LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2016

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

Year Ended June 30, 2016

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COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activity and the discretely presented component unit of Lake Land College, Community College District #517 (College), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the College's component unit were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the discretely presented component unit of the College, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and State Universities Retirement System of Illinois (SURS) Funding Progress on pages 54 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental financial information and accompanying information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulation* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The supplemental financial information, the accompanying information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information, excluding the not yet available chargeback computation data noted on page 67, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Doehring, Winders & Co. LLP

Mattoon, Illinois
October 3, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Lake Land College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal year ended June 30, 2016. 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 11-16) and the footnotes (beginning on page 17). Included in the basic financial statements (page 15) 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 11-16) are designed to emulate corporate presentation models whereby all of the College's activities are consolidated into one total. The purpose of the Statement of Net Position is to present the bottom line results of the College. This statement combines and consolidates current financial resources with capital assets. The Statement of Revenues, Expenses and Changes in Net Position focus on both the gross costs and the net costs of the College's activities, which are supported mainly by local property taxes, tuition, federal and state revenues. This approach is intended to summarize and simplify the user's analysis of the cost of the various services which the College provides to its students, the district, and the local community.

FINANCIAL OVERVIEW AND HIGHLIGHTS

For the fiscal year ended June 30, 2016, the College experienced state funding cuts as a result of the Illinois budget impasse. Some significant items during this year are as follows:

- The Illinois Community College Board (ICCB) decreased funding to the College by approximately $8.3 million, or a 72.6% decrease from the previous fiscal year.

- The College has made many changes to help address the decreased state funding. Some of the changes include (1) a 25% reduction in operating budgets across campus, (2) a $10.00 per credit hour tuition increase and a $1.00 per credit hour fee increase, (3) an increase to the property tax levy of 15%, and (4) reduction of staff where possible and holding open vacant positions.

- To help cover College expenses for the refresh of technology across campus and remodel of the Vo Tech building the College issued $4,820,000 of General Obligation Bonds, which carry an effective rate of 1.7%.

- The College defeased its 2007 Fitness Center Bonds, which were averaging 4.36% interest, with a new General Obligation Bond issuance of $1,450,000, which carries an effective rate of 2.05%.

- The College experienced a significant delay in collecting the receivables from the Department of Corrections Program, with approximately $5,994,000 outstanding at June 30, 2016 compared to $1,657,000 at June 30, 2015.

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

	Net Position As of June 30, 2016	2015	Increase (Decrease)
Current assets	$ 50,740,274	$ 48,798,480	$ 1,941,794
Noncurrent assets			
Capital assets, net of depreciation	66,446,354	66,855,627	(409,273)
Total assets	117,186,628	115,654,107	1,532,521
Current liabilities	11,195,458	8,328,996	2,866,462
Noncurrent liabilities	16,282,041	17,357,662	(1,075,621)
Total liabilities	27,477,499	25,686,658	1,790,841
Deferred inflows of resources	17,337,000	14,152,062	3,184,938
Net position			
Net investment in capital assets	56,845,425	57,169,658	(324,233)
Restricted for:			
Capital projects	1,822,099	1,815,703	6,396
Grant purposes	32,327	38,251	(5,924)
Debt service	708,569	551,032	157,537
Unrestricted	12,963,709	16,240,743	(3,277,034)
Total net position	$ 72,372,129	$ 75,815,387	$ (3,443,258)

Total assets increased $1.5 million or 1.3% from fiscal 2015. This is a result of a decrease of $2.4 million in the current asset section due to a decrease in investments from the reduced and delayed state funding. This decrease was offset by an increase in net receivables of $4.3 million. This increase was mainly due to the delayed reimbursement of Department of Corrections expenses.

Total liabilities increased $1.8 million or 6.9% from fiscal 2015. This is a result of a $2.9 million increase on the current liabilities over fiscal 2015, which is comprised of an $800,000 increase in accounts payable at year end and a $2.0 million increase in the current portion of long-term liabilities as a result of bond principal payments coming due. This increase was offset by a $1.1 million reduction of noncurrent liabilities over fiscal 2015. This reduction represents an approximate $100,000 reduction in planned retirement and $900,000 reduction in the bonds payable amounts from fiscal 2015.

The total net position of the College was reduced by $3.4 million due to the above mentioned changes and the operating results for the year ended June 30, 2016 as shown on the following page.

Operating Results for the Years Ended
June 30,

	2016	2015	Increase (Decrease)
Operating revenue:			
Tuition and fees	$ 10,197,601	$ 10,461,952	$ (264,351)
Auxiliary	1,110,782	1,007,114	103,668
Department of Corrections instructional	6,013,983	5,822,577	191,406
Other	1,746,950	3,222,268	(1,475,318)
Total operating revenue	19,069,316	20,513,911	(1,444,595)
Less operating expenses	64,316,147	65,017,333	(701,186)
Operating income (loss)	(45,246,831)	(44,503,422)	(743,409)
Non-operating revenue (expenses):			
Other state revenues	4,497,220	13,348,793	(8,851,573)
SURS on-behalf contributions	11,679,457	10,090,936	1,588,521
Federal and local grants and contracts	10,991,071	11,839,337	(848,266)
Property taxes	14,229,630	13,623,105	606,525
Investment income	520,010	291,790	228,220
Interest expense	(133,929)	(120,029)	(13,900)
Disposal of fixed assets	(137,870)	(2,333)	(135,537)
Non-operating revenue (net)	41,645,589	49,071,599	(7,426,010)
Capital appropriations	114,168	463,308	(349,140)
Capital grants	43,816	305,119	(261,303)
Increase (decrease) in net position	(3,443,258)	5,336,604	(8,779,862)
Net position, beginning of year	75,815,387	70,478,783	5,336,604
Net position, end of year	$ 72,372,129	$ 75,815,387	$ (3,443,258)

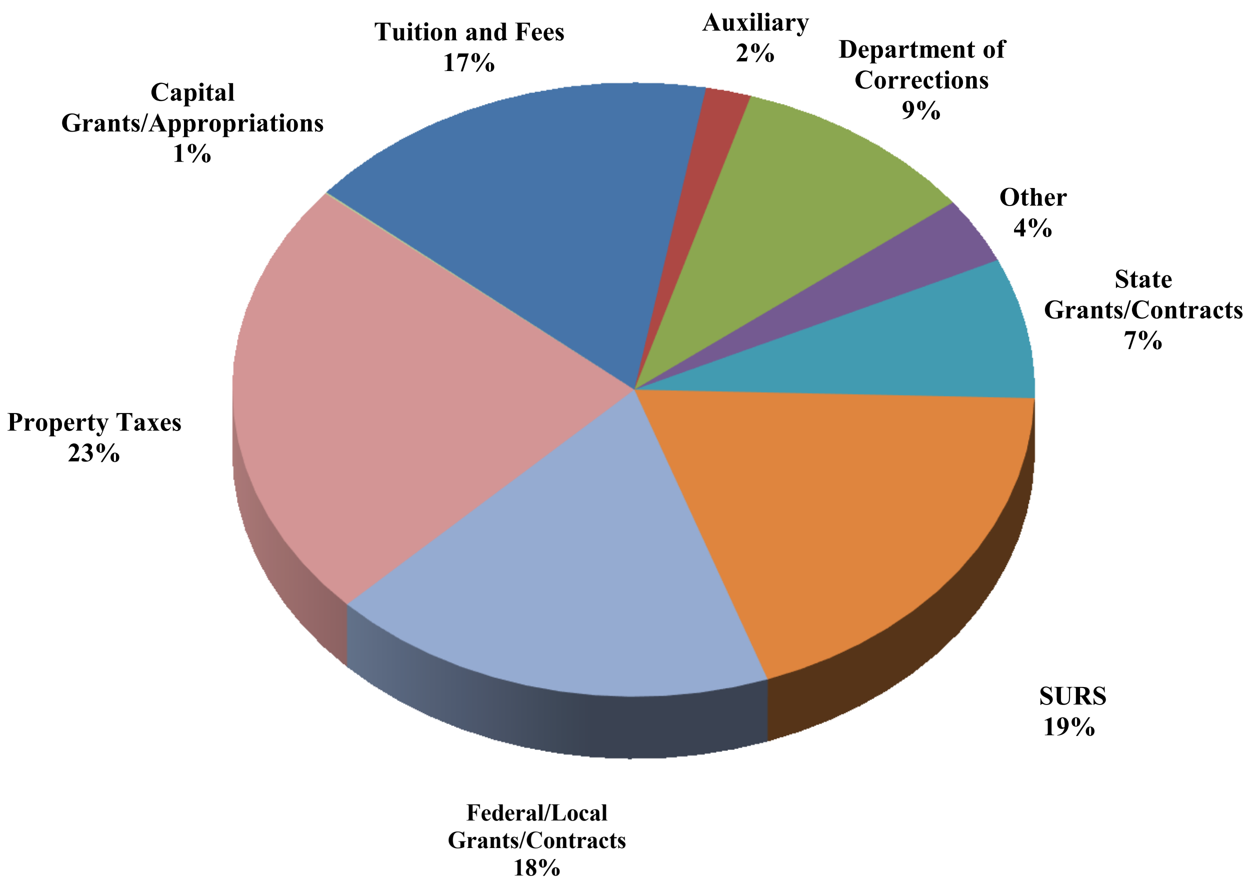
For the year ended June 30, 2016, the College recorded total operating revenues of $19,069,316 and total operating expenses of $64,316,147. The difference produced an operating loss of $45,246,831, which is comparable to the previous year operating loss of $44,503,422. Net non-operating revenue of $41,645,589 plus capital appropriations and contributions totaling $157,984 offsets this loss and results in an overall decrease in net position of $(3,443,258), compared to the fiscal 2015 increase in net position of $5,336,604. The decrease between years is primarily attributable to Illinois funding as noted on page 3.

Non-operating revenue included local property taxes of $14,229,630, other state revenues of $4,497,220, SURS on-behalf contributions of $11,679,457, federal grants and local contracts of $10,991,071, investment expense net of interest earnings of $386,081, and loss on disposal and impairment of capital assets of $(137,870).

Of the College's total revenue, operating revenue accounted for approximately 32%, non-operating revenues accounted for 67%, and capital appropriations and contributions accounted for 1%. Operating revenue consisted of tuition and fees, net of scholarships, totaling $10,197,601, auxiliary enterprise revenues totaling $1,110,782, instructional revenues from the Department of Corrections totaling $6,013,983 and other miscellaneous revenue of $1,746,950.

The College had a net position at the beginning of the year totaling $75,815,387. The current year decrease in net position of $(3,443,258) brought the total of net position at the end of the year to $72,372,129.

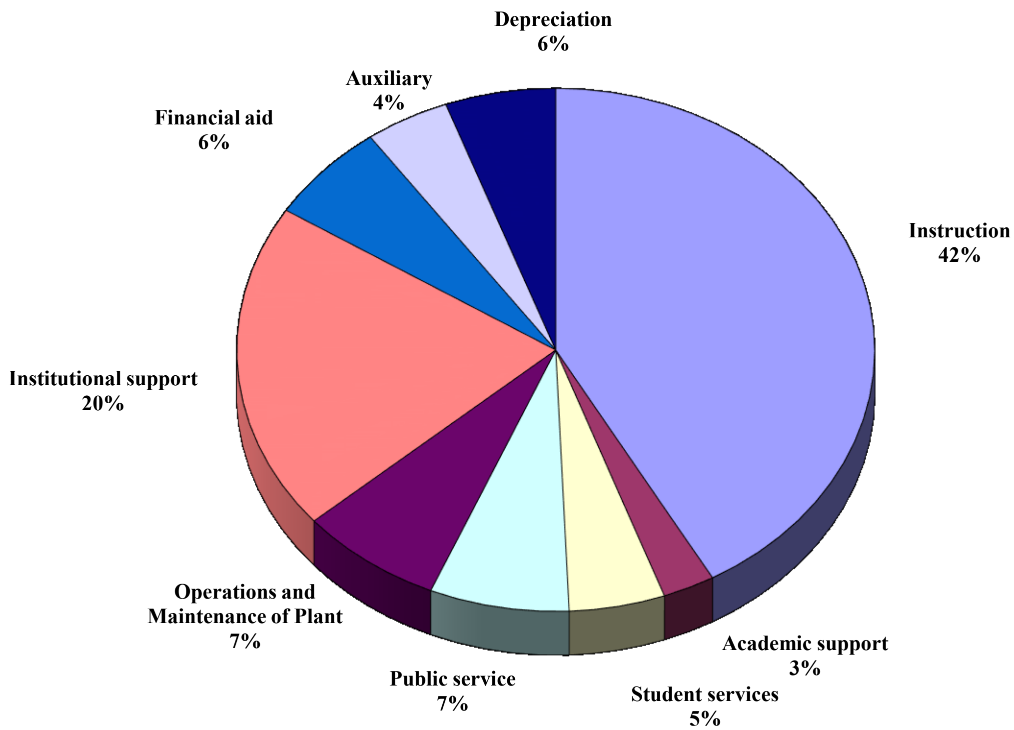
Revenue by Source



Operating Expenses
For the Years Ended June 30,

	2016	2015	Increase (Decrease)
Operating expense			
Instruction	$ 26,896,777	$ 27,023,032	$ (126,255)
Academic support	1,700,669	1,833,507	(132,838)
Student services	3,127,557	2,776,471	351,086
Public service	4,554,259	5,623,651	(1,069,392)
Operations and maintenance of plant	4,676,346	5,157,264	(480,918)
Institutional support	13,046,117	11,650,026	1,396,091
Financial aid	3,965,641	4,933,719	(968,078)
Auxiliary	2,745,270	2,673,004	72,266
Depreciation	3,603,511	3,346,659	256,852
Total	$ 64,316,147	$ 65,017,333	$ (701,186)

