

SALE DATE AND TIME:

January 23, 2013

10:00 A.M. CST

NEW ISSUE - BOOK-ENTRY ONLY

RATING+: S&P “AA-”

Subject to compliance by the District with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX EXEMPTION” herein for a more complete discussion.

\$5,350,000*

Community College District No. 517

**Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette,
Jasper, Macon, Montgomery, Moultrie and Shelby and State of Illinois**

(Lake Land College)

General Obligation Community College Bonds, Series 2013

Dated: Date of Issuance

Due: December 1, As Shown on the Inside Cover Page

The General Obligation Community College Bonds, Series 2013 (the “Bonds”), of Community College District No. 517, Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby and State of Illinois (the “District”), are issuable as fully registered Bonds under the global book-entry system operated by The Depository Trust Company, New York, New York (“DTC”). Individual purchases will be made in book-entry form only. Beneficial owners of the Bonds will not receive physical delivery of bond certificates. The Bonds are issued in fully registered form in denominations of \$5,000 and will bear interest payable on June 1 and December 1 of each year, with December 1, 2013 as the first interest payment date. The First National Bank, Mattoon, Illinois, will act as bond registrar and paying agent for the Bonds. Details of payment of the Bonds are described herein. Interest is calculated based on a 360-day year of twelve 30-day months.

Proceeds of the Bonds will be used for the purposes of (i) paying claims against the District and (ii) paying costs associated with the issuance of the Bonds.

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, are valid and legally binding obligations of the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See “THE BONDS – Security and Payment” herein.

The Bonds are not subject to redemption prior to maturity.

The Bonds are offered at public sale, subject to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Chapman and Cutler LLP is also acting as Disclosure Counsel to the District. Delivery of the Bonds through the facilities of DTC will be on or about February 13, 2013.



AS FINANCIAL ADVISOR

The date of this Official Statement is January ____, 2013.

*Preliminary, subject to change.

+See “BOND RATING” herein.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by Community College District No. 517, Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby and State of Illinois (the "District"), from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the District as of the date hereof (or of any such supplement or amendment).

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

PMA Securities, Inc., Naperville, Illinois is serving as financial advisor (the "Financial Advisor") to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Financial Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimate will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other Federal, State, Municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Official Statement.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Bonds. Specifically, the Underwriter may overallocate in connection with the offering, may bid for, and purchase, the Bonds in the open market. The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

MATURITY SCHEDULE, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS

\$5,350,000*

General Obligation Community College Bonds, Series 2013

<u>Maturity</u> <u>December 1</u>	<u>Amount (\$)*</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price or</u> <u>Yield (%)</u>	<u>CUSIP ⁽¹⁾</u> <u>(193810)</u>
2016	2,640,000			
2017	2,710,000			

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of each maturity of the Bonds on the day of sale in an amount not to exceed \$150,000. The aggregate par amount of the Bonds may also decrease in an amount not to exceed \$300,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 bond.

(1) CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

COMMUNITY COLLEGE DISTRICT NO. 517
Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette,
Jasper, Macon, Montgomery, Moultrie and Shelby and State of Illinois
5001 Lake Land Boulevard
Mattoon, Illinois 61938
(217) 234-5224

* * * * *

Board of Trustees

Carl Hart, Chair
Michael Sullivan, Vice Chair
Thomas Niebrugge, Secretary
Gary Cadwell
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Doris Reynolds
Carol Schramm
Ashley Oberling, Student Trustee (non-voting)

President

Scott Lensink

Vice President for Business Services/Treasurer

Raymond Rieck

* * * * *

Paying Agent/Bond Registrar

The First National Bank
P.O. Box 685
Mattoon, Illinois 61938

Independent Auditors

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1601 LaFayette Avenue
Mattoon, Illinois 61938

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Chicago, Illinois 60603

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Appendices:

- A. Form of Legal Opinion of Bond Counsel
- B. Audited Financial Statements for the Year Ended June 30, 2012
- C. Official Notice of Sale and Bid Form

\$5,350,000*

Community College District No. 517

**Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham,
Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby**

and State of Illinois

(Lake Land College)

General Obligation Community College Bonds, Series 2013

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Community College District No. 517, Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby and State of Illinois (the "District"), in connection with the offering and sale of its \$5,350,000* General Obligation Community College Bonds, Series 2013 (the "Bonds"). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

THE BONDS

General Description

The Bonds will be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). Principal of and the interest on the Bonds will be payable as described under the caption "BOOK-ENTRY SYSTEM" by The First National Bank, Mattoon, Illinois, as paying agent and bond registrar (the "Bond Registrar").

The Bonds will be dated as of the date of delivery and will mature as shown on the inside cover page of this Official Statement. Interest will be payable on each June 1 and December 1, beginning December 1, 2013.

The Bonds are not subject to redemption prior to maturity.

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Bond Registrar in Mattoon, Illinois. Interest on each Bond will be paid by check or draft of the Bond Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date.

*Preliminary, subject to change.

Registration and Exchange

The Bonds may be transferred, registered and assigned only on the registration books of the Bond Registrar, and such registration shall be at the expense of the District; provided, however, that the District may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the District shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date.

Authority and Purpose

The Bonds are issued pursuant to Article 3A of the Public Community College Act of the State of Illinois, as amended, the Local Government Debt Reform Act of the State of Illinois, as amended (the "Debt Reform Act"), and the other Omnibus Bond Acts, as amended, and are further authorized by a bond resolution duly and properly adopted by the Board of Trustees of the District (the "Board") on January 14, 2013, as supplemented by a notification of sale for the Bonds (together the "Bond Resolution"). Proceeds of the Bonds will be used for the purposes of (i) paying claims against the District, namely a loan with Midland State Bank (the "Claims") and (ii) paying certain costs associated with the issuance of the Bonds. See "PLAN OF FINANCE - The Claims" herein.

Security and Payment

The obligation to make payments of principal of and interest on the Bonds is a direct general obligation of the District payable from the ad valorem taxes levied against all the taxable property in the District without limitation as to rate or amount. The Bond Resolution will be filed with the respective County Clerks of The Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby, Illinois and will serve as authorization to said County Clerks to extend and collect the property taxes as set forth in the Bond Resolution.

The form of the opinion of Bond Counsel is set forth in Appendix A.

PLAN OF FINANCE

The Claims

A portion of the proceeds of the Bonds will be used to pay the Claims on the date of issuance of the Bonds. The Claims are a loan from Midland State Bank in the principal amount of \$5,350,000, the proceeds of which were used for capital improvements at the District.

SOURCES AND USES

The sources and uses of funds with respect to the Bonds are estimated as follows:

Estimated Sources of Funds

Par Amount of the Bonds.....
[Net] Reoffering [Premium/Discount].....
Total Sources

Estimated Uses of Funds

Payment of Claims.....
Costs of Issuance⁽¹⁾.....
Total Uses

(1) Includes underwriter’s discount, Financial Advisor Fee, Bond and Disclosure Counsel fee, and other costs of issuance.

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the “1934 Act”). DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other bond transactions in deposited bonds, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National

Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. bonds brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Standard & Poor’s Rating Services, division of the McGraw-Hill Companies, Inc. (“S&P”) has assigned DTC its rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “Commission”). More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby, Illinois. There can be no assurance that the procedures described herein will not change.

Tax Levy and Collection Procedures

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

Exemptions

An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("EAV") of certain property owned and used for residential purposes ("Residential Property") may be reduced by up to \$5,000 for assessment year 2004 through 2007 in all counties. Additionally, the maximum reduction is \$5,500 for assessment year 2008 and the maximum reduction is \$6,000 for assessment year 2009 and thereafter in all counties.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption (“Senior Citizens Homestead Exemption”) operates annually to reduce the EAV on a senior citizen’s home for assessment years prior to 2004 by \$2,000 in counties with less than 3,000,000 inhabitants. For assessment years 2004 and 2005, the maximum reduction is \$3,000 in all counties. For assessment years 2006 and 2007, the maximum reduction is \$3,500 in all counties. In addition, for assessment year 2008 and thereafter, the maximum reduction is \$4,000 for all counties. Furthermore, beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption (“Senior Citizens Assessment Freeze Homestead Exemption”) freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$35,000 for years prior to 1999, \$40,000 for assessment years 1999 through 2003, \$45,000 for assessment years 2004 and 2005, \$50,000 for assessment years 2006 and 2007 and for assessment year 2008 and after, the maximum income limitation is \$55,000. In general, the Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. For those counties with less than 3,000,000, the exemption is as follows: through assessment year 2005 and for assessment year 2007 and later, the exempt amount is the difference between (i) the current EAV of the residence and (ii) the base amount, which is the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For assessment year 2006, the amount of the exemption phases out as the amount of household income increases. The amount of the exemption is calculated by using the same formula as above, and then multiplying the resulting value by a ratio that varies according to household income.

Another exemption available to disabled veterans operates annually to exempt up to \$70,000 of the EAV of property owned and used exclusively by such veterans or their spouses for residential purposes. However, individuals claiming exemption under the Disabled Persons’ Homestead Exemption (“Disabled Persons’ Homestead Exemption”) or the Disabled Veterans Standard Homestead Exemption (“Disabled Veterans Standard Homestead Exemption”) cannot claim the aforementioned exemption. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

Furthermore, beginning with assessment year 2007, the Disabled Persons’ Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 75% are granted an exemption of \$5,000 and (ii)

those veterans with a service-connected disability of less than 75%, but at least 50% are granted an exemption of \$2,500. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption ("Returning Veterans' Homestead Exemption") is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of \$5,000, which is applicable in all counties. In order to apply for this exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, subject to some limitations. Those individuals eligible for this exemption may claim the exemption in addition to other homestead exemptions, unless otherwise noted.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law, as amended (the "Limitation Law"), limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

The Limitation Law permits the county boards of those counties not currently subject to the Limitation Law to initiate binding referenda to extend the provisions of the Limitation Law to all non-home rule taxing bodies in the county.

Under the Limitation Law, the county board of any such county can initiate a binding tax cap referendum at any regularly-scheduled election other than the consolidated primary, which is the February election in odd-numbered years. If the referendum is successful, then the Limitation Law will become applicable to those non-home rule taxing bodies having all of their equalized assessed valuation in the county beginning January 1 of the year following the date of the referendum. With respect to the multi-county taxing bodies, the Limitation Law becomes applicable only after (i) each county in which the taxing body is located has held a referendum and (ii) the proposition is passed in a county or counties containing a majority of the equalized assessed valuation of the taxing body.

The County Boards of Clark, Clay, Crawford, Douglas, Effingham, Fayette, Jasper, Macon and Montgomery Counties have not adopted proceedings requiring the question of whether the Limitation Law should apply to taxing districts within their counties to be submitted to the voters of their counties for referendum.

The County Board of Christian County submitted the question to the voters of its county on November 5, 1996, when it was approved by a majority of the voters of said county.

The County Board of Shelby County submitted the question to the voters of its county on November 7, 2000, when it was approved by a majority of the voters of said county.

The County Board of Coles and Cumberland Counties submitted the question to the voters of their counties on November 5, 2002, when it was approved by a majority of the voters of said counties.

The County Board of Edgar County submitted the question to the voters of its county on April 3, 2001, when it was defeated by a majority of the voters of said county.

The County Board of Moultrie County submitted the question to the voters of its county on April 1, 2003, when it was defeated by a majority of the voters of said county.

If the District were to be subject to the Limitation Law in the future, the limitation on the extensions of property taxes contained in the Limitation Law would not apply to the taxes levied by the District to pay debt service on its currently outstanding general obligation bonds.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action which would adversely affect the levy, extension, collection and application of the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it will comply with all present and future laws concerning the levy, extension and collection of such taxes levied by the District.

THE DISTRICT

General Description

The District, known as Lake Land College, was organized in 1966 and is located in southeastern central Illinois and covers approximately 4,000 square miles. The District includes all or portions of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby Counties. The largest counties in the District are Coles and Effingham Counties which comprise almost 49.75% of the District's 2011 EAV of \$2,447,107,325. The largest cities in the District are Charleston, Effingham and Mattoon.

The District's main campus, which is located in Mattoon, Illinois, hosts nine major buildings plus six supportive buildings, a 160 acre agriculture land laboratory, computer labs, CAD labs, child care lab, cosmetology clinic and dental clinic. The District has four other campus locations as follow: Kluthe Center in the City of Effingham; Eastern Region Center in the Village of Marshall; Western Region in the City of Pana; and the Workforce Development Center in Mattoon.

The District offers a number of degree and certificate options to meet the diverse needs of its residents. The Associate in Applied Science degree is offered for student's interested in specialized occupational training and preparation for full-time employment. Certificates, which require fewer credit hours than degrees and are generally highly specialized and structured courses of study, are available in most of the District's occupational program areas.

