Rating: Moody's: Aa2
State Credit Enhancement

NEW ISSUE **See "Ratings" and "State Credit Enhancement" herein.**

In the opinion of Bricker & Eckler LLP, Bond Counsel, under existing law and assuming compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes, is not treated as an item of tax preference for purposes of the alternative minimum income tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended, and is exempt from certain taxes imposed by the State of Ohio. The Bonds are not "private activity bonds" within the meaning of the Code. The District has not designated the Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code. Interest on the Bonds may be subject to certain federal income taxes imposed on certain corporations, and certain taxpayers may have certain other adverse federal income tax consequences as a result of owning the Bonds.

LAKE COUNTY COMMUNITY COLLEGE DISTRICT, OHIO (LAKELAND COMMUNITY COLLEGE) GENERAL RECEIPTS BONDS, SERIES 2014

Dated: Date of Issuance **Due: December 1, as shown below**

Purposes: The $20,700,000 The General Receipts Bonds, Series 2014 (the "Bonds") will be issued for the purpose of paying the costs of certain auxiliary facilities and education facilities as defined in and pursuant to Ohio Revised Code Sections 3345.12 and 3354.121 and to refund, fund or retire bonds and other obligations previously issued for such purposes.

Security and Sources of Payment: The Bonds are special obligations of Lake County Community College District, Lake County, Ohio (the "District") owning and operating Lakeland Community College, issued under the Trust Indenture dated as of November 1, 2014, as supplemented by the First Supplement to Trust Indenture dated as of November 1, 2014, each between the District and U.S. Bank National Association, as Trustee. Principal, interest and any premium payable on the Bonds and on any additional General Receipts Obligations that may be issued are payable solely from the General Receipts of the District and the pledged Special Funds, as defined in and subject to the provisions of the Indenture. ***The Bonds are not obligations of the State of Ohio, are not general obligations of the District, and the full faith and credit of the District is not pledged to their payment. Bondholders have no right to have excises or taxes levied by the District or by the Ohio General Assembly for payment of principal, interest or premium on the Bonds.*** (See "**PLAN OF FINANCING**" herein.)

Payment: Principal is payable each December 1, beginning December 1, 2019. Interest on the Bonds will be payable semi-annually on June 1 and December 1, beginning June 1, 2015.

Redemption of Bonds: The Bonds are subject to redemption prior to maturity. The Bonds maturing on and after December 1, 2020 are subject to optional redemption prior to maturity in whole or in part on any date on or after December 1, 2019 at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date. (See "**THE BONDS**" herein.)

Book-Entry: The Bonds will be initially issued only as fully registered bonds, one for each maturity, issuable under a book entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC). There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement. (See "**BOOK-ENTRY ONLY SYSTEM**" herein.)

This cover page includes certain information for quick reference only. It is not a summary of the Bonds or the matters set forth herein. Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments. Capitalized terms not otherwise defined on this cover page shall have the meanings given to them in the **GLOSSARY** *herein.*

The Bonds are offered when, as and if issued, and accepted by Fifth Third Securities, Inc. (the "Underwriter"), subject to the opinion on certain legal matters relating to their issuance by Bricker & Eckler LLP, Bond Counsel. Municipal advisory services are provided to the District by Sudsina & Associates, LLC, Vermilion, Ohio. The Bonds are expected to be available for delivery to DTC or its agent on November 25, 2014. The date of this Official Statement is November 13, 2014, and the information speaks only as of that date.

<u>**MATURITY SCHEDULE**</u>

$20,700,000
Lake County Community College District, Ohio
(Lakeland Community College)
General Receipts Bonds, Series 2014

SERIAL BONDS

Year	Amount	Interest	Yield	Price	CUSIP[†]
2019	$735,000	5.000%	1.300%	117.912%	509433 AR9
2020	755,000	4.000	1.600%	111.524	509433 AS7
2021	775,000	4.000	1.850%	110.254	509433 AT5
2022	795,000	4.000	2.000%	109.501	509433 AU2
2023	815,000	4.000	2.150%	108.753	509433 AV0
2024	835,000	4.000	2.250%	108.257	509433 AW8
2025	855,000	4.000	2.350%	107.764	509433 AX6
2026	875,000	4.000	2.450%	107.274	509433 AY4
2027	895,000	4.000	2.550%	106.787	509433 AZ1

TERM BONDS

$1,875,000
3.250% TERM BONDS MATURING DECEMBER 1, 2029, YIELD 3.450%, PRICE 97.670%, CUSIP 509433 BA5 [†]

$2,000,000
3.500% TERM BONDS MATURING DECEMBER 1, 2031, YIELD 3.600%, PRICE 98.735%, CUSIP 509433 BB3 [†]

$2,135,000
3.625% TERM BONDS MATURING DECEMBER 1, 2033, YIELD 3.750%, PRICE 98.310%, CUSIP 509433 BC1 [†]

$3,480,000
3.750% TERM BONDS MATURING DECEMBER 1, 2036, YIELD 3.900%, PRICE 97.796%, CUSIP 509433 BD9 [†]

$3,875,000
4.000% TERM BONDS MATURING DECEMBER 1, 2039, YIELD 4.000%, PRICE 100.000%, CUSIP 509433 BE7[†]

 CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Bonds only at the time of issuance of the Bonds and the County does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP Number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. 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 for such person to make such offer, solicitation or sale. This Official Statement speaks only of its date, and the information contained herein is subject to change.

The information and descriptions in this Official Statement do not purport to be comprehensive or definitive. Statements regarding specific documents, including the Trust Indenture and the Bonds, are summaries and subject to the detailed provisions of those documents and are qualified in their entirety by reference to the appropriate document, copies of which will be made available upon request for examination at the office of the Underwriter during the initial offering of the Bonds and thereafter at the designated corporate trust office of the Trustee. 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 a part of, its responsibilities 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.

Upon issuance, the Bonds will not be registered by the District under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency, except the District will have, at the request of the District, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from appropriations, fees and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information.

Certain information contained in this Official Statement is attributed to the Ohio Municipal Advisory Council (OMAC). OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

References herein to provisions of Ohio law, whether codified in the Ohio Revised Code (the “Ohio Revised Code”) or uncodified, or to the provisions of the Ohio Constitution or the District’s resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

CUSIP data is assigned by Moody’s Investor’s Services, Inc., CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., an independent company not affiliated with the District or the Underwriter. Neither the District nor the Underwriter is responsible for the selection or uses of CUSIP numbers, and no representation is made as to their correctness. CUSIP numbers are subject to change after issuance of the Bonds.

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INTRODUCTORY STATEMENT

This Official Statement has been prepared by the Lake County Community College District (the "District"), Lake County, Ohio, in connection with its original issuance and sale of the Bonds identified on the cover page hereof (the "Bonds"). Certain information concerning the authorization, purpose, terms, and security for and source of payment of the Bonds is provided in this Official Statement.

The District, a political subdivision of the State, owns and operates Lakeland Community College (the "College"), a publicly-owned and supported, and State-assisted, two-year community college located in Lake County, Ohio. Information concerning the College and the District appears in "**APPENDIX A**" hereof.

The Bonds are being issued pursuant to Ohio Revised Code Chapter 3354 and Ohio Revised Code Section 3354.121 (together, the "Act"), a resolution adopted by the Board of Trustees of the District (the "Board") on September 4, 2014 (the "Bond Legislation"), and a Trust Indenture dated as of November 1, 2014 (the "Original Indenture"), as supplemented by the First Supplement to Trust Indenture dated as of November 1, 2014 (the "First Supplement" and, together with the Original Indenture, the "Indenture"), each between the District and U.S. Bank National Association, Cleveland, Ohio, as trustee (the "Trustee").