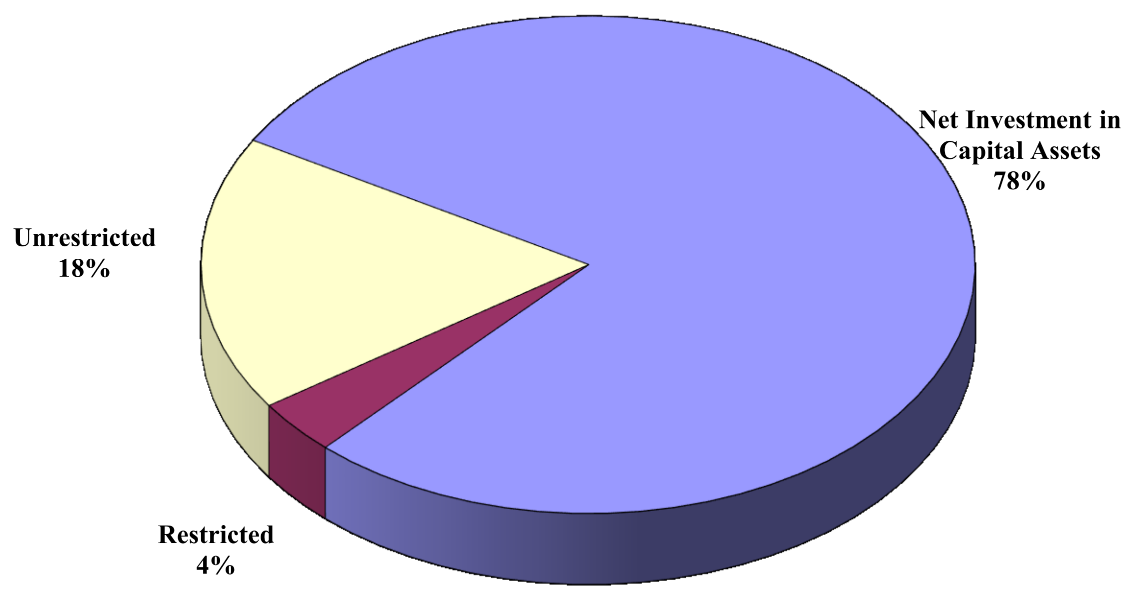
Operating Expenses



Analysis of Net Position
June 30,

	2016	2015	Increase (Decrease)
Net Position			
Net Investment in Capital Assets	$ 56,845,425	$ 57,169,658	$ (324,233)
Restricted	2,562,995	2,404,986	158,009
Unrestricted	12,963,709	16,240,743	(3,277,034)
Total	$ 72,372,129	$ 75,815,387	$ (3,443,258)

Analysis of Net Position



Capital Assets, Net
June 30,

	2016	2015	Increase (Decrease)
Capital Assets			
Land	$ 981,487	$ 981,487	$ -
Building	91,995,684	78,874,606	13,121,078
Equipment	9,053,878	8,165,594	888,284
Construction in progress	4,439,360	15,799,832	(11,360,472)
Total	106,470,409	103,821,519	2,648,890
Less Accumulated Depreciation	(40,024,055)	(36,965,892)	(3,058,163)
Net Capital Assets	$ 66,446,354	$ 66,855,627	$ (409,273)

As of June 30, 2016, the College had recorded approximately $106.4 million invested in capital assets, approximately $40 million in accumulated depreciation and approximately $66.4 million in net capital assets. Capital asset additions exceeded deletions by approximately $2.6 million (see Notes 6 and 7). Accumulated depreciation increased approximately $3.1 million during the year.

During fiscal year 2016, the College issued two bonds in the amount of $4,820,000 and $1,450,000, respectively. The purpose of the bond issue was to fund the technology refresh program, remodel of the VoTech building, and to defease the 2007 Fitness Center Bond. The majority of these bonds will be repaid over the next three fiscal years with property tax proceeds. Details of the remaining bonds held by the College can be found in Note 9 of the financial statements.

Solar energy can be converted into electricity through photovoltaic methods. During this past few fiscal years the College completed a 350kW Photovoltaic Solar Array on campus. Recent efficiency performances of solar cells are making it a viable source of energy generation and it is totally non-polluting. By placing solar panels on the roof of classroom buildings, energy generation will be located close to the demand closing the gap to carbon neutrality.

As part of its capital assets planning, Lake Land College has a vision to become carbon neutral through a variety of systems designed to reduce electrical demand while generating electricity through renewable sources. This holistic approach will create something unique in Illinois that can be a model for the nation. With our proven systems of a unique geothermal design, lighting upgrades, thin client technology and behavioral education, it is estimated that a 40 percent reduction in current electrical demand is achievable while generating 3 million kWhs of electricity through renewable energy generation. Lake Land College, as a public higher education institution, is not eligible for tax incentives and must rely on grants to accomplish our vision. For more information on the College's projects see Note 7 for details.

THE COLLEGE'S ECONOMIC OUTLOOK

Through prudent financial decisions made during the past two decades by the Board of Trustees, Lake Land College enters the 2017 fiscal year in a solid position considering the current Illinois funding climate. While colleges throughout the state are facing dire financial conditions due to decreased and lethargic state funding, the Board was able to create a balanced budget based on 50% expected funding from the state and applying a tuition increase of $10.00 per credit hour and fee increase of $1.00 per credit hour over the previous year's amount. Even with the current tuition increase, Lake Land College is still well below the state average of tuition charged by Illinois Community Colleges. In addition, just over 40 percent of the district's graduating high school class chose Lake Land College as their choice for higher education.

While the College is conservatively meeting current financial needs, private, state and federal grants are providing growth opportunities. The College is in the second year of a five-year TRiO Student Success grant which will assist in developing and educating first generation and low-income college students. The College is also in the first year of a five-year TRiO talent search grant. The College also plans to continue facilitating the Workforce Innovation and Opportunity Act (WIOA) to enhance our workforce training and education initiative. Grant funds will be used to purchase equipment, develop training programs for jobs of the future, provide finances for personnel and assist dislocated workers.

CONTACTING FINANCIAL MANAGEMENT

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF NET POSITION

June 30, 2016

ASSETS	
Current assets:	
Cash	$ 1,838,782
Investments	20,375,717
Receivables, net	26,097,087
Due from component unit	9,348
Inventories	173,986
Prepaid expenditures	423,255
Restricted investments	1,822,099
Total current assets	50,740,274
Noncurrent assets:	
Capital assets, net of accumulated depreciation	66,446,354
Total assets	117,186,628
LIABILITIES	
Current liabilities:	
Accounts payable	1,956,236
Accrued salaries	1,021,231
Accrued interest payable	45,486
Deposits held for others	160,602
Advances from grantors	66,548
Summer tuition received in advance	1,587,600
Current portion of long-term obligations	6,357,755
Total current liabilities	11,195,458
Noncurrent liabilities:	
Accrued compensated absences	319,369
Planned retirement payable	1,138,491
Bonds payable, including bond premium	14,824,181
Total noncurrent liabilities	16,282,041
Total liabilities	27,477,499
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	17,337,000
NET POSITION	
Net investment in capital assets	56,845,425
Restricted for:	
Capital projects	1,822,099
Grant purposes	32,327
Debt service	708,569
Unrestricted	12,963,709
Total net position	$ 72,372,129

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2016

Revenues:	
Operating revenue:	
Student tuition and fees, net of scholarship allowances of $3,327,471	$ 10,193,882
Chargeback revenue	3,719
Auxiliary enterprises revenue	1,110,782
Department of Corrections instructional	6,013,983
Revenue from educational services and materials	554,696
Other operating revenue	1,192,254
Total operating revenue	19,069,316
Expenses:	
Operating expenses:	
Instruction	26,896,777
Academic support	1,700,669
Student services	3,127,557
Public service	4,554,259
Operations and maintenance of plant	4,676,346
Institutional support	13,046,117
Financial aid	3,965,641
Auxiliary enterprises	2,745,270
Depreciation	3,603,511
Total operating expenses	64,316,147
Operating loss	(45,246,831)
Non-operating revenues (expenses):	
State grants and contracts	15,749,772
Property taxes	14,229,630
Personal property replacement tax	426,905
Federal grants and contracts	10,360,995
Local grants and contracts	630,076
Loss on disposal and impairment of capital assets	(137,870)
Interest expense	(133,929)
Investment income	520,010
Non-operating revenues, net	41,645,589
Loss before capital appropriations and grants	(3,601,242)
Capital appropriations	114,168
Capital grants	43,816
Decrease in net position	(3,443,258)
Net position, beginning of year	75,815,387
Net position, end of year	$ 72,372,129

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

Cash flows from operating activities:	
Tuition and fees	$ 10,903,284
Payments to suppliers	(22,915,568)
Payments to employees	(25,081,091)
Department of Corrections instructional	1,996,863
Auxiliary enterprise charges	1,098,425
Other	1,345,850
Net cash (used) by operating activities	(32,652,237)
Cash flows from noncapital financing activities:	
Local property taxes	14,418,211
State appropriations	6,557,229
Grants and contracts	11,370,549
Proceeds from notes and bonds payable	9,820,000
Principal paid on noncapital debt	(8,870,000)
Interest paid on noncapital debt	(218,100)
Bond premium	254,539
Agency receipts	699,125
Agency payments	(705,261)
Net cash provided by noncapital financing activities	33,326,292
Cash flows from capital and related financing activities:	
Purchases of capital assets	(3,309,715)
Proceeds from insurance on capital asset loss	91,773
Proceeds from bonds payable	1,450,000
Principal paid on capital debt and leases	(1,505,000)
Interest paid on capital debt and leases	(193,607)
Bond premium	29,779
Capital grants	43,816
Net cash (used) by capital and related financing activities	(3,392,954)
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	8,924,555
Income from investments	838,035
Purchase of investments	(6,825,000)
Net cash provided by investing activities	2,937,590
Net increase in cash	218,691
Cash, beginning of year	1,620,091
Cash, end of year	$ 1,838,782

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF CASH FLOWS (Continued)

Year Ended June 30, 2016

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (45,246,831)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	3,603,511
State on-behalf payments for fringe benefits	11,679,457
Change in assets and liabilities:	
(Increase) in operating receivables	(6,916,059)
(Increase) in due from component unit	(4)
Decrease in inventories and prepaid assets	147,312
Increase in accounts payable	724,834
Increase in accrued salaries and compensated absences	125,189
Increase in planned retirement payable	39,269
(Decrease) in advances from grantors	(103,789)
Increase in advances in tuition	109,936
Increase in deferred property taxes	3,184,938
Net cash (used) by operating activities	$ (32,652,237)
Noncash investing, capital and noncapital financing transactions:	
Change in fair value of investments	$ 318,025
Amortization of bond premium	$ 275,646
Capital appropriations expended by the Illinois Capital Development Board on behalf of the College	$ 114,168

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMPONENT UNIT
THE LAKE LAND COLLEGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2016

ASSETS	
Current assets:	
Cash and cash equivalents	$ 91,988
Investments, current	6,671,263
Total current assets	6,763,251
Noncurrent assets:	
Investments, noncurrent	4,103,751
Works of art	18,248
Property and equipment, net	666,073
Total noncurrent assets	4,788,072
Total assets	$ 11,551,323
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 8,441
Due to Lake Land College	9,348
Agency funds	98,288
Annuity payable, current	24,310
Total current liabilities	140,387
Noncurrent liabilities:	
Annuity payable	463,667
Total liabilities	604,054
Net assets:	
Unrestricted	2,219,416
Temporarily restricted	4,815,428
Permanently restricted	3,912,425
Total net assets	10,947,269
Total liabilities and net assets	$ 11,551,323

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMPONENT UNIT
THE LAKE LAND COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and reclassifications:				
Contributions	$ 245,372	$ 314,934	$ 184,395	$ 744,701
Special events	45,631	10,426	-	56,057
Rental income	36,600	-	-	36,600
Investment income, net of fees	60,133	178,182	-	238,315
Realized gains	2,926	8,671	-	11,597
Unrealized losses	(68,133)	(220,249)	-	(288,382)
Change in actuarial value of split interest agreements	-	24,946	-	24,946
Net assets released from restrictions	390,851	(390,851)	-	-
Total revenues, gains, and reclassifications	713,380	(73,941)	184,395	823,834
Expenses				
Program services	490,304	-	-	490,304
Management and general	213,397	-	-	213,397
Fundraising	51,752	-	-	51,752
Total expenses	755,453	-	-	755,453
Change in net assets	(42,073)	(73,941)	184,395	68,381
Net assets, beginning of year	2,261,489	4,889,369	3,728,030	10,878,888
Net assets, end of year	$ 2,219,416	$ 4,815,428	$ 3,912,425	$ 10,947,269

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

In addition, the accompanying financial statements include the accounts of The Lake Land College Foundation, Inc. (Foundation), defined as a component unit of the College under GASB Statements 14, *The Financial Reporting Entity* and 39, *Determining Whether Certain Organizations are Component Units*. The Foundation is a legally separate, tax-exempt entity that acts primarily as a fund-raising organization to supplement the resources that are available to the College. The 17-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. The economic resources held by the Foundation are entirely for the benefit of the College, its students, and its programs. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

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

During the year ended June 30, 2016, the Foundation provided $399,079 in scholarships and other support to the College and its students. Financial statements for the Foundation can be obtained by calling the Foundation Office at (217) 234-5354.