The District is also home to The Center for Business (the "Center") which offers customized occupational training. The Center serves all business, industry and community members with education, training and professional development and personal enrichment classes and workshops.

The Center is designed to assist local business and industry that compete in the global market through evaluative services and customized training. The professional staff in the Center provides workshops, seminars and training at the District campus.

The transportation needs of the District are served by a diverse network of transportation facilities including Interstates 57 and 70, U.S. Routes 40 and 45 and State Routes 1, 16, 32, 49, 121, 128, 130 and 133. The nearest commercial airport is University of Illinois-Willard Airport in Champaign offering more than 15 flights per day from three commercial airlines. Several railroads provide rail freight services throughout the District including Eastern Illinois, Illinois Central, Effingham and Missouri-Pacific railroads.

In addition to the District, residents have several options for higher education. Eastern Illinois University in Charleston is ten miles away and University of Illinois in Urbana is 45 miles away. Many District residents are within commuting distance of several other institutions of higher education including Indiana State University, Rose-Hulman Institute of Technology and St. Mary of the Woods College, all located in Terre Haute, Indiana.

The Board of Trustees

The District is governed by a Board, whose members are elected for staggered terms of office. The Board is a policy making body whose primary functions are to establish policies for the District, provide for the general operation and personnel of the District, and to oversee the property and facilities of the District. The Board elects a Chair, Vice Chair and Secretary from its membership. The present members are as follows:

<u>Title</u>	<u>Name</u>	<u>Current Term Expires</u>
Chair	Carl Hart	2015
Vice Chair	Michael Sullivan	2017
Secretary	Thomas Niebrugge	2013
Trustee	Gary Cadwell	2015
Trustee	Robert K. Luther	2017
Trustee	Doris Reynolds	2017
Trustee	Carol Schramm	2013
Student Member ⁽¹⁾	Ashley Oberling	2013
Treasurer	Raymond Rieck	Appointed

(1) Non-voting member

Administration

The President is Mr. Scott Lensink, who has served as President since January 2008. President Lensink is retiring on June 30, 2013. The District is currently conducting a search process for his successor. Raymond Rieck is the Vice President for Business Services and has been with the District since June of 2000.

Employees

The District currently has 119 faculty members and 35 paraprofessional employees. Faculty members are represented by the Lake Land College Faculty Association, IFT-AFT, Local 2296, and paraprofessional staff are represented by the Lake Land College Paraprofessional Union IFT-AFT, Local 6028, AFL-CIO and 25 members are represented by the Lake Land College Custodial Association. The contracts expire in Fiscal Year 2013, June 2014 and June 2015, respectively. The District considers its relationships with its employees to be very good.

Educational Facilities and Programs

The District offers more than 100 Associate Degree and/or Certificate programs and maintains five Divisions including: Adult Education and Special Education Programs; Agriculture, Horticulture and Automotive Division; Arts, Communications and Social Science Division; Business and Technology Division; and Math, Education, Science and Health Division.

Credit Hours

<u>Credit Hours</u>			
2008/09	181,109	2013/14 ⁽¹⁾	218,537
2009/10	206,770	2014/15 ⁽¹⁾	222,908
2010/11	208,239	2015/16 ⁽¹⁾	227,366
2011/12	219,992	2016/17 ⁽¹⁾	231,913
2012/13	214,252	2017/18 ⁽¹⁾	236,552

(1) Projected

Source: District Records and Estimates

Student Tuition and Fees

<u>Fiscal Year</u>	<u>Tuition & Fees</u>	<u>Percent of Growth</u>	<u>Credit Hour Resident Rate</u>
2007	\$ 9,647,868	1.88% ⁽¹⁾	\$69.90
2008	10,097,474	4.66	74.10
2009	11,112,618	10.05	79.80
2010	13,077,315	17.68	84.80
2011	13,983,109	6.93	92.80
2012	12,715,926	(9.06)	96.80
2013	n/a	n/a	103.80

(1) Based on \$9,293,147 from fiscal year 2006.

Source: The District

Income

The following table sets forth the distribution of household incomes and median household income for the Cities of Charleston, Effingham, and Mattoon (the “Cities”) as compared to the Counties of Coles and Effingham (the “Counties”) and the State of Illinois (the “State”).

<u>Household Income</u>	<u>City of Charleston</u>	<u>City of Effingham</u>	<u>City of Mattoon</u>
Under \$10,000.....	21.6%	8.6%	10.2%
\$10,000 to \$14,999.....	11.1	7.2	8.8
\$15,000 to \$24,999.....	11.5	17.3	14.0
\$25,000 to \$34,999.....	11.5	8.2	14.1
\$35,000 to \$49,999.....	13.9	17.6	17.6
\$50,000 to \$74,999.....	12.2	18.1	17.4
\$75,000 to \$99,999.....	7.5	12.1	9.1
\$100,000 to \$149,999.....	7.1	7.7	6.6
\$150,000 to \$199,999.....	1.8	1.7	1.1
\$200,000 or more	<u>1.7</u>	<u>1.6</u>	<u>1.2</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median household income.....	\$28,960	\$41,942	\$37,612

<u>Household Income</u>	<u>Coles County</u>	<u>Effingham County</u>	<u>The State</u>
Under \$10,000.....	13.0%	5.7%	6.8%
\$10,000 to \$14,999	8.5	6.0	4.7
\$15,000 to \$24,999	11.4	13.1	10.1
\$25,000 to \$34,999	13.3	9.5	9.7
\$35,000 to \$49,999	15.5	14.9	13.2
\$50,000 to \$74,999	16.7	21.3	18.5
\$75,000 to \$99,999	9.4	13.9	13.2
\$100,000 to \$149,999	8.7	10.6	13.7
\$150,000 to \$199,999	1.5	2.9	5.1
\$200,000 or more	<u>2.1</u>	<u>2.2</u>	<u>5.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median household income	\$38,294	\$50,938	\$56,576

Source: American Community Survey, 2007-2011 American Community Survey 5-year Estimates, Census Bureau
Please note that totals may not equal 100.0% due to rounding

Housing Continued

Value of Specific <u>Owner-Occupied Units</u>	Number of Units in Effingham		Number of Units in the	
	<u>County</u>	<u>Percent</u>	<u>the State</u>	<u>Percent</u>
Less than \$50,000	1,261	11.8%	218,208	6.7%
\$50,000 to \$99,999	3,518	32.8	451,967	13.8
\$100,000 to \$149,000	2,565	23.9	464,158	14.2
\$150,000 to 199,999	1,445	13.5	518,957	15.8
\$200,000 to \$299,999	1,049	9.8	725,004	22.1
\$300,000 to \$499,999 ...	673	6.3	613,486	18.7
\$500,000 to \$999,999	196	1.8	234,600	7.2
\$1,000,000 or more	17	0.2	53,191	1.6
Total	<u>10,724</u>	<u>100.0%</u>	<u>3,279,571</u>	<u>100.0%</u>
Median value.....	\$108,100		\$198,500	

Source: American Community Survey, 2007-2011 American Community Survey 5-year Estimates, Census Bureau
Please note that totals may not equal 100.0% due to rounding

Residential Building Permits

The following table sets forth the reported number of residential building permits issued and relative construction costs in the Cities for each of the years listed.

City of Charleston

<u>Year</u>	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>
2007.....	55	\$9,200,000
2008.....	30	8,606,701
2009.....	17	3,816,374
2010.....	9	12,891,714
2011.....	4	2,013,035

City of Effingham

<u>Year</u>	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>
2007.....	25	\$6,421,615
2008.....	46	11,975,824
2009	24	5,288,964
2010.....	12	9,032,845
2011.....	21	5,236,834

Source: U.S. Census Bureau

Residential Permits Continued

City of Mattoon

<u>Year</u>	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>
2007 ⁽¹⁾	-	-
2008.....	6	\$2,033,634
2009.....	7	1,171,876
2010.....	9	1,552,817
2011.....	7	1,512,380

(1) Report data not available for the time period.

Source: U.S. Census Bureau

Retail Sales

The following table demonstrates the estimated retail sales reported by retailers in the Cities for the last five calendar years and through the second quarter of 2012.

<u>Calendar Year</u>	<u>City of Charleston</u>	<u>City of Effingham</u>	<u>City of Mattoon</u>
2007	\$207,592,870	\$632,348,084	\$419,863,126
2008	213,923,055	634,077,560	428,247,679
2009	205,744,724	579,144,437	408,521,533
2010	215,459,844	602,091,537	424,642,834
2011	225,308,435	611,782,502	438,890,789
2012 ⁽¹⁾	172,818,649	458,599,510	343,250,319

(1) Through third quarter 2012.

Source: Illinois Department of Revenue

Population Trend

The District's population is estimated at 186,728. Below are the population statistics for the Cities, the Counties and the State.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>% Change 1990-2010</u>
City of Charleston.....	20,398	21,039	21,838	7.06%
City of Effingham.....	11,851	12,384	12,328	4.02%
City of Mattoon.....	18,441	18,291	18,555	0.62%
Coles County	51,644	53,196	53,873	4.32%
Effingham County	31,704	34,264	34,242	8.00%
The State	11,430,602	12,419,293	12,830,632	12.25%

Source: Census Bureau, Census 2010, Census 2000 and Census 1990.

Employment

The District's employment base is provided by a range of manufacturing, commercial and public enterprises. The following table categorizes occupations for residents 16 years of age and older living in the Cities compared with the Counties and the State.

	City of <u>Charleston</u>	City of <u>Effingham</u>	City of <u>Mattoon</u>
Management, business, science, and arts occupation.....	32.5%	30.5%	25.4%
Service occupations.....	23.6	16.9	19.5
Sales and office occupations	25.6	27.9	20.7
Natural resources, construction, and maintenance occupations.....	5.2	7.3	10.5
Production, transportation, and material moving	<u>13.0</u>	<u>17.4</u>	<u>24.0</u>
Totals.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

	Coles <u>County</u>	Effingham <u>County</u>	<u>The State</u>
Management, business, science, and arts occupation.....	29.9%	28.7%	35.9%
Service occupations.....	20.9	17.0	16.7
Sales and office occupations	22.9	24.8	25.6
Natural resources, construction, and maintenance occupations.....	8.5	10.8	7.9
Production, transportation, and material moving	<u>17.8</u>	<u>18.7</u>	<u>14.0</u>
Totals.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2007-2011 American Community Survey 5-year Estimates, Census Bureau
Please note that totals may not equal 100.0% due to rounding

Largest Employers in the District

The following table reflects the diversity of the major employers in the District by the products manufactured or services performed and the approximate number of employees.

<u>Name</u>	<u>Product or Service</u>	<u>Location</u>	<u>Approximate Number of Employees</u>
Eastern Illinois University.....	University	Charleston	1,800
Sarah Bush Lincoln	Hospital and health care	Mattoon	1,550
R. R. Donnelley & Sons Co.	Periodical and commercial printing.....	Mattoon	1,100
St. Anthony's Memorial Hospital	Hospital	Effingham.....	900
Consolidated Communications, Inc.....	Telephone, digital TV and internet services.....	Mattoon	500
Quad-Graphics	Printers, commercial printing	Effingham.....	500
Sherwin-Williams Co.....	Paint distribution	Effingham.....	450
Lake Land College	Community College	Mattoon	402
Patterson Technology Center	Computer software development.....	Effingham.....	375
First Mid-Illinois Bancshares, Inc.....	Corporate headquarters & retail, commercial & agribusiness banking, including wealth & farm management & investment services.....	Mattoon	300
Solix CMR, LLC	Telemarketing.....	Charleston	300

Source: 2012 Illinois Manufacturers Directory and 2012 Illinois Services and the City of Charleston.