Pursuant to the Act, the District is authorized to construct "facilities" as defined in the Act, and to pay all or part of the costs of those facilities, and to refund, fund or retire prior obligations issued for that purpose, by the issuance of bonds, notes or other evidences of obligation, including interim receipts or certificates issued pending preparation of definitive obligations to be exchanged therefor, payable from General Receipts of the District. The Trust Indenture authorizes the issuance of obligations secured by a pledge of the District's General Receipts (referred to herein alternatively as the "Obligations" or the "General Receipts Obligations") to finance costs of those authorized facilities (referred to in the Trust Indenture as Permitted Facilities). The First Supplement specifically authorizes the issuance of the bonds, which are the District's first issue of General Receipts Obligations under the Trust Indenture.

All financial and other information in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources and certain underwriting information. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

This Official Statement should be considered in its entirety and no one subject considered less important than another by reason of location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents.

References to provisions of Ohio law or of the Ohio Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement "debt service" means principal and interest and any redemption premium payable on the obligations referred to, "County" means Lake County, Ohio, "State" or "Ohio" means the State of Ohio, and "Fiscal Year" means the 12-month period from July 1 to June 30. Reference to a particular Fiscal Year (such as "Fiscal Year 2014") means the fiscal year that ends on June 30 in the indicated year.

The General Receipts Obligations

The General Receipts Obligations represent a type of financing of facilities by state-assisted institutions of higher education in Ohio authorized by an amendment to the Ohio Constitution as implemented by the Act. Significant elements of this financing are the broad scope and gross pledge character of the security afforded to the Obligations, and the simplicity and flexibility provided by permitting all authorized types of Permitted Facilities to be financed under one open-end trust agreement. The District does not currently have outstanding General Receipts Obligations. (See "THE DISTRICT AND THE COLLEGE – Indebtedness" herein).

Security provisions include the pledge to the Obligations, on a gross pledge and first lien basis, of the District's General Receipts. General Receipts include the full amount of every type and character of receipts, excepting only those specifically excluded (such as State appropriations and local ad valorem property tax receipts). (See "Security and Sources of Payment--General Receipts Pledged to the Obligations".) In addition, the District is participating in a credit enhancement program with respect to the Bonds available under State law pursuant to which the District's State Share of Instruction payments may be paid directly to the Trustee by the State under certain circumstances. See "SECURITY AND SOURCES OF PAYMENT – Ohio Community and Technical College Credit Enhancement Program."

The Bond proceedings provide for the District's mandatory budgeting of its General Receipts in an amount sufficient to pay Debt Service Charges when due in each Fiscal Year. Payments are to be made by the District to the Trustee, not later than one business day preceding each interest payment date for the Obligations, for deposit into the Debt Service Account of the Debt Service Fund, a special trust fund held in the custody of the Trustee. Amounts in the Debt Service Account are to be applied by the Trustee to pay Debt Service Charges when due. (See "The Trust Agreement--Debt Service Account".)

In addition, the District has covenanted to fix, make, adjust and collect items of General Receipts to produce at all times General Receipts at least sufficient to pay Debt Service Charges when due and satisfy other requirements with respect to the Obligations and, together with other moneys available, to pay all other costs and expenses necessary for the proper maintenance and successful and continuous operation of the College. (See "Security and Sources of Payment--Covenant as to Sufficiency of General Receipts".)

The Trust Indenture is the basic document pertaining to all General Receipts Obligations and prescribes the conditions for the issuance of additional parity Obligations ("Additional Obligations"). For each issue of Additional Obligations a Supplemental Indenture is to be delivered, setting forth detailed provisions for that issue. For coverage requirements relating to the issuance of Additional Obligations, see "The Trust Indenture--Additional Obligations".

The proceeds of all General Receipts Obligations are to be applied solely to pay costs of Permitted Facilities, and to refund, fund or retire obligations issued for that purpose, as specifically provided and allocated in the applicable Series Resolution.

Permitted Facilities are defined in the Trust Indenture as any "facilities" as defined in the Act to be financed by the issuance of Obligations, including facilities constituting "Auxiliary Facilities," as defined in the Trust Indenture to include buildings, structures, and other improvements, and equipment, real estate and interests in real estate therefor, to be used for or in connection with student activity or student service facilities, dining halls, and other food service and preparation facilities, vehicular parking facilities, bookstores, athletic and recreational facilities, faculty centers, auditoriums, assembly and exhibit halls, hospitals, infirmaries and other medical and health facilities, research, and continuing education facilities; and "Educational Facilities," as defined in the Trust Indenture to include buildings, structures, and other improvements, and equipment, real estate and interests in real estate therefor, to be used for or in connection with classrooms or other instructional facilities, libraries, administrative and office facilities, and other facilities, other than Auxiliary Facilities, to be used directly or indirectly for or ion connection with the conduct of the institution of higher education.

The Act currently authorizes the financing of "facilities," defined to include "auxiliary facilities" (hospitals, infirmaries and other medical and health facilities, student activity or student service facilities, dining halls or other food service and preparation facilities, vehicular parking facilities, bookstores, athletic and recreational facilities, faculty centers, auditoriums, assembly and exhibition halls, research and continuing education facilities), and "educational facilities" (classrooms, or other instructional facilities, libraries, administrative and office facilities, and other facilities, other than auxiliary facilities, to be used directly or indirectly for or in connection with the conduct of the institution of higher education), and any one, part of or any combination of those facilities.

THE BONDS - AUTHORIZATION

The Bonds are authorized pursuant to the Act, enacted under authority of Section 2i of Article VIII of the Ohio Constitution, which provides that the General Assembly may authorize the issuance of revenue obligations and other obligations for capital improvements for state-supported and state-assisted institutions of higher education, which obligations may be secured by a pledge under law of all or such portion of receipts of those institutions as the General Assembly authorizes. Section 2i further provides that **the owners or holders of those obligations, such as the Obligations, are not given the right to have excises or taxes levied by the General Assembly for the payment of principal or interest.**

The Act authorizes the issuance by the District of the Bonds to pay all or part of the cost of "facilities" (referred to as "Permitted Facilities" in the Trust Indenture) and to refund, fund or retire obligations previously issued for the purpose; authorizes the pledge to the Bonds of all or such part of the "available receipts" of the District as the District determines in the Bond proceedings (being the General Receipts); and provides that the pledge of and lien on General Receipts may, as provided for in the Trust Indenture, be made prior to all other expenses, claims or payments.

The Board of Trustees (the "Board") of the District authorized the issuance of the Bonds pursuant to its Resolution No. 24-14, dated September 4, 2014 (the "Bond Resolution").

THE PROJECT

The proceeds from the sale of the Bonds will be used to pay costs associated with (i) the acquisition of certain real property located in Kirtland, Ohio and constituting the Holden University Center; (ii) the renovation of science labs; (iii) refunding the District's Series 2014 Tax Anticipation Notes; (iv) paying costs and expenses associated with the issuance of the Bonds; and (v) other capital improvements (collectively, the "Project").

From time to time the District issues bonds, notes, and other obligations secured by the pledge of its General Receipts to pay a portion of the costs of acquiring, constructing and installing Permitted Facilities. Additional sources of funding for such purposes include gifts, donations, State appropriations and other funds of the District. See **APPENDIX A – THE DISTRICT AND THE COLLEGE – Physical Plant** for a detailed description of the District's facilities.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds, other than accrued interest, if any (which will be deposited in the District's Bond Retirement Fund and used to pay interest on the Bonds), will be applied as follows:

Sources	
Par value of the Bonds	$20,700,000.00
Net original issue premium	522,948.90
Total Sources	$21,222,948.90
Uses	
Deposit to Project Fund	$17,700,000.00
Retirement of Series 2014 Tax Anticipation Notes	3,000,000.00
Costs of issuance*	522,948.90
Total Uses	$21,222,948.90

* Includes Underwriter's compensation, rating fees, legal fees, registrar and escrow fees, printing and distribution costs, and miscellaneous expenses.

SUMMARY OF CERTAIN TERMS OF BONDS

General

The Bonds will be dated, will be payable as to principal in the amounts and on the dates, will bear interest (computed on the basis of a 360-day year and a 30-day month) at the rates and payable on the dates, and will be payable at the place and in the manner described on the cover page. The Bonds are issuable as fully registered bonds in denominations of $5,000 and integral multiples thereof. Interest on the Bonds will be calculated based on a year of 360 days, consisting of twelve 30-day months.