Basis of Presentation

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

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

Intergovernmental revenues, such as federal, state and local grants, and state shared revenues generally meet the definition of non-exchange transactions. Revenue from these sources is recognized when all applicable eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis. Receivables are reported for those amounts for which revenue has been recognized but the related payments have not been received.

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

The accounting and reporting policies of the College conform to generally accepted accounting principles applicable to government units and Illinois community colleges, including GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB No. 65, *Items Previously Reported as Assets and Liabilities,* GASB No. 68, *Accounting and Financial Reporting for Pensions,* and the newly adopted and implemented GASB No. 72, *Fair Value Measurement and Application,* which requires additional disclosures for certain investments.

The GASB is the accepted standard setting body for establishing accounting and financial reporting principles. These authoritative pronouncements are consistent with the accounting practices prescribed or permitted by the Illinois Community College Board (ICCB), as set forth in the ICCB Fiscal Management Manual. The following is a summary of the more significant policies.

Estimates

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

Cash and Cash Equivalents

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value, with unrealized gains or losses included in investment income. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Cash deposits and money market accounts are reported at carrying amount, which reasonably estimates fair value.

Receivables

Receivables consist of tuition and fee charges to students, auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in Illinois, and property tax receivables as shown in Note 5. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with the reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Receivables are recorded net of estimated uncollectible amounts, which is based on management's assessment of collectability of specific student accounts and the aging of the accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

Inventories

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

Capital Assets

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

Capital assets include property, plant equipment, and infrastructure assets, such as roads and sidewalks. The College defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the College are depreciated using the straight-line method over the useful lives shown below. Depreciation expense for fiscal year 2016 is $3,603,511.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Library Books and Textbooks

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

Advances from Grantors

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

Summer Tuition Received in Advance

Summer tuition received in advance includes tuition and fees collected during the fiscal year which relate to the period after June 30, 2016.

Deferred Inflows of Resources

A deferred inflow of resources represents the acquisition of resources that are applicable to a future reporting period. At June 30, 2016, deferred inflows of resources includes tax levies accrued that are levied for use in the next fiscal year.

Compensated Absences

The College records a liability for employees' vacation leave earned but not taken. Employees are allowed to carry over a limited number of vacation days from year to year. At June 30, 2016, the College recorded a liability of $319,369. The College considers the entire liability to be long term based on a review of employee usage.

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

Net Position

The College's total net position is classified as follows:

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

Restricted -- This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenues

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

Pensions

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

Scholarship Discounts and Allowances

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

Property Taxes

The 2015 property tax extension has been deferred to comply with the Government Accounting Standards Board Statement 33 since it was levied to finance activities of the 2016/2017 school year. In accordance with these guidelines, property tax revenue is to be recognized in the period the levy is intended to finance.

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

Federal Financial Assistance Programs

The College participates in federally funded PELL Grants, SEOG Grants, Federal Work-Study, and Federal Family Education Loan Programs. Federal programs are audited in accordance with the Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, *Audit of States, Local Governments and Non-Profit Organizations*, and the *Compliance Supplement*.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

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

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

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

Component Unit

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

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

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

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

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

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

Investments are reported at fair value.

2 DEPOSITS AND INVESTMENTS

Deposits

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

As of June 30, 2016, the carrying balance of the College's cash deposits was $1,838,782 which includes $2,356 of cash on hand, and the bank balances totaled $1,890,515, all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution in the College's name. Also, the College's investments in certificates of deposit and a savings account were fully covered by federal depository insurance.

Investments

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

<u>Credit Risk</u>

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

As of June 30, 2016, the College held $185,460 in money market funds all with Moody's Aaa ratings. The mutual bond funds of $19,650,596 were unrated as of June 30, 2016.

<u>Custodial Credit Risk</u>

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

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

2 DEPOSITS AND INVESTMENTS (Continued)

Concentration Risk

The College's investment policy limits investments in collateralized repurchase agreements, commercial paper, and the Illinois Public Treasurer's Investment Pool to 33% of the total investments; investments in banks and mutual bond funds are limited to 90% of the total investments; and 100% of total investments can be invested in U.S. Government securities and money market mutual funds registered under the Investment Company Act of 1940. Mutual Fund investments may hold an allocation of not more than 25% in foreign government bonds. The College's investments, including those restricted, by category at June 30, 2016, were as follows:

Investment	Fair Value	%
Investments administered by Wells Fargo Advisors:		
Open ended mutual bond funds	$ 19,650,596	88.53
Certificates of deposit	488,678	2.20
Money market accounts	185,443	0.84
Investments administered by First Mid-Illinois Bank Fund Trust:		
FDIC Bank Deposit Program	1,822,099	8.20
Certificates of deposit	50,983	0.23
G.S. Money Market Fund Class B	17	-
Total	$ 22,197,816	100.00

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

Interest Rate Risk

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

Weighted Average Maturity	Mutual Bond Funds	Government Bonds	Certificates of Deposit	Money Market and Savings Accounts	Total
On demand	$ -	$ -	$ -	$ 2,007,559	$ 2,007,559
0-1 year	2,457,656	-	333,327	-	2,790,983
1-3 years	5,345,730	-	206,334	-	5,552,064
3-7 years	7,591,192	-	-	-	7,591,192
7-10 years	3,884,812	-	-	-	3,884,812
10-15 years	371,206	-	-	-	371,206
Total	$ 19,650,596	$ -	$ 539,661	$ 2,007,559	$ 22,197,816

2 DEPOSITS AND INVESTMENTS (Continued)

As described in Note 1, the College accounts for its investments in accordance with GASB No. 72, *Fair Value Measurement and Application*, which provides the framework for measuring fair value. The three levels of the fair value hierarchy under GASB No. 72 are described below.

Level 1 Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available.

The investments requiring the additional fair value disclosures are as follows:

	Cost	Level 1	Total Fair Value
Open ended mutual bond funds	$ 20,032,691	$ 19,650,596	$ 19,650,596

3 RECEIVABLES

Receivables consist of the following at June 30, 2016:

Property taxes	$ 17,337,000
Governmental claims	7,167,775
Student accounts receivable, net of allowances of $4,080,882	1,149,508
Other receivables	442,804
	$ 26,097,087

4 RESTRICTED INVESTMENTS

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

5 PROPERTY TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

Property taxes receivable and the related allowance for uncollected taxes were computed as follows for the year ended June 30, 2016:

2015 Equalized assessed valuation	$ 2,720,418,295		

	2015 Taxes Extended	2015 Taxes Collected	Property Taxes Receivable*
General Fund:			
Education Fund	$ 7,238,445	$ -	$ 7,238,445
Operations, Building and Maintenance Fund	680,000	-	680,000
Total general funds	7,918,445	-	7,918,445
Special Revenue Fund:			
Audit Fund	136,000	-	136,000
Liability, Protection and Settlement Fund	1,800,000	-	1,800,000
Total special revenue funds	1,936,000	-	1,936,000
Bond and Interest Fund	6,122,555	-	6,122,555
Capital Projects Fund:			
Operations, Building and Maintenance Fund (Restricted)	1,360,000	-	1,360,000
Total	$ 17,337,000	$ -	$ 17,337,000

* Based on review of prior year property tax receipts, management believes that property taxes receivable will be fully collectible for the fiscal year ended June 30, 2016. As these property taxes are budgeted for use in its next fiscal period, the College has recorded the property taxes receivable and the related collections on the 2015 tax levy as deferred inflows of resources at June 30, 2016.

6 CAPITAL ASSETS

A summary of changes in capital asset categories follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	$ 981,487	$ -	$ -	$ 981,487
Construction in progress	15,799,832	1,975,871	(13,336,343)	4,439,360
Total capital assets not being depreciated	16,781,319	1,975,871	(13,336,343)	5,420,847

6 CAPITAL ASSETS (Continued)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets being depreciated:				
Buildings	$ 78,874,606	$ 13,121,078	$ -	$ 91,995,684
Equipment	8,165,594	1,434,502	(546,218)	9,053,878
Total capital assets being depreciated	87,040,200	14,555,580	(546,218)	101,049,562
Less accumulated depreciation for:				
Buildings	29,785,749	3,013,636	-	32,799,385
Equipment	7,180,143	589,875	(545,348)	7,224,670
Total accumulated depreciation	36,965,892	3,603,511	(545,348)	40,024,055
Total capital assets being depreciated, net	50,074,308	10,952,069	(870)	61,025,507
Capital assets, net	$ 66,855,627	$ 12,927,940	$ (13,337,213)	$ 66,446,354

7 CONSTRUCTION IN PROGRESS

The College has the following construction projects in progress at June 30, 2016:

	Project Budget	Expended to June 30, 2016	Committed
Energy savings projects			
Votech - Energy Savings Renovation	$ 1,615,649	$ 1,502,998	$ 112,651
PHS levied projects			
West Building Renovation	1,400,000	1,293,887	106,113
Votech - Building Renovation	600,000	33,264	566,736
Total PHS levied projects	2,000,000	1,327,151	672,849
CDB projects			
Student Center	12,179,100	1,609,211	10,569,889
Total construction in progress	$ 15,794,749	$ 4,439,360	$ 11,355,389

Construction in progress additions include capitalized interest expense of $99,021. The Protection Health Safety (PHS) projects are funded through a tax levy (protection health safety) that cannot exceed .05 percent per year.

A new Student Center is being added to the Administration Building. Under a trust agreement that is a prerequisite in obtaining the award from the Capital Development Board (CDB), the College has contributed funds into a government money market account to fund a portion of the local share of the building project. The balance of this account is $1,822,099 at June 30, 2016.

8 CHANGES IN LONG-TERM LIABILITIES

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Bonds payable	$ 19,475,000	$ 6,270,000	$ 5,375,000	$ 20,370,000
Bond premium	507,226	284,318	275,646	515,898
Notes payable	-	5,000,000	5,000,000	-
Planned retirement payable	1,395,260	216,670	177,401	1,434,529
Accrued compensated absences	321,690	484,177	486,498	319,369
Total	$ 21,699,176	$ 12,255,165	$ 11,314,545	$ 22,639,796

	Amount Due Within One Year
Bonds payable	$ 5,760,000
Bond premium	301,717
Planned retirement payable	296,038
	$ 6,357,755

On February 29, 2016, the College issued $1,450,000 in General Obligations Bonds with an average interest rate of 2.05% to advance refund $1,400,000 of outstanding alternative revenue bonds that had an average interest rate of 4.36%. The net proceeds of $1,450,343 (after payment of $57,146 in underwriting fees, insurance, and other issuance costs) plus an additional $27,710 of the district's funds were deposited in an irrevocable trust with an escrow agent to provide for the redemption of the alternative revenue bonds at December 1, 2016. As a result, the $1,400,000 of alternative revenue bonds are considered to be defeased and that portion of the debt has been removed from the long-term debt. The College has one remaining payment of $110,000 on the alternative revenue bonds, due on December 1, 2016.

Through the advanced refunding, the College reduced its aggregate debt service payments by approximately $89,000 over the next 10 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately $78,000.

9 LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2016:

Alternative revenue bonds, originally payable in annual principal installments ranging from $90,000 to $170,000 with semi-annual interest payments at an average rate of 4.36%, originally due December 1, 2026, bond was defeased during 2016 as described above, final payment of $110,000 due December 1, 2016.	$ 110,000
Series 2012 general obligation bonds, payable in annual principal installments ranging from $615,000 to $3,870,000, and annual interest payments at a stated rate of 4.0% (effective interest rate of 1.80% with bond premium), due December 1, 2016.	910,000

9 LONG-TERM DEBT (Continued)

Subtotal, from previous page	$ 1,020,000
Series 2013 general obligation funding bonds, payable in annual principal installments ranging from $2,580,000 to $2,635,000, and annual interest payments at a stated rate of 2.0% (effective interest rate of 1.37% with bond premium), due December 1, 2017.	5,215,000
Series 2013B general obligation funding bonds, payable in annual principal installments ranging from $1,135,000 to $2,865,000, and annual interest payments at an average rate of 1.75%, due December 1, 2019.	4,000,000
Series 2014 general obligation funding bonds, payable in annual principal installments ranging from $645,000 to $1,695,000, and annual interest payments at a stated rate of 3.0% (effective interest rate of 1.48% with bond premium), due December 1, 2018.	3,865,000
Series 2016A general obligation funding bonds, payable in annual principal installments ranging from $1,515,000 to $1,685,000, and annual interest payments at a stated rate ranging from 3.0% to 4.0% (effective interest rate of 1.70% with bond premium), due June 1, 2019.	4,820,000
Series 2016B general obligation refunding bonds, payable in annual principal installments ranging from $130,000 to $160,000, and annual interest payments at a stated rate ranging from 2.0% to 2.25% (effective interest rate of 2.05% with bond premium), due June 1, 2027.	1,450,000
	$ 20,370,000

Total interest expense for the year ended June 30, 2016, was $331,945, with capitalized interest representing $198,016 of this amount, and $133,929 recognized as interest expense in the Statement of Revenues, Expenses and Changes in Net Position. This interest expense of $133,929 is net of amortization of bond premium of $275,646.