Unemployment

The following table shows the trend in annual average unemployment for the Cities, the Counties and the State. For the month of October 2012 the unemployment rate for the State and Coles County and Effingham County was 8.4%, 8.3% and 6.7%, respectively.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Coles County	4.6%	6.3%	9.0%	9.6%	9.3%
Effingham County	4.3	5.6	7.9	8.4	7.3
The State	5.1	6.4	10.0	10.0	9.8
City of Charleston.....	5.7	7.7	11.0	11.7	11.3
City of Effingham.....	5.2	6.8	9.6	10.1	9.1
City of Mattoon.....	4.7	6.3	9.0	9.7	9.5

Source: Illinois Department of Employment Security

FINANCIAL INFORMATION

Trend of Equalized Assessed Valuation
(Estimated 33 1/3% of Fair Market Value)

<u>By County</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Coles.....	\$ 561,747,761	\$ 584,722,595	\$ 597,179,091	\$ 616,689,104	\$ 631,471,223
Christian.....	60,232,745	60,248,329	60,502,245	62,076,432	65,243,687
Clark.....	164,302,501	176,391,204	179,367,030	185,143,993	179,145,975
Clay.....	10,705,178	11,151,587	12,441,620	12,307,137	12,721,347
Crawford.....	30,953	32,053	26,671	16,487	17,039
Cumberland.....	99,863,914	103,354,054	109,276,511	114,575,130	123,324,448
Douglas.....	56,234,548	59,822,326	62,530,636	64,319,416	64,520,895
Edgar.....	175,317,326	180,744,366	188,535,092	196,217,512	199,599,597
Effingham.....	495,593,312	518,754,328	546,307,304	565,304,746	586,139,718
Fayette.....	74,774,930	75,602,399	82,423,570	87,495,368	89,596,881
Jasper.....	9,896,695	11,032,735	10,766,629	11,294,146	11,673,001
Macon.....	2,509,790	2,699,271	2,887,363	3,076,331	3,309,192
Montgomery.....	1,734,001	1,826,280	1,908,904	1,996,474	2,089,459
Moultrie.....	170,390,040	179,499,482	186,926,222	194,117,470	203,068,136
Shelby.....	<u>242,571,094</u>	<u>252,898,572</u>	<u>259,868,272</u>	<u>267,668,405</u>	<u>275,533,110</u>
Total.....	<u>\$ 2,125,904,788</u>	<u>\$ 2,218,779,581</u>	<u>\$ 2,300,947,160</u>	<u>\$ 2,382,298,151</u>	<u>\$ 2,447,453,708</u> ⁽²⁾
Percent change + (-) %.....	4.82% ⁽¹⁾	4.37%	3.70%	3.54%	2.73%

(1) Percentage change based on 2006 EAV of \$2,028,052,121

(2) Excludes TIF and enterprise zone values.

Source: District Audits and County Clerks

Tax Increment Financing Districts Located within the District

A portion of the District’s EAV is contained in tax increment financing (“TIF”) districts, as detailed below. When a TIF is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated (the “Base EAV”). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF are not provided to the District unless and until the municipality that created the TIF decides to redirect TIF funds back to the District or until the TIF expires. The total amount of incremental EAV is approximately \$80,063,316. In lieu of lost property revenues, the TIF in the City of Effingham continues to pay \$75,000 to the District annually. The City of Mattoon pays the District 20% of the property taxes that would otherwise not be paid because of its TIFs and the City of Pana pays the District 25% of property taxes that would otherwise not be paid.

Tax Rates
(Per \$100 EAV)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Education Fund	\$0.1505	\$0.1578	\$0.1577	\$0.1564	\$0.1564
Foundation Tax	0.0703	0.0731	0.0729	0.0712	0.0695
Operations, Building & Maintenance Fund	0.0244	0.0255	0.0251	0.0269	0.0283
Bond & Interest.....	0.0824	0.1240	0.1231	0.1311	0.1276
Life Safety.....	0.0490	0.0510	0.0497	0.0517	0.0538
Audit Fund	0.0043	0.0033	0.0020	0.0025	0.0039
Liability, Protection and Settlement Fund.....	<u>0.0633</u>	<u>0.0652</u>	<u>0.0679</u>	<u>0.0660</u>	<u>0.0548</u>
Total	<u>\$0.4442</u>	<u>\$0.4999</u>	<u>\$0.4984</u>	<u>\$0.5058</u>	<u>\$0.4943</u>

Source: The District

Representative Tax Rates for Property within the District

The total of such rates is the property tax rate paid by a typical resident living in the City of Mattoon.

<u>Taxing Body</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Coles County	\$1.1661	\$1.1771	\$1.1643	\$1.1618	\$1.1666
Coles County Airport Authority	0.0756	0.074	0.0733	0.0718	0.0712
Community Unit School District Number 2	4.5055	4.5321	4.4914	4.5106	4.5386
City of Mattoon	1.8849	1.9106	1.9289	1.9687	2.0023
Mattoon Township	0.2752	0.4201	0.4143	0.2853	0.0784
Mattoon Park District	0.2452	0.2477	0.2456	0.2491	0.2488
The District	<u>0.4442</u>	<u>0.4999</u>	<u>0.4984</u>	<u>0.5058</u>	<u>0.4943</u>
Total.....	<u>\$8.5967</u>	<u>\$8.8615</u>	<u>\$8.8162</u>	<u>\$8.7531</u>	<u>\$8.6002</u>

Source: Coles County Clerk

Tax Extensions and Collections

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽¹⁾</u>
Extensions	\$9,443,000	\$11,091,000	\$11,468,000	\$12,048,000	\$12,096,000
Collections	9,444,353	11,062,355	11,456,637	12,029,190	11,837,680
% Collected	100.01%	99.74%	99.90%	99.84%	97.86%

(1) As of January 8, 2012

Source: District Audited Financial Statements and the District.

Largest Taxpayers ⁽¹⁾

<u>Taxpayer ⁽¹⁾</u>	<u>2011 EAV</u>
Effingham Equity	\$15,209,550
Agracel Inc.	8,208,400
Effingham Truck Sales.....	6,688,860
Chester 711 Corp.....	5,299,540
Wal Mart	4,769,050
R R Donnelley & Sons	3,955,490
Sarah Bush Lincoln Health Center.....	3,637,667
University Village Housing LLC	3,571,740
Menard Inc.	3,189,650
Cole FE Effingham, IL LLC	<u>3,050,030</u>
Total	<u>\$57,579,977</u>

The above taxpayers represent 2.35% of the District's \$2,447,453,708 2011 EAV, which excludes TIF incremental EAV totaling approximately \$80,063,316. Every reasonable effort has been made to determine and report the largest taxpayers and to include all taxable property of those taxpayers listed. Many of the taxpayers listed, however, may own multiple parcels, and it is possible that some parcels and their valuations may not be included. The 2011 EAV is the most current available.

(1) Represents the largest taxpayers in Coles and Effingham Counties which comprise almost 49.75% of the total 2011 EAV.

Summary of Outstanding Debt (As of the closing of this issue)

<u>Issue Description</u>	<u>Dated</u>	<u>Original</u> <u>Amount of</u>	<u>Current</u> <u>Amount</u>	<u>Final</u> <u>Maturity</u>
	<u>Date</u>	<u>Issue</u>	<u>Outstanding</u>	<u>Date</u>
General Obligation Bonds (ARS), Series 2007 (the "Series 2007 Bonds").....	01/01/07	\$ 2,200,000	\$ 1,805,000	12/01/26
GO Community College Bonds, Series 2010.....	06/30/10	9,085,000	5,305,000	12/01/14
Taxable GO Community College Bonds, Series 2012.....	04/12/12	6,670,000	6,670,000	12/01/16
The Bonds*	02/06/13	5,350,000	<u>5,350,000</u>	12/01/17
Total			<u>\$ 19,130,000*</u>	

*Preliminary, subject to change.

Debt Repayment Schedule

Shown below is the maturity schedule for the outstanding general obligation debt of the District as of the closing of the Bonds.

Fiscal Year	Principal Outstanding ⁽¹⁾	The Bonds*	Total Principal*	Cumulative Amount*	Retirement Percent*
2014	\$ 3,705,000	\$ -	\$ 3,705,000	\$ 3,705,000	19.37%
2015	3,680,000	-	3,680,000	7,385,000	38.60
2016	3,975,000	-	3,975,000	11,360,000	59.38
2017	1,020,000	2,640,000	3,660,000	15,020,000	78.52
2018	115,000	2,710,000	2,825,000	17,845,000	93.28
2019	120,000	-	120,000	17,965,000	93.91
2020	125,000	-	125,000	18,090,000	94.56
2021	130,000	-	130,000	18,220,000	95.24
2022	135,000	-	135,000	18,355,000	95.95
2023	140,000	-	140,000	18,495,000	96.68
2024	150,000	-	150,000	18,645,000	97.46
2025	155,000	-	155,000	18,800,000	98.27
2026	160,000	-	160,000	18,960,000	99.11
2027	170,000	-	170,000	19,130,000	100.00
	<u>\$ 13,780,000</u>	<u>\$ 5,350,000</u>	<u>\$ 19,130,000</u>		

(1) Includes the Series 2007 Bonds, which are alternate bonds issued pursuant to the Debt Reform Act.

*Preliminary, subject to change.

Overlapping Bonded Debt
(January 17, 2013)

<u>Taxing Body</u>	Outstanding Debt ⁽¹⁾	Percent	Applicable To District
Christian County	\$ 606,000	13.55%	\$ 82,113
Cumberland County	550,000	99.98%	549,890
Coles Public Building Commission	330,000	98.90%	326,370
Macon Public Building Commission	3,850,000	0.19%	7,315
Village of Arthur	205,000	100.00%	205,000
City of Charleston	11,545,000	100.00%	11,545,000
Bethany Fire Protection District.....	165,000	100.00%	165,000
Taylorville Park District.....	285,000	0.19%	542
Crawford Hospital District.....	4,000,000	0.01%	400
Altamont Community Unit School District Number 10.....	5,160,000	100.00%	5,160,000
Arcola Community Unit School District Number 306.....	2,110,000	0.15%	3,165
Atwood-Hammond Community Unit School District Number 39.....	3,850,000	0.12%	4,620
Beecher City Community Unit School District Number 20.....	810,000	100.00%	810,000
Brownstown Community Unit School District Number 201.....	1,832,000	100.00%	1,832,000
Casey-Westfield Community Unit School District Number C-4.....	5,985,000	99.18%	5,935,923
Central A&M Community Unit School District Number 21.....	1,470,000	0.03%	441
Charleston Community Unit School District Number 1.....	2,185,487	100.00%	2,185,487
Chrisman Community Unit School District Number 6.....	700,000	0.01%	70
Crestwood Community Unit School District Number 4.....	6,130,000	95.72%	5,867,636
Cumberland Community Unit School District Number 77.....	2,755,000	99.99%	2,754,725
Dieterich Community Unit School District Number 30.....	1,835,000	100.00%	1,835,000
Effingham Community Unit School District Number 40.....	8,210,000	100.00%	8,210,000
Georgetown-Ridgefarm Community Unit School District Number 4..	1,735,000	3.44%	59,684
Jasper County Community Unit School District Number 1.....	4,380,000	4.50%	197,100
Kansas Community Unit School District Number 3.....	1,055,000	100.00%	1,055,000
Lovington Community Unit School District Number 303.....	145,000	99.74%	144,623
Marshall Community Unit School District Number 2.....	4,865,000	100.00%	4,865,000
Martinsville Community Unit School District Number C-3.....	2,940,000	100.00%	2,940,000
Mattoon Community Unit School District Number 2.....	11,695,000	100.00%	11,695,000
Neoga Community Unit School District Number 3.....	805,000	100.00%	805,000
North Clay Community Unit School District Number 25.....	230,000	33.19%	76,337
Oakland Community Unit School District Number 5.....	2,905,000	99.86%	2,900,933
Okaw Valley Community Unit School District Number 302.....	475,000	100.00%	475,000
Pana Community Unit School District Number 8.....	3,105,000	99.99%	3,104,690
Paris Union School District Number 95.....	8,563,262	100.00%	8,563,262
Ramsey Community Unit School District Number 204.....	865,000	100.00%	865,000
Shelbyville Community Unit School District Number 4.....	1,664,000	100.00%	1,664,000
Shiloh Community Unit School District Number 1.....	650,000	66.98%	435,370
Stewardson-Strasburg Community Unit School District Number 5A..	915,000	100.00%	915,000
Sullivan Community Unit School District Number 300.....	1,095,000	100.00%	1,095,000
St. Elmo Community Unit School District Number 202.....	1,128,000	100.00%	1,128,000
Teutopolis Community Unit School District Number 50.....	5,135,000	100.00%	5,135,000
Vandalia Community Unit School District Number 203.....	11,715,000	2.15%	251,873
Dora Township.....	100,000	64.76%	64,760
East Nelson Township.....	75,000	100.00%	75,000
Jonathan Creek Township.....	37,500	100.00%	37,500
Lovington Township.....	60,000	95.63%	57,378
Marrowbone Township.....	100,000	100.00%	100,000
Whitley Township.....	110,000	100.00%	<u>110,000</u>
Total Overlapping General Obligation Debt.....			<u>\$95,169,335</u>

Source: Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby County Clerks' Offices

Does not include Alternate Revenue Bonds.

Debt Statement

General Obligation Direct Bonded Debt.....	\$13,780,000
The Bonds.....	\$5,350,000 *
Total	\$19,130,000 *
Net Direct Debt	\$19,130,000 *
Overlapping Debt.....	\$95,169,335
Net Direct and Overlapping Debt.....	\$114,299,335 *
Equalized Assessed Valuation (2011)	\$2,447,453,708 ⁽¹⁾
Statutory Debt Limit (2.875% of Equalized Assessed Valuation).....	\$70,364,294
Net Direct Debt Applicable to Statutory Margin (2).....	\$17,325,000 *
Statutory Debt Margin	\$53,039,294 *

(1) Does not include TIF incremental EAV totaling approximately \$80,063,316.