The Trustee will keep all books and records necessary for registration, exchange and transfer of the Bonds. As a condition to exchange or transfer, the District or the Trustee may charge the holder of the Bonds for any tax or excise required to be paid with respect to the exchange or transfer.

The principal is payable only to the registered owner, initially DTC or its nominee, at the designated corporate trust office of the Trustee. Except as otherwise provided in the agreement between DTC and the Trustee, interest will be paid on each December 1 to the registered owner of a Bond at the close of the 15th day of the calendar month next preceding that interest payment date (the "Regular Record Date") (i) by check or draft mailed to the registered owner at the owner's address as it appears on the registration books maintained by the Trustee, or (ii) by wire transfer to such account, if any, as requested by such registered owner of $1,000,000 or more in aggregate principal amount of the Bonds, provided that notice of such request is given in writing by such owner to the Paying Agent not less than ten (10) days prior to an Interest Payment Date for which such notice shall be effective, such notice continuing in effect as to subsequent Interest Payment Dates until such time as an owner in writing notifies the Paying Agent to the contrary or until such time as such owner ceases to be an owner of the requisite principal amount of Bonds.

Discussion of the Bonds being issued only under the Book-Entry Only System is provided below. Details regarding the procedures for and manner of payment, issuance, exchange, and transfer of the Bonds if ever issued in certificated form as provided in the Bond proceedings are also stated below.

Prior Redemption*

General

Certain of the Bonds are subject to mandatory and optional redemption prior to maturity as described below.

Optional Redemption. The Bonds maturing on and after December 1, 2020 are subject to optional redemption prior to maturity in whole or in part on any date on or after December 1, 2019 at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds due December 1, 2029 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2028 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2028	$925,000

Unless otherwise called for redemption, the remaining $950,000 principal amount of the Bonds due December 1, 2029 is to be paid at stated maturity.

The Bonds due December 1, 2031 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2030 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2030	$985,000

Unless otherwise called for redemption, the remaining $1,015,000 principal amount of the Bonds due December 1, 2031 is to be paid at stated maturity.

The Bonds due December 1, 2033 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2032 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2032	$1,050,000

Unless otherwise called for redemption, the remaining $1,085,000 principal amount of the Bonds due December 1, 2033 is to be paid at stated maturity.

The Bonds due December 1, 2036 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2034 and December 1, 2035 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2034	$1,120,000
2035	1,160,000

Unless otherwise called for redemption, the remaining $1,200,000 principal amount of the Bonds due December 1, 2036 is to be paid at stated maturity.

The Bonds due December 1, 2039 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2037 and December 1, 2038 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2037	$1,245,000
2038	1,290,000

Unless otherwise called for redemption, the remaining $1,340,000 principal amount of the Bonds due December 1, 2039 is to be paid at stated maturity.

Selection of Bonds and Book-Entry Interests to be Redeemed

If fewer than all outstanding Bonds are called for redemption at one time, the Bonds to be called will be called as selected by, and selected in a manner as determined by, the District.

If less than all of an outstanding Bond of one maturity and interest rate under a book-entry system is to be called for redemption (in the amount of $5,000 or any integral multiple), the Trustee will give notice of redemption only to DTC as registered owner. The selection of the book-entry interests in that Bond to be redeemed is discussed below under **"Notice of Call for Redemption; Effect."**

If bond certificates are issued to the ultimate owners, and if fewer than all of the Bonds of a single maturity and interest rate are to be redeemed, the selection of Bonds (or portions of Bonds in amounts of $5,000 or any integral multiples) to be redeemed will be made by lot in a manner determined by the Trustee.

In the case of a partial redemption by lot when Bonds of denominations greater than $5,000 are then outstanding, each $5,000 unit of principal will be treated as if it were a separate Bond of the denomination of $5,000.

Notice of Call for Redemption; Effect

The Trustee is to cause notice of the call for redemption, identifying the Bonds or portions of Bonds to be redeemed, to be sent by first-class mail, at least 30 days prior to the redemption date, to the registered owner (initially, DTC) of each Bond to be redeemed at the address shown on the Register on the 15th day preceding that mailing. Any defect in the notice as to any Bond will not affect the validity of any proceedings for the redemption of any other Bonds.

If at the time of mailing of notice of an optional redemption of the Bonds there has not been deposited with the Trustee moneys or federal securities sufficient to redeem all Bonds called for such redemption, then such notice shall state that the redemption is conditional upon the deposit of moneys or such federal securities sufficient for the redemption with the Trustee and satisfaction of such requirements not later than the opening of business on the redemption date, and such notice will be of no effect and such Bonds shall not be redeemed unless such moneys or such federal securities are so deposited.

On the date designated for redemption, Bonds or portions of Bonds called for redemption shall become due and payable. If the Trustee then holds sufficient moneys for payment of debt charges payable on that redemption date, interest on each Bond (or portion of a Bond) so called for redemption will cease to accrue on that date.

So long as all Bonds are held under a book-entry system by a securities depository (such as DTC), call notice is sent by the Trustee only to the depository or its nominee. Selection of book-entry interests in the Bonds called, and giving notice of the call to the owners of those interests called, is the sole responsibility of the depository and of its Direct Participants and Indirect Participants. Any failure of the depository to advise any Direct Participant, or of any Direct Participant or any Indirect Participant to notify the Beneficial Owners, of any such notice and in its content or effect will not affect the validity of any proceedings for the redemption of any Bonds or portions of Bonds. See **"Book-Entry Only System."**

SECURITY AND SOURCES OF PAYMENT

The Bonds are special obligations of the District. Debt service on the Bonds is to be paid from the proceeds of the pledged General Receipts. The Bonds are being issued pursuant to, and will be secured by, the Trust Indenture. All outstanding Obligations, including the Bonds and any Additional Obligations, are and will be payable from and secured by a first pledge of and lien on the General Receipts of the District, subject to bankruptcy law and other laws affecting creditors' rights and to the exercise of judicial discretion.

Under certain circumstances, debt service on the Bonds may be paid from any amounts then presently due to the District as its State Share of Instruction payment ("SSI Payment") in accordance with an agreement among the Chancellor of the Board of Regents of the State (the "Chancellor"), the District and the Trustee, pursuant to which the Chancellor will pay the Trustee, upon notice from the Trustee of a shortfall in funds available to pay such debt service, the periodic SSI Payment next scheduled for distribution to the District. See "**Ohio Community College and Technical College Credit Enhancement Program.**"

The Bonds are not obligations of the State of Ohio, are not general obligations of the District, and do not pledge the full faith and credit of the District. Expressly excluded from General Receipts are State appropriations and proceeds of local ad valorem property tax levies.

The District covenants in the Trust Indenture to include in its budget for each Fiscal Year amounts from its General Receipts at least sufficient to pay for the operation and maintenance of the District and pay the Debt Service Charges on the Bonds when due and satisfy other requirements with respect to the Bonds (see "**The Trust Indenture—District Budgeting Requirements**").

The Trust Indenture establishes the Bond Fund, a special fund held by the Trustee, for the payment of Debt Service Charges on the Bonds. The District is to make payments from General Receipts to the Bond Fund in the Debt Service Fund in an amount and at the time set forth herein under "THE TRUST INDENTURE – Bond Fund".

The District may provide for bond insurance or other credit support instruments, or a reserve fund or account, with respect to any one or more series of Obligations and not with respect to any other Obligations or series of Obligations.

General Receipts Pledged to the Obligations

General Receipts pledged to the security and payment of the Bonds include all the receipts of the District, excepting only receipts expressly excluded by the Trust Indenture.

