and 2022.

- o. The Foundation has evaluated subsequent events through October 3, 2023, the date which the financial statements were available to be issued.

C. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets and liquidity at June 30, 2023:

Financial Assets:	
Cash and Cash Equivalents	\$ 244,869
Investments	14,037,448
Total Financial Assets	<u>14,282,317</u>
Less Donor Imposed Restrictions in Financial Assets:	
Restricted by Purpose or Time	(3,807,916)
Restricted in Perpetuity	<u>(8,005,523)</u>
Financial Assets Available for	
General Expenditures within One Year	<u><u>\$ 2,468,878</u></u>

The Foundation’s goal is generally to maintain financial assets sufficient to meet 60 days of normal operating expenses. The Foundation does not maintain a line of credit.

D. Collateralization of Deposits

At June 30, 2023, the Foundation had deposits on hand and at financial institutions, which totaled \$263,810 reconciled to a book balance of \$244,869. Of the deposits, \$263,810 was covered by federal deposit insurance.

E. Property and Equipment, Net

Property and Equipment consists of the following at June 30, 2023:

Land - Subject to Operating Leases	\$ 2,651,184
Buildings - Subject to Operating Leases	701,691
Equipment	11,783
Total Property and Equipment	<u>3,364,658</u>
Less: Accumulated Depreciation	<u>(304,726)</u>
Property and Equipment, Net	<u><u>\$ 3,059,932</u></u>

F. Investments

Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820-10 establishes a framework for measuring fair value under generally accepted accounting principles. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation can access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2023.

Money Markets – Valued at the cash balance available to the Foundation.

Mutual Funds and Exchange Traded Funds – Valued at unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access.

Bonds – Valued utilizing a computerized pricing service or a yield-based matrix for less actively traded issues.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2023:

		<u>Fair Value Level</u>
Money Markets	\$ 238,574	1
Mutual Funds	2,843,569	1
Exchange Traded Funds	7,905,557	1
Bonds	<u>3,049,748</u>	2
Total	<u>\$ 14,037,448</u>	

Custodial Credit Risk - Investments

Of the investments in exchange traded funds and bonds at June 30, 2023, \$10,455,305 is subject to custodial credit risk as their value exceeds coverage provided by the Securities Investor Protection Corporation.

G. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2023:

Purpose Restricted For:

Scholarships	\$ 5,838,746
Educational Programs	291,009
Capital Projects	285,551
Support Acquisition of Art for the College	<u>5,120</u>
Total Net Assets with Temporary Restrictions	<u>6,420,426</u>

Permanent Endowment:

Scholarships	7,477,794
Educational Programs	507,729
Support Acquisition of Art for the College	<u>20,000</u>
Total Net Assets with Perpetual Restrictions	<u>8,005,523</u>

Total Net Assets With Donor Restrictions	<u>\$ 14,425,949</u>
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H. Endowments

As of June 30, 2023, investments contain endowment funds, which are classified and reported based on the existence of donor-imposed restrictions.

The Foundation has a spending policy of appropriating for distribution each year up to 4.5 percent to 5 percent of endowment fund balances. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its general endowment funds to grow at an average of the rate of inflation plus a

minimum of 0.5 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

To achieve that objective, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 4.5 percent to 5 percent, while growing the fund. Accordingly, the Foundation expects its endowment assets, over time, to produce an average rate of return of the rate of inflation plus a minimum of 0.5 percent annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Changes in endowment net assets for the year ended June 30, 2023, all of which are in net assets with donor restrictions, are as follows:

Balance, July 1	\$ 7,022,087
Contributions	972,290
Investment Income	54,562
Appropriation for Expenditure	<u>(43,416)</u>
Balance, June 30	<u><u>\$ 8,005,523</u></u>

I. Contributed Nonfinancial Assets and Support Provided by Lake Land College

Contributed nonfinancial assets recognized within the statement of activities for the year ended June 30, 2023 include:

Equipment	\$ 1,554,775
Lease	98,991
Miscellaneous	<u>15,420</u>
Total	<u><u>\$ 1,669,186</u></u>

Contributed equipment received by the Foundation are recognized at their fair value at the time of donation. This equipment was subsequently donated to the College to fulfill restrictions on the contributed equipment, if any.

The Foundation has a lease agreement for a facility for the College to use for classrooms, lab work, study hall, library, and other educational activities. The lessor has agreed to allow the Foundation to lease the facility without making the scheduled payments specified in the lease, which are considered to be equivalent to the fair rental value.

The College provides services and facilities to the Foundation at no charge. Support provided by Lake Land College for the year ended June 30, 2023 are as follows:

Personnel Services	\$ 151,838
Occupancy	95,118
Total	<u>\$ 246,956</u>

Personnel services is valued based on the estimated time spent by College personnel, and occupancy is based on the estimated fair market value of rent.

J. Related Party Transactions

The Foundation enters into various transactions with the College as part of fulfilling its purpose to promote the general welfare of the College. During the year ended June 30, 2023, the Foundation provided \$0 to the College and its students in the form of scholarships, equipment, facility usage, and other support.

As discussed in Note 25.I, the Foundation received \$246,956 in support from the College during the year ended June 30, 2023.

On November 11, 2019, the Foundation entered into an irrevocable agreement with the College to advance the initial design and construction costs of the Foundation and Alumni Center in the amount of \$1,500,000. This agreement requires the Foundation reimburse the College \$250,000 annually on April 1 until the College is reimbursed in full. The note will be reimbursed in full on April 1, 2024.

K. Concentration of Support and Revenue

For the year ended June 30, 2023, the Foundation recognized contributions revenue of \$2,384,159, approximately 53 percent of total support and revenue, from two contributors.

26. Supplemental Information

Schedules 1 through 3, Schedules 6 through 9, Schedule 16, and Schedules 18 through 20 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than GAAP for a special-purpose government engaged only in business-type activities.

In the schedules noted, the modified accrual basis of accounting differs from GAAP for a special-purpose government engaged only in business-type activities because:

- Capital assets are not depreciated, and depreciation expense is not presented in the schedules, except for funds considered to be proprietary operations.
- Payments of principal on long-term debt are reported as expenditures in the schedules.
- In the schedules, the full amount of summer school revenue and scholarship expense is recognized in the fiscal year in which the related term is completed.

- Expenditures in the schedules include the cost of capital asset acquisitions, except for funds considered to be proprietary operations.
- Debt service expenditures in the schedules are recorded only when payment is due, except for funds considered to be proprietary operations.
- Pension expenditures in the schedules include payments made by the College in the current fiscal year for federal, trust, or grant-funded salaries in the current fiscal year.
- OPEB expenditures in the schedules include payments made by the College in the current fiscal year for salaries in the current fiscal year.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability - SURS
For the Year Ended June 30, 2023
(Unaudited)

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2022</u>
a) Lake Land's Proportionate Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%	0%	0%	0%	0%
b) Lake Land's Proportionate Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability Associated with Lake Land	<u>133,234,506</u>	<u>139,107,184</u>	<u>154,077,204</u>	<u>147,815,896</u>	<u>161,695,488</u>	<u>185,933,741</u>	<u>185,530,313</u>	<u>172,859,463</u>	<u>172,217,100</u>
Total b) + c)	<u>\$ 133,234,506</u>	<u>\$ 139,107,184</u>	<u>\$ 154,077,204</u>	<u>\$ 147,815,896</u>	<u>\$ 161,695,488</u>	<u>\$ 185,933,741</u>	<u>\$ 185,530,313</u>	<u>\$ 172,859,463</u>	<u>\$ 172,217,100</u>
Lake Land's Defined Benefit Covered Payroll	<u>\$ 22,225,415</u>	<u>\$ 21,416,911</u>	<u>\$ 21,444,618</u>	<u>\$ 20,492,289</u>	<u>\$ 21,023,554</u>	<u>\$ 23,416,665</u>	<u>\$ 22,531,296</u>	<u>\$ 22,075,372</u>	<u>\$ 21,073,400</u>
Proportion of Collective Net Pension Liability Associated with Lake Land College as a Percentage of Defined Benefit Covered Payroll	599.47%	649.52%	718.49%	721.32%	769.12%	794.02%	823.43%	783.04%	817.23%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%	41.27%	40.71%	39.05%	45.45%	43.65%

NOTE: The system implemented GASB No. 68 in fiscal year 2015. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Required Supplementary Information
Schedule of Contributions - SURS
For the Year Ended June 30, 2023
(Unaudited)

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Lake Land's Federal, Trust, and Other Contribution	\$ 44,728	\$ 86,474	\$ 69,447	\$ 60,841	\$ 62,379
Lake Land's Contribution in relation to required contribution	44,728	86,474	69,447	60,841	62,379
Contribution Deficiency (Excess)	<u>\$ -</u>				
Lake Land's Covered Payroll	<u>\$ 375,550</u>	<u>\$ 738,463</u>	<u>\$ 547,258</u>	<u>\$ 485,563</u>	<u>\$ 500,634</u>
Contributions as a Percentage of Covered Payroll	11.91%	11.71%	12.69%	12.53%	12.46%
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Lake Land's Federal, Trust, and Other Contribution	\$ 69,680	\$ 75,281	\$ 66,551	\$ 58,571	\$ 80,471
Lake Land's Contribution in relation to required contribution	69,680	75,281	66,551	58,571	80,471
Contribution Deficiency (Excess)	<u>\$ -</u>				
Lake Land's Covered Payroll	<u>\$ 566,965</u>	<u>\$ 578,195</u>	<u>\$ 524,024</u>	<u>\$ 475,414</u>	<u>\$ 627,210</u>
Contributions as a Percentage of Covered Payroll	12.29%	13.02%	12.70%	12.32%	12.83%

See Accompanying Notes on Page 55

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Notes to Required Supplementary Information – Pension Liability
For the Year Ended June 30, 2023
(Unaudited)

Changes of Benefit Terms

There were no benefit changes in the Total Pension Liability as of June 30, 2022.