(2) Pursuant to the Debt Reform Act, bonds issued as alternate revenue bonds (such as the Series 2007 Bonds) do not count against the debt limit, so long as the debt service levy for the alternate bonds is abated annually.

*Preliminary, subject to change.

Debt Ratios

Estimated Market Valuation (2011).....	\$7,342,361,124
Equalized Assessed Valuation (2011)	\$2,447,453,708 ⁽¹⁾
Estimated Population	186,728
Net Direct Debt to Equalized Assessed Valuation	0.78% *
Net Direct Debt to Estimated Market Valuation	0.26% *
Net Direct Debt and Overlapping Bonded Debt to Equalized Assessed Valuation	4.67% *
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Valuation	1.56% *
Net Direct Debt Per Capita	\$102.45 *
Net Direct and Overlapping Debt Per Capita.....	\$612.12 *

(1) Does not include TIF incremental EAV totaling approximately \$80,063,316.

*Preliminary, subject to change.

SHORT-TERM FINANCING RECORD

The District has not issued any tax anticipation warrants or tax anticipation notes that are currently outstanding and has no plans to issue tax anticipation warrants or tax anticipation notes in the foreseeable future.

FUTURE FINANCING

The District anticipates issuing approximately \$8 million of bonds within the next 18 months. Proceeds of which are expected to will be used to pay off a future bank loan, proceeds of which would enable the College to renovate the Northeast Classroom Building and to upgrade technology.

DEFAULT RECORD

The District has no record of default and has met its debt repayment obligations promptly.

SUMMARY OF OPERATING RESULTS

General Fund Revenue Sources

(Years Ended June 30)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Local Sources.....	18.04%	17.66%	15.79%	16.88%	17.07%
Tuition.....	34.13%	34.18%	34.58%	38.66%	34.01%
State Sources.....	42.53%	37.59%	37.23%	39.66%	43.46%
Federal Sources.....	0.03%	0.02%	0.03%	0.03%	0.03%
Other Sources.....	<u>5.29%</u>	<u>10.55%</u> ⁽¹⁾	<u>12.38%</u> ⁽¹⁾	<u>4.77%</u>	<u>5.43%</u>
TOTAL.....	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(1) Shift from State sources to other sources due to the usage of American Recovery and Reinvestment Act grant funds.
Source: Compiled from the District's Audited Financial Statements for Fiscal Years Ending June 30, 2008-2012.

General Fund

(Years Ended June 30)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Receipts.....	\$ 29,325,757	\$ 32,509,183	\$ 37,815,238	\$ 36,169,997	\$ 37,384,553
Disbursements.....	<u>28,169,377</u>	<u>31,197,498</u>	<u>36,449,881</u>	<u>34,736,260</u>	<u>35,336,113</u>
Net Surplus (Deficit).....	1,156,380	1,311,685	1,365,357	1,433,737	2,048,440
Other Financing Sources..	(1,198,822)	(1,346,955)	(1,336,628)	(1,402,672)	(2,066,849)
Beginning Fund Balance...	<u>6,380,906</u>	<u>6,338,464</u>	<u>6,303,194</u>	<u>6,331,923</u>	<u>6,362,988</u>
Ending Fund Balance.....	<u>\$ 6,338,464</u>	<u>\$ 6,303,194</u>	<u>\$ 6,331,923</u>	<u>\$ 6,362,988</u>	<u>\$ 6,344,579</u>

Source: Compiled from the District's Audited Financial Statements for Fiscal Years Ending June 30, 2008-2012.

Operations and Maintenance Capital Projects (Restricted) Fund
(Years Ended June 30)

	<u>2008</u>	<u>2009</u> ⁽¹⁾	<u>2010</u> ⁽¹⁾	<u>2011</u> ⁽¹⁾	<u>2012</u> ⁽¹⁾
Receipts.....	\$ 7,362,985	\$ 9,560,876	\$ 6,862,801	\$ 1,150,779	\$ 2,047,034
Disbursements.....	<u>7,104,539</u>	<u>13,957,039</u>	<u>5,474,813</u>	<u>3,747,374</u>	<u>4,776,692</u>
Net Surplus (Deficit).....	258,446	(4,396,163)	1,387,988	(2,596,595)	(2,729,658)
Other Financing Sources.....	-	-	-	-	675,000
Prior Period Adjustment.....	-	-	-	-	-
Beginning Fund Balance.....	<u>1,315,529</u>	<u>1,573,975</u>	<u>(2,822,188)</u>	<u>(1,434,200)</u>	<u>(4,030,795)</u>
Ending Fund Balance.....	<u>\$ 1,573,975</u>	<u>\$ (2,822,188)</u>	<u>\$ (1,434,200)</u>	<u>\$ (4,030,795)</u>	<u>\$ (6,085,453)</u>

(1) Deficit due to expenditures made for capital projects before bonds were issued.

Source: Compiled from the District's Audited Financial Statements for Fiscal Years Ending June 30, 2008-2012.

Working Cash Fund
(Years Ended June 30)

Moneys in the working cash fund are not regarded as current assets available for community college purposes and can not be used by the Board in any manner other than to provide moneys with which to meet ordinary and necessary disbursements for salaries and other community college purposes. The moneys shall be loaned to the educational or operations and maintenance funds in order to avoid the issuance of tax anticipation warrants and notes.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u> ⁽¹⁾
Receipts	\$ 3,440,068	\$ 766,992	\$ 311,484	\$ 394,445	\$ 7,101,229
Net Surplus (Deficit)	3,440,068	766,992	311,484	394,445	7,101,229
Other Financing Sources (Uses) ...	-	-	-	-	-
Beginning Fund Balance	<u>9,881,025</u>	<u>13,321,093</u>	<u>14,088,085</u>	<u>14,399,569</u>	<u>14,794,014</u>
Beginning Fund Balance	<u>\$ 13,321,093</u>	<u>\$ 14,088,085</u>	<u>\$ 14,399,569</u>	<u>\$ 14,794,014</u>	<u>\$ 21,895,243</u>

(1) Includes \$7,015,600 of proceeds from the District's Taxable General Obligation Community College Bonds, Series 2012.

Source: Compiled from the District's Audited Financial Statements for Fiscal Years Ending June 30, 2008-2012.

A copy of the District's Audited Financial Statements for the fiscal year ending June 30, 2012 is included as Appendix B to this Official Statement. Potential purchasers should read Appendix B in its entirety for more complete information concerning the District's financial position.

Budget Summary

Below is the District's budget summary for the fiscal year ending June 30, 2013.

<u>Fund</u>	<u>Fund Balances</u> <u>July 1, 2012 ⁽¹⁾</u>	<u>FY13</u> <u>Revenue</u>	<u>FY 13</u> <u>Expenditures</u>	<u>FY 13</u> <u>Transfers</u>	<u>Fund Balances</u> <u>June 30, 2013</u>
Education.....	\$ 2,631,878	\$29,722,651	\$ 28,195,028	\$ (1,258,892)	\$ 2,900,609
Operations & Maintenance.....	3,712,701	3,882,341	4,151,072	-	3,443,970
Restricted Purpose.....	255,472	23,948,513	23,948,513	-	255,472
Audit	(47,615)	100,000	100,000	-	(47,615)
Liability, Protection & Settlement.....	(49,444)	1,485,324	1,485,324	-	(49,444)
Bond and Interest.....	732,657	3,732,119	3,260,000	472,119	1,676,895
Restricted Operations and Maintenance....	(6,085,453)	5,403,505	4,879,893	523,612	(5,038,229)
Auxiliary.....	1,256,215	2,614,560	1,646,882	967,678	3,191,571
Total All Funds	\$ 2,406,411	\$70,889,013	\$ 67,666,712	\$ 704,517	\$ 6,333,229

(1) The beginning fund balance was revised from the adopted budget to reflect the actual ending fund balance for the prior fiscal year. The budget is adopted before the audit for the prior fiscal year is available.

Source: The District.

STATE AID

General

The State provides aid to local community college districts via grant programs administered by the Illinois Community College Board (the "ICCB"). Many community college districts rely on such "State Aid" for a significant portion of their budgets. As of early 2010, Illinois community colleges received an average of 17% of their operating revenue from the State.

The State subsidizes the costs of higher education by allocating tax dollars between the following four areas: (i) direct operating support, (ii) indirect operating support, (iii) institutional grant programs and (iv) student financial aid programs.

In Fiscal Year 2012, the Community College System Operating Budget was funded based upon unrestricted and restricted grants. Unrestricted grants have no grant guidelines or expenditure requirements and can be used for any operating purpose. Such grants include but are not limited to the Base Operating Grant, Equalization Grant, Small College Grant and Technical Education Formula Grant (as more fully discussed below). Restricted grants must be spent according to grant and expenditure guidelines and include the Workforce Development Grant, Adult Education Grant and Career and Technical Education Grant (as more fully discussed below).

Various proposals for changing the Illinois system of state financial aid have been considered over the years. The nature of future modifications to the process for distributing State Aid cannot be predicted, but such modifications could have an adverse effect on the finances of the District should they be enacted.

Direct Operating Support

Public community colleges are funded primarily through direct operating support. Most of the funds for operating support are used for meeting general costs such as salaries, contracts for services, energy, supplies, travel and scholarships; however, operating support can also be appropriated to specific activities such as workforce preparation programs, adult basic education, career and technical education or legislative initiatives.

Indirect Operating Support

Public community colleges also benefit from indirect operating support through payments or benefits provided by the State to or for faculty and staff. Rather than being paid to community colleges, such funds are spent by other State entities on behalf of community college employees. Examples of indirect operating support include employee health insurance provided by the State employee benefits plan and funding for community college employees' pensions paid to the State Universities Retirement System (the "Retirement System").

Institutional Grant Programs

Additionally, grant programs provide funds for specific activities undertaken by educational programs. Funding for such programs as Cooperative Work Study and Nursing Grants is appropriated to the Illinois Board of Higher Education (the "Board") and then distributed by the Board based upon competitive application and program criteria. Private community colleges are also eligible to apply for such grants.

As noted previously, the ICCB also administers grant programs and distributes funding to community colleges. The two principal operating grants for community colleges are the Base Operating Grant and the Equalization Grant, both of which are allocated to each local community college district based upon prescribed formulae (as described below in subsections A and B). Generally, ICCB grants to community colleges amount to the difference between the total funds needed to offer educational programs and the total funds available from local property taxes and tuition and fees. Rate adjustments are required when State appropriations for ICCB grants fall short of equaling the calculated needs of the system. The funds of both the Base Operating Grant and the Equalization Grant are distributed on a monthly basis, though the State is currently running an estimated 6 months behind in making payments.

Additionally, the State Board of Education (the "State Board") distributes numerous other grants, some of which are covered in subsection C below. Finally, the performance-based funding discussed in subsection D will be implemented in Fiscal Year 2013.

A. Base Operating Grants¹

Base Operating Grants are unrestricted funds distributed on the basis of reimbursable credit hours in the following six funding categories: Baccalaureate, Business, Technical, Health, Remedial and Adult Education. To arrive at a college's grant amount for Fiscal Years 2011 and before, the ICCB multiplies reimbursable unrestricted credit hours by the calculated credit hour rate in the six funding categories using the following formula:

Base Operating Grant Calculation (for Fiscal Year 2011("FY11"))

$$\begin{aligned} & \text{FY09 Unit Cost (cost to produce one credit hour, from unit cost study)} \\ \text{X} & \quad \text{Two-year inflation factor (estimated)} \\ = & \quad \text{FY11 Weighted Cost (estimated budget year cost per credit hour)} \\ \\ \text{LESS} & \\ - & \quad \text{Tuition \& Fees} \\ - & \quad \text{Local Tax Contribution} \\ \\ = & \quad \text{FY11 CREDIT HOUR RATE} \\ \\ & \text{FY11 Credit Hour Rate} \\ \text{X} & \quad \text{FY11 credit hours (Take the greater of FY09 audited credit hours or the average of FY09,} \\ & \quad \text{FY08 and FY07.)} \\ = & \quad \text{Credit Hour Allocation of Base Operating Grant}^2 \end{aligned}$$

For Fiscal Year 2012, the allocations for Base Operating Grants are the same as those for Fiscal Year 2011, reduced or increased proportionately according to the appropriation for Base Operating Grants for Fiscal Year 2012. In Fiscal Year 2013 (beginning on July 1, 2012), the formula for calculating Base Operating Grants will be altered; currently, however, the ways in which the formula will change are unknown.