General Receipts are defined in the Trust Indenture as all moneys received by the District including but not limited to all gross fees, deposits, charges, receipts and income from all or any part of the students of the District, whether designated as tuition, instructional fees, tuition surcharges, general fees, activity fees, health fees or other special purpose fees or otherwise designated; all gross income, revenues and receipts from the operation, ownership, or control of Permitted Facilities; all grants, gifts, donations and pledges and receipts therefrom; and the proceeds of the sale of obligations, including proceeds of obligations issued to refund obligations previously issued, to the extent and as allocated to the payment of Debt Service Charges under the proceedings authorizing those obligations.

Exclusions from General Receipts are moneys raised by taxation (State and local) and State appropriations until and unless their pledge to Debt Service Charges is authorized by law (not anticipated to occur) and is made by a supplemental trust indenture; any grants, gifts, donations and pledges, and receipts therefrom, which under restrictions imposed in the grant or promise or as a condition of the receipt are not available for payment of Debt Service Charges; and any special fee charged pursuant to Section 154.21(D) of the Revised Code and receipts therefrom (that fee, relating to bonds of the State issued by the Ohio Public Facilities Commission, has never been required to be imposed and is not anticipated to be required to be imposed).

Pursuant to the Act, upon their receipt by the District, the General Receipts are immediately subject to the lien of the pledge made by the Trust Indenture, and the lien of that pledge is valid against all parties having claims of any kind, regardless of notice, and creates a perfected security interest without necessity for prior separation, physical delivery, filing or recording or further act by the District.

The following table summarizes General Receipts for the five preceding Fiscal Years:

GENERAL RECEIPTS

	2009	2010	2011	2012	2013
Student Tuition & Fees	$20,182,883	$22,457,660	$23,120,343	$23,064,511	$22,941,222
Federal Grants & Contracts	769,130	612,652	750,569	298,873	231,327
State Grants & Contracts	1,048,874	115,665	438,108	316,882	131,877
Private Grants & Contracts	380,296	(77)	68,242	262,855	433,644
Sales & Services	1,026,259	802,659	499,541	805,554	792,687
Auxiliary Enterprises	6,197,156	6,626,332	6,625,063	6,651,939	6,044,760
Other Operating Revenue	468,093	437,074	579,419	489,763	764,472
General Receipts	$30,072,691	$31,051,965	$32,081,285	$31,890,377	$31,339,989

Source: Audited financial statements of the College for each of the five Fiscal Years ended June 30.

The District is not aware of any factors that would result in the amount of General Receipts in any future Fiscal Year being materially less than those for Fiscal Year 2013, or that otherwise would impair its ability to pay Debt Service Charges on the Bonds.

The District's General Receipts for Fiscal Year 2013 (approximately $31,339,989) were more than twenty (20) times greater than the estimated maximum annual Debt Service Charges on the Bonds as shown on the inside front cover hereof.

Bond Fund

The District is required to make payments to the Trustee for deposit in the Bond Fund sufficient to pay Debt Service Charges on all Obligations when due. The Bond Fund and amounts therein are pledged as security for the payment of all Obligations, including the Bonds. The Bond Fund shall be invested, to the extent permitted by law, in Eligible Investments, as defined in the Indenture. See **THE INDENTURE - Bond Fund** herein.

Covenant as to Sufficiency of General Receipts

The Bonds are further secured by the District's covenant in the Trust Indenture that the District will fix, make, adjust and collect fees, rates, rentals and charges and other items of General Receipts as will produce at all times General Receipts at least sufficient to pay Debt Service Charges when due, to establish and maintain any required reserve so long as required, and, together with other moneys lawfully available, to pay all costs and expenses required to be paid under the Bond proceedings and all other costs and expenses for the proper maintenance and successful and continuous operation of the College. (See discussion of fees and charges in Appendix A under The District and the College-Student Fees and Charges.)

State Legislation Relative to University and College Fiscal Difficulties

The Ohio General Assembly has enacted Sections 3345.70 to .78 of the Ohio Revised Code (hereinafter in this section the "Fiscal Watch Act") providing methods for dealing with fiscal difficulties of state-supported universities and colleges in Ohio.

Under the Fiscal Watch Act, a board of trustees of a state university or college may declare that the university or college, as the case may be, is in a state of fiscal exigency. So long as such a state exists, the board (i) shall file minutes of their meetings and fiscal performance reports with the State Board of Regents, (ii) shall not use state funds to provide grants or scholarships to out-of-state students or subsidize off-campus housing or subsidize transportation to and from off-campus housing, and (iii) subject to any applicable bond proceedings and pledges, shall place all residence hall and meal fees in a rotary account dedicated to the upkeep and maintenance of dormitory buildings and to fund meal programs and place moneys for the operation of residence halls and meal programs in separately maintained auxiliary funds in the university accounting system.

The Fiscal Watch Act also requires the State's Office of Budget and Management to prepare rules for financial reporting by State-supported colleges and universities, establishing criteria for the State Board of Regents to determine when such a college or university is under a "fiscal watch," and specifying actions which must be taken by a college or university under a fiscal watch.

If the State Board of Regents determines that a fiscal watch exists, then the Governor of the State may, after consulting legislative leaders, appoint a conservator for the institution. Upon the making of such an appointment, all duties, responsibilities and powers of the institution's board of trustees are suspended and the management and control of the institution are assumed by the conservator, who also assumes custody of all property of the institution and the duties of the institution's president or chief executive officer. The conservator also conducts a preliminary performance evaluation of the institution's president or chief executive officer.

Within 30 days after the appointment of a conservator for such a college or university, the Governor must appoint, with the advice and consent of the State Senate, a five-member governance authority (the "Authority"). The Authority appoints an executive director and conducts a final evaluation of the institution's president or chief executive officer, who may be reinstated or terminated by the Authority. The Authority assumes management and control of the institution and its property from the conservator. The Authority also must prepare periodic reports about the institution including any progress in implementing reforms at the institution.

At least annually, the Authority must apply the fiscal watch criteria to the institution to determine whether sufficient fiscal stability has been achieved to warrant terminating the Authority's governance of the institution, and if so, the Authority must certify such finding to the Governor. The Governor may then issue an order terminating the Authority and fill vacancies on the board of trustees of such institution, which board assumes management and control of the institution and its property from the Authority.

The District's administration has reviewed applicable portions of the Fiscal Watch Act and the applicable rules of the State Office of Budget and Management, as well as records pertaining to the District's circumstances with respect to the Fiscal Watch Act, and is of the opinion that, with respect to the District, no circumstances or conditions exist that will cause a fiscal watch condition to be determined to exist under the Fiscal Watch Act.

Ohio Community and Technical College Credit Enhancement Program

Certain community colleges, state community colleges and technical colleges, including the District, that meet State-established criteria may participate in the credit enhancement program established under Section 3333.59 of the Ohio Revised Code (the "Credit Enhancement Program"). Under the Credit Enhancement Program, all or a portion of State Share of Instruction payments ("SSI Payments") to be paid to the District may be transferred by the Chancellor to the Trustee to provide for payments on the Bonds under certain circumstances. To qualify the Bonds for participation in the Credit Enhancement Program, the District must demonstrate to the Chancellor that (i) the projected SSI Payments for the current Fiscal Year are not less than 2.5 times the maximum annual Debt Service Charges on the Bonds payable in the current or any future Fiscal Year, and (ii) at any time during any Fiscal Year, the projected SSI Payments for such Fiscal Year that remain payable to the District in such Fiscal Year are not less than 1.25 times the Debt Service Charges that remain payable in such Fiscal Year.

Under the First Supplement, the District is required to deposit funds with the Trustee in equal fractional monthly installments to provide for the accumulation of funds in the Series 2014 Debt Service Account sufficient to pay the Debt Service Charges on the Bonds when due. Provided the fractional payments of Debt Service Charges by the District are made in full and when due, amounts necessary to pay the Debt Service Charges to Bondholders will be on deposit with the Trustee approximately two months prior to each Principal Payment Date and Interest Payment Date.