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, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021. These assumptions are listed below and remained the same for the June 30, 2022 actuarial valuation.

- Salary Increase – Decrease in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return – Decrease the investment return assumption to 6.50 percent. This reflects maintaining an assumed real rate of return of 4.25 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest – Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates – Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Early retirement rates – Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Turnover rates – Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates – Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from MP-2017 to the MP-2020 scale.
- Disability rates – Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females
- Plan election – Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

LAKE LAND COLLEGE
 Required Supplementary Information
 Schedule of Proportionate Share of OPEB Liability - CIP
 For the Year Ended June 30, 2023
 (Unaudited)

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2022</u>
a) Lake Land's Proportionate Percentage of the Collective Net OPEB Liability	1.218243%	1.195476%	1.216456%	1.347859%	1.301146%	1.282778%	1.226396%
b) Lake Land's Proportionate Amount of the Collective Net OPEB Liability	\$ 22,171,518	\$ 21,801,147	\$ 22,933,246	\$ 25,454,857	\$ 23,716,814	\$ 22,263,031	\$ 8,395,420
c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net OPEB Liability Associated with Lake Land	23,100,835	21,514,012	22,933,246	23,716,767	23,716,767	22,263,031	8,395,420
Total b) + c)	<u>\$ 45,272,353</u>	<u>\$ 43,315,159</u>	<u>\$ 45,866,492</u>	<u>\$ 49,171,624</u>	<u>\$ 47,433,581</u>	<u>\$ 44,526,062</u>	<u>\$ 16,790,840</u>
Lake Land's Covered Payroll	<u>\$ 22,082,400</u>	<u>\$ 20,743,200</u>	<u>\$ 21,246,000</u>	<u>\$ 24,198,200</u>	<u>\$ 23,932,600</u>	<u>\$ 23,854,200</u>	<u>\$ 23,131,000</u>
Lake Land's Proportionate Share of Collective Net OPEB Liability as a Percentage of Covered Payroll	100.40%	105.10%	107.94%	105.19%	99.10%	93.33%	36.30%
CIP Plan Net Position as a Percentage of Total OPEB Liability	-2.15%	-2.87%	-3.54%	-1.13%	-5.07%	-6.38%	-22.03%

NOTE: The College implemented GASB No. 75 in fiscal year 2018. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

See Accompanying Notes on Page 58

LAKE LAND COLLEGE
 Required Supplementary Information
 Schedule of Contributions - CIP
 For the Year Ended June 30, 2023
 (Unaudited)

Year Ended June 30	Statutorily Required Contributions*	Covered Payroll	Actual Contribution as a % of Covered Payroll
2023	\$ 123,043	\$ 24,608,600	0.50%
2022	115,655	23,131,000	0.50%
2021	119,271	23,854,200	0.50%
2020	119,663	23,932,600	0.50%
2019	120,991	24,198,200	0.50%
2018	106,230	21,246,000	0.50%
2017	103,716	20,743,200	0.50%
2016	110,412	22,082,400	0.50%

* Statutorily required contributions equal actual contributions recognized by the plan.

NOTE: The College implemented GASB No. 75 in fiscal year 2018. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

See Accompanying Notes on the Following Page

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Notes to Required Supplementary Information – OPEB Liability
For the Year Ended June 30, 2023
(Unaudited)

Changes of Benefit Terms

There were no benefit changes in the Total OPEB Liability as of June 30, 2022.

Assumptions Used

- Actuarial Cost Method – Entry Age Normal, used to measure the Total OPEB Liability
- Contribution Policy – Benefits are financed on a pay-as-you go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2022, contribution rates are 0.50 percent of pay for active members, 0.50 percent of pay for community colleges and 0.50 percent of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
- Asset Valuation Method – Market value
- Investment Rate of Return – 0 percent, net of OPEB plan investment expense, including inflation, for all plan years.
- Inflation – 2.25 percent
- Salary Increases – Depends on age and service and ranges from 12.75 percent at less than 1 year of service to 3.50 percent at 34 or more years of service for employees under 50 and ranges from 12.00 percent at less than one year of service to 3.00 percent at 34 or more years of service for employees over 50. Salary increase includes a 3.25 percent 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, 2021, actuarial valuation.
- Mortality – Retirement and Beneficiary Annuitants: Pub-2010 Healthy Mortality table. Disabled Annuitants: Pub-2010 Disabled Retiree Mortality Table. Pre-Retirement: Pub-2010 Employee Mortality Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.
- Healthcare Cost Trend Rates – Trend used plan year end 2023 are based on actual prelim increases. For non-Medicare costs, trend rates start at 8.00 percent for plan year 2024 and decrease gradually to an ultimate rate of 4.25 percent in 2039. For MAPD costs, trend rates are 0 percent in 2024 to 2028, 19.42 percent in 2029 to 2033 and 5.86 percent in 2034, declining gradually to an ultimate rate of 4.25 percent in 2039.
- 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 cost. Operating expenses are included as a component of the Annual OPEB Expense.

LAKE LAND COLLEGE
 COMMUNITY COLLEGE DISTRICT #517
 Balance Sheet - Modified Accrual Basis (Governmental Fund Types)
 and GAAP Basis (Proprietary and Fiduciary Fund Types)
 All Funds
 June 30, 2023

	Governmental Fund Types								Proprietary Fund Type Enterprise Funds	Fiduciary Fund Type Custodial Fund	Total (Memorandum Only)
	Education Fund	Operations and Maintenance Funds		Restricted Purposes Fund	Working Cash Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund			
		Operational	Restricted								
ASSETS											
Cash and Cash Equivalents	\$ 3,158,618	\$ 11,394	\$ 10,181	\$ (2,027,066)	\$ 3,671	\$ 562,674	\$ 115,569	\$ 367,042	\$ 925,428	\$ 241,902	\$ 3,369,413
Investments	-	-	11,712,819	-	65,900,026	-	-	-	-	-	77,612,845
Receivables:											
Property Taxes	9,435,993	900,663	6,743,562	-	-	1,554,420	180,151	1,158,951	-	-	19,973,740
Governmental Claims	231,717	-	-	3,570,973	-	-	-	-	-	-	3,802,690
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of \$5,655,466	952,921	-	-	-	-	-	-	-	-	-	952,921
Other	221,001	-	-	958,416	-	-	-	-	33,890	-	1,213,307
Due from Other Funds	38,530,001	6,500,001	-	-	-	2,574,764	-	20,000	999,999	-	48,624,765
Due from Component Unit	-	-	250,000	-	-	-	-	-	-	-	250,000
Inventories	-	-	-	-	-	-	-	-	350,186	-	350,186
Prepaid Expenses	459,065	-	-	-	-	-	-	223,034	-	-	682,099
Capital Assets, Net of Depreciation	-	-	-	-	-	-	-	-	628,882	-	628,882
Total Assets	52,989,316	7,412,058	18,716,562	2,502,323	65,903,697	4,691,858	295,720	1,769,027	2,938,385	241,902	157,460,848
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 52,989,316	\$ 7,412,058	\$ 18,716,562	\$ 2,502,323	\$ 65,903,697	\$ 4,691,858	\$ 295,720	\$ 1,769,027	\$ 2,938,385	\$ 241,902	\$ 157,460,848
LIABILITIES											
Accounts Payable	\$ 1,416,781	\$ 90,418	\$ (14,465)	\$ 378,462	\$ -	\$ -	\$ -	\$ -	\$ 44,756	\$ (84)	\$ 1,915,868
Accrued Salaries	1,072,357	-	-	128,156	-	-	-	-	15,403	-	1,215,916
Accrued Interest	-	-	-	-	-	83,622	-	-	-	-	83,622
Accrued Compensated Absences	390,808	-	-	-	-	-	-	-	-	-	390,808
Planned Retirement Payable	2,230,365	-	-	-	-	-	-	-	-	-	2,230,365
Unearned Revenue	1,416,447	-	-	525,982	-	-	-	-	-	-	1,942,429
Due to Other Funds	-	-	3,832,486	1,240,001	41,390,323	-	-	-	-	-	46,462,810
Total Liabilities	6,526,758	90,418	3,818,021	2,272,601	41,390,323	83,622	-	-	60,159	(84)	54,241,818
DEFERRED INFLOWS OF RESOURCES											
Deferred Property Taxes	9,920,393	947,104	6,836,442	-	-	1,894,208	189,421	1,216,100	-	-	21,003,668
Total Deferred Inflows of Resources	9,920,393	947,104	6,836,442	-	-	1,894,208	189,421	1,216,100	-	-	21,003,668
FUND EQUITIES											
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	628,882	-	628,882
Retained Earnings - Unreserved	-	-	-	-	4,686,259	-	-	-	2,036,487	-	6,722,746
Reserved	-	-	3,417,536	229,722	-	-	106,299	552,927	-	-	4,306,484
Unreserved, Designated	1,851,389	-	4,644,563	-	18,920,000	2,312,097	-	-	-	241,986	27,970,035
Unreserved, Undesignated	34,690,776	6,374,536	-	-	907,115	401,931	-	-	212,857	-	42,587,215
Total Fund Balances	36,542,165	6,374,536	8,062,099	229,722	24,513,374	2,714,028	106,299	552,927	2,878,226	241,986	82,215,362
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,989,316	\$ 7,412,058	\$ 18,716,562	\$ 2,502,323	\$ 65,903,697	\$ 4,691,858	\$ 295,720	\$ 1,769,027	\$ 2,938,385	\$ 241,902	\$ 157,460,848

LAKE LAND COLLEGE
 COMMUNITY COLLEGE DISTRICT #517
 Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Modified Accrual Basis (Governmental Fund Types)
 and GAAP Basis (Fiduciary Fund Type)
 All Funds
 For the Year Ended June 30, 2023