B. Equalization Grants

Equalization Grants attempt to reduce the disparity among community college districts in local property tax funds available per student so as to ensure that community colleges with limited local tax bases have access to the funds necessary to support educational programs. A threshold, or foundation, of expected local property tax revenues per student is the basis of equalization funding, and any community college district below the threshold is eligible for tax base equalization funding. Full funding of the Equalization Grant allows all community college districts to receive the funding

¹ Please see the below Performance-Based Funding subsection to determine to what extent the implementation of performance-based funding in Fiscal Year 2013 will alter the allocation of Base Operating Grants.

² In addition to credit hour allocation, Base Operating Grants include a small allocation (\$2,350,000) for operating and maintenance based upon non-residential gross square footage of space maintained by the District. When the State appropriation does not equal the system's needs for full funding of the credit hour allocation, the credit hour rate is further adjusted downward. Full funding of the Base Operating Grant means that the actual calculated credit hour rate for instruction in each of the six funding categories is used to calculate grants.

necessary to meet the calculated threshold. The following formulae demonstrate the way in which such threshold is determined, by way of calculating a local revenue factor for each community college district.

Local Revenue Factor for a District (for FY11)

Take the LESSER of either

- (1) Each community college district's Corporate Personal Property Replacement Fund (the "CPPRT") allocations from FY09

OR

- (2) Average of FY09 and FY08

DIVIDED BY the applicable statewide average tax rate

EQUALS the CPPRT inflated by the statewide average tax rate.

Then, take the Inflated CPPRT and ADD to the LESSER of either

- (1) The District's most recently audited EAV¹

OR

- (2) Average of the most recently audited year and prior year

¹ A community college district may be eligible for an adverse court decision grant in the event an adverse court decision reduces such district's EAV. The following four requirements must be met in order to be eligible for such a grant: (i) the effect of the adverse court decision was to reduce the district's EAV in excess of 1%; (ii) such district would have received a larger equalization grant had the reduced valuation been known at the time the equalization grant was previously awarded; (iii) the reduced valuation was attributable to an adverse court decision which became final less than three years from August 1 of the fiscal year such equalization grants were distributed and (iv) the district that was affected by the adverse court decision submitted a claim to the State Board by December 1 not more than three years from the fiscal year such equalization grants were distributed.

Then, DIVIDE by the GREATER of

- (1) The District's audited full-time equivalent resident students¹ for FY09
OR
(2) Average for FY09, FY08 and FY07
X Applicable statewide average tax rate
= LOCAL REVENUE FACTOR for the District

The State Board must calculate a STATEWIDE WEIGHTED AVERAGE THRESHOLD by applying the above methodology to the totals of all community college districts' CPPRT allocations, EAVs and audited full-time equivalent district resident students and multiplying by the applicable statewide average tax rate.

Once the statewide weighted average threshold has been determined, a district will be able to calculate the amount of equalization funding it is eligible to receive by implementing the following formula:

Take the DIFFERENCE between the STATEWIDE WEIGHTED AVERAGE THRESHOLD and the LOCAL REVENUE FACTOR
X Number of full-time equivalent resident students
= Amount of equalization funding the District is eligible to receive

A percentage factor, as determined by the State Board, may be applied to the statewide threshold as a method for allocating equalization funding. A minimum Equalization Grant of an amount per district as determined by the State Board must be established for any community college district that qualifies for an Equalization Grant based upon the preceding criteria but that becomes ineligible for such funding or that would have received a grant of less than the minimum Equalization Grant, due to threshold pro rations applied to reduce equalization funding. For Fiscal Year 2012, the equalization threshold was prorated to 74.1% of the calculated threshold, and the minimum Equalization Grant was funded at \$50,000 per district.

¹ In this context, "full-time equivalent student" means a student taking 30 semester credit hours. "Resident student" means a student in a community college district who maintains residency in that district or meets other residency definitions established by the State Board, and who was enrolled either in one of the approved instructional program categories in that district, or in another community college district to which the resident's district is paying tuition under 110 ILCS 805/6-2 or with which the resident's district has entered into a cooperative agreement in lieu of such tuition.

In order to be eligible for equalization funding, a community college district must maintain a minimum required combined in-district tuition and universal fee rate per semester credit hour equal to 85% of the State-average combined rate, as determined by the State Board. Additionally, a community college district must maintain a minimum operating tax rate equal to at least 95% of its maximum tax rate¹ to qualify for equalization funding.

C. OTHER GRANTS

The State Board has the authority to distribute other grants to community college districts, as authorized or appropriated by the General Assembly. Such grants include the following: those made for the costs of work force training and technology and for the operating expenses made and incurred by the State Board in connection with such purposes; Career and Technical Education grants; grants for the purpose of establishing new community colleges and new branches of community colleges; grants for entering into agreements with non-profit corporations so as to aid high school dropouts and academically deficient high school graduates; grants for expenditures previously made by community colleges from their own funds for building purposes and grants for Adult Education and Literacy providers.

Additionally, Small College Grants are distributed to community college districts with full-time equivalent (as previously defined) enrollments of less than 2,500 students. Each such district receives a flat grant of \$60,000; additionally, districts that (1) have less than 2,000 full-time equivalent students, (2) have less than \$850 million EAV and (3) qualify for an Equalization Grant receive an additional \$60,000. The additional \$60,000 accounts for the fact that such districts have fewer discretionary dollars and a greater percentage of their budget allocated to fixed costs than do larger districts.

Finally, grants are made to encourage private support in enhancing community college foundations by providing community college foundations with the opportunity to receive and match challenge grants. Such grants, which are proportionately allocated, give community college foundations the opportunity to match at least one \$25,000 challenge grant, up to a \$100,000 maximum.

D. Performance-Based Funding

The Board has formed a group of representatives from State government, the higher education community and the business sector and has entrusted that group with developing a performance-based formula that will reward institutions that improve retention and graduation rates. Thus far, the group has designed principals that must be used in developing metrics (discussed below) that can be utilized to evaluate the performance of institutions while simultaneously preserving the quality of higher education and access for at-risk students.

Since community colleges differ widely in available resources per student, diversity and student academic preparedness prior to enrollment and in the socio-economic status and labor markets of the districts they serve; community colleges are not expected to and should not compete for performance-based funds. In order to determine performance within specific metrics, each district will be measured against changes from year to year.

¹ The 95% minimum tax requirement is based upon the maximum operating tax rate as limited by the PTELL.

According to Public Act 97-320, metrics must be developed in accordance with the following five principals: (1) metrics must be developed in consultation with public institutions of higher education, as well as other State educational agencies and other higher education organizations, associations, interests and stakeholders as deemed appropriate by the State Board; (2) metrics must include provisions for recognizing the demands on and rewarding the performance of institutions in advancing the success of students who are academically or financially at risk, including first-generation students, low-income students and students traditionally underrepresented in higher education; (3) metrics must recognize and account for the differentiated missions of institutions and sectors of higher education; (4) metrics must focus on the fundamental goal of increasing completion of college courses, certificates and degrees and must recognize the unique and broad mission of public community colleges through consideration of additional factors including, but not limited to, enrollment, progress through key academic milestones, transfer to a baccalaureate institution and degree completion and (5) metrics must be designed to maintain the quality of degrees, certificates, courses and programs.

Beginning in Fiscal Year 2013 (or July 1, 2012), allocations will be made based upon the performance metrics principals listed above. The State Board has recommended that there be four steps for such funding. Step One provides higher education with the same level of funding received in Fiscal Year 2012. For community colleges, \$720,000 will be reallocated from Base Operating Grants and distributed based upon a performance funding formula unique to the mission of community colleges. At Step Two, the State Board recommends restoring funding to the Fiscal Year 2011 level, which amounts to a 1.6% increase over Fiscal Year 2012. Steps Three and Four provide funding increases based upon performance and for deferred maintenance needs. Funding has also been recommended for various grant initiatives, including the Monetary Award Program (“MAP”) to improve affordability for needy students.

Student Financial Aid

State tax dollars support higher education through direct support to students; such financial aid is distributed through the Illinois Student Assistance Commission. The primary source of direct student assistance is need-based. Need-based programs, such as MAP, cover a portion of the costs of tuition and fees for students at public community colleges. The State also provides several programs that pay some or all of the costs of tuition and fees for students who have served in the military or are preparing for high-demand occupations such as nursing and certain teaching positions. In the event the federal government, the State or any agency pays tuition for any community college student, neither the district of such student’s residence nor the student is required to pay that tuition, or any portion thereof, that is otherwise paid.

RETIREMENT FUND COMMITMENTS

The District contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State’s financial reporting entity and is included in the State’s financial reports as a pension trust fund. SURS

is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by accessing the website at www.SURS.org, or calling 1-800-275-7877.

Plan members are required to contribute 8.0% (police officers, 9.5%) of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate (FY 2012) is 24.21% of annual payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ending June 30, 2012, 2011 and 2010 were \$5,781,672, \$4,588,146 and \$4,026,124, respectively, equal to the required contribution for each year.

Details regarding retirement fund commitments are summarized in Note 10 of the District's June 30, 2012 audited financial statements. In an attempt to remedy severe under-funding of the State's retirement systems, Governor Quinn and several State legislators have proposed changes to the manner of funding of such retirement systems, including SURS. One proposed change would require community colleges, including the District, to contribute the full amount of the normal costs of their employees' SURS pensions. "Normal Cost" refers generally to the portion of the present value of retirement benefits allocable to an employee's current year of service. The current proposal would phase in such contributions over the course of several years. Discussions and deliberations on this complex topic remain fluid. The District cannot predict whether, or in what form, such legislation may be enacted into law. Furthermore, it is possible that any pension reform legislation that is ultimately passed by the General Assembly and signed into law by the Governor would face court challenges.

If a cost shifting proposal were to become law, it may have a material effect on the finances of District. How community colleges, including the District, would pay for such shift of contributions cannot be determined at the current time.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal

judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the “Code”), includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the “Issue Price”) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the

Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and

backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof.

BOND RATING

S&P has assigned to the Bonds its municipal rating of “AA-”. The rating reflects only the views of S&P and any explanation of the significance of such rating may only be obtained from S&P. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to S&P by the District. There is no assurance that the rating will be maintained for any given period of time or that it may not be changed by S&P, if, in the rating agency’s judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading “CONTINUING DISCLOSURE,” neither the District nor the hereinafter defined Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

The District will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Commission under the 1934 Act. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under “THE UNDERTAKING.”

For the fiscal years ending on June 30, 2008, June 30, 2009 and June 30, 2010, the District did not file its annual financial information or its audited financial statements within the deadline of 210 days after the fiscal year end as required by previous continuing disclosure undertakings. The required audited financial statements for the fiscal years ending on June 30, 2008 was filed on Bloomberg on July 7, 2010 instead of EMMA as required. The 2008 annual financial statement was filed on EMMA on January 16, 2013. The required annual financial information and audited financial statements for the fiscal years ending on June 30, 2009 and June 30, 2010 were filed with the MSRB through EMMA (as defined below) on June 8, 2010 and on April 6, 2011, respectively. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See “THE UNDERTAKING—Consequences of Failure of the District to Provide Information.” The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the District and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the District.

Annual Financial Information Disclosure

The District covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The District is required to deliver such information within 210 days after the last day of the District’s fiscal year (currently on June 30). If Audited Financial Statements are not available when the Annual Financial Information is filed, the District will file unaudited financial statements. The District will submit Audited Financial Statements to the MSRB’s Electronic

Municipal Market Access (“EMMA”) system within 30 days after availability to the District. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports

“Annual Financial Information” means information of the type contained in the following tables, headings and exhibits of the Final Official Statement:

FINANCIAL INFORMATION

Trend of Equalized Assessed Valuation

Tax Rates

Tax Extensions and Collections

Summary of Outstanding Debt

Debt Repayment Schedule

Debt Statement (with respect to the District’s debt only)

Debt Ratios (with respect to the District’s debt only)

SHORT-TERM FINANCING RECORD

FUTURE FINANCING

SUMMARY OF OPERATING RESULTS (tables only)

“Audited Financial Statements” means the combined financial statements of the District prepared in accordance with auditing standards generally accepted in the United States of America

Reportable Events Disclosure

The District covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The “Events” are:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- Modifications to the rights of security holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the District⁽¹⁾
- The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material

(1) This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Consequences of Failure of the District to Provide Information

The District shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the District to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Resolution, and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the District by resolution authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted; or

(ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

Termination of Undertaking

The Undertaking shall be terminated if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Resolution. The District shall give notice to the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the District shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Dissemination of Information; Dissemination Agent

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its EMMA system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (“Bond Counsel”), who has been retained by, and acts as, Bond Counsel to the District. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the District, reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), the description of the federal tax exemption of interest on the Bonds. This review was undertaken solely at the request and for the benefit of the District and did not include any obligation to establish or confirm factual matters set forth herein. Chapman and Cutler LLP is also acting as Disclosure Counsel to the District.