The District, the Chancellor and the Trustee will enter into a program agreement (the "Program Agreement") concurrently with the issuance of the Bonds to establish a mechanism under the Credit Enhancement Program by which SSI Payments to the District will be transferred directly to the Trustee for the payment of Debt Service Charges on the Bonds if a shortfall occurs in the District's funding of Debt Service Charges. Under the Program Agreement, the District must certify to the Chancellor and the Trustee, at least 15 business days prior to the monthly due date for the required deposit by the District of fractional installments of Debt Service Charges, the amount of any insufficiency in the funds available to the District to make the required deposit. If the amount that the District deposits to the Series 2014 Debt Service Account in any month is less than the amount required by the First Supplement, the Trustee must notify the Chancellor of such insufficiency. Upon receipt of notice of insufficiency, the Chancellor must determine whether the District is able to deposit sufficient moneys in the Series 2014 Debt Service Account to cure such insufficiency. If the Chancellor determines that the District is unable to do so, the Chancellor must pay to the Trustee from the SSI Payments otherwise payable to the District an amount equal to the lesser of (i) the amount of the deficiency and (ii) the amount of the SSI Payment allocated to the District for that month. Any such payment is to be made on the regularly scheduled date for periodic distribution of the District's allocated SSI Payment.

If SSI Payments are deposited with the Trustee pursuant to the Program Agreement, the District, in consultation with the Chancellor, is required to evaluate the District's inability to pay the monthly installments of Debt Service Charges and to develop and implement corrective actions to ensure full and timely payments by the District of future monthly installments of Debt Service Charges as they become due. If any insufficiency remains after any transfers by the Chancellor, the District is required to request that the Chancellor advance an amount of its SSI Payments sufficient to pay such insufficiency. If the Chancellor approves such request, the Chancellor will deposit with the Trustee the amount of the remaining insufficiency from any amount so advanced. The amount of the SSI Payments deposited with the Trustee will not be greater than the periodic distribution due to the District, regardless of the amount owed by the District. The Chancellor will continue to make payments to the Trustee from each successive periodic distribution of the District's SSI Payments until the deficiency is paid in full.

The Program Agreement is irrevocable as long as any of the Bonds are outstanding. *The Chancellor's responsibilities under the Program Agreement are a mechanism for delivering money to the Trustee which would otherwise go to the District and are an obligation of the Chancellor only to the extent that money is appropriated by the General Assembly of the State for SSI Payments. They do not constitute obligations or debts or pledges of the faith, credit or taxing power of the State of Ohio, and the holders or owners of the Bonds have no right to have taxes levied or appropriations made by the General Assembly for the payment of debt service of the Bonds. The Program Agreement and any payments by the State thereunder do not constitute the assumption by the State of any debt of the District.* ***There can be no assurance as to the future levels of State funding of the SSI Payments.***

Information with respect to the financial condition of the State can be found at the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, including the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2014 and the Monthly Financials as of October 10, 2014.

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State Share of Instruction Payments to the District

The aggregate SSI Payments made to all State universities and colleges (including four-year universities, community colleges, state community colleges, and technical colleges) and the aggregate SSI Payments made to the District in each of the five preceding Fiscal Years were, and estimated for Fiscal Year 2013 are, as follows:

State Share of Instruction Payments

Fiscal Year	Aggregate SSI Payments to All State Universities and Colleges[(a)]	District SSI Payments[(b)]
2008	$1,717,703,169	$17,940,312
2009	1,817,101,568	19,985,132
2010	1,987,582,377	20,670,468
2011	1,998,357,633	19,998,375
2012	1,735,530,031	17,621,029
2013	1,751,225,497	17,563,378

(a) Includes Access Challenge funding (and Success Challenge funding to four-year schools) for years prior to Fiscal Year 2010. Beginning in Fiscal Year 2010, Access Challenge funding and Success Challenge funding is included in SSI Payments.
(b) Includes $2,960,167 and $2,914,848 of federal fiscal stabilization funds in Fiscal Years 2010 and 2011, respectively.
Source: The Ohio Board of Regents.

Only the SSI Payments payable to the District (and not those payable to other State universities and colleges, community colleges, state community colleges, or technical colleges) are available to provide for payments on the Bonds under the Credit Enhancement Program. There can be no assurance as to the future levels of State funding of SSI Payments.

Information with respect to the financial condition of the State, including particularly the Ohio Office of Budget and Management Monthly Financial Report can be found at the Investor Relations Portal maintained on the website of the Office of Budget and Management of the State of Ohio (http://obm.ohio.gov/Budget/). This reference to information is not intended to indicate future or continuing trends in the financial or other positions of the State, and no representation is made that recent or current experience, as might be shown by this information, will necessarily continue in the future.

Book-Entry Only System

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, the Trustee, and the Underwriter make no representations and take no responsibility for the accuracy or completeness thereof.

Direct Participants and Indirect Participants (each as defined below) may impose service charges on book entry interest owners in certain cases. Purchasers of book entry interests should discuss that possibility with their brokers.

The District:

- Has no role in the purchase, transfer or sale of book entry interests. The rights of book entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book entry interest owners may want to discuss with their legal advisers the manner of transferring or pledging their book entry interests.

- Has no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

- Cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments to book entry interest owners of Bond Service Charges on the Bonds paid to Cede & Co. as the registered owner, or will give any redemption or other notices, to the book entry interest owners, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

The Bonds will be issued and issuable only as fully registered Bonds, one for each respective maturity and interest rate per maturity, in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (DTC), as registered owner of all the Bonds. Those fully registered Bonds will be retained and immobilized in the custody of DTC or its agent. For ease of reference in this discussion, reference to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the bond proceedings, DTC, or its nominee, will be and will be considered by the District to be the owner or Holder of the Bonds.

Owners of book entry interests in the Bonds will neither receive nor have the right to receive physical delivery of bond certificates for the Bonds and will not be or be considered to be, and will not have any rights as, registered owners ("Holders") of Bonds under the bond proceedings.

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. DTC holds and provides asset servicing for over 3.5 million issues of 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 securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities 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 whollyowned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities 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"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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 the 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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds. 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 the 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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 detail information from the District or the 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 securities 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 the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor 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.

Revision of Book-Entry Only System - Replacement Bonds

The Authorizing Legislation provides for issuance of fully registered Bonds (the "Replacement Bonds") directly to owners other than DTC or its nominee only if DTC determines not to continue to act as security depository of the Bonds. In such event, the District may in its discretion establish a securities depository/book entry relationship with another qualified securities depository. If the District does not or is unable to do so, and after appropriate notice to DTC, the District's Bond Registrar will authenticate and deliver fully registered Replacement Bonds, in the denominations of $5,000 or any multiple thereof, to or at the direction of and, if the event is not the result of District action or inaction, at the expense (including printing costs) of, any persons requesting such issuance. Replacement Bonds may be transferred, registered and assigned only in the registration books of the District's Bond Registrar.

THE INDENTURE

The Bonds will be issued under the Bond Resolution, the Indenture and the First Supplement. Reference is made to the Bond Resolution, the Indenture, the First Supplement and the form of Bonds for the Bonds for complete details of the terms of the Bonds and security therefor. The following is a summary of certain provisions of the Indenture and should not be considered a full statement thereof.

Bond Fund

Monies in the Bond Fund are used for the payment of current Debt Service Charges. Payments sufficient in time and amount to pay the Debt Service Charges on the Bonds as they become due are to be paid by the District directly to the Trustee and deposited in the Bond Fund to the extent monies in the Bond Fund are not otherwise available therefor.