At June 30, 2016, the annual cash flow requirements of principal and interest were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 5,760,000	$ 567,968	$ 6,327,968
2018	6,080,000	294,681	6,374,681
2019	6,210,000	128,003	6,338,003
2020	1,270,000	34,100	1,304,100
2021	140,000	20,000	160,000
2022-2026	750,000	56,100	806,100
2027	160,000	1,800	161,800
Long-term debt subtotal	20,370,000	$ 1,102,652	$ 21,472,652
Unamortized bond premium	515,898		
Total	$ 20,885,898		

10 LITIGATION

As of June 30, 2016, the College is a defendant in various lawsuits. The College's attorney states no opinion as to the outcome of these cases or the potential for loss. The attorney also states that the College intends to vigorously defend these lawsuits. Management believes that the liability insurance of the College is sufficient to cover the asserted claims.

11 DEFINED BENEFIT PENSION PLANS

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

General Information about the Pension Plan

Plan Description. The College contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by 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 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2015 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions. The State of Illinois is primarily responsible for funding the System on behalf of the individual employers, including the College, at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of the Fiscal Year 2045. College contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require the College to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees.

11 DEFINED BENEFIT PENSION PLANS (Continued)

Contributions (continued). The College's normal cost for fiscal year 2016 and 2015 respectively, was 12.69% and 11.71% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and 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) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

Pension Liabilities and Expense

Net Pension Liability
At June 30, 2015, SURS reported a net pension liability (NPL) of $23,756,361,087. The net pension liability was measured as of June 30, 2014.

College Proportionate Share of Net Pension Liability
The amount of the proportionate share of the net pension liability to be recognized for the College is $0. The proportionate share of the State's net pension liability associated with the College is $139,107,184 or 0.5856%. The net pension liability and total pension liability as of June 30, 2015 was determined based on the June 30, 2014 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 2015.

Pension Expense
At June 30, 2015, SURS reported a collective net pension expense of $1,994,587,170.

College Proportionate Share of Pension Expense
The College's proportionate share of collective pension expense is recognized similarly to on-behalf payments as a non-operating revenue and an operating expense, allocated to each educational and general program in these 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 2015. As a result, the College recognized on-behalf revenue and pension expense of $11,679,457 for the fiscal year ended June 30, 2016.

SURS Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 27,312,043	$ -
Changes in assumption	609,393,909	-
Net difference between projected and actual earnings on pension plan investments	593,840,642	953,329,464
Total	$ 1,230,546,594	$ 953,329,464

11 DEFINED BENEFIT PENSION PLANS (Continued)

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

Year ending June 30	Net Deferred Outflows of Resources
2016	$ 154,951,326
2017	118,957,720
2018	(145,152,075)
2019	148,460,159
Total	$ 277,217,130

College's Pension Expense

The College paid $69,447 in federal, trust or grant contributions for the fiscal year ended June 30, 2016. These contributions were made subsequent to the pension liability measurement date of June 30, 2015.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010-2014. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.75% to 12.00%, including inflation
Investment rate of return	7.25% beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target 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, 2015, these best estimates are summarized in the following table.

11 DEFINED BENEFIT PENSION PLANS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
U.S. equity	23%	5.77%
Private equity	6%	9.23%
Non-U.S. equity	19%	6.69%
Global equity	8%	6.51%
Fixed income	19%	1.12%
Treasury-inflation protected securities	4%	1.22%
Emerging market debt	3%	4.61%
Real estate REITS	4%	5.85%
Direct real estate	6%	4.37%
Commodities	2%	4.06%
Hedged strategies	5%	3.99%
Opportunity fund	1%	6.80%
Total	100%	5.02%
Inflation		3.00%
Expected arithmetic return		8.02%

Discount Rate. A single discount rate of 7.120% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.250% and a municipal bond rate of 3.80% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.12%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

1% Decrease 6.12%	Current Single Discount Rate Assumption 7.12%	1% Increase 8.12%
$ 28,929,333,917	$ 23,756,361,087	$ 19,470,982,362

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

12 PLANNED RETIREMENT

To enhance long-range planning, College employees are encouraged to submit resignations up to four years in advance of their retirement date. Upon acceptance of the resignation by the Board of Trustees, qualified employees will receive a guaranteed 6% raise on their contractual base salary for each of the last four years of service. 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, 2016, the balance of the planned retirement liability was $1,434,529.

13 POST EMPLOYMENT BENEFITS

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

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

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

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services, may be obtained by writing to the Department of Central Management Services, Stratton Office Building, 401 South Spring Street, Springfield, IL 62706.

14 RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the College carries commercial insurance.

In 2001, the College joined the Community College Insurance Cooperative (CCIC), a public entity risk pool currently operating as a common risk management and insurance program for independent organizations (seven at June 30, 2016). The College pays an annual premium to CCIC for its medical insurance coverage under a retrospectively rated policy (the initial premium is adjusted based on actual experience of the group during the period of coverage). The Agreement for Formation of the CCIC provides that CCIC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $300,000 for each insured individual. As noted by CCIC financial disclosures, insurance contracts do not relieve CCIC from its obligations, and failure of insurers to honor their obligations could result in losses to CCIC and its participating members. The College does not anticipate any resulting losses from being a part of CCIC. Subsequent to year end, the College's Board of Directors approved a motion to cancel its membership in CCIC and enter into an agreement for a self-funded plan with Aetna.

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

15 INVESTMENTS - COMPONENT UNIT

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

Level 1 Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available.

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

15 INVESTMENTS - COMPONENT UNIT (Continued)

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

Investments as of June 30, 2016, consisted of the following:

	Cost	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Fair Value
Money market	$ 109,770	$ 109,770	$ -	$ 109,770
Mutual funds	3,440,282	3,590,243	-	3,590,243
Exchange traded funds	2,510,123	2,869,990	-	2,869,990
Bonds	105,008	-	101,260	101,260
Current	6,165,183	6,570,003	101,260	6,671,263
Real estate	2,542,875	-	2,542,875	2,542,875
U.S. Government obligations	56,893	-	56,060	56,060
Bonds	1,463,321	-	1,504,816	1,504,816
Noncurrent	4,063,089	-	4,103,751	4,103,751
	$ 10,228,272	$ 6,570,003	$ 4,205,011	$ 10,775,014

The following schedule summarizes the investment return and its classification in the Statements of Activities for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 76,141	$ 225,617	$ -	$ 301,758
Investment fees	(16,008)	(47,435)	-	(63,443)
Realized gains	2,926	8,671	-	11,597
Unrealized losses	(68,133)	(220,249)	-	(288,382)
Total investment return	$ (5,074)	$ (33,396)	$ -	$ (38,470)

16 SUBSEQUENT EVENTS

Management has considered subsequent events occurring through the date of the Independent Auditor's Report, which is when these financial statements were available to be issued. On July 1, 2016, the College sold its Workforce Development Center building for $1,800,000. The net proceeds of approximately $1,630,000 were transferred into a new investment account, intended to be used for a future College building project. Also, on August 1, 2016, the College signed contracts with the Illinois Department of Juvenile Justice (IDJJ) to provide educational services beginning in fiscal 2017 for residents at two IDJJ facilities.

SUPPLEMENTAL FINANCIAL INFORMATION

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULES OF MANAGEMENT INFORMATION

Year Ended June 30, 2016

The following schedules on pages 39 through 52 and 59 through 65 are maintained for management information purposes to comply with Illinois Community College Board regulations.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINED BALANCE SHEET - ALL FUND TYPES

June 30, 2016

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types		
ASSETS	General	Special Revenue	Bond and Interest	Capital Projects	Auxiliary Enterprise Fund	Expendable Trust Funds	Nonexpendable Trust Funds	Total (Memorandum Only)
Cash	$ 912,610	$ 159,167	$ 76,329	$ 7,224	$ 426,263	$ 160,518	$ 96,671	$ 1,838,782
Investments	50,983	-	16	-	-	-	20,324,718	20,375,717
Accounts receivable:								
Property taxes	7,918,445	1,936,000	6,122,555	1,360,000	-	-	-	17,337,000
Governmental claims	-	7,167,775	-	-	-	-	-	7,167,775
Other receivables	1,450,451	123,683	-	-	18,094	84	-	1,592,312
Due from other funds	6,801,742	14,000	677,710	-	1,500,000	-	3,000,000	11,993,452
Due from component unit	9,348	-	-	-	-	-	-	9,348
Inventories	-	-	-	-	173,986	-	-	173,986
Prepaid expenditures	228,732	194,523	-	-	-	-	-	423,255
Restricted investments	-	-	-	1,822,099	-	-	-	1,822,099
Fixed assets, net	-	-	-	-	193,849	-	-	193,849
Total assets	$ 17,372,311	$ 9,595,148	$ 6,876,610	$ 3,189,323	$ 2,312,192	$ 160,602	$ 23,421,389	$ 62,927,575
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 1,309,193	$ 493,045	$ -	$ 150,987	$ 3,011	$ -	$ -	$ 1,956,236
Accrued salaries	792,811	212,287	-	-	16,133	-	-	1,021,231
Accrued compensated absences	268,749	36,499	-	-	14,120	-	-	319,368
Planned retirement payable	1,434,529	-	-	-	-	-	-	1,434,529
Summer tuition and grantor advances	1,587,600	66,548	-	-	-	-	-	1,654,148
Due to other funds	-	7,325,742	-	4,667,710	-	-	-	11,993,452
Deposits held for others	-	-	-	-	-	160,602	-	160,602
Total liabilities	5,392,882	8,134,121	-	4,818,697	33,264	160,602	-	18,539,566
Deferred inflows of resources								
Deferred property taxes	7,918,445	1,936,000	6,122,555	1,360,000	-	-	-	17,337,000
Fund balances:								
Retained earnings	-	-	-	-	2,278,928	-	-	2,278,928
Reserved for construction projects	-	-	-	1,822,099	-	-	-	1,822,099
Unreserved:								
Designated	-	-	754,055	-	-	-	-	754,055
Undesignated	4,060,984	(474,973)	-	(4,811,473)	-	-	23,421,389	22,195,927
Total fund balances	4,060,984	(474,973)	754,055	(2,989,374)	2,278,928	-	23,421,389	27,051,009
Total liabilities, deferred inflows, and fund balances	$ 17,372,311	$ 9,595,148	$ 6,876,610	$ 3,189,323	$ 2,312,192	$ 160,602	$ 23,421,389	$ 62,927,575

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2016

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:						
Local government	$ 7,165,610	$ 7,388,721	$ 223,111	$ 1,936,676	$ 1,905,936	$ (30,740)
State government	15,881,808	14,624,753	(1,257,055)	12,101,422	7,383,243	(4,718,179)
Federal government	14,296	7,850	(6,446)	10,629,499	10,381,974	(247,525)
Tuition and fees	13,756,748	13,521,353	(235,395)	-	-	-
Other sources	1,286,812	1,695,558	408,746	999,932	941,089	(58,843)
Total revenue	38,105,274	37,238,235	(867,039)	25,667,529	20,612,242	(5,055,287)
Expenditures:						
Instruction	15,830,805	20,992,002	5,161,197	10,812,426	6,426,586	(4,385,840)
Academic support	2,233,428	1,709,509	(523,919)	-	-	-
Student services	3,718,483	2,848,817	(869,666)	342,405	318,226	(24,179)
Public services/Continuing education	1,664,246	1,068,531	(595,715)	499,506	3,529,175	3,029,669
Operation and maintenance of plant	4,035,906	4,072,964	37,058	630,638	603,435	(27,203)
Institutional support	9,438,888	10,279,698	840,810	870,211	2,971,016	2,100,805
Scholarships/Grants/Waivers	282,000	588,356	306,356	12,216,686	6,704,756	(5,511,930)
Capital outlay	-	1,404,196	1,404,196	186,954	43,816	(143,138)
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	37,203,756	42,964,073	5,760,317	25,558,826	20,597,010	(4,961,816)
Excess (deficiency) of revenue over expenditures	901,518	(5,725,838)	(6,627,356)	108,703	15,232	(93,471)
Other financing sources (uses):						
Proceeds from bonds payable	-	-	-	-	-	-
Refunding bonds	-	-	-	-	-	-
Proceeds from notes payable	-	3,000,000	3,000,000	-	-	-
Proceeds from bond premium	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-
Transfer to other funds	(1,178,871)	(1,528,660)	(349,789)	-	-	-
Total other financing sources (uses)	(1,178,871)	1,471,340	2,650,211	-	-	-
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	$ (277,353)	(4,254,498)	$ (3,977,145)	$ 108,703	15,232	$ (93,471)
Fund balances, beginning of year		8,315,482			(490,205)	
Fund balances, end of year		$ 4,060,984			$ (474,973)	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2016