	Governmental Fund Types								Fiduciary Fund Type Custodial Fund	Total (Memorandum Only)
	Education Fund	Operations and Maintenance Funds		Restricted Purposes Fund	Working Cash Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund		
		Operational	Restricted							
Revenues										
Local Government	\$ 10,877,247	\$ 868,016	\$ 1,727,416	\$ 199,750	\$ -	\$ 6,679,262	\$ 173,596	\$ 2,366,493	\$ -	\$ 22,891,780
State Government	10,600,086	2,723,042	-	11,640,163	-	-	-	-	-	24,963,291
Federal Government	348,993	-	-	16,439,297	-	-	-	-	-	16,788,290
Tuition and Fees, Net of Decrease in Allowance of \$50,192	11,083,208	-	-	-	-	-	-	-	-	11,083,208
Sales and Service Fees	1,015,589	-	-	-	-	-	-	-	-	1,015,589
Facilities	-	312,079	-	-	-	-	-	-	-	312,079
Investment Income	102,413	-	464,555	-	1,194,001	9,211	-	-	-	1,770,180
Nongovernmental Gifts, Grants, and Bequests	1,571,525	-	-	26,745	-	-	-	-	857,864	2,456,134
Other Revenue	799,875	-	-	342,005	-	-	-	-	-	1,141,880
On-Behalf Payments	-	-	-	7,929,874	-	-	-	-	-	7,929,874
Total Revenues	36,398,936	3,903,137	2,191,971	36,577,834	1,194,001	6,688,473	173,596	2,366,493	857,864	90,352,305
Expenditures										
Instruction	13,266,131	-	-	11,692,336	-	-	-	-	-	24,958,467
Academic Support	945,528	-	-	74,000	-	-	-	-	-	1,019,528
Student Services	2,472,432	-	-	259,510	-	-	-	65,326	-	2,797,268
Public Service/Continuing Education	796,569	-	-	3,480,585	-	-	-	-	-	4,277,154
Operation and Maintenance of Plant	-	3,183,003	88,126	14,810	-	4,742	-	809,432	-	4,100,113
Institutional Support	12,005,522	-	92,741	3,211,937	286,886	972,651	98,470	1,025,857	-	17,694,064
Scholarships, Student Grants, and Waivers	604,343	-	-	8,083,610	-	-	-	-	897,435	9,585,388
Capital Outlay	795,948	4,396	16,233,187	1,863,974	-	-	-	-	-	18,897,505
Principal Payments on Debt	-	-	16,025,000	-	-	6,370,000	-	-	-	22,395,000
Bond Issuance Costs	-	-	-	-	-	251,441	-	-	-	251,441
On-Behalf Payments	-	-	-	7,929,874	-	-	-	-	-	7,929,874
Total Expenditures	30,886,473	3,187,399	32,439,054	36,610,636	286,886	7,598,834	98,470	1,900,615	897,435	113,905,802
Revenue Over (Under) Expenditures	5,512,463	715,738	(30,247,083)	(32,802)	907,115	(910,361)	75,126	465,878	(39,571)	(23,553,497)
Other Financing Sources (Uses)										
Bond Proceeds	-	-	15,734,660	-	-	1,209,006	-	-	-	16,943,666
Operating Transfers, Net	(1,717,311)	7,117	-	-	-	103,286	-	3,832	-	(1,603,076)
Total Other Financing Sources (Uses)	(1,717,311)	7,117	15,734,660	-	-	1,312,292	-	3,832	-	15,340,590
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,795,152	722,855	(14,512,423)	(32,802)	907,115	401,931	75,126	469,710	(39,571)	(8,212,907)
Fund Balances, Beginning of Year, As Restated	* 32,747,013	5,651,681	22,574,522	262,524	23,606,259	2,312,097	31,173	83,217	281,557	87,550,043
Fund Balances, End of Year	\$ 36,542,165	\$ 6,374,536	\$ 8,062,099	\$ 229,722	\$ 24,513,374	\$ 2,714,028	\$ 106,299	\$ 552,927	\$ 241,986	\$ 79,337,136

* Includes prior period adjustment causing an increase to fund balance of \$2,471,589. See note 24 to the financial statements for more detail.

LAKE LAND COLLEGE
 COMMUNITY COLLEGE DISTRICT #517
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget and Actual - Modified Accrual Basis
 All Budgeted Governmental Fund Types
 For the Year Ended June 30, 2023

	General		Special Revenue		Bond and Interest Fund		Capital Projects Fund	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues								
Local Government	\$ 11,372,321	\$ 11,745,263	\$ 2,631,264	\$ 2,739,839	\$ 6,598,875	\$ 6,679,262	\$ 17,720,000	\$ 1,727,416
State Government	12,961,193	13,323,128	16,213,620	11,640,163	-	-	-	-
Federal Government	14,296	348,993	17,945,509	16,439,297	-	-	-	-
Tuition and Fees, Net of Decrease in Allowance of \$50,192	11,481,160	11,083,208	-	-	-	-	-	-
Sales and Service Fees	617,883	1,015,589	-	-	-	-	-	-
Facilities	265,890	312,079	-	-	-	-	-	-
Investment Income	146,000	102,413	-	-	-	9,211	-	464,555
Nongovernmental Gifts, Grants, and Bequests	-	1,571,525	50,000	26,745	-	-	-	-
Other Revenue	4,380	799,875	85,000	342,005	-	-	-	-
On-Behalf Payments	-	-	-	7,929,874	-	-	-	-
Total Revenues	36,863,123	40,302,073	36,925,393	39,117,923	6,598,875	6,688,473	17,720,000	2,191,971
Expenditures								
Instruction	14,535,995	13,266,131	10,112,693	11,692,336	-	-	-	-
Academic Support	919,801	945,528	-	74,000	-	-	-	-
Student Services	2,794,164	2,472,432	382,334	324,836	-	-	-	-
Public Service/Continuing Education	925,733	796,569	3,709,380	3,480,585	-	-	-	-
Operation and Maintenance of Plant	3,553,371	3,183,003	896,434	824,242	-	4,742	-	88,126
Institutional Support	11,723,174	12,005,522	5,635,331	4,336,264	391,125	972,651	-	92,741
Scholarships, Student Grants, and Waivers	1,228,566	604,343	15,635,718	8,083,610	-	-	-	-
Capital Outlay	72,728	800,344	230,426	1,863,974	-	-	9,330,110	16,233,187
Principal Payments on Debt	-	-	-	-	6,370,000	6,370,000	-	16,025,000
Bond Issuance Costs	-	-	-	-	-	251,441	-	-
On-Behalf Payments	-	-	-	7,929,874	-	-	-	-
Total Expenditures	35,753,532	34,073,872	36,602,316	38,609,721	6,761,125	7,598,834	9,330,110	32,439,054
Revenue Over (Under) Expenditures	1,109,591	6,228,201	323,077	508,202	(162,250)	(910,361)	8,389,890	(30,247,083)
Other Financing Sources (Uses)								
Bond Proceeds	-	-	-	-	-	1,209,006	-	15,734,660
Operating Transfers, Net	(1,427,890)	(1,710,194)	-	3,832	162,250	103,286	-	-
Total Other Financing Sources (Uses)	(1,427,890)	(1,710,194)	-	3,832	162,250	1,312,292	-	15,734,660
Revenue Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (318,299)	4,518,007	\$ 323,077	512,034	\$ -	401,931	\$ 8,389,890	(14,512,423)
Fund Balance, July 1, 2022, As Restated		38,398,694		376,914		2,312,097		22,574,522
Fund Balance, June 30, 2023		\$ 42,916,701		\$ 888,948		\$ 2,714,028		\$ 8,062,099

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Combined Statement of Revenues, Expenses,
and Changes in College Equity - Budget and Actual
Proprietary Fund Type
For the Year Ended June 30, 2023

	Proprietary Fund Type	
	Enterprise Funds	
	Budget	Actual
Operating Revenues		
Tuition and Fees, Net	\$ 200,000	\$ 204,211
Sales and Service Fees	1,526,684	2,112,922
Other Revenue	15,500	85
Total Operating Revenues	1,742,184	2,317,218
Operating Expenses		
Salaries	829,756	882,484
Employee Benefits	211,754	161,553
Contractual Services	201,560	219,014
General Material and Supplies	805,546	1,128,884
Conference and Meeting	169,723	185,582
Fixed Charges	250,700	316,473
Capital Outlay	25,000	(2,497)
Other	873,500	757,883
Depreciation Expense	66,000	58,061
Total Operating Expenses	3,433,539	3,707,437
Operating Loss	(1,691,355)	(1,390,219)
Other Financing Sources (Uses)		
Operating Transfers, Net	1,449,134	1,603,076
Net Income (Loss)	\$ (242,221)	212,857
College Equity, July 1, 2022		2,665,369
College Equity, June 30, 2023		\$ 2,878,226

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended June 30, 2023

	Proprietary Fund Type Enterprise Funds
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 2,298,349
Payments to Suppliers	(2,613,872)
Payments to Employees and Benefits Paid	(1,039,550)
Net Cash Provided by (Used in) Operating Activities	(1,355,073)
Cash Flows from Non-Capital Financing Activities	
Operating Transfers In (Out)	1,603,076
Change in Due to/ from Other Funds	640,001
Net Cash Provided by (Used in) Non-Capital Financing Activities	2,243,077
Cash Flows from Capital and Related Financing Activities	
Purchases of Capital Assets	(334,429)
Proceeds from Sale of Capital Assets	37,126
Net Cash Provided by (Used in) Capital and Related Financing Activities	(297,303)
Net Increase in Cash and Cash Equivalents	590,701
Cash and Cash Equivalents, July 1, 2022	334,727
Cash and Cash Equivalents, June 30, 2023	\$ 925,428
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities	
Operating Loss	\$ (1,390,219)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	58,061
Changes in Assets and Liabilities:	
Receivables	(18,869)
Inventories	(31,685)
Payables	27,639
Net Cash Provided by (Used in) Operating Activities	\$ (1,355,073)