UNDERWRITING

The Bonds were offered for sale by the District at a public, competitive sale on January 23, 2013. The best bid submitted at the sale was submitted by _____, _____ (the “Underwriter”). The District awarded the contract for sale of the Bonds to the Underwriter at a price of \$ _____. The Underwriter has represented to the District that the Bonds have been subsequently re-offered to the public initially at the yields set forth on the inside cover to this Official Statement.

FINANCIAL ADVISOR

PMA Securities, Inc. of Naperville, Illinois, has been retained as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Financial Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

PMA Securities, Inc. is a registered broker dealer and municipal advisor with the Commission and the MSRB. PMA Securities, Inc. may also provide additional services to the local units of government such as the District. These services may include the investment of bond proceeds and operating funds for which it is separately compensated. PMA Securities, Inc. is affiliated with PMA Financial Network, Inc. and Prudent Man Advisors, Inc. PMA Financial Network, Inc. and Prudent Man Advisors, Inc. (together “PMA”) provide additional services to local units of government including the District. These services may include all or a portion of the following services: investment advice through the Prudent Man Analysis™ report that is used to ascertain the health of financial institutions, detailed cash flow analysis for operating fund expenditures and revenues, bond proceeds investment/management to monitor arbitrage compliance for municipal bonds, investment of operating funds, long-range financial planning through the Financial Planning Program™, and fund administrator for various local government investment pools.

The Financial Advisor’s duties, responsibilities, and fees arise from that as Financial Advisor to the District in connection with this issuance. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

THE OFFICIAL STATEMENT

This Official Statement includes the cover page, reverse thereof and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

Accuracy and Completeness of the Official Statement

This Official Statement has been approved for distribution to the Underwriter of the Bonds.

The District's officials will provide to the original purchaser of the Bonds at the time of delivery of the Bonds, a certificate confirming to the purchaser that, to the best of their knowledge and belief, the Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

/s/

Chair, Board of Trustees

Community College District No. 517

Counties of Coles, Christian, Clark, Clay, Crawford,
Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper,
Macon, Montgomery, Moultrie and Shelby and State of Illinois

January____, 2013

Form of Legal Opinion of Bond Counsel

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Trustees of Community College District No. 517, Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby and State of Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation Community College Bonds, Series 2013 (the “*Bonds*”), to the amount of \$_____, dated _____, 2013, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2016	\$	%
2017		%

and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District’s compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

EPBartholomy/KMFloros:tl

Audited Financial Statements for Fiscal Year Ended June 30, 2012

The comprehensive annual financial report contained in this Appendix B (the "Audit"), including the independent auditor's report accompanying the Audit, has been prepared by Doebling, Winders & Co. LLP, Mattoon, Illinois (the "Auditor"), and approved by formal action of the Board of Trustees of the District. The District has not requested the Auditor to update information contained in the Audit; nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit. If you have a specific question or inquiry relating to the financial information of the District since the date of the Audit, you should contact Raymond Rieck, Vice President for Business Services of the District

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2012

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

Year Ended June 30, 2012

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LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

Year Ended June 30, 2012

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LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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Year Ended June 30, 2012

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the business-type activity and the discretely presented component unit of Lake Land College, Community College District #517 (College), as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the College's discretely presented component unit were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2012, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standard Board, who considers it to be an essential part of the financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplemental financial information and accompanying information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the College. The supplemental financial information, the accompanying information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Doehring, Winders & Co. LLP

September 25, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

USING THE ANNUAL REPORT

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

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

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

Operating Results for the Years Ended
June 30,

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

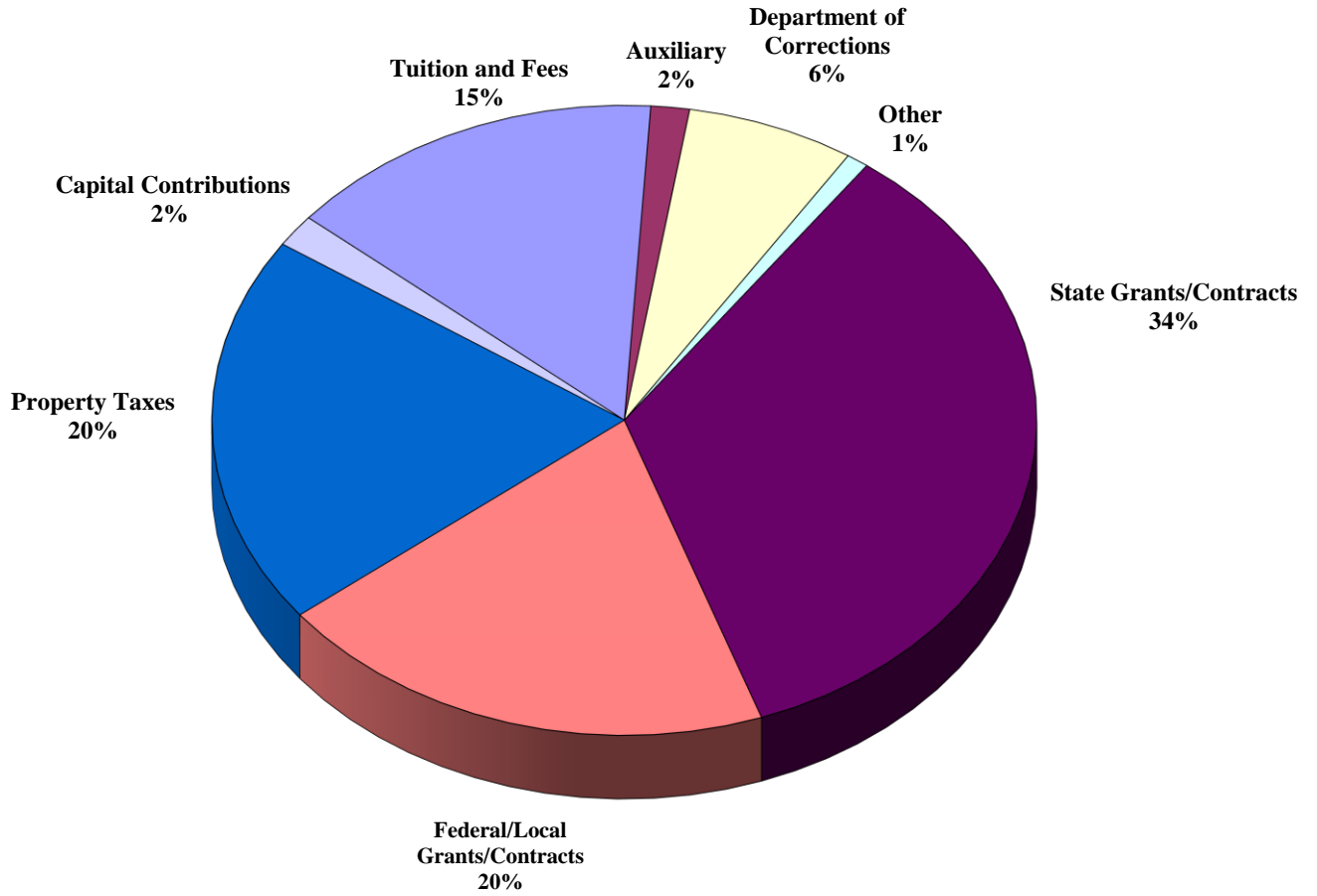
For the year ended June 30, 2012 the College recorded total operating revenues of \$15,526,062 and total operating expenses of \$58,586,767. The difference produced an operating loss of \$43,060,705. Net non-operating revenue of \$43,483,869 plus capital contributions of \$1,002,021 offsets this loss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

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

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

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

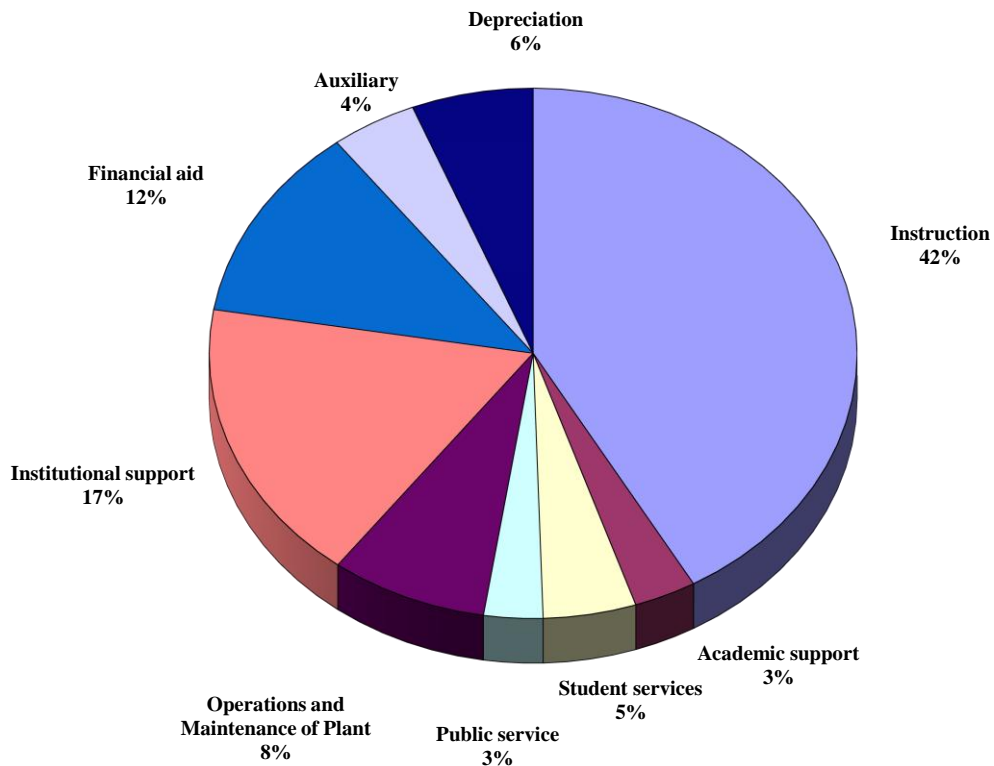
Revenue by Source



Operating Expenses
For the Years Ended June 30,

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

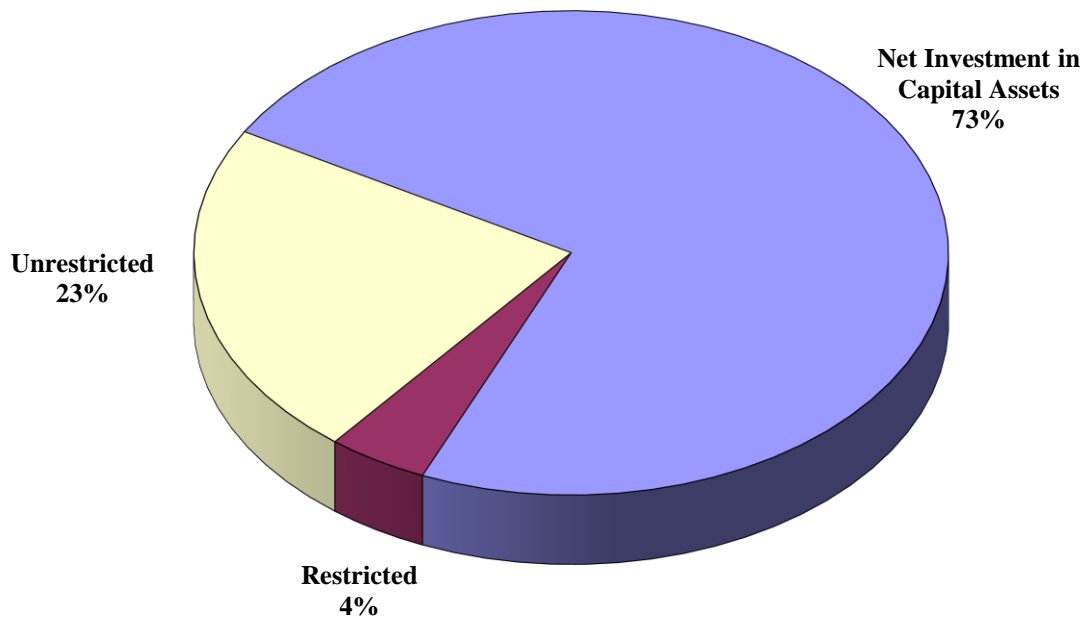
Operating Expenses



Analysis of Net Assets
June 30,

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

Analysis of Net Assets



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

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

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

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

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

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

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

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

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

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

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

THE COLLEGE'S ECONOMIC OUTLOOK

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

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

CONTACTING FINANCIAL MANAGEMENT

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS

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

LIABILITIES AND NET ASSETS

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATEMENT OF CASH FLOWS

Year Ended June 30, 2012

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

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

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

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

Operating loss	\$ (43,060,705)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	3,559,327
State on-behalf payments for fringe benefits	5,720,421
Change in assets and liabilities:	
(Increase) in receivables	(54,006)
Decrease in inventories and other assets	80,463
Increase in accounts payable	494,307
Increase in due to component unit	10,634
(Decrease) in accrued salaries and compensated absences	(628,269)
(Decrease) in planned retirement payable	(85,490)
(Decrease) in deferred revenue	(20,777)
Net cash (used) by operating activities	\$ (33,984,095)

Noncash investing, capital and noncapital financing transactions:

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMPONENT UNIT
LAKE LAND COLLEGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMPONENT UNIT
LAKE LAND COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

Basis of Presentation

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

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

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

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

The accounting and reporting policies of the College conform to generally accepted accounting principles applicable to government units and Illinois community colleges. The GASB is the accepted standard setting body for establishing accounting and financial reporting principles. These authoritative pronouncements are consistent with the accounting practices prescribed or permitted by the Illinois Community College Board (ICCB), as set forth in the ICCB Fiscal Management Manual. The College reports are based on all applicable FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentations. The following is a summary of the more significant policies.