	Bond and Interest Fund			Capital Projects Fund			Total (Memorandum Only)		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:									
Local government	$ 4,273,306	$ 4,319,829	$ 46,523	$ 1,249,000	$ 1,287,460	$ 38,460	$ 14,624,592	$ 14,901,946	$ 277,354
State government	-	-	-	2,200,000	-	(2,200,000)	30,183,230	22,007,996	(8,175,234)
Federal government	-	-	-	-	-	-	10,643,795	10,389,824	(253,971)
Tuition and fees	-	-	-	-	-	-	13,756,748	13,521,353	(235,395)
Other sources	-	-	-	-	6,396	6,396	2,286,744	2,643,043	356,299
Total revenue	4,273,306	4,319,829	46,523	3,449,000	1,293,856	(2,155,144)	71,495,109	63,464,162	(8,030,947)
Expenditures:									
Instruction	-	-	-	-	-	-	26,643,231	27,418,588	775,357
Academic support	-	-	-	-	-	-	2,233,428	1,709,509	(523,919)
Student services	-	-	-	-	-	-	4,060,888	3,167,043	(893,845)
Public services/Continuing education	-	-	-	-	-	-	2,163,752	4,597,706	2,433,954
Operation and maintenance of plant	-	-	-	-	-	-	4,666,544	4,676,399	9,855
Institutional support	-	-	-	-	-	-	10,309,099	13,250,714	2,941,615
Scholarships/Grants/Waivers	-	-	-	-	-	-	12,498,686	7,293,112	(5,205,574)
Capital outlay	-	-	-	1,715,000	1,663,634	(51,366)	1,901,954	3,111,646	1,209,692
Principal retirement	3,975,000	3,975,000	-	-	6,400,000	6,400,000	3,975,000	10,375,000	6,400,000
Interest and fiscal charges	471,905	609,725	137,820	-	-	-	471,905	609,725	137,820
Total expenditures	4,446,905	4,584,725	137,820	1,715,000	8,063,634	6,348,634	68,924,487	76,209,442	7,284,955
Excess (deficiency) of revenue over expenditures	(173,599)	(264,896)	(91,297)	1,734,000	(6,769,778)	(8,503,778)	2,570,622	(12,745,280)	(15,315,902)
Other financing sources (uses):									
Proceeds from bonds payable	-	-	-	-	4,820,000	4,820,000	-	4,820,000	4,820,000
Refunding bonds	-	-	-	-	1,450,000	1,450,000	-	1,450,000	1,450,000
Proceeds from notes payable	-	-	-	-	2,000,000	2,000,000	-	5,000,000	5,000,000
Proceeds from bond premium	-	284,318	284,318	-	-	-	-	284,318	284,318
Transfer from other funds	173,599	135,983	(37,616)	-	-	-	173,599	135,983	(37,616)
Transfer to other funds	-	-	-	-	-	-	(1,178,871)	(1,528,660)	(349,789)
Total other financing sources (uses)	173,599	420,301	246,702	-	8,270,000	8,270,000	(1,005,272)	10,161,641	11,166,913
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	$ -	155,405	$ 155,405	$ 1,734,000	1,500,222	$ (233,778)	$ 1,565,350	(2,583,639)	$ (4,148,989)
Fund balances, beginning of year		598,650			(4,489,596)			3,934,331	
Fund balances, end of year		$ 754,055			$ (2,989,374)			$ 1,350,692	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2016

	Proprietary Fund Type		
	Enterprise Fund		Variance
	Budget	Actual	Over (Under)
Operating revenue:			
Bookstore sales	$ 654,819	$ 572,089	$ (82,730)
Cafeteria	52,597	27,403	(25,194)
Activity fees	220,000	191,400	(28,600)
Print shop	533,104	581,362	48,258
Farm revenues	101,750	94,558	(7,192)
Auto shop and other	21,000	2,237	(18,763)
Total operating revenue	1,583,270	1,469,049	(114,221)
Operating expenses:			
Salaries	557,383	538,102	(19,281)
Employee benefits	140,424	127,236	(13,188)
Contractual services	199,991	107,489	(92,502)
General materials and supplies	744,696	791,581	46,885
Travel	153,227	120,719	(32,508)
Fixed charges	281,925	346,984	65,059
Capital outlay	93,502	-	(93,502)
Depreciation	-	15,711	15,711
Scholarships/Grants	522,110	686,863	164,753
Other	112,199	135,041	22,842
Total operating expenses	2,805,457	2,869,726	64,269
Net loss before operating transfers	(1,222,187)	(1,400,677)	(178,490)
Operating transfers:			
Transfers from other funds	1,222,187	1,392,677	170,490
Net loss	$ -	(8,000)	$ (8,000)
Retained earnings, July 1, 2015		2,286,928	
Retained earnings, June 30, 2016		$ 2,278,928	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING BALANCE SHEET - GOVERNMENTAL FUND TYPES - GENERAL FUND

June 30, 2016

	Education Fund	Operations, Building, and Maintenance Fund	Total
ASSETS			
Cash	$ 892,632	$ 19,978	$ 912,610
Investments	50,983	-	50,983
Accounts receivable:			
Property taxes	7,238,445	680,000	7,918,445
Governmental claims	-	-	-
Other receivables	1,444,763	5,688	1,450,451
Due from component unit	9,348	-	9,348
Due from other funds	4,101,742	2,700,000	6,801,742
Prepaid expenditures	228,732	-	228,732
Total assets	$ 13,966,645	$ 3,405,666	$ 17,372,311
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,309,193	$ -	$ 1,309,193
Accrued salaries	786,733	6,078	792,811
Accrued compensated absences	242,518	26,231	268,749
Planned retirement payable	1,434,529	-	1,434,529
Due to other funds	-	-	-
Summer tuition and grantor advances	1,587,600	-	1,587,600
Total liabilities	5,360,573	32,309	5,392,882
Deferred inflows of resources:			
Deferred property taxes	7,238,445	680,000	7,918,445
Fund balances:			
Unreserved:			
Designated	-	-	-
Undesignated	1,367,627	2,693,357	4,060,984
Total fund balances	1,367,627	2,693,357	4,060,984
Total liabilities, deferred inflows, and fund balances	$ 13,966,645	$ 3,405,666	$ 17,372,311

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING BALANCE SHEET - GOVERNMENTAL FUND TYPES - SPECIAL REVENUE FUNDS

June 30, 2016

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
ASSETS				
Cash	$ 154,967	$ 831	$ 3,369	$ 159,167
Accounts receivable:				
Property taxes	-	136,000	1,800,000	1,936,000
Governmental claims	7,167,775	-	-	7,167,775
Other receivables	123,683	-	-	123,683
Due from other funds	-	14,000	-	14,000
Prepaid expenditures	-	-	194,523	194,523
Total assets	$ 7,446,425	$ 150,831	$ 1,997,892	$ 9,595,148
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 491,248	$ -	$ 1,797	$ 493,045
Accrued salaries	208,807	-	3,480	212,287
Accrued compensated absences	11,753	2,553	22,193	36,499
Summer tuition and grantor advances	66,548	-	-	66,548
Due to other funds	6,635,742	-	690,000	7,325,742
Total liabilities	7,414,098	2,553	717,470	8,134,121
Deferred inflows of resources				
Deferred property taxes	-	136,000	1,800,000	1,936,000
Fund balances:				
Unreserved:				
Designated	-	-	-	-
Undesignated	32,327	12,278	(519,578)	(474,973)
Total fund balances	32,327	12,278	(519,578)	(474,973)
Total liabilities, deferred inflows, and fund balances	$ 7,446,425	$ 150,831	$ 1,997,892	$ 9,595,148

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2016

	Education Fund			Operations, Building and Maintenance Fund			Total		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:									
Local government sources	$ 6,515,610	$ 6,734,400	$ 218,790	$ 650,000	$ 654,321	$ 4,321	$ 7,165,610	$ 7,388,721	$ 223,111
State government sources	12,940,256	12,454,020	(486,236)	2,941,552	2,170,733	(770,819)	15,881,808	14,624,753	(1,257,055)
Federal government sources	14,296	7,850	(6,446)	-	-	-	14,296	7,850	(6,446)
Tuition and fees	13,756,748	13,521,353	(235,395)	-	-	-	13,756,748	13,521,353	(235,395)
Other sources	774,790	1,196,106	421,316	512,022	499,452	(12,570)	1,286,812	1,695,558	408,746
Total revenue	34,001,700	33,913,729	(87,971)	4,103,574	3,324,506	(779,068)	38,105,274	37,238,235	(867,039)
Expenditures:									
Instruction	15,830,805	20,992,002	5,161,197	-	-	-	15,830,805	20,992,002	5,161,197
Academic support	2,233,428	1,709,509	(523,919)	-	-	-	2,233,428	1,709,509	(523,919)
Student services	3,718,483	2,848,817	(869,666)	-	-	-	3,718,483	2,848,817	(869,666)
Public service/Continuing education	1,664,246	1,068,531	(595,715)	-	-	-	1,664,246	1,068,531	(595,715)
Operation and maintenance of plant	-	-	-	4,035,906	4,072,964	37,058	4,035,906	4,072,964	37,058
Institutional support	9,438,888	10,279,698	840,810	-	-	-	9,438,888	10,279,698	840,810
Scholarships/Grants/Waivers	282,000	588,356	306,356	-	-	-	282,000	588,356	306,356
Capital outlay	-	1,398,701	1,398,701	-	5,495	5,495	-	1,404,196	1,404,196
Total expenditures	33,167,850	38,885,614	5,717,764	4,035,906	4,078,459	42,553	37,203,756	42,964,073	5,760,317
Excess (deficiency) of revenue over expenditures	833,850	(4,971,885)	(5,805,735)	67,668	(753,953)	(821,621)	901,518	(5,725,838)	(6,627,356)
Other financing sources (uses):									
Note proceeds	-	3,000,000	3,000,000	-	-	-	-	3,000,000	3,000,000
Non-mandatory transfer from (to) other funds	(1,178,871)	(1,536,674)	(357,803)	-	8,014	8,014	(1,178,871)	(1,528,660)	(349,789)
Total other financing sources (uses)	(1,178,871)	1,463,326	2,642,197	-	8,014	8,014	(1,178,871)	(1,528,660)	2,650,211
Excess (deficiency) of revenue over expenditures and other sources (uses)	$ (345,021)	(3,508,559)	$ (3,163,538)	$ 67,668	(745,939)	$ (813,607)	$ (277,353)	(4,254,498)	$ (3,977,145)
Fund balance, July 1, 2015		4,876,186			3,439,296			8,315,482	
Fund balance, June 30, 2016		$ 1,367,627			$ 2,693,357			$ 4,060,984	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2016

	Restricted Purposes Fund			Audit Fund			Liability, Protection and Settlement Fund			Total		
	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
Revenue:												
Local government sources	$ 284,106	$ 241,692	$ (42,414)	$ 120,000	$ 130,433	$ 10,433	$ 1,532,570	$ 1,533,811	$ 1,241	$ 1,936,676	$ 1,905,936	$ (30,740)
State government sources	12,101,422	7,383,243	(4,718,179)	-	-	-	-	-	-	12,101,422	7,383,243	(4,718,179)
Federal government sources	10,629,499	10,381,974	(247,525)	-	-	-	-	-	-	10,629,499	10,381,974	(247,525)
Other sources	999,932	941,089	(58,843)	-	-	-	-	-	-	999,932	941,089	(58,843)
Total revenue	24,014,959	18,947,998	(5,066,961)	120,000	130,433	10,433	1,532,570	1,533,811	1,241	25,667,529	20,612,242	(5,055,287)
Expenditures:												
Instruction	10,812,426	6,426,586	(4,385,840)	-	-	-	-	-	-	10,812,426	6,426,586	(4,385,840)
Academic support	-	-	-	-	-	-	-	-	-	-	-	-
Student services	260,950	234,613	(26,337)	-	-	-	81,455	83,613	2,158	342,405	318,226	(24,179)
Public service/Continuing education	499,506	3,529,175	3,029,669	-	-	-	-	-	-	499,506	3,529,175	3,029,669
Operations and maintenance of plant	-	2,054	2,054	-	-	-	630,638	601,381	(29,257)	630,638	603,435	(27,203)
Institutional support	38,437	2,012,922	1,974,485	101,297	101,021	(276)	730,477	857,073	126,596	870,211	2,971,016	2,100,805
Scholarships/Grants/Waivers	12,216,686	6,704,756	(5,511,930)	-	-	-	-	-	-	12,216,686	6,704,756	(5,511,930)
Capital outlay	186,954	43,816	(143,138)	-	-	-	-	-	-	186,954	43,816	(143,138)
Total expenditures	24,014,959	18,953,922	(5,061,037)	101,297	101,021	(276)	1,442,570	1,542,067	99,497	25,558,826	20,597,010	(4,961,816)
Excess (deficiency) of revenue over expenditures	$ -	(5,924)	$ (5,924)	$ 18,703	29,412	$ 10,709	$ 90,000	(8,256)	$ (98,256)	$ 108,703	15,232	$ (93,471)
Fund balance, July 1, 2015		38,251			(17,134)			(511,322)			(490,205)	
Fund balance, June 30, 2016		$ 32,327			$ 12,278			$ (519,578)			$ (474,973)	

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

RECONCILIATION AND SCHEDULE OF BUDGET BASIS

Year Ended June 30, 2016

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

Fund balance - All fund types - budget basis	$ 27,051,009
Reconciling items:	
Investment in capital assets of governmental fund types	104,104,953
Accumulated depreciation on capital assets of governmental fund types	(39,732,988)
Amount to be provided for debt payments	(20,370,000)
Bond premium	(515,898)
Accrued interest payable	(45,486)
Capitalized interest on construction in progress, including assets placed in service	1,880,539
Net position on Statement of Net Position	$ 72,372,129