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Combining Balance Sheet - Modified Accrual Basis
General Funds
June 30, 2023

	Education Fund	Operation and Maintenance Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,158,618	\$ 11,394	\$ 3,170,012
Receivables:			
Property Taxes	9,435,993	900,663	10,336,656
Governmental Claims	231,717	-	231,717
Student Tuition and Fees, Net of Allowance	952,921	-	952,921
Other	221,001	-	221,001
Prepaid Expenses	459,065	-	459,065
Due From Other Funds	38,530,001	6,500,001	45,030,002
 Total Assets	 \$ 52,989,316	 \$ 7,412,058	 \$ 60,401,374
LIABILITIES			
Accounts Payable	\$ 1,416,781	\$ 90,418	\$ 1,507,199
Accrued Liabilities	1,072,357	-	1,072,357
Accrued Compensated Absences	390,808	-	390,808
Unearned Revenue	1,416,447	-	1,416,447
Planned Retirement Payable	2,230,365	-	2,230,365
Total Liabilities	6,526,758	90,418	6,617,176
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	9,920,393	947,104	10,867,497
Total Deferred Inflows of Resources	9,920,393	947,104	10,867,497
FUND BALANCE			
Unreserved, Designated for Future Health Claims	1,851,389	-	1,851,389
Unreserved, Undesignated	34,690,776	6,374,536	41,065,312
Total Fund Balance	36,542,165	6,374,536	42,916,701
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 \$ 52,989,316	 \$ 7,412,058	 \$ 60,401,374

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Modified Accrual Basis
General Funds
For the Year Ended June 30, 2023

	Education Fund	Operation and Maintenance Fund	Total
Revenues			
Local Government	\$ 10,877,247	\$ 868,016	\$ 11,745,263
State Government	10,600,086	2,723,042	13,323,128
Federal Government	348,993	-	348,993
Tuition and Fees	11,083,208	-	11,083,208
Sales and Service Fees	1,015,589	-	1,015,589
Facilities	-	312,079	312,079
Investment Income	102,413	-	102,413
Nongovernmental Gifts, Grants, and Bequests	1,571,525	-	1,571,525
Other Revenue	799,875	-	799,875
Total Revenues	<u>36,398,936</u>	<u>3,903,137</u>	<u>40,302,073</u>
Expenditures			
Instruction	13,266,131	-	13,266,131
Academic Support	945,528	-	945,528
Student Services	2,472,432	-	2,472,432
Public Service/Continuing Education	796,569	-	796,569
Operation and Maintenance of Plant	-	3,183,003	3,183,003
Institutional Support	12,005,522	-	12,005,522
Scholarships, Student Grants, and Waivers	604,343	-	604,343
Capital Outlay	795,948	4,396	800,344
Total Expenditures	<u>30,886,473</u>	<u>3,187,399</u>	<u>34,073,872</u>
Revenue Over (Under) Expenditures	<u>5,512,463</u>	<u>715,738</u>	<u>6,228,201</u>
Other Financing Sources (Uses)			
Operating Transfers, Net	<u>(1,717,311)</u>	<u>7,117</u>	<u>(1,710,194)</u>
Total Other Financing Sources (Uses)	<u>(1,717,311)</u>	<u>7,117</u>	<u>(1,710,194)</u>
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,795,152	722,855	4,518,007
Fund Balance, July 1, 2022, As Restated	<u>32,747,013</u>	<u>5,651,681</u>	<u>38,398,694</u>
Fund Balance, June 30, 2023	<u>\$ 36,542,165</u>	<u>\$ 6,374,536</u>	<u>\$ 42,916,701</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Combining Balance Sheet - Modified Accrual Basis
Special Revenue Funds
June 30, 2023

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ (2,027,066)	\$ 115,569	\$ 367,042	\$ (1,544,455)
Receivables:				
Property Taxes	-	180,151	1,158,951	1,339,102
Governmental Claims	3,570,973	-	-	3,570,973
Other	958,416	-	-	958,416
Prepaid Expenses	-	-	223,034	223,034
Due From Other Funds	-	-	20,000	20,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,502,323</u>	<u>\$ 295,720</u>	<u>\$ 1,769,027</u>	<u>\$ 4,567,070</u>
LIABILITIES				
Accounts Payable	\$ 378,462	\$ -	\$ -	\$ 378,462
Accrued Salaries	128,156	-	-	128,156
Unearned Revenue	525,982	-	-	525,982
Due to Other Funds	1,240,001	-	-	1,240,001
Total Liabilities	<u>2,272,601</u>	<u>-</u>	<u>-</u>	<u>2,272,601</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes	-	189,421	1,216,100	1,405,521
Total Deferred Inflows of Resources	<u>-</u>	<u>189,421</u>	<u>1,216,100</u>	<u>1,405,521</u>
FUND BALANCE				
Reserved	229,722	106,299	552,927	888,948
Total Fund Balance	<u>229,722</u>	<u>106,299</u>	<u>552,927</u>	<u>888,948</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,502,323</u>	<u>\$ 295,720</u>	<u>\$ 1,769,027</u>	<u>\$ 4,567,070</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Modified Accrual Basis
Special Revenue Funds
For the Year Ended June 30, 2023

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Revenues				
Local Government	\$ 199,750	\$ 173,596	\$ 2,366,493	\$ 2,739,839
State Government	11,640,163	-	-	11,640,163
Federal Government	16,439,297	-	-	16,439,297
Nongovernmental Gifts, Grants, and Bequests	26,745	-	-	26,745
Other Revenue	342,005	-	-	342,005
On-Behalf Payments	7,929,874	-	-	7,929,874
	<u>36,577,834</u>	<u>173,596</u>	<u>2,366,493</u>	<u>39,117,923</u>
Expenditures				
Instruction	11,692,336	-	-	11,692,336
Academic Support	74,000	-	-	74,000
Student Services	259,510	-	65,326	324,836
Public Service/Continuing Education	3,480,585	-	-	3,480,585
Operation and Maintenance of Plant	14,810	-	809,432	824,242
Institutional Support	3,211,937	98,470	1,025,857	4,336,264
Scholarships, Student Grants, and Waivers	8,083,610	-	-	8,083,610
Capital Outlay	1,863,974	-	-	1,863,974
On-Behalf Payments	7,929,874	-	-	7,929,874
	<u>36,610,636</u>	<u>98,470</u>	<u>1,900,615</u>	<u>38,609,721</u>
Revenue Over (Under) Expenditures	(32,802)	75,126	465,878	508,202
Other Financing Sources (Uses)				
Operating Transfers (Net)	-	-	3,832	3,832
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(32,802)	75,126	469,710	512,034
Fund Balance, July 1, 2022	<u>262,524</u>	<u>31,173</u>	<u>83,217</u>	<u>376,914</u>
Fund Balance, June 30, 2023	<u>\$ 229,722</u>	<u>\$ 106,299</u>	<u>\$ 552,927</u>	<u>\$ 888,948</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Schedule of Assessed Valuations, Tax Rates, and Extensions
June 30, 2023

	<u>2022 Levy</u>	<u>Unaudited 2021 Levy*</u>	<u>Unaudited 2020 Levy*</u>
District Valuations			
Christian	\$ 88,532,572	\$ 84,086,809	\$ 78,902,874
Clark	311,678,906	285,399,325	260,157,365
Clay	28,352,813	25,546,913	22,935,283
Coles	839,407,685	772,308,867	740,509,938
Crawford	43,028	38,660	35,118
Cumberland	208,341,719	198,394,733	184,526,988
Douglas	103,461,898	96,961,529	92,499,536
Edgar	298,815,518	283,784,983	272,421,010
Effingham	958,894,505	859,249,748	818,428,878
Fayette	168,716,446	152,864,496	144,142,448
Jasper	25,609,250	23,446,512	22,754,385
Macon	5,129,062	4,813,412	4,627,374
Montgomery	4,040,034	3,843,430	3,515,557
Moultrie	329,134,673	293,344,691	278,931,560
Shelby	428,204,113	398,762,165	383,938,014
TOTAL	<u>\$ 3,798,362,222</u>	<u>\$ 3,482,846,273</u>	<u>\$ 3,308,326,328</u>
Tax Rates (Per \$100 Assessed Valuations)			
Education	0.15500	0.15610	0.15720
Foundation	0.10330	0.11170	0.11260
Operations, Buildings & Maintenance	0.02500	0.02520	0.02540
Bond and Interest	0.17392	0.18950	0.19940
Life Safety	0.05000	0.04940	0.05060
Audit	0.00500	0.00500	0.00230
Liabilities Protections & Settlement	0.03413	0.06680	0.06730
TOTAL	<u>0.54635</u>	<u>0.60370</u>	<u>0.61480</u>
Taxes Extended			
Education	\$ 5,887,461	\$ 5,436,723	\$ 5,200,689
Foundation	3,923,708	3,890,339	3,725,175
Operations, Buildings & Maintenance	949,591	877,677	840,315
Bond and Interest	6,606,112	6,599,994	6,596,803
Life Safety	1,899,181	1,720,526	1,674,013
Audit	189,918	174,142	76,092
Liabilities Protections & Settlement	1,296,381	2,326,541	2,226,504
	<u>\$ 20,752,352</u>	<u>\$ 21,025,942</u>	<u>\$ 20,339,591</u>
Taxes Collected	<u>\$ 1,011,408</u>	<u>\$ 21,102,581</u>	<u>\$ 19,793,822</u>
Percentage of Extensions Collected	<u>5%</u>	<u>100%</u>	<u>97%</u>

* Amounts in these rows were unaudited by the prior auditor.