Estimates

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

Cash and Cash Equivalents

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

Receivables

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

Inventories

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

Capital Assets

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

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

Property, plant and equipment of the College are depreciated using the straight-line method over the following useful lives:

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Library Books and Textbooks

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

Deferred Revenue

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

Compensated Absences

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

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

Net Assets

The College's net assets are classified as follows:

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

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

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

Classification of Revenues

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On-Behalf Payments for Fringe Benefits

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

Scholarship Discounts and Allowances

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

Property Taxes

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

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

Federal Financial Assistance Programs

The College participates in federally funded PELL Grants, SEOG Grants, Federal Work-Study, Academic Competitive Grants and Federal Family Education Loan Programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the *Compliance Supplement*.

Budgets

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets (continued)

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

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

Component Unit

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

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

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

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

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

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

Investments are reported at fair value.

2 DEPOSITS AND INVESTMENTS

Deposits

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (continued)

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

Investments

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

Concentration Risk

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

2 DEPOSITS AND INVESTMENTS (Continued)

Concentration Risk (continued)

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

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

Credit Risk

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

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

Custodial Credit Risk

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

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

Interest Rate Risk

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

3 PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUE

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

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

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

4 RESTRICTED INVESTMENTS

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

5 CAPITAL ASSETS

A summary of changes in capital asset categories follows:

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

6 CONSTRUCTION IN PROGRESS

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

6 CONSTRUCTION IN PROGRESS (Continued)

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

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

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

7 CHANGES IN LONG-TERM LIABILITIES

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

7 CHANGES IN LONG-TERM LIABILITIES (Continued)

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

8 LONG-TERM DEBT

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

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

8 LONG-TERM DEBT (Continued)

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

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

9 LITIGATION

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

10 PENSION PLAN

Plan Description

Lake Land College contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website, www.surs.org, or by calling 1-800-275-7877.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

10 PENSION PLAN (Continued)

Funding Policy

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

11 POST EMPLOYMENT BENEFITS

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

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

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended June 30, 2012

12 RISK MANAGEMENT

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

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

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

13 PLANNED RETIREMENT

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

14 LEASE COMMITMENTS

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

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

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINED BALANCE SHEET - ALL FUND TYPES

June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING BALANCE SHEET - GOVERNMENTAL FUND TYPES - GENERAL FUND

June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

COMBINING BALANCE SHEET - GOVERNMENTAL FUND TYPES - SPECIAL REVENUE FUNDS

June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

RECONCILIATION AND SCHEDULE OF BUDGET BASIS

Year Ended June 30, 2012

RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET ASSETS

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

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

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

EXPENDITURES AND TRANSFERS IN EXCESS OF BUDGET

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ASSESSED VALUATIONS AND TAXES EXTENDED AND COLLECTED

Levy Years 2011, 2010, and 2009

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SUMMARY OF TAXES RECEIVABLE AND TAX COLLECTIONS

Year Ended June 30, 2012

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

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2011 TAXES EXTENDED

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF DEBT MATURITIES
GOVERNMENTAL FUND TYPES

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF LEGAL DEBT MARGIN

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENSES FOR TORT IMMUNITY PURPOSES

Year Ended June 30, 2012

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

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

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

ACCOMPANYING INFORMATION

SPECIAL REPORTS SECTION

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS

June 30, 2012

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

The Uniform Financial Statements include the following:

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

UNIFORM FINANCIAL STATEMENTS

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
ALL FUNDS SUMMARY

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
SUMMARY OF FIXED ASSETS AND DEBT

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
OPERATING REVENUE BY SOURCE

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
OPERATING EXPENDITURES

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
RESTRICTED PURPOSES FUND REVENUE BY SOURCE

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
RESTRICTED PURPOSES FUND EXPENDITURES

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

UNIFORM FINANCIAL STATEMENTS
CURRENT FUNDS EXPENDITURES BY ACTIVITY

Year Ended June 30, 2012

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

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


CERTIFICATION OF CHARGEBACK REIMBURSEMENT
FOR FISCAL YEAR 2013

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517


CERTIFICATION OF CHARGEBACK REIMBURSEMENT OF FISCAL YEAR 2013

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

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

Approved:  _____
Chief Fiscal Officer

25 Sep 12
Date

Approved:  _____
Chief Executive Officer

Sept 25, 2012
Date

ILLINOIS BOARD OF HIGHER EDUCATION
COOPERATIVE WORK STUDY PROGRAM

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

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

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

and

To the Illinois Board of Higher Education

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

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

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

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

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

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

Illinois Department of Professional Regulation
License Number 066-003408

September 25, 2012

Doehring, Winders & Co. LLP

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ILLINOIS BOARD OF HIGHER EDUCATION
COOPERATIVE WORK STUDY PROGRAM

STATEMENT OF REVENUE AND EXPENDITURES
(modified cash basis)

For Grant Period Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

ILLINOIS BOARD OF HIGHER EDUCATION
COOPERATIVE WORK STUDY PROGRAM

NOTES TO THE FINANCIAL STATEMENT

For Grant Period Ended June 30, 2012

1 PROGRAM BACKGROUND

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

2 ORGANIZATION

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

3 BASIS OF PRESENTATION

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

ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS
FINANCIAL-COMPLIANCE SECTION

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

1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

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

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

We have audited the accompanying balance sheets of the Workforce Development, Career and Technical Education-Program Improvement, and Adult Education and Family Literacy grants of Lake Land College, Community College District #517 (College) as of June 30, 2012, and the related statements of revenues, expenditures and changes in fund balance - actual for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between the College and the State of Illinois and Illinois Community College Board. We believe that our audit provides a reasonable basis for our opinion, and the College is in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

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

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

Doehring, Winders & Co. LLP

September 25, 2012

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

WORKFORCE DEVELOPMENT
BUSINESS/INDUSTRY GRANT PROGRAM
BALANCE SHEET

June 30, 2012

ASSETS

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

LIABILITIES AND FUND BALANCE

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT
BALANCE SHEET

June 30, 2012

ASSETS

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

LIABILITIES AND FUND BALANCE

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

STATE ADULT EDUCATION AND FAMILY LITERACY
RESTRICTED FUNDS
BALANCE SHEET

June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

FEDERAL BASIC ADULT EDUCATION RESTRICTED FUND
BALANCE SHEET

June 30, 2012

ASSETS

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

LIABILITIES AND FUND BALANCE

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO ICCB GRANT PROGRAMS FINANCIAL STATEMENTS

Year Ended June 30, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Basis of Accounting

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

Fixed Assets

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

2 PAYMENT OF PRIOR YEAR'S ENCUMBRANCES

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

BACKGROUND INFORMATION ON ICCB GRANT ACTIVITY

Year Ended June 30, 2012

Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment.

Equalization Grants

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

Restricted Grants/Special Initiatives

Workforce Development-Business/Industry Grants

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

Career and Technical Education-Program Improvement Grants

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

Statewide Initiatives

Lincoln's Challenge Grants

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

Restricted Adult Education Grants/State

State Basic

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

Public Assistance

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

BACKGROUND INFORMATION ON ICCB GRANT ACTIVITY

Year Ended June 30, 2012

Restricted Adult Education Grants/State (Continued)

Performance

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

Federal Basic

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

COMPLIANCE SECTION
ENROLLMENT DATA

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

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

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

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

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

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

Doehring, Winders & Co. LLP

September 25, 2012

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

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

Year Ended June 30, 2012

Total Reimbursable Semester Credit Hours by Term

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

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

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

Correctional Semester Credit Hours by Term

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

RECONCILIATION OF TOTAL REIMBURSABLE SEMESTER CREDIT HOURS

Year Ended June 30, 2012

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

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

Year Ended June 30, 2012

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

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

RECONCILIATION OF TOTAL CORRECTIONAL SEMESTER CREDIT HOURS

Year Ended June 30, 2012

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

DOCUMENTATION OF RESIDENCY VERIFICATION STEPS

Year Ended June 30, 2012

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

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

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

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

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SUMMARY OF ASSESSED VALUATIONS
Most Recent Three Years

Year Ended June 30, 2012

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

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

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

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

Doehring, Winders & Co. LLP

September 25, 2012

FEDERAL AWARDS - COMPLIANCE SECTION

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

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

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

Compliance

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

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

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

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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

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

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

Doehring, Winders & Co. LLP

September 25, 2012

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

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

See accompanying notes to schedule of expenditures of federal awards.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2012

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

See accompanying notes to schedules of expenditures of federal awards.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2012

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

See accompanying notes to schedules of expenditures of federal awards.

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

1 GENERAL

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

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

2 BASIS OF ACCOUNTING

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

3 GUARANTEED STUDENT LOANS

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

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

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2012

4 RESTRICTED GRANTS/FEDERAL

Federal Basic

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

Restricted Vocational Education Grants to State (Perkins)/Federal

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

5 AMOUNTS PROVIDED TO SUBRECIPIENTS

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

6 MAJOR PROGRAMS

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

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X Yes No

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2012

FINDINGS AND QUESTIONED COSTS FOR FINANCIAL REPORTING

12-01 Internal Control over Preparation of Financial Statements

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

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

RECOMMENDATION

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

COLLEGE RESPONSE

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

LAKE LAND COLLEGE
COMMUNITY COLLEGE DISTRICT #517

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2012

SCHEDULE OF PRIOR FINDINGS

None noted.

Official Notice of Sale and Bid Form

OFFICIAL NOTICE OF SALE

AND

BID FORM

FOR

\$5,350,000*

**COMMUNITY COLLEGE DISTRICT NO. 517
COUNTIES OF COLES, CHRISTIAN, CLARK, CLAY, CRAWFORD, CUMBERLAND, DOUGLAS,
EDGAR, EFFINGHAM, FAYETTE, JASPER, MACON, MONTGOMERY, MOULTRIE AND
SHELBY AND STATE OF ILLINOIS**

GENERAL OBLIGATION COMMUNITY COLLEGE BONDS, SERIES 2013

DATE AND TIME: January 23, 2013
Beginning at 9:45 a.m. until 10:00 a.m.
Central
Central Standard Time

PLACE: PMA Securities, Inc.
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563
Attention: Jennifer Currier
Phone: (630) 657-6443
Fax: (630) 718-8701

FORM OF BIDDING: Electronic, as described herein

*Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

\$5,350,000*

**COMMUNITY COLLEGE DISTRICT NO. 517
COUNTIES OF COLES, CHRISTIAN, CLARK, CLAY, CRAWFORD, CUMBERLAND, DOUGLAS,
EDGAR, EFFINGHAM, FAYETTE, JASPER, MACON, MONTGOMERY, MOULTRIE AND
SHELBY AND STATE OF ILLINOIS**

GENERAL OBLIGATION COMMUNITY COLLEGE BONDS, SERIES 2013

NOTICE IS HEREBY GIVEN that the Board of Trustees (the "Board") of Community College No. 517, Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby and State of Illinois (the "District"), will receive bids, electronically via **MuniAuction** hosted by Grant Street Group (as more fully described below), for the purchase of its \$5,350,000* General Obligation Community College Bonds, Series 2013 (the "Bonds"), on an all or none basis at the following time and place:

TIME: Beginning at 9:45 a.m. until 10:00 a.m.
Central Standard Time
January 23, 2013

PLACE: Offices of the District's Financial Advisor:
PMA Securities, Inc. (the "Financial Advisor")
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563

AWARD OF BONDS: Bids will be publicly announced at the above time and place. Unless all bids are rejected, award will be made by the designated officials of the Board to the bidder offering the *lowest true interest cost* ("TIC") to the District.