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

Excess (deficiency) of revenue over expenditures - budget basis	$ (2,176,525)
Reconciling items:	
Depreciation expense on capital assets of governmental fund types	(3,587,799)
Principal repayments of debt	10,375,000
Proceeds from notes and bonds payable	(11,270,000)
Proceeds from bond premium	(284,314)
Amortization of bond premium	275,646
Proceeds from insurance on capital asset loss	(91,773)
Loss on impairment of capital asset	(137,000)
Change in accrual of interest for debt	2,132
Purchases of capital assets of governmental fund types	3,139,191
Capital appropriations from Illinois Capital Development Board	114,168
Capitalized interest	198,016
Decrease in net position	$ (3,443,258)

EXPENDITURES AND TRANSFERS IN EXCESS OF BUDGET

	Budget	Actual Expenditures	Variance Over Budget
Education Fund	$ 34,346,721	$ 40,422,288	$ 6,075,567
Operations, Building and Maintenance Fund	$ 4,035,906	$ 4,078,459	$ 42,553
Capital Projects Funds	$ 1,715,000	$ 8,063,634	$ 6,348,634
Bond and Interest Fund	$ 4,446,905	$ 4,584,725	$ 137,820
Auxiliary Enterprise Fund	$ 2,805,457	$ 2,869,726	$ 64,269
Liability, Protection and Settlement Fund	$ 1,442,570	$ 1,542,067	$ 99,497

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ASSESSED VALUATIONS AND TAXES EXTENDED AND COLLECTED

Levy Years 2015, 2014, and 2013

	2015 Levy	2014 Levy	2013 Levy
Assessed valuations:			
Christian	$ 71,385,076	$ 68,076,769	$ 66,859,642
Clark	203,587,126	192,037,058	183,366,164
Clay	15,772,840	14,847,312	14,073,835
Coles	667,196,717	654,199,196	645,188,186
Crawford	21,193	19,045	18,460
Cumberland	137,345,150	128,649,172	129,666,833
Douglas	76,383,196	73,644,709	69,380,167
Edgar	227,112,066	211,950,082	204,750,073
Effingham	653,168,551	627,555,718	610,339,424
Fayette	108,563,794	103,605,411	101,014,645
Jasper	14,622,564	14,055,017	12,702,340
Macon	4,129,395	4,090,896	3,807,527
Montgomery	2,434,363	2,388,159	2,277,515
Moultrie	237,667,073	230,465,860	223,080,959
Shelby	301,029,191	290,042,378	280,354,327
Total assessed valuations	$ 2,720,418,295	$ 2,615,626,782	$ 2,546,880,097
Tax rates (per $100 of assessed valuations):			
Education Fund	0.1503	0.1550	0.1550
Foundation Tax	0.1158	0.0881	0.0843
Operations, Building and Maintenance Fund	0.0250	0.0250	0.0250
Bond and Interest Fund	0.2251	0.1665	0.1652
Life Safety	0.0500	0.0434	0.0446
Audit Fund	0.0050	0.0050	0.0044
Liability, Protection and Settlement Fund	0.0661	0.0582	0.0562
Total	0.6373	0.5412	0.5347
Taxes extended:			
Education Fund	$ 4,088,445	$ 4,054,222	$ 3,947,664
Foundation Tax	3,150,000	2,304,367	2,147,020
Operations, Building and Maintenance Fund	680,000	653,907	636,720
Bond and Interest Fund	6,122,555	4,353,785	4,208,596
Life Safety	1,360,000	1,135,000	1,135,000
Audit Fund	136,000	130,781	112,000
Liability, Protection and Settlement Fund	1,800,000	1,520,000	1,430,000
Total	$ 17,337,000	$ 14,152,062	$ 13,617,000
Total current taxes collected	$ -	$ 14,229,630	$ 13,608,546
Percentage of extensions collected	0.00%	100.55%	99.94%

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SUMMARY OF TAXES RECEIVABLE AND TAX COLLECTIONS

Year Ended June 30, 2016

Levy Year	Valuation	Combined Rate	Taxes Extended	Total Collected to June 30, 2015	Collected During Year Ended June 30, 2016	Total Collected to June 30, 2016	Percent Collected June 30, 2016	Taxes Written-off
2015	$ 2,720,418,295	0.6373	$ 17,337,000	$ -	$ -	$ -	0.00%	$ -
2014	2,615,626,782	0.5412	14,152,062	238,324	13,991,306	14,229,630	100.55%	-
2013	2,546,880,097	0.5347	13,617,000	13,608,546	-	13,608,546	99.94%	-
Back taxes	-		-	-	-	-		-
		Total	$ 45,106,062	$ 13,846,870	$ 13,991,306	$ 27,838,176		$ -

2015 TAXES EXTENDED

	Uncollected June 30, 2016	Estimate for Uncollectible Taxes	Balance after Estimated Uncollectible Taxes
Education	$ 4,088,445	$ -	$ 4,088,445
Foundation	3,150,000	-	3,150,000
Operations, Building and Maintenance	680,000	-	680,000
Bond and Interest	6,122,555	-	6,122,555
Life Safety	1,360,000	-	1,360,000
Audit	136,000	-	136,000
Liability, Protection and Settlement	1,800,000	-	1,800,000
Total	$ 17,337,000	$ -	$ 17,337,000

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF DEBT MATURITIES
GOVERNMENTAL FUND TYPES

Year Ended June 30, 2016

	Bond Type	Interest Rate	Amounts Due During Year Principal	Interest	Total	Unpaid Principal Balance June 30, 2016
2016-2017	Working Cash - Fitness Center	5.60 %	$ 110,000	$ 58,500	$ 168,500	$ 110,000
2016-2017	Series 2012	4.00 %	910,000	18,200	928,200	910,000
2016-2017	Series 2013	2.00 %	2,580,000	78,500	2,658,500	2,580,000
2016-2017	Series 2013B	1.75 %	-	69,256	69,256	-
2016-2017	Series 2014	3.00 %	645,000	106,275	751,275	645,000
2016-2017	Series 2016A	4.00 %	1,515,000	200,324	1,715,324	1,515,000
2016-2017	Series 2016B	2.00 %	-	36,913	36,913	-
2017-2018	Series 2013	2.00 %	2,635,000	26,350	2,661,350	2,635,000
2017-2018	Series 2013B	1.75 %	-	69,256	69,256	-
2017-2018	Series 2014	3.00 %	1,695,000	71,175	1,766,175	1,695,000
2017-2018	Series 2016A	4.00 %	1,620,000	99,800	1,719,800	1,620,000
2017-2018	Series 2016B	2.00 %	130,000	28,100	158,100	130,000
2018-2019	Series 2013B	1.75 %	2,865,000	45,978	2,910,978	2,865,000
2018-2019	Series 2014	3.00 %	1,525,000	22,875	1,547,875	1,525,000
2018-2019	Series 2016A	4.00 %	1,685,000	33,700	1,718,700	1,685,000
2018-2019	Series 2016B	2.00 %	135,000	25,450	160,450	135,000
2019-2020	Series 2013B	2.00 %	1,135,000	11,350	1,146,350	1,135,000
2019-2020	Series 2016B	2.00 %	135,000	22,750	157,750	135,000
2020-2021	Series 2016B	2.00 %	140,000	20,000	160,000	140,000
Thereafter	Series 2016B	2.00-2.25 %	910,000	57,900	967,900	910,000
Total			$ 20,370,000	$ 1,102,652	$ 21,472,652	$ 20,370,000

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF LEGAL DEBT MARGIN

Year Ended June 30, 2016

Assessed valuation - 2015 Levy	$	2,720,418,295
Debt limit, 2.875% of assessed valuation (50 ILCS 405/1)	$	78,212,026
Less:		
Bond indebtedness		20,370,000
Legal debt margin	$	57,842,026

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENSES FOR TORT IMMUNITY PURPOSES

Year Ended June 30, 2016

Administrative salaries	$	288,682
Administrative benefits		59,865
Campus security salaries		313,041
Campus security benefits		75,203
Contractual services		500
Materials and supplies		25,530
Repairs		-
General liability insurance		292,793
Workers compensation insurance		203,151
Unemployment insurance		768
Social Security/Medicare		278,672
Travel		3,862
Total tort immunity purposes expenses	$	1,542,067

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

The College's tax extension for tort immunity/liability insurance and Social Security/Medicare purposes for tax year 2014 as levied by the counties within the college district was $1,520,000. Any shortfall to cover expenses in excess of taxes collected is derived from previous years' excess or other general fund revenues of the College. Any excess of revenues over expenses is carried forward to subsequent fiscal years subject to a statutory formula.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than Management's Discussion and Analysis)

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

REQUIRED SUPPLEMENTARY INFORMATION
STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS (SURS) FUNDING PROGRESS

Year Ended June 30, 2016

SURS funding progress related to the College for the years ended June 30, 2015 and 2014 (last date of measurement) is summarized as follows:

	2015	2014
College's Proportion Percentage of the Collective Net Pension Liability	0.00%	0.00%
College's Proportion Amount of the Collective Net Pension Liability (a)	$ -	$ -
College's Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with the College (b)	$ 139,107,184	$ 133,240,206
Total (a) + (b)	$ 139,107,184	$ 133,240,206
College's covered-employee payroll	$ 24,748,825	$ 25,627,463
Proportion of Collective Net Pension Liability associated with College as a percentage of covered-employee payroll	562.08%	519.91%
SURS Plan Net Position as a percentage of Total Pension Liability	42.37%	44.39%

College's contribution related to federal, trust, grant and other contributions for the year ended June 30, 2015 and 2014 (last date of measurement) is summarized as follows:

	2015	2014
College's federal, trust, grant and other contribution	$ 86,474	$ 61,251
Contribution in relation to required contribution	$ 86,474	$ 61,251
Contribution deficiency (excess)	$ -	$ -
College Covered-employee payroll	$ 738,466	$ 514,282
Contributions as a percentage of covered-employee payroll	11.71%	11.91%

SURS implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedule above is intended to show information for 10 years.

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2015.

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

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

ACCOMPANYING INFORMATION

SPECIAL REPORTS SECTION

UNIFORM FINANCIAL STATEMENTS

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
ALL FUNDS SUMMARY

Year Ended June 30, 2016

	Education Fund	Operations, Building and Maintenance Fund	Operations, Building and Maintenance Fund (Restricted)	Bond and Interest Fund	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Auxiliary Enterprise Fund	Trust and Agency Fund	Working Cash Fund	Total (Memorandum Only)
Fund balances, July 1, 2015	$ 4,876,186	$ 3,439,296	$ (4,489,596)	$ 598,650	$ 38,251	$ (17,134)	$ (511,322)	$ 2,286,928	$ -	$ 23,006,275	$ 29,227,534
Revenue:											
Local tax revenue	6,303,776	654,321	1,287,460	4,319,829	-	130,433	1,533,811	-	-	-	14,229,630
Other local revenue	430,624	-	-	-	241,692	-	-	-	-	-	672,316
ICCB grants	1,263,864	1,382,884	-	-	537,558	-	-	-	-	-	3,184,306
Other state revenue	11,190,156	787,849	-	-	6,845,685	-	-	-	-	-	18,823,690
Federal revenue	7,850	-	-	-	10,381,974	-	-	-	-	-	10,389,824
Student tuition and fees	13,521,353	-	-	-	-	-	-	-	-	-	13,521,353
Bond proceeds	-	-	6,270,000	-	-	-	-	-	-	-	6,270,000
Bond premium	-	-	-	284,318	-	-	-	-	-	-	284,318
Note proceeds	3,000,000	-	2,000,000	-	-	-	-	-	-	-	5,000,000
Other revenue	1,196,106	499,452	6,396	-	941,089	-	-	1,469,049	-	415,114	4,527,206
Total revenue	36,913,729	3,324,506	9,563,856	4,604,147	18,947,998	130,433	1,533,811	1,469,049	-	415,114	76,902,643
Expenditures:											
Instruction	20,992,002	-	-	-	6,470,402	-	-	-	-	-	27,462,404
Academic support	1,719,476	-	-	-	-	-	-	-	-	-	1,719,476
Student services	2,848,817	-	-	-	234,613	-	83,613	-	-	-	3,167,043
Public services/Continuing education	1,068,531	-	-	-	3,529,175	-	-	-	-	-	4,597,706
Auxiliary services	-	-	-	-	-	-	-	2,869,726	-	-	2,869,726
Operations and maintenance	-	4,078,459	8,063,634	609,725	2,054	-	601,381	-	-	-	13,355,253
Institutional support	11,668,432	-	-	3,975,000	2,012,922	101,021	857,073	-	-	-	18,614,448
Scholarships/Grants/Waivers	588,356	-	-	-	6,704,756	-	-	-	-	-	7,293,112
Total expenditures	38,885,614	4,078,459	8,063,634	4,584,725	18,953,922	101,021	1,542,067	2,869,726	-	-	79,079,168
Transfers, net	(1,536,674)	8,014	-	135,983	-	-	-	1,392,677	-	-	-
Fund balances, June 30, 2016	$ 1,367,627	$ 2,693,357	$ (2,989,374)	$ 754,055	$ 32,327	$ 12,278	$ (519,578)	$ 2,278,928	$ -	$ 23,421,389	$ 27,051,009

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
SUMMARY OF FIXED ASSETS AND DEBT