LAKE LAND COLLEGE
 COMMUNITY COLLEGE DISTRICT #517
 Schedule of Taxes Receivable and Tax Collections
 For the Year Ended June 30, 2023

Levy Year	Assessed Valuation	Combined Rate	Taxes Extended	Total Collected		Percent Collected June 30, 2023	Allowance for Uncollectible Taxes	Taxes Written-off	
				June 30, 2022	June 30, 2023				
2022	\$ 3,798,362,222	0.5464	\$ 20,752,352	\$ -	\$ 1,011,408	\$ 1,011,408	4.87%	\$ -	\$ -
2021 *	3,482,846,273	0.6037	21,025,942	1,041,852	20,060,729	21,102,581	100.36%	-	-
2020 *	3,308,326,328	0.6148	20,339,591	19,793,822	-	19,793,822	97.32%	-	545,769
			<u>\$ 62,117,885</u>	<u>\$ 20,835,674</u>	<u>\$ 21,072,137</u>	<u>\$ 41,907,811</u>			<u>\$ 545,769</u>

2022 TAXES EXTENDED

	Collected		Estimate	
	June 30, 2023	June 30, 2023	For Uncollectible Taxes	Balance After Allowance
Education	\$ 286,937	\$ 5,600,524	\$ -	\$ 5,600,524
Foundation	191,230	3,732,478	-	3,732,478
Operations, Buildings & Maintenance	46,280	903,310	-	903,310
Bond and Interest	321,962	6,284,149	-	6,284,149
Life Safety	92,560	1,806,621	-	1,806,621
Audit	9,256	180,662	-	180,662
Liabilities Protections & Settlement	63,182	1,233,199	-	1,233,199
	<u>\$ 1,011,407</u>	<u>\$ 19,740,943</u>	<u>\$ -</u>	<u>\$ 19,740,943</u>

* Amounts in these rows were unaudited by the prior auditor.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Schedule of Assessed Valuations
June 30, 2023

<u>Tax Levy Year</u>		<u>Equalized Assessed Valuation</u>
2022		\$ 3,798,362,222
2021	<i>Unaudited</i>	3,482,846,273
2020	<i>Unaudited</i>	3,308,326,328
		<u>\$ 10,589,534,823</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Schedule of Legal Debt Margin
June 30, 2023

Assessed Valuations - 2022 Levy***

Christian	\$ 88,532,572
Clark	311,678,906
Clay	28,352,913
Coles	839,407,685
Crawford	43,028
Cumberland	208,341,719
Douglas	103,461,898
Edgar	298,815,518
Effingham	958,894,505
Fayette	168,716,446
Jasper	25,609,250
Macon	5,129,062
Montgomery	4,040,034
Moultrie	329,134,673
Shelby	428,204,113
	<u>\$ 3,798,362,322</u>

Debt Limit, 2.875 Percent of Assessed Valuation (50 ILCS 405/1)	\$ 109,202,917
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Indebtedness:

General Obligation Community College Bonds	<u>20,720,000</u>
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Legal Debt Margin

	<u>\$ 88,482,917</u>
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*** - Most Current Assessed Valuation Available

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Schedule of Debt Maturities
Governmental Fund Types
June 30, 2023

GENERAL OBLIGATION COMMUNITY COLLEGE BONDS

<u>Year Ended June 30,</u>	<u>Bond Type</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	Series 2016B	2.000%	\$ 150,000	\$ 11,300	\$ 161,300
2024	Series 2020	5.000%	4,365,000	109,125	4,474,125
2024	Series 2022	5.000%	1,370,000	752,500	2,122,500
2025	Series 2016B	2.000%	155,000	8,250	163,250
2025	Series 2022	5.000%	6,030,000	567,500	6,597,500
2026	Series 2016B	2.000%	155,000	5,150	160,150
2026	Series 2022	5.000%	6,340,000	258,250	6,598,250
2027	Series 2016B	2.250%	160,000	1,800	161,800
2027	Series 2022	5.000%	1,995,000	49,875	2,044,875
			<u>\$ 20,720,000</u>	<u>\$ 1,763,750</u>	<u>\$ 22,483,750</u>

LAKE LAND COLLEGE
 COMMUNITY COLLEGE DISTRICT #517
 Schedule of Expenses for Tort Immunity Purposes
 For the Year Ended June 30, 2023

Administrative Salaries	\$	464,013
Administrative Benefits		242,482
Campus Security Salaries and Benefits		450,548
Travel, Conference, & Meeting		4,948
Material and Supplies		38,203
Utilities		1,293
General Liability Insurance		282,832
Workers Compensation Insurance		104,037
Social Security/Medicare		309,344
Other		2,915
Total Tort Immunity Purposes Expenses	\$	<u>1,900,615</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 Assembly, the College is including the above list of tort immunity purposes expenses in its annual financial report.

The College's tax extension for tort immunity/liability insurance and Social Security/ Medicare purposes for tax year 2022 as levied by the counties within the College's district was \$1,296,381. 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 expense is carried forward to subsequent fiscal years subject to a statutory formula.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
All Funds Summary - Modified Accrual Basis
Uniform Financial Statement No. 1
For the Year Ended June 30, 2023

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund Balance, July 1, 2022, As Restated	\$ 32,747,013	\$ 5,651,681	\$ 22,574,522	\$ 2,312,097	\$ 2,665,369	\$ 262,524	\$ 23,606,259	\$ 31,173	\$ 83,217	\$ 89,933,855
Revenues:										
Local Tax Revenue	9,177,108	868,016	1,727,416	6,679,262	-	-	-	173,596	2,366,493	20,991,891
All Other Local Revenue	1,700,139	-	-	-	-	199,750	-	-	-	1,899,889
Chargeback Revenue	-	-	-	-	-	-	-	-	-	-
ICCB Grants	10,166,182	2,723,042	-	-	-	1,348,868	-	-	-	14,238,092
All Other State Revenue (Including SURS On-Behalf)	433,904	-	-	-	-	18,221,169	-	-	-	18,655,073
Federal Revenue	348,993	-	-	-	-	16,439,297	-	-	-	16,788,290
Student Tuition and Fees	11,083,208	-	-	-	204,211	-	-	-	-	11,287,419
Bond Proceeds	-	-	15,734,660	1,209,006	-	-	-	-	-	16,943,666
Investment Income	-	-	464,555	9,211	-	-	1,194,001	-	-	1,667,767
All Other Revenue	3,489,402	312,079	-	-	2,113,007	368,750	-	-	-	6,283,238
Total Revenues	36,398,936	3,903,137	17,926,631	7,897,479	2,317,218	36,577,834	1,194,001	173,596	2,366,493	108,755,325
Expenditures:										
Instruction	14,062,079	-	-	-	-	18,035,625	-	-	-	32,097,704
Academic Support	945,528	-	-	-	-	261,040	-	-	-	1,206,568
Student Services	2,472,432	-	-	-	-	837,699	-	-	65,326	3,375,457
Public Service/Continuing Education	796,569	-	-	-	-	3,720,701	-	-	-	4,517,270
Organized Research	-	-	-	-	-	-	-	-	-	-
Auxiliary Services	-	-	-	-	2,633,845	171,972	-	-	-	2,805,817
Operations and Maintenance	-	3,187,399	16,321,313	4,742	-	489,021	-	-	809,432	20,811,907
Institutional Support	12,005,522	-	16,117,741	7,594,092	1,073,592	5,004,131	286,886	98,470	1,025,857	43,206,291
Scholarships, Student Grants, and Waivers	604,343	-	-	-	-	8,090,447	-	-	-	8,694,790
Total Expenditures	30,886,473	3,187,399	32,439,054	7,598,834	3,707,437	36,610,636	286,886	98,470	1,900,615	116,715,804
Net Transfers	(1,717,311)	7,117	-	103,286	1,603,076	-	-	-	3,832	-
Fund Balance, June 30, 2023	\$ 36,542,165	\$ 6,374,536	\$ 8,062,099	\$ 2,714,028	\$ 2,878,226	\$ 229,722	\$ 24,513,374	\$ 106,299	\$ 552,927	\$ 81,973,376

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Summary of Fixed Assets and Debt
Uniform Financial Statement No. 2
For the Year Ended June 30, 2023

	Capital Assets / Long Term Debt			June 30, 2023
	July 1, 2022	Additions	Deletions	
Fixed Assets:				
Land	\$ 981,487	\$ 4,032,150	\$ -	\$ 5,013,637
Buildings, Additions, and Improvements	122,219,714	13,544,146	(23,172)	135,740,688
Equipment	6,940,399	6,060,705	(194,412)	12,806,692
Other Fixed Assets	1,660,650	2,300,931	(2,687,251)	1,274,330
Impairment Reserve	(137,000)	71,000	-	(66,000)
Accumulated Depreciation and Amortization	(58,374,967)	(5,159,870)	173,444	(63,361,393)
Net Fixed Assets	<u>\$ 73,290,283</u>	<u>\$ 20,849,062</u>	<u>\$ (2,731,391)</u>	<u>\$ 91,407,954</u>
Fixed Debt:				
Bonds	\$ 11,355,000	\$ 15,735,000	\$ (6,370,000)	\$ 20,720,000
Net Other Postemployment Benefit Liability	22,263,031	-	(13,867,611)	8,395,420
Lease Liabilities	-	234,508	(28,687)	205,821
Subscription Liabilities	-	635,216	(497,467)	137,749
Planned Retirement Payable	2,252,602	332,964	(355,201)	2,230,365
Debt Certificates	16,025,000	-	(16,025,000)	-
Total Fixed Debt	<u>\$ 51,895,633</u>	<u>\$ 16,937,688</u>	<u>\$ (37,143,966)</u>	<u>\$ 31,689,355</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Operating Funds Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 3
For the Year Ended June 30, 2023