Moneys in the Bond Fund shall be invested and reinvested by the Trustee, to the extent permitted by applicable law, in: (i) Government Obligations, (ii) any bonds, participation certificates or other obligations of any agency or instrumentality of the United States, including obligations of the Federal Farm Credit Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Land Banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association and Student Loan Marketing Association; (iii) certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, having a capital and surplus of $50,000,000 or more and which are members of the Federal Reserve System; (iv) repurchase agreements with banks or other financial institutions, including the Trustee, which are fully collateralized by obligations described in clauses (i) or (ii) above based upon market value, which obligations are in the possession of the Trustee or its agent and are free and clear of all security interests, liens or other rights of any third party, and in which obligations the Trustee has a first, perfected security interest; provided that any financial institution which is a broker-dealer must be a member of the Securities Investor Protection Corporation; (v) any no front end load money market mutual fund or collective investment fund, as defined in Section 1111.01(A) of the Ohio Revised Code, established by a bank, including the Trustee, in either case consisting exclusively of obligations of the United States or any agency thereof; (vi) the Ohio Subdivision's Fund created by section 135.45 and (vii) general or full faith and credit obligations of the State of Ohio and obligations of any state of the United States or any political subdivision thereof, the full payment of principal of and premium, if any, and interest on which are provided for by an irrevocable deposit in trust of obligations of the type specified in (i) above and which carry either of the two highest rating categories of the Rating Services.

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Covenants of the District

In the Indenture, the District covenants, among other things:

- to pay the Debt Service Charges on any Obligation according to their terms and the terms of the Indenture;
- to pay all the costs, charges and expenses incurred by the Trustee or any Holder, including reasonable attorneys' fees reasonably incurred or paid because of the failure on the part of the District to perform, comply with and abide with each and every one of the stipulations, agreements, conditions and covenants of the Obligations and the Indenture, or either of them;
- to fix, make, adjust and collect fees, rates, rentals and charges and other items of General Receipts as will produce at all times General Receipts sufficient to pay the Debt Service Charges when due, to establish and maintain amounts, if any required to be deposited in any Bond Reserve Fund, to pay all other costs and expenses for the proper maintenance and successful and continuous operation of the District and to pay any amounts due and payable to the provider of any insurance policy, guaranty, surety bond or letter of credit held in the Bond Reserve Fund; and
- to do any and all things necessary in order to maintain the pledge, assignment and grant of a lien on and security interest in the pledged General Receipts and Special Funds as valid, binding, effective and perfected, all as provided in the Indenture.

Events of Default and Remedies

Each of the following is declared in the Indenture to be an "Event of Default":

- Failure to pay any interest on any Obligation when and as the same shall become due and payable;
- Failure to pay the principal of or any redemption premium on any Obligation when and as the same shall become due and payable, whether at the stated maturity thereof or by redemption or acceleration or pursuant to any mandatory sinking fund requirements.
- Failure by the District to perform or observe any other covenant, agreement or condition on the part of the District contained in the Indenture or in the Obligations, which failure or Event of Default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the District by the Trustee, specifying the failure or Event of Default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the Holders of not less than twenty five percent in aggregate principal amount of the Obligations then outstanding; provided that the Person or Persons requesting such notice may agree in writing to a 90-day extension of such period prior to the expiration of the initial 30-day period; provided further, however, that

if the District shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the District to diligently complete such curative action.

- The District shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or, (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property.

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the holders of not less than 25% in aggregate principal amount of outstanding Obligations shall, upon being properly indemnified, take appropriate actions, in equity or at law including application to a court for the appointment of a receiver to receive and administer pledged General Receipts, to protect and enforce all the rights of the Trustee and the Obligation holder under the Indenture. In addition, in the event of the occurrence of any Event of Default, the Trustee may, and upon the request of the holders of at least 25% in aggregate principal amount of the then outstanding Obligations, shall so long as properly indemnified, by appropriate notice to the District, declare the principal of all the outstanding Obligations and the accrued interest thereon, immediately due and payable. Further provision is made for the rescission of such last declaration upon the payment of all amounts due, and for waivers in connection with events of default.

Furthermore, the Holders of a majority in aggregate principal amount of the Obligations then outstanding, shall, in accordance with the terms of the Indenture, have the right by written instrument delivered to the Trustee to direct the method and place of conducting any and all remedial proceedings under the Indenture, as to their respective interests.

As provided in the Indenture, before taking remedial action the Trustee may require that a satisfactory indemnity bond be provided for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any action so taken. The Trustee may act without such indemnity, in which case its expenses are reimbursable by the District from General Receipts available therefor.

The holders of the Obligations are not entitled to enforce the provisions of the Indenture or to institute, appear in or defend any suit, action or proceeding to enforce any rights, remedies or covenants granted or contained in the Indenture or to take any action with respect to any Event of Default under the Indenture, except as provided in the Indenture.

Defeasance

If there is paid or caused to be paid all Debt Service Charges due or to become due on outstanding Obligations, and provision is made for paying all other sums payable under the Indenture by the District, then the Indenture shall cease, determine and become null and void, and the covenants, agreements and other obligations of the District thereunder shall be discharged and satisfied. Thereupon, the Trustee shall release the Indenture and shall execute and deliver to the District such instruments to evidence such release and discharge as may be reasonably required by the District, and the Trustee and Paying Agents shall deliver to the District any property at the time subject to the lien of the Indenture which may then be in their possession except for amounts in the Bond Fund required to be held by the Trustee and Paying Agent, as required under the Indenture.

All Debt Service Charges due or to become due on any series of outstanding Obligations will be deemed to have been paid or caused to be paid for such purpose if:

(i) the Trustee and Paying Agents hold, in the Bond Fund in trust for and irrevocably committed thereto, sufficient monies, or

(ii) the Trustee holds, in trust for and irrevocably committed thereto, in the Bond Fund, investments qualifying as Government Obligations (as defined in the Indenture) certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal or the interest earnings (likewise to be held in trust and committed, except as described below), be sufficient together with monies referred to in (ii) above, for the payment at their maturity or redemption date, of all Debt Service Charges thereon to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any such Obligations are to be redeemed prior to their maturity, notice of such redemption has been given or irrevocable provision satisfactory to the Trustee has been made for the giving of such notice.

Any monies held by the Trustee in accordance with provisions (a) or (b) above shall be invested only in investments qualifying as Government Obligations, the maturities or redemption dates of which, at the option of the holder, shall coincide as nearly as practicable with, but no later than, the time or times at which said monies will be required for such purposes. Any income or interest earned by, or increment to, such investments shall, to the extent not required for the applicable purposes, be transferred to the District free of any trust or lien.

In the event that the Indenture is satisfied and discharged in accordance with the two preceding paragraphs with respect to all Obligations, all Obligations then outstanding shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds held by the Trustee and the Paying Agents pursuant to such paragraphs or by the District (pursuant to the provisions for unclaimed monies described below), and such will be deemed not to be outstanding under the Indenture. It is the duty of the Trustee and the Paying Agents and the District to so hold such funds for the benefit of the holders of Obligations.

Supplemental Indentures, Modifications

The Trustee and the District may, from time to time, enter into Supplemental Indentures for any of the following purposes without the consent of or any action by the Holders:

- To cure any ambiguity, inconsistency or formal defect or omission in the Indenture or in any Supplemental Indenture;
- To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;
- To subject additional revenues or property to the lien and pledge of the Indenture or to provide for a partial release of General Receipts from the lien of the Indenture in accordance with Section 4.11 of the Indenture;
- To add to the covenants and agreements of the Issuer contained in the Indenture other covenants and agreements thereafter to be observed for the protection of the Holders, or, if in the judgment of the Trustee such is not to the prejudice of the Trustee or the Holders, to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture, including the limitation of rights of redemption so that in certain instances Obligations of different series will be redeemed in some prescribed relationship to one another;
- To evidence any succession to the Issuer and the assumption by such successor of the covenants and agreements of the Issuer contained in the Indenture or other instrument providing for the operation of the Issuer or Permitted Facilities, and the Obligations;
- In connection with the issuance of Obligations in accordance with the Indenture;
- To permit the Trustee to comply with any obligations imposed upon it by law;
- To permit the exchange of Obligations, at the option of the Holder or Holders thereof, for coupon Obligations of the same. series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the Predecessor Obligations, as defined in the Indenture, bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the opinion of nationally recognized bond counsel selected by the Issuer and acceptable to the Trustee, that exchange would not result in the interest on any of the Obligations outstanding becoming subject to federal income taxation;
- To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents;
- To achieve compliance of the Indenture with any applicable federal or Ohio laws, including tax laws; and

- In connection with any other change hereto which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Obligations.