Year Ended June 30, 2016

	Fixed Assets/Debt July 1, 2015	Additions	Deletions	Fixed Assets/Debt June 30, 2016
Fixed Assets				
Sites, buildings, additions and improvements	$ 93,973,405	$ 14,898,933	$ (13,336,343)	$ 95,535,995
Equipment	8,165,594	1,434,502	(546,218)	9,053,878
Accumulated depreciation	(279,987)	(15,712)	4,631	(291,068)
Net fixed assets	$ 101,859,012	$ 16,317,723	$ (13,877,930)	$ 104,298,805
Debt				
Notes payable	$ -	$ 5,000,000	$ (5,000,000)	$ -
Bonds payable	19,475,000	6,270,000	(5,375,000)	20,370,000
Total fixed liabilities	$ 19,475,000	$ 11,270,000	$ (10,375,000)	$ 20,370,000

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
OPERATING REVENUE BY SOURCE

Year Ended June 30, 2016

	Education Fund	Operations, Building and Maintenance Fund	Total Operating Funds
Local government:			
Current taxes	$ 6,303,776	$ 654,321	$ 6,958,097
Chargeback revenue	3,719	-	3,719
Corporate personal property replacement taxes	426,905	-	426,905
Total local government	6,734,400	654,321	7,388,721
State government:			
ICCB Base Operating Grant	1,263,864	-	1,263,864
ICCB Equalization Grant	-	1,382,884	1,382,884
Illinois Department of Corrections	298,548	-	298,548
SURS contribution	10,891,608	787,849	11,679,457
Total state government	12,454,020	2,170,733	14,624,753
Federal government:			
Pell administrative fee	7,850	-	7,850
Total federal government	7,850	-	7,850
Student tuition and fees:			
Tuition	9,404,209	-	9,404,209
Fees	3,126,878	-	3,126,878
Other student assessments	990,266	-	990,266
Total student tuition and fees	13,521,353	-	13,521,353
Other sources:			
Center for Business and Industry seminars	214,489	-	214,489
Revenue from other educational services and materials	554,696	-	554,696
Facilities rent	-	428,337	428,337
Investment revenue	4,339	-	4,339
Donations	6,105	70,355	76,460
Miscellaneous, including receivable allowance adjustment	416,477	760	417,237
Total other sources	1,196,106	499,452	1,695,558
Total revenue	33,913,729	3,324,506	37,238,235
Less nonoperating revenue: *			
Tuition chargeback revenue	3,719	-	3,719
Adjusted revenue	$ 33,910,010	$ 3,324,506	$ 37,234,516

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
OPERATING EXPENDITURES

Year Ended June 30, 2016

	Education Fund	Operations, Building and Maintenance Fund	Total Operating Funds
Expenditures by program:			
Instruction	$ 20,992,002	$ -	$ 20,992,002
Academic support	1,719,476	-	1,719,476
Student services	2,848,817	-	2,848,817
Public services/Continuing education	1,068,531	-	1,068,531
Operations and maintenance	-	4,078,459	4,078,459
Institutional support	11,668,432	-	11,668,432
Scholarships/Grants/Waivers	588,356	-	588,356
Transfers	1,536,674	(8,014)	1,528,660
Total expenditures by program	40,422,288	4,070,445	44,492,733
Less nonoperating items:*			
Tuition chargeback	9,783	-	9,783
Transfers to (from) nonoperating funds	1,536,674	(8,014)	1,528,660
Adjusted expenditures	$ 38,875,831	$ 4,078,459	$ 42,954,290

	Education Fund	Operations, Building and Maintenance Fund	Total Operating Funds
Expenditures by object:			
Salaries	$ 16,344,442	$ 1,176,620	$ 17,521,062
Employee benefits	14,246,535	1,107,507	15,354,042
Contractual services	1,248,658	362,890	1,611,548
General materials and supplies	3,457,947	192,287	3,650,234
Conference and meeting expense	161,289	324	161,613
Fixed charges	432,224	106,530	538,754
Utilities	-	1,126,806	1,126,806
Capital outlay	1,398,701	5,495	1,404,196
Other	1,007,462	-	1,007,462
Student grants and scholarships	588,356	-	588,356
Transfers	1,536,674	(8,014)	1,528,660
Total expenditures by object	40,422,288	4,070,445	44,492,733
Less nonoperating items: *			
Tuition chargeback	9,783	-	9,783
Transfers to (from) nonoperating funds	1,536,674	(8,014)	1,528,660
Adjusted expenditures	$ 38,875,831	$ 4,078,459	$ 42,954,290

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
RESTRICTED PURPOSES FUND REVENUE BY SOURCE

Year Ended June 30, 2016

Local government:	
Other local sources	$ 241,692
State government:	
ICCB Credit Hour Grant	481,211
ICCB Adult Education and Family Literacy Grant	56,347
Illinois Department of Corrections	6,013,983
Illinois Board of Higher Education	17,415
Illinois Student Assistance Commission	487,890
Other state sources	326,397
Total state government	7,383,243
Federal government:	
U.S. Department of Education	6,964,901
U.S. Department of Labor	3,270,871
U.S. Department of Veterans Affairs	146,202
Total federal government	10,381,974
Other sources:	
John Deere program	879,299
Illinois Community Colleges Online	53,790
Miscellaneous	8,000
Total other sources	941,089
Total Restricted Purposes Fund revenue	$ 18,947,998

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
RESTRICTED PURPOSES FUND EXPENDITURES

Year Ended June 30, 2016

Expenditures by program:	
Instruction	$ 6,470,402
Academic support	-
Student services	234,613
Public services/Continuing education	3,529,175
Operations and maintenance	2,054
Institutional support	2,012,922
Scholarships/Grants/Waivers	6,704,756
Total expenditures by program	$ 18,953,922

Expenditures by object:	
Salaries	$ 6,515,788
Employee benefits	1,816,753
Contractual services	2,432,483
Student financial aid	7,245,624
General materials and supplies	279,734
Conference and meeting expense	178,784
Fixed charges	432,006
Utilities	8,934
Capital outlay	43,816
Total expenditures by object	$ 18,953,922

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
CURRENT FUNDS EXPENDITURES BY ACTIVITY

Year Ended June 30, 2016

Instruction:	
Instructional programs	$ 22,583,036
Instructional support	4,768,795
Other	110,573
Total instruction	27,462,404
Academic Support:	
Learning resource center	405,276
Academic administration and planning	725,021
Academic computing support	589,179
Total academic support	1,719,476
Student Services:	
Admissions and records	740,428
Counseling and career guidance	859,747
Student financial aid	1,272,214
Other	294,654
Total student services	3,167,043
Public Service/Continuing Education:	
Center for Business and Industry	574,305
Commercial Driver Training	261,219
LWIOA	3,277,941
Other	484,241
Total public service/continuing education	4,597,706
Auxiliary Services	2,869,726
Operations and Maintenance of Plant:	
Maintenance	365,322
Custodial services	760,448
Grounds	291,272
Campus security	341,778
Transportation	64,987
Utilities	1,006,200
Administration	1,409,810
Other	442,077
Total operations and maintenance of plant	4,681,894
Institutional Support:	
Executive office	5,001,488
Business office	2,126,674
General administrative services	2,022,649
General institutional support	2,557,835
Institutional research	94,083
Administrative data processing	2,542,185
Non-operating	294,534
Total institutional support	14,639,448
Scholarships/Grants/Waivers	7,293,112
Total current fund expenditures *	$ 66,430,809

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

CERTIFICATION OF CHARGEBACK REIMBURSEMENT
FOR FISCAL YEAR 2017

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

CERTIFICATION OF CHARGEBACK REIMBURSEMENT FOR FISCAL YEAR 2017

ALL FISCAL YEAR 2016 NONCAPITAL AUDITED OPERATING EXPENDITURES FROM THE FOLLOWING FUNDS:

1.	Education Fund	$ 37,486,913	
2.	Operations, Building and Maintenance Fund	4,072,964	
3.	Public Building Commission and Operation and Maintenance Fund	-	
4.	Bond and Interest Fund	609,725	
5.	Public Building Commission Rental Fund	-	
6.	Restricted Purposes Fund	18,910,106	
7.	Audit Fund	101,021	
8.	Liability, Protection and Settlement Fund	1,542,067	
9.	Auxiliary Enterprises Fund (Subsidy Only)	1,400,677	
10.	TOTAL NON-CAPITAL EXPENDITURES (sum of lines 1-9)		$ 64,123,473
11.	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	$ 2,081,935	
12.	TOTAL COSTS INCLUDED (line 10 plus line 11)		$ 66,205,408
13.	Total certified semester credit hours for fiscal year 2016	182,023.5	
14.	PER CAPITA COST (line 12 divided by line 13)		$ 363.72
15.	All fiscal year 2016 state and federal operating grants for noncapital expenditures, except ICCB grants	$ 22,455,121	
16.	Fiscal year 2016 state and federal grants per semester credit hour (line 15 divided by line 13)		$ 123.36
17.	District's average ICCB grant rate (excluding equalization grants) for fiscal year 2017		**
18.	District's student tuition and fee rate per semester credit hour for fiscal year 2017		$ 126.30
19.	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17 and 18)		**

Approved: **
Chief Fiscal Officer ____________ Date

Approved: **
Chief Executive Officer ____________ Date

** Data not available for the fiscal year 2017 ICCB grant rates prior to the independent auditor's report date. This form will be completed, signed and submitted at a later date, when that information is available.

ILLINOIS BOARD OF HIGHER EDUCATION
COOPERATIVE WORK STUDY PROGRAM

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

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

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

and

To the Illinois Board of Higher Education

Report on the Financial Statement

We have audited the Statement of Revenue and Expenditures (modified cash basis) of the Illinois Cooperative Work Study Program Grant Fund of Lake Land College, Community College District #517 (College) for the period of April 7, 2015 through June 30, 2016, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the modified cash basis of accounting described in Note 3; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. The accompanying statement was prepared for the purpose of complying with the terms of the Illinois Cooperative Work Study Program Grant and is not intended to be a complete presentation of the College's revenues and expenditures in conformity with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of this financial statement that is free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and guidelines for the Illinois Cooperative Work Study Program Grant issued by the Illinois Board of Higher Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

Auditor's Responsibility (continued)

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

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and expenditures of the Illinois Cooperative Work Study Program Grant fund for Lake Land College for the period of April 7, 2015 through June 30, 2016, in conformity with the modified cash basis described in Note 3. Pursuant to the terms of the grant referred to above, funds were expended for the project in the grant agreement and grant funds were not used for sectarian purposes.

Basis of Presentation

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

Other Matters

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

Doehring, Winders & Co. LLP

Illinois Department of Professional Regulation
License Number 066-003408
Mattoon, Illinois
October 3, 2016

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ILLINOIS BOARD OF HIGHER EDUCATION
COOPERATIVE WORK STUDY PROGRAM

STATEMENT OF REVENUE AND EXPENDITURES
(Modified Cash Basis)

For Grant Period Ended June 30, 2016

	Budget	Actual
Revenue:		
Cooperative Work Study Program Grant	$ 21,617	$ 18,289
Expenditures:		
Work study stipends	21,617	18,289
Total expenditures	21,617	18,289
Excess of revenue over expenditures	$ -	$ -

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ILLINOIS BOARD OF HIGHER EDUCATION
COOPERATIVE WORK STUDY PROGRAM

NOTES TO FINANCIAL STATEMENT

For Grant Period Ended June 30, 2016

1 PROGRAM BACKGROUND

The Illinois Cooperative Work Study Program is an internship program which provides undergraduate students from the Grantee with opportunities to work with business and industry. The objective of the program is to recruit approximately 25 undergraduate students of the Grantee into a Summer Internship Program and to place these students in businesses, government agencies, or community organizations which will agree to pay at least 50 percent of each intern's stipend.

2 ORGANIZATION

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

3 BASIS OF PRESENTATION AND GRANT CLOSE

The financial statement is presented on a modified cash basis. Grants are recorded as revenue when cash is received from the State of Illinois, and expenditures are recorded when incurred or when obligations are established by executing purchase orders or firm contracts as of June 30, 2016. Expenditures must be paid or liquidated within 90 days after the close of the program year. Subsequent to the close of the grant period ended June 30, 2016, the College refunded $3,329 of grant funds not incurred by June 30, 2016.

ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS
FINANCIAL-COMPLIANCE SECTION

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

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

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

Report on the Financial Statements

We have audited the accompanying balance sheet of the Adult Education and Family Literacy grant of Lake Land College, Community College District #517 (College) as of June 30, 2016, and the related statements of revenues, expenditures and changes in fund balance - actual for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion with the financial statements referred to above and compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants. However, our opinion does not provide a legal determination of the College's compliance.

Opinion

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 grant of the College at June 30, 2016, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2016.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Adult Education and Family Literacy grants of the College's financial statements. The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grant Program (page 79) is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grant Programs (page 79) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic grant program financial statements as a whole.