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Revenues by Source:			
<i>Local Government Revenue</i>			
Local Taxes	\$ 9,177,108	\$ 868,016	\$ 10,045,124
Corporate Personal Property Replacement Tax	1,700,139	-	1,700,139
Chargeback Revenue	-	-	-
Total Local Government	<u>10,877,247</u>	<u>868,016</u>	<u>11,745,263</u>
<i>State Government</i>			
ICCB Base Operating Grant	5,748,040	-	5,748,040
ICCB Equalization Grant	3,812,258	2,723,042	6,535,300
ICCB Career & Technical Education	605,884	-	605,884
Illinois Department of Corrections	390,439	-	390,439
Other	43,465	-	43,465
Total State Government	<u>10,600,086</u>	<u>2,723,042</u>	<u>13,323,128</u>
<i>Federal Government</i>			
Department of Education	348,993	-	348,993
Total Federal Government	<u>348,993</u>	<u>-</u>	<u>348,993</u>
<i>Student Tuition and Fees</i>			
Tuition	8,264,126	-	8,264,126
Fees	2,819,082	-	2,819,082
Total Student Tuition and Fees	<u>11,083,208</u>	<u>-</u>	<u>11,083,208</u>
<i>Other Sources</i>			
Sales and Service Fees	1,015,589	-	1,015,589
Facilities Revenue	-	312,079	312,079
Investment Revenue	102,413	-	102,413
Contributions	1,571,525	-	1,571,525
Other	799,875	-	799,875
Total Other Sources	<u>3,489,402</u>	<u>312,079</u>	<u>3,801,481</u>
Total Operating Revenues	<u>36,398,936</u>	<u>3,903,137</u>	<u>40,302,073</u>
<i>Less: Non-Operating Items</i>			
Tuition Chargeback Revenue	-	-	-
Adjusted Operating Revenue	<u>\$ 36,398,936</u>	<u>\$ 3,903,137</u>	<u>\$ 40,302,073</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Operating Funds Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 3
For the Year Ended June 30, 2023

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Expenditures by Program:			
Instruction	\$ 14,062,079	\$ -	\$ 14,062,079
Academic Support	945,528	-	945,528
Student Services	2,472,432	-	2,472,432
Public Service/Continuing Education	796,569	-	796,569
Operations and Maintenance	-	3,187,399	3,187,399
Institutional Support	12,005,522	-	12,005,522
Scholarships, Grants, and Waivers	604,343	-	604,343
Transfers	1,717,311	-	1,717,311
Total Operating Expenditures by Program	32,603,784	3,187,399	35,791,183
Less: Non-Operating Items			
Transfers	(1,717,311)	-	(1,717,311)
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Program	\$ 30,886,473	\$ 3,187,399	\$ 34,073,872
Operating Expenditures by Object:			
Salaries	\$ 17,388,756	\$ 1,050,391	\$ 18,439,147
Employee Benefits	4,338,911	346,179	4,685,090
Contractual Services	1,852,945	308,398	2,161,343
General Materials and Supplies	2,685,566	344,332	3,029,898
<i>Library Materials *</i>	186,244	-	186,244
Conference and Meeting Expenses	326,852	321	327,173
Fixed Charges	359,176	19,874	379,050
Utilities	-	1,113,508	1,113,508
Capital Outlay	795,948	4,396	800,344
Other	3,138,319	-	3,138,319
Transfers	1,717,311	-	1,717,311
Total Operating Expenditures by Object	32,603,784	3,187,399	35,791,183
Less: Non-Operating Items			
Transfers	(1,717,311)	-	(1,717,311)
Adjusted Operating Expenditures by Object	\$ 30,886,473	\$ 3,187,399	\$ 34,073,872

* Per ICCB reporting requirements, this line is presented as a memo only figures and is not added into the total expenditures amount.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 4
For the Year Ended June 30, 2023

	<u>Restricted Purposes Fund</u>
Revenue by Source:	
<i>Local Government</i>	
Other Local Government	<u>\$ 199,750</u>
<i>State Government</i>	
ICCB - Adult Education	389,163
ICCB - Other	720,563
ICCB - Credit Hour Grant	239,142
Illinois Department of Corrections	7,990,714
Illinois Student Assistance Commission	1,693,707
SURS - On Behalf	7,929,874
Other State Government	<u>606,874</u>
Total State Government	<u>19,570,037</u>
 <i>Federal Government</i>	
Department of Education	12,012,397
ICCB - Adult Education	269,641
ICCB - Carl Perkins	421,964
ICCB - Other Grants	92,478
Department of Labor	3,118,663
Department of Health and Human Services	313,431
Department of Treasury	205,645
National Science Foundation	<u>5,078</u>
Total Federal Government	<u>16,439,297</u>
 <i>Other</i>	
Contribution Revenue	26,745
Other	<u>342,005</u>
Total Other	<u>368,750</u>
Total Restricted Purposes Fund Revenues	<u><u>\$ 36,577,834</u></u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 4
For the Year Ended June 30, 2023

	Restricted Purposes Fund
Expenditures by Program:	
Instruction	\$ 18,035,625
Academic Support	261,040
Student Services	837,699
Public Service/Continuing Education	3,720,701
Auxiliary Services	171,972
Operations and Maintenance	489,021
Institutional Support	5,004,131
Scholarships, Grants, and Waivers	8,090,447
Total Restricted Purposes Fund Expenditures by Program	\$ 36,610,636
Expenditures by Object:	
Salaries	\$ 7,347,910
Employee Benefits (Including SURS On-Behalf)	10,102,447
Contractual Services	2,847,891
General Materials and Supplies	2,121,853
Travel and Conference/Meeting Expenses	446,609
Utilities	551,470
Capital Outlay	1,863,974
Other	11,328,482
<i>Scholarships, Grants, and Waivers</i> *	8,090,447
Total Restricted Purposes Fund Expenditures by Object	\$ 36,610,636

* Per ICCB reporting requirements, this line is presented as a memo only figure and is not added into the total expenditures amount.

LAKE LAND COLLEGE
 COMMUNITY COLLEGE DISTRICT #517
 Current Funds* Expenditures by Activity - Modified Accrual Basis
 Uniform Financial Statement No. 5
 For the Year Ended June 30, 2023

Instruction:	
Instructional Programs	<u>\$ 32,097,704</u>
Academic Support:	
Library Center	471,699
Academic Computing Support	39
Academic Administration and Planning	315,134
Other	419,696
Total Academic Support	<u>1,206,568</u>
Student Services Support:	
Admissions and Records	1,012,573
Counseling and Career Services	1,230,812
Financial Aid Administration	471,179
Other	660,893
Total Student Services Support	<u>3,375,457</u>
Public Service/Continuing Education:	
Community Education	3,118,664
Customized Training	792,073
Community Services	335,221
Other	271,312
Total Public Service/Continuing Education	<u>4,517,270</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Current Funds* Expenditures by Activity - Modified Accrual Basis
Uniform Financial Statement No. 5
For the Year Ended June 30, 2023

Auxiliary Services	2,805,817
Operations and Maintenance of Plant:	
Maintenance	397,413
Custodial Services	855,241
Grounds	310,609
Campus Security	614,829
Transportation	38,270
Utilities	1,115,803
Administration	593,804
Other	564,625
Total Operations and Maintenance of Plant	4,490,594
Institutional Support:	
Executive Management	1,445,176
Fiscal Operations	4,212,590
Community Relations	829,919
Board of Trustees	225,319
General Institutional	7,516,056
Institutional Research	173,157
Administrative Data Processing	214,841
Other	12,184,606
Total Institutional Support	26,801,664
Scholarships, Student Grants, and Waivers	8,694,790
Total Current Funds Expenditures	\$ 83,989,864

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Certificate of Chargeback Reimbursement
For the Year Ended June 30, 2023

All Fiscal Year 2023 Non-Capital Audited Operating Expenditures
from the Following Funds:

Education	\$ 30,090,525
Operations and Maintenance Fund	3,183,003
Bond and Interest Fund	4,742
Restricted Purposes Fund	26,816,788
Audit Fund	98,470
Liability, Protection and Settlement Fund	1,900,615
Auxiliary Enterprise Fund (Subsidy Fund)	1,390,219
Total Non-Capital Expenditures	63,484,362

Depreciation on Capital Outlay Expenditures from Sources
Other than State and Federal Funds

	2,936,939
Total Costs Included	\$ 66,421,301

Total Certified Semester Credit Hours for Fiscal Year 2023

	103,361.5
--	-----------

Per Capita Cost

\$ 642.61

All Fiscal Year 2023 State and Federal Operating Grants
for Non-Capital Expenditures, Except ICCB Grants

	\$ 27,513,489
--	---------------

Fiscal Year 2023 State and Federal Grants Per Semester Credit Hour

266.19

District's Average ICCB Grant Rate for Fiscal Year 2024

51.72

District's Student Tuition and Fee Rate Per Semester
Credit Hour for Fiscal Year 2024

142.67

Chargeback Reimbursement Per Semester Credit Hour

\$ 182.03

Approved:



Chief Fiscal Officer

Date: 10-3-2023

Approved:



Chief Executive Officer

Date: 10-3-2023

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

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

Report on the Financial Statements

Opinion

We have audited the accompanying balance sheet of the Adult Education and Family Literacy Grants Program of Lake Land College (the College) as of June 30, 2023, and the related combining statement of revenues, expenditures, and changes in fund balance for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Adult Education and Family Literacy grants of the College at June 30, 2023, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 (ICCB) *Fiscal Management Manual*. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Our audit also includes a review of compliance with the provisions of laws, regulations, contracts, and grants between the College and the State of Illinois and the ICCB. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

Responsibilities of Management for the Financial Statements and Compliance

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 and the financial reporting provisions of the ICCB. Management is also responsible for 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 error or fraud. Management is also responsible for compliance with the requirements of the ICCB.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The accompanying balance sheets and statements of revenue and expenditures 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 revenue and expenditures in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic grant program financial statements taken as a whole. The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grants (Schedule 24) is presented for purposes of additional analysis as required by the ICCB and is not a required part of the basic grant program financial statements. This schedule is the responsibility of the College's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic grant program financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic grant program financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic grant program financial statements taken as a whole.