Exclusive of Supplemental Indentures referred to above, and subject to terms, provisions and limitations contained in the Indenture, the Holders of a majority in aggregate principal amount of the Obligations then outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the District and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided that nothing in the Indenture or elsewhere shall permit, or be construed as permitting, a Supplemental Indenture providing for (a) (i) a reduction in the percentage of Obligations the consent of the Holders of which is required to consent to such Supplemental Indenture or (ii) a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Holders of all Obligations then outstanding, (b) effect a change in the times, amount or currency of payment of the principal of, premium, if any, on or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of each such Obligation so affected, or (c) modify the right of the holders of not less than twenty-five percent in aggregate principal amount of the Obligations then outstanding and in default as to payment of principal, premium or interest to compel the Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of a majority in aggregate principal amount of the Obligations then outstanding.

Additional Obligations; Partial Release of General Receipts

Additional Obligations, as the same may from time to time be authorized by Series Resolutions, are issuable on parity with or subordinate to all other Obligations, including the Bonds, subject to the conditions set forth in the Indenture. The Indenture provides that, except when necessary or appropriate in the opinion of the Trustee to avoid an Event of Default, no Obligations shall be issued unless (i) no Event of Default exists with respect to any covenants or obligations of the District contained in the Indenture or in the Obligations and the authentication and delivery of those Obligations will not result in any such Event of Default and (ii) the General Receipts of the District for the most recently completed Fiscal Year are at least two times the Maximum Annual Debt Service on all Obligations outstanding and to be outstanding after the issuance of the Obligations then under consideration.

The District may incur indebtedness payable from General Receipts other than pursuant to the Indenture as long as such indebtedness is expressly subordinate to indebtedness incurred under and subject to the lien of the Indenture ("Subordinated Indebtedness"). The Indenture may be amended and supplemented to release specified sources or portions of General Receipts from the pledge and lien of the Indenture; *provided* that, the average of General Receipts for the two preceding Fiscal Years, less the average of the sources or portion thereof for the two preceding Fiscal Years to be removed from General Receipts, are certified to be, on a pro forma basis for the current Fiscal Year, equal to or greater than five (5) times Maximum Annual Debt Service.

CERTAIN LEGAL MATTERS

Legal matters incident to the validity of the Bonds and certain other matters regarding the Bonds are subject to the legal opinion of Bricker & Eckler LLP, Bond Counsel. See **TAX MATTERS** herein. The legal opinion, dated and premised on law in effect as of the date of issuance and delivery of the Bonds, will be delivered to the Underwriters at the time of original delivery. The proposed text of the opinion of Bond Counsel is attached as **APPENDIX C** herein. The legal opinion to be delivered to the Underwriter at the time of issuance and delivery of the Bonds may vary from that text if necessary to reflect facts and law on the date of issuance and delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expressed any opinion concerning any of the matters referred to in the opinion subsequent to its date.

In addition to rendering the legal opinion, Bond Counsel will assist the District in the preparation of and advise the District concerning documents for the bond transcript.

Certain legal matters will be passed upon for the Treasurer by its special counsel Bricker & Eckler LLP.

TAX MATTERS

General

In the opinion of Bricker & Eckler LLP, Bond Counsel, under existing law interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for purposes of the corporate alternative minimum tax. Further, the Bonds are not "private activity bonds" as defined in Section 141(a) of the Code.

The Bonds and the interest, transfer and any profit made on the sale or other disposition thereof are exempt from taxes levied by the State of Ohio and its political subdivisions. For purposes of this paragraph, "taxes" means any direct or indirect taxes, including income, ad valorem, transfer, excise taxes, commercial activities tax and the corporate franchise tax measured by net income of a corporation, but "taxes" does not mean or include: (i) the corporate franchise tax measured by net worth of a corporation; (ii) the estate tax; (iii) the taxes levied on insurance companies and dealers in intangibles pursuant to Chapter 5725 of the Ohio Revised Code; and (iv) the tax on shares of and capital employed by dealers in intangibles pursuant to Section 5707.03 of the Ohio Revised Code. Bond Counsel will express no opinion and make no representation regarding other federal, state or local income tax consequences resulting from the receipt or accrual of interest on the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications made by the District and others, and the compliance with certain covenants of the District, to be contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not and will not independently verify the accuracy of such certifications and representations.

The District has not designated the Bonds as "qualified tax exempt obligations" as defined in Section 265(b)(3) of the Code.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and remain excluded from gross income for federal income tax purposes, some of which, including provisions for the rebate by the District of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income tax retroactively to the date of their issuance. The District covenants in the Indenture to take such actions that may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Under the Code, interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States of America, and a tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes can have certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including among them financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax exempt obligations and individuals otherwise eligible for the earned income credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other items of income and expenses of the owners of the Bonds. Bond Counsel will express no opinion and make no representation regarding such consequences.

General information reporting requirements will apply to interest payments made on the Bonds. Recipients of interest payments must furnish their social security number or employer identification number and certify that it is correct (utilizing Form W-9, request for Taxpayer Identification Number and Certification or other form). Backup withholding will apply to such interest payments if the owner fails to provide accurate taxpayer identification number information or if notified by the Internal Revenue Service that backup withholding is required.

Prospective purchasers of the Bonds should consult with their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the District as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value or marketability of the Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the inside front cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside Cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") as indicated on the inside front cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside front cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult with their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

LITIGATION

To the knowledge of appropriate District and College officials, there is no litigation or administrative action or proceeding pending to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or to contest or question the proceedings and authority under which the Bonds are authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. A no-litigation certificate to that effect will be delivered by the District at the time of original delivery of the Bonds.

The District is a party to various legal proceedings seeking damages or injunctive relief and generally incidental to its operations but unrelated to the Bonds. The ultimate disposition of those proceedings is not presently determinable, but will not, in the opinion of the appropriate District officials, have a material adverse effect on the Bonds or the security for the Bonds.

RATING

The Bonds have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") with the understanding that upon delivery of the Bonds the District, the Trustee and the Chancellor will have entered into an agreement securing the Bonds under the State Credit Enhancement Program. See "SECURITY AND SOURCES OF PAYMENT – Ohio Community and Technical College Credit Enhancement Program."

The rating reflects only the respective view of the rating organization, and any explanation of the meaning or significance of the ratings may only be obtained from the rating service. The District furnished to the rating service certain information and materials, some of which may not have been included in this Official Statement, relating to the Bonds and the District. Generally, rating services base their ratings on such information and materials and on their own investigation, studies and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Bonds.

The District expects to furnish the rating services with information and materials that may be requested. However, the District assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Bonds.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a certificate (described under Litigation) relating to litigation will be delivered by the District when the Bonds are delivered by the District to the Underwriter. The District at that time will also provide to the Underwriter a certificate, signed by the District officials who sign this Official Statement and addressed to the Underwriter, relating to the accuracy and completeness of the Official Statement and to its being a “final official statement” in the judgment of the District for purposes of SEC Rule 15c2-12(b)(3).

CONTINUING DISCLOSURE AGREEMENT

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”) District will agree pursuant to a Continuing Disclosure Certificate dated as of the date of sale of the Bonds to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System (“EMMA”), certain annual financial information and operating data, including financial statements, generally consistent with the information contained in the audited financial statements of the District (“annual financial information”); such information shall be provided on or before December 1 of each year, commencing December 1, 2015, provided, however, that the audited financial statements of the District are not available to the District at the time of providing the annual financial information, the District will provide such annual financial statements to EMMA within thirty (30) days of availability to the District.