Doehring, Winders & Co. LLP
Mattoon, Illinois
October 3, 2016

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATE ADULT EDUCATION AND FAMILY LITERACY
RESTRICTED FUNDS
BALANCE SHEET

June 30, 2016

	State Basic	Performance	Total
ASSETS			
Governmental claims receivable	$ 10,676	$ 45,671	$ 56,347
Total assets	$ 10,676	$ 45,671	$ 56,347
LIABILITIES AND FUND BALANCE			
Accounts payable	$ 10,639	$ 44,959	$ 55,598
Accrued salaries	37	712	749
Total liabilities	10,676	45,671	56,347
Fund balance - reserved for encumbrances	-	-	-
Fund balance - unreserved	-	-	-
Total liabilities and fund balance	$ 10,676	$ 45,671	$ 56,347

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2016

	State Basic	Performance	Total
Revenue:			
State sources	$ 10,676	$ 45,671	$ 56,347
Total revenue	10,676	45,671	56,347
Expenditures:			
Instructional and Student Services:			
Instruction	8,603	-	8,603
Social work services	-	-	-
Guidance services	-	-	-
Assistive and adaptive equipment	-	-	-
Assessment and testing	-	-	-
Student transportation services	-	-	-
Literacy services	-	-	-
Child care services	-	-	-
Total instructional and student services	8,603	-	8,603
Program Support:			
Improvement of instructional services	-	-	-
General administration	2,073	41,171	43,244
Operation & maintenance of plant services	-	4,500	4,500
Workforce coordination	-	-	-
Data and information services	-	-	-
Approved indirect costs	-	-	-
Total program support	2,073	45,671	47,744
Total expenditures	10,676	45,671	56,347
Excess (deficiency) of revenue over expenditures	-	-	-
Fund balance, July 1, 2015	-	-	-
Fund balance, June 30, 2016	$ -	$ -	$ -

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

NOTES TO ICCB GRANT PROGRAMS FINANCIAL STATEMENTS

Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying statements include only those transactions resulting from the Illinois Community College Board (ICCB) Adult Education and Family Literacy grant program. These transactions have been accounted for in the Restricted Purposes Fund.

Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2016. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

Fixed Assets

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

2 PAYMENT OF PRIOR YEAR'S ENCUMBRANCES

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2016

	Audited Expenditure Amount	Actual Expenditure Percentage
State Basic		
Instruction (45% minimum required)	$ 8,603	81%
General administration (15% maximum allowed)	$ 2,073	19% **

** Due to the State of Illinois funding situation for the year ended June 30, 2016, the State Basic 2016 grant year is extended through December 31, 2016. According to the Illinois Community College Board representative, the College has until December 31, 2016 to meet the allocation requirement not to exceed 15%.

COMPLIANCE SECTION
ENROLLMENT DATA

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

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

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

We have audited the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of Lake Land College, Community College District #517, for the year ended June 30, 2016.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule based upon our audit. Our audit was made in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

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

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

Opinion

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Schedule of Student Enrollment and Other Bases Upon Which Claims are Filed of the College. The supplementary reconciliation of Semester Credit Hours (page 84) and Documentation of Residency Verification Steps (page 85) are presented for purposes of additional analysis and are not a required part of the schedule, but are supplementary information required by the Illinois Community College Board.

The supplementary reconciliation of Semester Credit Hours and Documentation of Residency Verification Steps are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the schedule. Such information has been subjected to the auditing procedures applied in the audit of the schedule and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the schedule or to the schedule itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the schedule as a whole.

Doehring, Winders & Co. LLP

Mattoon, Illinois
October 3, 2016

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2016

	Total Reimbursable Semester Credit Hours by Term							
	Summer		Fall		Spring		Total	
Categories	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	8,337.5	10.5	33,485.0	22.0	32,677.0	15.5	74,499.5	48.0
Business occupational	4,940.0	6.0	10,623.0	64.5	10,284.5	31.0	25,847.5	101.5
Technical occupational	8,707.0	41.5	22,816.5	9.0	23,113.0	8.0	54,636.5	58.5
Health occupational	3,229.0	0.0	8,117.0	0.0	9,537.5	5.0	20,883.5	5.0
Remedial development	598.0	0.0	2,804.0	17.5	1,796.5	0.0	5,198.5	17.5
Adult basic/ secondary education	21.0	0.5	42.0	299.5	37.0	327.5	100.0	627.5
Total credit hours	25,832.5	58.5	77,887.5	412.5	77,445.5	387.0	181,165.5	858.0

NOTE: Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements. Restricted credit hours are supported with more than 50% of restricted sources of funding.

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total	Dual Credit	Dual Enrollment
Reimbursable semester credit hours	94,877.5	324.5	95,202.0	12,236.5	0.0

District prior-year equalized assessed valuation $ 2,720,418,295

	Correctional Semester Credit Hours by Term			
Categories	Summer	Fall	Spring	Total
Baccalaureate	570.0	1,341.0	1,275.0	3,186.0
Business occupational	2,299.0	4,405.5	4,429.0	11,133.5
Technical occupational	7,045.5	14,683.0	14,181.5	35,910.0
Remedial developmental	201.0	359.0	307.0	867.0
Total credit hours	10,115.5	20,788.5	20,192.5	51,096.5

Approved: ______________________ 10/3/16
Chief Fiscal Officer Date

Approved: ______________________ 10/3/16
Chief Executive Officer Date

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

RECONCILIATION OF TOTAL REIMBURSABLE SEMESTER CREDIT HOURS

Year Ended June 30, 2016

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	74,499.5	74,499.5	0.0	48.0	48.0	0.0
Business occupational	25,847.5	25,847.5	0.0	101.5	101.5	0.0
Technical occupational	54,636.5	54,636.5	0.0	58.5	58.5	0.0
Health occupational	20,883.5	20,883.5	0.0	5.0	5.0	0.0
Remedial developmental	5,198.5	5,198.5	0.0	17.5	17.5	0.0
Adult basic/ secondary education	100.0	100.0	0.0	627.5	627.5	0.0
Total	181,165.5	181,165.5	0.0	858.0	858.0	0.0

RECONCILIATION OF IN-DISTRICT/CHARGEBACK AND COOPERATIVE/CONTRACTUAL
AGREEMENT REIMBURSABLE CREDIT HOURS
Year Ended June 30, 2016

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB	Difference
In-district residents	94,877.5	94,877.5	0.0
Out-of-district on chargeback or contractual agreement	324.5	324.5	0.0
Total	95,202.0	95,202.0	0.0

	Total Reimbursable	Total Reimbursable as Certified to the ICCB	Difference
Dual credit	12,236.5	12,236.5	0.0
Dual enrollment	0.0	0.0	0.0
Total	12,236.5	12,236.5	0.0

RECONCILIATION OF TOTAL CORRECTIONAL SEMESTER CREDIT HOURS
Year Ended June 30, 2016

Categories	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Baccalaureate	3,186.0	3,186.0	0.0
Business occupational	11,133.5	11,133.5	0.0
Technical occupational	35,910.0	35,910.0	0.0
Remedial developmental	867.0	867.0	0.0
Total	51,096.5	51,096.5	0.0

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

DOCUMENTATION OF RESIDENCY VERIFICATION STEPS

Year Ended June 30, 2016

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

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

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

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

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SUMMARY OF ASSESSED VALUATIONS
Most Recent Three Years

Year Ended June 30, 2016

Tax Levy Year	Equalized Assessed Valuation
2015	$ 2,720,418,295
2014	2,615,626,782
2013	2,546,880,097
Total	$ 7,882,925,174

BACKGROUND INFORMATION ON ICCB GRANT ACTIVITY

Year Ended June 30, 2016

Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment.

Equalization Grants

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

Performance Grants

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

Restricted Adult Education Grants/State

State Basic

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

Performance

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

FEDERAL AWARDS - COMPLIANCE SECTION

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity and the discretely presented component unit of Lake Land College, Community College District #517 (College), as of and for the year ended June 30, 2016, 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, 2016. The financial statements of The Lake Land College Foundation, Inc. (component unit of the College) were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. Finding 2016-01.

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 (Continued)

Compliance and Other Matters

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

College's Response to Finding

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

Purpose of this Report

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

Doehring, Winders & Co. LLP

Mattoon, Illinois
October 3, 2016

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

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

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

Report on Compliance for Each Major Federal Program

We have audited Lake Land College, Community College District #517's (College) compliance with the types of compliance requirements described in the *OMB 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, 2016. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2016.

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

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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

Doehring, Winders & Co. LLP

Mattoon, Illinois
October 3, 2016

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number		Federal Expenditures
U.S. Department of Education				
Supplemental Educational Opportunity Grants	84.007A	N/A	(1)	$ 94,600
Direct Student Loans	84.268	N/A	(1)	1,611,287
College Work Study	84.033A	N/A	(1)	65,736
Pell Grant Program - Fiscal Year 2016	84.063P	N/A	(1)	5,900,764
Total Student Financial Assistance Cluster				7,672,387
TRIO - Student Support Services	84.042A	N/A	(2)	234,613
TRIO - Talent Search	84.044A	N/A	(2)	255,270
Total TRIO Cluster				489,883
Passed through Illinois Community College Board:				
Adult Education - Basic Grants to States	84.002A	51701		192,795
Perkins Postsecondary Federal Allocation	84.048	CTE51715		228,973
Total passed through the Illinois Community College Board				421,768
Total U.S. Department of Education				8,584,038
U.S. Department of Veteran Affairs				
Post 9/11 - Veterans Educational Assistance	64.028	N/A		146,202
Total U.S. Department of Veteran Affairs				146,202

See accompanying notes to schedule of expenditures of federal awards.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Subtotal, from previous page			$ 8,730,240
U.S. Department of Labor			
Passed through Illinois Department of Commerce and Economic Opportunity:			
Workforce Innovation and Opportunity Act (WIOA) Cluster:			
WIOA Formula Funds:			
WIOA Adult Program - Incentive	17.258	13-632023	8,015
WIOA Youth Activities - Incentive	17.259	13-632023	8,507
WIOA Dislocated Workers - Incentive	17.278	13-632023	11,939
			28,461
WIOA Adult Program	17.258	14-681023	140,383
WIOA Youth Activities	17.259	14-681023	117,335
WIOA Dislocated Workers	17.278	14-681023	248,576
			506,294
WIOA Adult Program	17.258	15-681023	919,848
WIOA Youth Activities	17.259	15-681023	706,062
WIOA Dislocated Workers	17.278	15-681023	681,841
			2,307,751
WIOA Trade Case Management			
WIOA Dislocated Workers	17.278	13-653123	1,353
WIOA Dislocated Workers	17.278	15-653023	18,009
			19,362
Total WIOA Cluster			2,861,868
WIOA NEG Dislocated Worker Training			
WIOA National Emergency Grants	17.277	15-672023	170,605
Trade Adjustment Assistance Program	17.245	13-661023	72,868
Trade Adjustment Assistance Program	17.245	14-661023	165,530
Total Trade Adjustment Assistance Program			238,398
Total U.S. Department of Labor			3,270,871
Total Expenditures of Federal Awards			$ 12,001,111

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

1 GENERAL

The accompanying schedule of federal awards presents the activity of all federal award programs of Lake Land College, Community College District #517 (College) for the year ended June 30, 2016. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. The College was not involved in any insurance programs and did not receive any noncash assistance awards during the year. The College did not elect to use the 10% de minimis indirect cost rate during the year.

2 BASIS OF ACCOUNTING

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

3 GUARANTEED STUDENT LOANS

During fiscal year 2016, the College participated in two guaranteed student loan programs sponsored by the U.S. Department of Education.

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

During fiscal year 2016, the College's students or their parents were eligible to receive the following guaranteed loans:

Stafford Loans:	
Subsidized	$ 951,003
Unsubsidized	640,062
Parents Loans for Undergraduate Students (PLUS)	69,298
Total	$ 1,660,363

4 RESTRICTED GRANTS/FEDERAL

Federal Basic

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

Restricted Vocational Education Grants to State (Perkins)/Federal

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

5 AMOUNTS PROVIDED TO SUBRECIPIENTS

During fiscal year 2016, the College maintained subrecipient agreements with C.E.F.S. Economic Opportunity Corp. under the Workforce Innovation and Opportunity Act Cluster. The amount provided to C.E.F.S. through this Act amounted to $2,805,977.

6 MAJOR PROGRAMS

The following federal program expenditures comprise major program expenditures under the Uniform Guidance for the year ended June 30, 2016. Major programs are indicated in the Schedule of Expenditures of Federal Awards by (1) and (2):

(1) Student Financial Aid Cluster	$ 7,672,387
(2) TRIO Cluster	489,883
Total major program expenditures	8,162,270
Nonmajor program expenditures	3,838,841
Total federal expenditures	$ 12,001,111

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

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

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

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

Total expenditures as shown on the Schedule of Expenditures of Federal Awards	$	12,001,111
Subtract:		
Direct loans included in the Schedule of Expenditures of Federal Awards not included in the financial statements		(1,611,287)
Total federal grants and contracts and capital grants revenues shown in the Statement of Revenues, Expenses and Changes in Net Position	$	10,389,824
Federal grants and contracts	$	10,360,995
Capital grants - federal		28,829
Total federal grants and contracts and capital grants revenues shown in the Statement of Revenues, Expenses and Changes in Net Position	$	10,389,824

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	____ Yes	X No

Identification of major programs:

CFDA Numbers	Name of Federal Program
84.007A, 84.033A, 84.063P, 84.268	Student Financial Aid Cluster
84.042A, 84.044A	TRIO Cluster

Dollar threshold used to distinguish between Type A and B programs: $750,000

Auditee qualified as low-risk auditee?	X Yes	____ No

FINDINGS AND QUESTIONED COSTS FOR FINANCIAL REPORTING

2016-01 Internal Control over Preparation of Financial Statements

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

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

RECOMMENDATION

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

COLLEGE RESPONSE

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2016

SCHEDULE OF PRIOR FINDINGS

None noted.