Report on Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the College failed to comply with terms, covenants, provisions, or conditions of the Adult Education and Family Literacy grants as presented in the policy guidelines of the ICCB's *Fiscal Management Manual*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures; other matters may have come to our attention regarding the College's noncompliance.

Martin Hood LLC

Champaign, Illinois
October 3, 2023

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
State Adult Education Restricted Funds
(State Basic and Performance)
Balance Sheet
June 30, 2023

ASSETS

	State Basic	Performance	Total
	<u> </u>	<u> </u>	<u> </u>
Cash	\$ -	\$ -	\$ -
Accounts Receivable	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes on Page 89

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
State Adult Education Restricted Funds
(State Basic and Performance)
Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended June 30, 2023

	State Basic	Performance	Total
Revenues			
ICCB Grant	\$ 276,748	\$ 112,415	\$ 389,163
Expenditures			
Instructional Student Services:			
Instruction	153,234	-	153,234
Social Work Services	-	-	-
Guidance Services	-	-	-
Assistive and Adaptive Equipment	-	-	-
Assessment and Testing	-	-	-
Student Transportation Services	-	-	-
Literacy Services	-	-	-
Total Instructional Student Services	<u>153,234</u>	<u>-</u>	<u>153,234</u>
Program Support:			
Improvement of Instructional Services	122,584	-	122,584
General Administration	930	112,415	113,345
Operation and Maintenance of Plant	-	-	-
Data and Information Services	-	-	-
Approved Indirect Costs	-	-	-
Total Program Support	<u>123,514</u>	<u>112,415</u>	<u>235,929</u>
Total Expenditures	<u>276,748</u>	<u>112,415</u>	<u>389,163</u>
Excess of Revenue Over Expenditures	-	-	-
Fund Balance, July 01, 2022	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes on Page 89

LAKE LAND COLLEGE
 COMMUNITY COLLEGE DISTRICT #517
 ICCB Compliance Statement for the
 Adult Education and Family Literacy Grants
 Expenditure Amounts and Percentages for
 ICCB Grant Funds Only
 For the Year Ended June 30, 2023

	<u>Audited Expenditure (Dollars)</u>	<u>Actual Expenditure (Percentage)</u>
State Basic		
Instruction (45 Percent Minimum Required)	\$ 153,234	55.37%
General Administration (15 Percent Maximum Allowed)	930	0.34%

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Notes to the ICCB Grant Financial Statements
June 30, 2023

The Adult Education and Family Literacy Grant Program was established as a special revenue sub-fund of Lake Land College, Community College District #517 (the College) to account for revenues and expenditures of the respective program. This program is administered by the Illinois Community College Board (ICCB). The following is a summary of the significant accounting policies followed by the College in respect to this fund.

Basis of Accounting

The statements have been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2023. 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.

Budgets and Budgetary Accounting

Each year the College prepares a budget for the grant. The budget is prepared on the same basis of accounting as the records are maintained.

Capital Outlay

Capital outlay is charged to expenditure in the period which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenditures reflected in the statements include the cost of capital outlay purchased during the year rather than a provision for depreciation.

Certain capital outlay expenditures are accumulated in the General Fixed Assets Account Group of the College, for reporting specific to ICCB and in capital assets for external financial reporting on the statement of net position.

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 #517
Mattoon, Illinois

Report on the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed

Opinion

We have audited the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Lake Land College (the College) for the year ended June 30, 2023.

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of the College for the year ended June 30, 2023 is fairly presented in accordance with the financial reporting provisions of the Illinois Community College Board (ICCB) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the guidelines of the ICCB's *Fiscal Management Manual*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

Responsibilities of Management for the Financial Statement and Compliance

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the ICCB. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement, which is free from material misstatement, whether due to error or fraud.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement noted above. The information on Schedules 26 through 30 is presented for purposes of additional analysis as required by the Illinois Community College Board and is not a required part of the financial statement. These schedules are the responsibility of the College's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. These schedules have been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 3, 2023, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the College's 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.

Martin Hood LLC

Champaign, Illinois
October 3, 2023

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Schedule of Enrollment Data and Other Bases
Upon Which Claims are Filed
For the Year Ended June 30, 2023

Categories	Total Reimbursable Semester Credit Hours by Term							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted		
Baccalaureate	4,290.0	-	21,872.0	52.0	20,598.0	45.0	46,760.0	97.0
Business Occupational	1,140.0	186.0	3,983.0	406.0	3,859.0	310.0	8,982.0	902.0
Technical Occupational	4,288.0	30.5	11,951.0	128.0	14,500.0	121.5	30,739.0	280.0
Health Occupational	1,197.5	-	5,044.5	40.0	6,415.0	56.0	12,657.0	96.0
Remedial Developmental	414.5	-	980.0	20.0	576.5	52.5	1,971.0	72.5
Adult Basic/Secondary Education	10.0	40.0	29.0	334.5	59.0	332.5	98.0	707.0
TOTAL CREDIT HOURS CERTIFIED	11,340.0	256.5	43,859.5	980.5	46,007.5	917.5	101,207.0	2,154.5

Attending
Out-of-
District on
Chargeback

Attending
In-District
71,394.5

Dual
Credit
11,813.0

Dual
Enrollment
70.0

Total
71,394.5

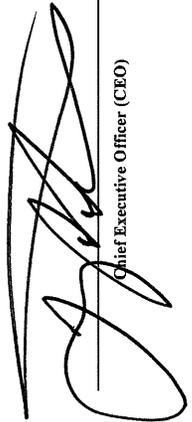
Reimbursable Semester Credit Hours (All Terms)

Reimbursable Semester Credit Hours (All Terms)

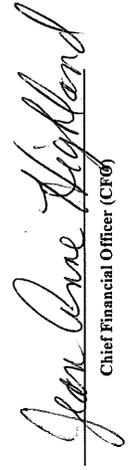
District 2022 Equalized Assessed Valuation

Categories	Total Reimbursable Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Baccalaureate	333.0	1,056.0	1,446.0	2,835.0
Business Occupational	255.0	740.0	393.0	1,388.0
Technical Occupational	3,218.0	7,055.0	7,877.5	18,150.5
Health Occupational	-	-	-	-
Remedial Developmental	209.5	255.0	208.5	673.0
Adult Basic/Secondary Education	-	-	-	-
TOTAL CREDIT HOURS CERTIFIED	4,015.5	9,106.0	9,925.0	23,046.5

Signatures:



Chief Executive Officer (CEO)



Chief Financial Officer (CFO)

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
For the Year Ended June 30, 2023

Reconciliation of Total Semester Credit Hours

Categories	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	46,760.0	46,760.0	-	97.0	97.0	-
Business Occupational	8,982.0	8,982.0	-	902.0	902.0	-
Technical Occupational	30,739.0	30,739.0	-	280.0	280.0	-
Health Occupational	12,657.0	12,657.0	-	96.0	96.0	-
Remedial Developmental	1,971.0	1,971.0	-	72.5	72.5	-
Adult Basic / Secondary Education	98.0	98.0	-	707.0	707.0	-
Total Credit Hours Certified	<u>101,207.0</u>	<u>101,207.0</u>	<u>-</u>	<u>2,154.5</u>	<u>2,154.5</u>	<u>-</u>

Reconciliation of In-District/Chargeback and Cooperative/Contractual Agreement Credit Hours

Categories	Total Attending	Total Attending as Certified to the ICCB	Difference
In-District Residents	71,394.5	71,394.5	-
Out-of-District on Chargeback or Contractual Agreement	-	-	-
Total	<u>71,394.5</u>	<u>71,394.5</u>	<u>-</u>

Categories	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual Credit	11,813.0	11,813.0	-
Dual Enrollment	70.0	70.0	-
Total	<u>11,883.0</u>	<u>11,883.0</u>	<u>-</u>

Reconciliation of Total Correctional Semester Credit Hours

Categories	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Baccalaureate	2,835.0	2,835.0	-
Business Occupational	1,388.0	1,388.0	-
Technical Occupational	18,150.5	18,150.5	-
Health Occupational	-	-	-
Remedial Developmental	673.0	673.0	-
Adult Basic/Secondary Education	-	-	-
Total Credit Hours Certified	<u>23,046.5</u>	<u>23,046.5</u>	<u>-</u>

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Documentation of Residency Verification Steps
For the Year Ended June 30, 2023

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/rehabilitation 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 visas, who will be classified as out-of-state.
- Internal 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, the student must present a property tax statement from the address listed in order to verify the 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.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Background Information on State Grant Activity
For the Year Ended June 30, 2023

Unrestricted Grants

Base Operating Grants – General operating funds provided to colleges based upon credit enrollment.

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

Statewide Initiatives

Other Grants – These other grants are additional contractual grants provided for special or specific system-related initiatives. These grants are supported by signed contracts between the College and the State of Illinois. A description of the grants supported by grant agreements may be found in the appendix of the grant agreement governing these grants.

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 schools and for Americanization and General Education Development Review classes. Included in this grant are funds for support services, such as student transportation and childcare facilities or provision.