The Bonds are issued pursuant to Article 3A of the Public Community College Act of the State of Illinois, as amended, the Local Government Debt Reform Act of the State of Illinois, as amended, and the other Omnibus Bond Acts, as amended, and are further authorized by a bond resolution duly and properly adopted by the Board on January 14, 2013, as supplemented by a Notification of Sale for the Bonds, executed in connection therewith (together, the "Bond Resolution"). Proceeds of the Bonds will be used for the purposes of (i) paying claims against the District, and (ii) paying certain costs associated with the issuance of the Bonds.

The Bonds, in the opinion of Bond Counsel, are valid and legally binding obligations of the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium,

reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The Bond Resolution will be filed with the respective County Clerks of The Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby, Illinois, and will serve as authorization to said County Clerks to extend and collect the property taxes as set forth in the Bond Resolution.

The proposed form of opinion of Bond Counsel regarding the Bonds is set forth in Appendix A to the Preliminary Official Statement.

All bids must be submitted on the MuniAuction website at www.grantstreet.com beginning at 9:45 a.m. until 10:00 a.m. Central Standard Time on January 23, 2013. No telephone, telefax or personal delivery bids will be accepted. The use of MuniAuction shall be at the bidder's risk and expense and the District shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bids. Any questions regarding bidding on the MuniAuction website should be directed to Grant Street Group (the "Auction Administrator") at (412) 391-5555 x 370.

Each bidder ("Bidder") may change and submit bids as many times as it likes during the bidding time period; provided, however, each and any bid submitted subsequent to a Bidder's initial bid must result in a lower TIC with respect to a bid, when compared to the immediately preceding bid of such Bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid, the prior bid will remain valid.

If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by MuniAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.

The last valid bid submitted by a Bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning Bidder or Bidders.

During the bidding, no Bidder will see any other Bidder's bid, but Bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.).

On the Auction Page, Bidders will be able to see whether a bid has been submitted.

Bidders must comply with the Rules of MuniAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of MuniAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

A Bidder submitting a winning bid ("Winning Bid") is irrevocably obligated to purchase the Bonds at the rates and prices of the Winning Bid, if acceptable to the District, as set forth in this Official Notice of Sale. Winning Bids are not officially awarded to winning Bidders until formally accepted by the District as set forth in the Bond Resolution.

Neither the District, the Financial Advisor, nor the Auction Administrator is responsible for technical difficulties that result in loss of a Bidder's internet connection with MuniAuction,

slowness in transmission of bids, any other technical problems resulting in bid submission failure, or any computational or data entry errors associated with using MuniAuction.

If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the District exercises its right to reject bids, as set forth herein.

Bids which generate error messages are not accepted until the error is corrected and the bid is received prior to the deadline.

Bidders accept and agree to abide by all terms and conditions specified in this Official Notice of Sale (including amendments, if any) related to the auction.

Neither the District, the Financial Advisor, nor the Auction Administrator is responsible to any Bidder for any defect or inaccuracy in this Official Notice of Sale, amendments thereto, or the Preliminary Official Statement as they appear on MuniAuction resulting in bid submission failure, or any computational or data entry errors associated with using MuniAuction.

Only Bidders who request and receive admission to the auction may submit bids. MuniAuction and the Auction Administrator reserve the right to deny access to the MuniAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

Neither the District, the Financial Advisor, nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder's MuniAuction password.

If two bids submitted in the same auction by the same or two or more different Bidders result in the same TIC, the first confirmed bid received by MuniAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in the TIC.

Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to MuniAuction within 15 minutes after the bidding time period ends.

Regardless of the final results reported by MuniAuction, the Bonds are definitively awarded to the winning Bidder (the "Underwriter") only upon official award by the District. If, for any reason, the District fails to: (i) award the Bonds to the winner reported by MuniAuction, or (ii) deliver the Bonds to the Underwriter at settlement, neither the District, the Financial Advisor, nor the Auction Administrator will be liable for damages.

Bidders who submit a bid on the Auction Page by clicking the "Submit Bid" button must confirm that bid by clicking the "Yes, Submit Bid" button on the Confirmation Page.

The Bonds will be dated the date of issuance thereof and will mature on the dates as follows:

<u>Maturity</u> <u>(December 1)</u>	<u>Amount (\$)*</u>
2016	2,640,000
2017	2,710,000

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of each maturity of the Bonds on the day of sale in an amount not to exceed \$150,000. The aggregate par amount of the Bonds may also decrease in an amount not to exceed \$300,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 bond.

The Bonds are not subject to optional redemption prior to maturity.

Any Bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

The Bonds will be awarded to the single and best Bidder whose bid will be determined upon the basis of the **lowest TIC** at the rate or rates designated in said bid from the dated date to the respective maturity dates after deducting the bid premium. The TIC will be calculated as the rate which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds (commencing on December 1, 2013 and semiannually on each June 1 and December 1 thereafter), produces an amount on the date of the Bonds (expected to be February 13, 2013) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the Bidder whose bid was submitted first in time on the MuniAuction webpage.

The TIC of each bid will be computed by MuniAuction and reported on the Observation Page of the MuniAuction webpage immediately following the date and time for receipt of bids.

These TICs are subject to verification by the Financial Advisor and will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the Winning Bid. The District or the Financial Advisor will notify the Bidder to whom the Bonds will be awarded, if and when such award is made.

All interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 4.00%. All bids must be for all of the Bonds and must be for not less than 102.0% and not more than 106.0% of the par amount thereof.

A good faith deposit will not be required prior to bid opening. The Underwriter is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for TWO PERCENT OF PAR payable to the District Treasurer as evidence of good faith of the Underwriter (the "Deposit") not later than 3:30 P.M. Central Standard Time on the next business day following the award. The Deposit of the Underwriter will be retained by the District

pending delivery of the Bonds. The District may hold the proceeds of any Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Bonds, until disposed of, as follows: (a) at the delivery of the Bonds and upon compliance with the Underwriter's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Underwriter fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

The Underwriter shall provide Bond Counsel, Chapman and Cutler LLP, Chicago, Illinois, within 48 hours of the award, the required issue statistics to complete parts II-V of Department of Treasury Form 8038-G.

At the time of delivery, the District will furnish to the Underwriter the approving legal opinion of Bond Counsel, together with a complete certified transcript of all proceedings in connection with the issuance of the Bonds which shall include a non-litigation certificate showing that there is no litigation pending or threatened as to the validity or security of the Bonds. Subject to compliance by the District with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" in the Preliminary Official Statement for a more complete discussion.

The Bonds will be issued as fully-registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry-only form only through DTC participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Underwriter shall be required to deposit the Bond certificates with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

In the event that the securities depository relationship with DTC for the Bonds is terminated and the District does not appoint a successor depository, the District will prepare, authenticate and deliver, at its expense, fully-registered Bond certificates in the denominations of

\$5,000 or an integral multiple thereof in the aggregate principal amount of the Bonds of the same interest rate then outstanding to the beneficial owners of the Bonds.

It is intended that CUSIP numbers will be printed on the Bonds, but neither the failure to print or type such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and make payment for the Bonds. All expenses in relation to the printing of CUSIP numbers, including CUSIP Service Bureau charges for the assignment of said numbers, shall be the responsibility of and shall be paid by the Underwriter.

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter. Except as set forth in the Preliminary Official Statement, there have been no instances in the previous five years in which the District failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.

The Underwriter's obligation to purchase the Bonds shall be conditional upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

The District declares the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date for purposes of the Rule, except for the omission of the offering prices or yields, the interest rates, any other terms or provisions required by the District specified in the bid, ratings, other terms of the Bonds depending on such matters, and the identity of the Underwriter. Upon the sale of the Bonds, the District will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Underwriter will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. Promptly after the sale date, but in no event later than seven business days after the sale date, the District will provide the Underwriter with an electronic copy of the final Official Statement. The Underwriter agrees to supply to the District all information necessary to complete the Official Statement within 24 hours after the award of the Bonds.

The District reserves the right to reject any or all bids and to determine the best bid in its sole discretion, and to waive any informality in any bid. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the MuniAuction webpage and through *Thompson Municipal News*.

By submitting a bid, any Bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such Bidder has retained Bond Counsel in an unrelated matter, such Bidder represents that the signatory to the bid is duly authorized to, and does hereby consent to and waive for and on behalf of such Bidder any

conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the Bidder and Bond Counsel.

The Bonds will be delivered to the Underwriter against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be February 13, 2013. Should delivery, however, be delayed beyond forty-five (45) days from the date of sale for any reason beyond the control of the District except failure of performance by the Underwriter, the District may cancel the award or the Underwriter may withdraw the Deposit and thereafter the Underwriter's interest in and liability for the Bonds will cease.

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: Mr. Raymond Rieck, Vice President for Business Services, 5001 Lake Land Boulevard, Mattoon, Illinois 61938 (217) 234-5224 or from the Financial Advisor, Attention: Jennifer Currier, 2135 CityGate Lane, 7th Floor, Naperville, Illinois 60563, Telephone: (630) 657-6443.

By order of the Board of Trustees of the District, dated this 18th day of January, 2013.

/s/ Carl Hart

Chair, Board of Trustees

Community College District No. 517

Counties of Coles, Christian, Clark, Clay, Crawford,
Cumberland, Douglas, Edgar, Effingham, Fayette,
Jasper, Macon, Montgomery, Moultrie and Shelby
and State of Illinois

**OFFICIAL BID FORM
(OPEN AUCTION INTERNET SALE)**

Board of Trustees
 Community College District No. 517
 Counties of Coles, Christian, Clark, Clay, Crawford,
 Cumberland, Douglas, Edgar, Effingham, Fayette,
 Jasper, Macon, Montgomery, Moultrie and Shelby
 and State of Illinois

January 23, 2013

Ladies and Gentlemen:

Subject to all the provisions of your Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase \$5,350,000* General Obligation Community College Bonds, Series 2013, dated the date of issuance thereof, as described in said Notice, by paying a price of \$_____ (which is not less than 102.0% and not more than 106.0% of the par amount of the Bonds). The Bonds shall bear interest as follows (each rate (i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 4.00%):

<u>Maturity</u> <u>(December 1)</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>
2016	2,640,000	_____
2017	2,710,000	_____

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of each maturity of the Bonds on the day of sale in an amount not to exceed \$150,000. The aggregate par amount of the Bonds may also decrease in an amount not to exceed \$300,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 bond.

The Bonds are not subject to optional redemption prior to maturity.

The maturity indicated below constitutes a term bond. The term bond is subject to mandatory sinking fund redemption by lot in the amount currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

Maturity: _____ Term Maturity: _____

If total interest cost, true interest cost or the net interest cost stated below is incorrectly computed, the undersigned agrees that the above interest rates and premium below shall prevail.

Total Interest cost on the Bonds calculated to maturity at the rates specified above	\$ _____
(Less Premium)	\$ _____
Net Interest Cost	\$ _____

True Interest Cost

_____ %

The Bonds are to be accompanied by the unqualified approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and a certificate evidencing that no litigation is pending against the District which will affect the validity or security of the Bonds.

Attorneys' fees, Rating Agency fees, Auction Administrator fees, Financial Advisor fees, the cost of preparing and printing the Bonds, the fees of the bond registrar and paying agent for the Bonds, the cost of preparing and distributing the Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District.

We understand that if we are the winning bidder that we will deposit with the District Treasurer not later than 3:30 P.M. (CST) the next business day after the sale a certified or cashier's check or a wire in the amount of two percent of the par amount of the Bonds payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

Managing Underwriter

Direct Contact: _____

By: _____

Address: _____

Phone Number: _____

Fax Number: _____

E-Mail Address: _____

—PLEASE ATTACH A LIST OF ACCOUNT MEMBERS—

TOTAL BOND YEARS	\$23,040.00
AVERAGE LIFE	4.307 Years

The foregoing offer is hereby accepted this 23rd day of January, 2013, by the Board of Trustees of Community College District No. 517, Counties of Coles, Christian, Clark, Clay, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Macon, Montgomery, Moultrie and Shelby and State of Illinois and in recognition therefore is signed by the officials of the District empowered and authorized to make such acceptance.

Carl Hart
Chair, Board of Trustees
Community College District No. 517
Counties of Coles, Christian, Clark, Clay,
Crawford, Cumberland, Douglas, Edgar,
Effingham, Fayette, Jasper, Macon,
Montgomery, Moultrie and Shelby and
State of Illinois

Raymond Rieck
Vice President for Business
Services/Treasurer
Community College District No. 517
Counties of Coles, Christian, Clark, Clay,
Crawford, Cumberland, Douglas, Edgar,
Effingham, Fayette, Jasper, Macon,
Montgomery, Moultrie and Shelby and
State of Illinois