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Schedule of Findings and Questioned Costs – ICCB Grant Compliance
For the Year Ended June 30, 2023

Findings – ICCB Grant Compliance

No findings noted in the current fiscal year.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Schedule of Prior Audit Findings – ICCB Grant Compliance
For the Year Ended June 30, 2023

Findings – ICCB Grant Compliance

No findings noted in the prior fiscal year.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
Department of Education				
<i>Direct</i>				
<i>Student Financial Aid Cluster</i>				
Pell Grant Program	84.063		* \$ 4,887,483	\$ -
Federal Work Study	84.033		* 23,818	-
Direct Loan	84.268		* 1,031,235	-
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		* 106,100	-
Total Student Financial Aid Cluster			<u>6,048,636</u>	<u>-</u>
<i>Trio Cluster</i>				
Trio Student Support Services	84.042A		259,510	-
Trio Talent Search Program	84.044A		335,222	-
Total Trio Cluster			<u>594,732</u>	<u>-</u>
<i>Education Stabilization Fund</i>				
<i>Direct</i>				
COVID-19 Higher Education Emergency Relief Fund - Institutional Portion	84.425E		* 2,119,000	-
COVID-19 Higher Education Emergency Relief Fund - Student Portion	84.425F		* 2,422,506	-
COVID-19 Higher Education Emergency Relief Fund - Strengthening Institutions Program	84.425M		* 769,612	-
<i>Passed-Through the Illinois Community College Board (ICCB)</i>				
COVID-19 Governor's Emergency Education Relief Fund Total Education Stabilization Fund	84.425C	GEERII-51722	* 92,478	-
			<u>5,403,596</u>	<u>-</u>
<i>Passed through the Illinois Community College Board (ICCB)</i>				
Perkins Post Secondary	84.048	CTE-517-23	421,964	-
Adult Education - Basic Grants to States	84.002	AE-51701-23	269,641	-
Total Passed through ICCB			<u>691,605</u>	<u>-</u>
Total Department of Education			<u>12,738,569</u>	<u>-</u>
Department of Health and Human Services				
<i>Passed through Illinois Community College Board (ICCB)</i>				
COVID-19 Child Care & Development	93.575	ECE-51701-22	* 313,431	-
Department of Labor				
<i>Passed through Illinois Department of Commerce and Economic Opportunity</i>				
<i>Apprenticeship USA</i>				
Workforce Innovation and Opportunity Act (WIOA) Cluster	17.245	21-111003	68,623	-
<i>WIOA Dislocated Workers</i>				
WIOA Adult Program	17.258	21-681023	735,532	556,265
WIOA Youth Activities	17.259	21-681023	434,380	328,512
WIOA Dislocated Workers	17.278	21-681023	148,919	112,624
<i>WIOA Youth Activities</i>				
WIOA Adult Program	17.258	22-681023	895,773	832,383
WIOA Youth Activities	17.259	22-681023	638,706	583,508
WIOA Dislocated Workers	17.278	22-681023	143,442	127,816
Total WIOA Cluster			<u>2,996,752</u>	<u>2,541,108</u>
<i>Trade Adjustment Assistance</i>				
Trade Adjustment Assistance	17.245	20-661023	23,114	-
Trade Adjustment Assistance	17.245	21-661023	30,174	-
Total Trade Adjustment Assistance			<u>53,288</u>	<u>-</u>
Total Department of Labor			<u>3,118,663</u>	<u>2,541,108</u>
Department of Treasury				
<i>Passed through Illinois Community College Board (ICCB)</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CB-51701-22	205,645	-
Department of Veterans Affairs				
<i>Direct</i>				
Post 9/11 Veterans Educational Assistance	64.028		57,911	-
National Science Foundation				
<i>Direct</i>				
STEM Education	47.076		5,078	-
Total Expenditures of Federal Awards			<u>\$ 16,439,297</u>	<u>\$ 2,541,108</u>

* - Denotes a major program.

See Accompanying Notes on the Following Page

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (Schedule 33) includes the federal grant activity of Lake Land College (the College) for the year ended June 30, 2023. The information in this 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the College, which are presented in conformity with accounting principles generally accepted in the United States of America.

The College did not use the 10 percent de minimis indirect cost rate.

2. Basis of Accounting

The schedule has been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services received as of June 30, 2023.

3. Property and Equipment

Property and equipment purchases that are presented as expenditures in the schedule may be capitalized by the College, if applicable.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

1. Summary of Auditor's Results

- (i) Type of audit report issued on the financial statements: Unmodified
- (ii) The audit did disclose a significant deficiency or material weakness in internal control that is required to be reported in accordance with *Government Auditing Standards*.
- (iii) The audit did not disclose instances of noncompliance material to the financial statements that is required to be reported in accordance with *Government Auditing Standards*.
- (iv) The audit did disclose a significant deficiency or a material weakness in internal control over a major federal award.
- (v) Type of report issued on compliance for the major programs: Unmodified
- (vi) The audit did disclose a finding that is required to be reported in accordance with 2 CFR Section 200.516a.
- (vii) Major Programs:
 - U.S. Department of Health and Human Services:
 - COVID-19 Child Care & Development #93.575
 - U.S. Department of Education:
 - COVID-19 Education Stabilization Fund
 - Assistance Listing #84.425C
 - Assistance Listing #84.425E
 - Assistance Listing #84.425F
 - Assistance Listing #84.425M
 - Student Financial Aid Cluster
 - Assistance Listing #84.063
 - Assistance Listing #84.033
 - Assistance Listing #84.268
 - Assistance Listing #84.007
- (viii) The dollar threshold used to distinguish Type A and Type B programs was \$750,000.
- (ix) The College does not qualify as a low-risk auditee.

2. Findings – Financial Statement Audit

2023-001: Material Adjusting Journal Entries Identified as a Result of Procedures Applied by the College’s External Auditors
Material Weakness

Criteria

Management is responsible for the preparation of the financial statements. Part of this responsibility is the identification, calculation, and recording of all significant adjusting journal entries required to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition

Our audit procedures identified material misstatements of financial statement amounts provided to us by management. Subsequent to identifying the misstatements, we proposed, and management approved, an adjusting journal entry, which corrected the identified misstatements in the financial statements.

Population of Items Tested

Our audit procedures identified one material adjusting journal entry to correct errors in the financial statements that had not been previously identified by the College’s internal controls.

Cause of Condition

Accrued claims liability on self-insurance was overstated due to less claims payable being owed at year end. The College was recording the excess of employee contributions compared to claims paid as a liability.

Effects of Condition

The College’s financial statements as of and for the year ended June 30, 2023 were misstated prior to the application of auditing procedures by the College’s external auditors.

Auditor’s Recommendations

1. The College’s management should record all adjusting journal entries necessary to report the account balances and transactions of the College prior to provided the trial balance summarization to the auditor for use in the annual financial statement audit.

2. If there are adjusting entries that management leaves knowingly for the auditor to propose as part of the audit, this fact should be made clear to the auditor prior to the engagement. In addition, a member of management possessing the necessary accounting skills, knowledge, or experience must review the adjusting journal entries and the supporting documentation and provide specific approval of the calculation and the drafted adjusting journal entries.

View of Responsible Official

The change in the balance sheet account was due to a change in interpretation from one external audit firm to another. This was not known to the college until the end of the audit testing so the adjusting entry could not have been disclosed earlier. The College works very hard to have all entries completed prior to the beginning of fieldwork. The College will continue the current process of recording all known entries prior to the beginning of fieldwork.

3. Findings and Questioned Costs – Major Federal Award Program Audit

Department of Education

COVID-19 Education Stabilization Fund – Higher Education Emergency Relief Fund

Assistance listing #84.425F, 84.425M

2023-002: Improper Procurement

Material Noncompliance – Procurement

Material Weakness in Internal Control over Compliance

Criteria

Under Uniform Guidance, management of the College is responsible for establishing and maintaining effective internal control over compliance requirements that have a direct and material effect on the College's federal programs.

Condition

The internal controls established for the Higher Education Emergency Relief Fund (HEERF) were not effective in selecting the proper procurement method.

Population of Items Tested

Expenditures for which procurement was tested during our audit procedures under the HEERF Institutional fund totaled \$1,372,042 and expenditures tested under the Strengthening Institutions Fund portion totaled \$290,176.

Cause of Condition

The College's policies and procedures allow for exceptions to procurement methods which are not allowed under federal regulations.

Effects of Condition

The College did not procure goods and services under the proper federal methodology for certain purchases during the fiscal year.

Questioned Costs

No questioned costs over \$25,000.

Context

Our audit procedures identified \$488,078 of expenditures that the College did not obtain quotes or bids as required by federal procurement policies.

Repeat Finding

This finding does not repeat a previous finding.

Auditor's Recommendations

The College should amend the policies and procedures to only allow for specific exceptions using federal funds as allowed by federal procurement regulations.

View of Responsible Official

Based on the guidance from Robbins Schwartz, the purchase may be made only after receiving an adequate number of competitive quotes from qualified sources, unless it is a nonexempt purchase in an amount between \$25,000 and \$250,000. In such cases, bidding requirements under board policy 10.22 and the Illinois Public Community College Act will apply. In the future, the College will continue working with our auditors and legal counsel to ensure all bidding requirements are met for state, local, and federal funds.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022-001: Internal Controls over Student Financial Aid Special Test and Provisions

Condition

Incorrect semester end date was used for calculation of return of Title IV grant or loan fund causing an incorrect calculation of Title IV assistance earned by the student.

An incorrect Pell payment schedule was used to determine grant awards which caused the wrong award amount to a student.

Current Status

No similar finding was noted in the 2023 audit.

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 #517
Mattoon, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Land College (the College) and its discretely presented component unit as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 3, 2023.

Report on Internal Control over Financial Reporting

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



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Hood LLC

Champaign, Illinois
October 3, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Land College's (the 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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 Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in

accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Martin Hood LLC

Champaign, Illinois
October 3, 2023