(ii) to EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:

(a) Principal and interest payment delinquencies;
(b) Non-payment related defaults, if material;
(c) Unscheduled draws on debt service reserves reflecting financial difficulties;
(d) Unscheduled draws on credit enhancements reflecting financial difficulties;
(e) Substitution of credit or liquidity providers, or their failure to perform;
(f) Adverse tax opinions or events affecting the tax-exempt status of the security;
(g) Modifications to rights of security holders, if material;

(h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
(i) Defeasances;
(j) Release, substitution or sale of property securing repayment of the securities, if material;
(k) Rating changes;
(l) Failure to file continuing disclosure by deadline;
(m) Bankruptcy, insolvency, receivership or similar event of the obligated person;
(n) The consummation of a merger, consolidation, or acquisition involving an obligated person, or the sale of all or substantially all of the assets of the obligated person, 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; and
(o) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) to EMMA, notice of a failure to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The Continuing Disclosure Certificate provides bondholders with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Continuing Disclosure Certificate does not constitute a default under the Bond Legislation. The Continuing Disclosure Certificate may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Continuing Disclosure Certificate, copies of which are available at the office of the District, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to events as set forth in the Rule, there is no property securing the repayment of the Bonds.

EMMA filings made by the District in prior years may be found by searching the EMMA website for filings associated with CUSIP-6 509432 and CUSIP-6 509433.

UNDERWRITING

Fifth Third Securities, Inc. (the "Underwriter"), has agreed to purchase the Bonds, subject to certain conditions precedent, at a purchase price of $21,222,948.90, which equals the par amount of the Bonds of $20,700,000, plus net original issue premium of $522,948.90, less underwriter's discount of $389,576.50. The Underwriter may offer the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at a price lower than that offered to the public. The initial public offering prices may be changed from time to time by the Underwriter.

ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY

To the extent that a particular investor is governed by Ohio law with respect to its investments, and subject to any applicable limitations under other provisions of Ohio law, under the Act the Bonds are lawful investments for banks, insurance companies, including domestic for life and domestic companies not for life, savings and loan associations, deposit guaranty companies, trust companies, fiduciaries, trustees, sinking funds or bond retirement funds of municipal corporations, school districts and counties, the commissioners of the sinking fund, the administrator of workers' compensation, the State Teachers' Retirement System, the Public Employees' Retirement System and the School Employees Retirement System, notwithstanding any other provisions of the Ohio Revised Code with respect to such investments.

The Act provides that the Bonds are acceptable under Ohio law as security for the deposit of public moneys.

Each Book Entry Interest Owner of the Bonds should make its own determination as to such matters of legality of investment in, or pledge of book-entry interests in, the Bonds

BOND REGISTRAR

U.S. Bank National Association, Cleveland, Ohio, will act as bond registrar, paying agent, and transfer and authenticating agent for the Bonds. The Bond Registrar will keep all books and records necessary for registration, exchange and transfer of the Bonds, in accordance with the terms of agreements between it and the District.

The Bond Registrar is a national bank, with its main Ohio corporate trust office in Cleveland, Ohio. It regularly acts as registrar for securities issues of Ohio local governments.

MUNICIPAL ADVISOR

The District has retained Sudsina & Associates, LLC (the "Municipal Advisor"), to provide financial advice in connection with the District's issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONCLUDING STATEMENT

Quotations in this Official Statement from, and summaries and explanations of, the provisions of the Ohio Constitution, the Revised Code and other laws, and the Trust Indenture, do not purport to be complete, and reference is made to the pertinent provisions of the Constitution, Revised Code and other laws and those documents for all complete statements of their provisions. Those documents are available for review at the District during regular business hours at the office of the Senior Vice President for Administrative Services and Treasurer. During the initial offering period, copies of those documents will also be available for review at the main office of the Underwriter.

To the extent that any statements in this Official Statement involve matters of estimate or opinion, whether or not expressly stated to be such, those statements are made as such and not as representations of fact or certainty, and no representation is made that any of those statements will be realized. Information in this Official Statement has been derived by the District from official and other sources and is believed by the District to be reliable, but information other than that obtained from official records of the District has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

This Official Statement is not to be construed as or as part of a contract or agreement with the original purchasers or Holders of the Bonds.

This Official Statement has been prepared, approved and delivered by the District, and executed for and on its behalf and in their official capacities by the officers indicated below.

LAKE COUNTY COMMUNITY COLLEGE DISTRICT

By: /s/ Ryan Callender
Chair, Board of Trustees

By: /s/ Morris W. Beverage, Jr.
President

And by: /s/ Michael E. Mayher
Senior Vice President for Administrative Services and Treasurer

Dated: November 13, 2014

APPENDIX A

THE DISTRICT AND THE COLLEGE

General

The District is one of six community college districts in Ohio supported by both local taxation and State appropriations. It is the fourth largest of those community colleges. The District established Lakeland Community College in 1967, and awarded its first degrees in 1969.

Although the District is geographically co-extensive with the County, it is an entirely separate subdivision. County-based information in this Official Statement, including particular demographic information and certain property tax matters, is presented as general information.

The District, a political subdivision of the State, owns and operates Lakeland Community College (the "College"), a publicly owned and supported two-year community college located in Lake County, Ohio. The College opened its doors in 1967 in temporary quarters to 1,073 students. In 1968, the District purchased 392 adjoining wooded acres on State Route 306 near Interstate 90 in the cities of Mentor, Kirtland, and Willoughby and adopted a master building plan. The citizens of the District showed their support by contributing more than $1,000,000 to the initial building fund campaign. The campus today consists of 13 major buildings, valued at $139,900,000 (October 2006 appraisal date). Credit and non-credit courses are also offered off-campus at several sites within the county.

Unduplicated fall 2013 headcount enrollment at the College was 8,827. Ohio residents comprised approximately 99.6% of that enrollment and approximately 62.6% were County residents. The College offers more than 1,100 courses in four academic divisions. Those divisions are supplemented by other instructional support, student services and administrative services divisions. Faculty, administration and support staff number 902 (headcount) for the current academic year.

Commencing with its fall term 2000, the College implemented a successful transition from quarters to semesters. In May 2002, the District's 1.5 mill, ten-year replacement levy was approved by 68% of County voters. In November 2010, County voters approved a 1.7 mill permanent replacement levy. In November 2011, County voters approved a 1.5 mill, ten-year renewal levy. For three consecutive years (2003-2005), the College was awarded the prestigious North Coast 99 award as one of the top 99 employers in northeast Ohio. The College is nationally recognized in higher education as a leader in its energy conservation efforts; in that regard, in 2010 it received the Community College Futures Assembly "Bellwether Award" in planning, governance, and finance for these efficiency accomplishments. Additionally, the College's higher education partnership efforts through its Holden University Center were recognized by the Ohio Board of Regents as a "Student Learning-Centered Efficiency" in their 2013 Efficiency Advisory Committee Report.

The College and the Area and Community

The College has long benefited from close ties with the County and northeast Ohio area. The County population is 229,857 (U.S. Census Bureau, 2013 population estimate).

The College offers programs which complement the offerings of nearby public and private institutions. See **Academic Programs, Accreditations, and Articulation.**

Governance and Administration

Board of Trustees

The District is governed by a nine-member Board of Trustees. Six trustees are appointed by the County Commissioners, and three by the Governor, all for five year terms.

The current members of the Board (all residents of the County), with the years in which their respective terms expire stated in parentheses, are:

Name	**Occupation**
Kathleen T. Malec (2015)	Retired Nursing Professor
Kenneth J. Quiggle (2015)[b]	Retired Business Agent
Ryan Callender (2016)[a]	Attorney
David A. Kalina (2016)	Retired Partner, Architectural and Engineering Firm
Dr. Paul Vanek (2017)	Physician
Beverly A. Vitaz (2017)	Retired Partner, CPA Firm
Kip L. Molenaar (2019)	City Administrator
Roger J. Sustar (2019)	Corporate CEO

[One Board position is currently vacant.]

[a] Chair
[b] Vice Chair

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Administrative Officers

The administrative direction of the District has been delegated by the Board of Trustees to the President and administrative staff. The administrative staff is appointed by the President subject to Board approval.

The current administrative officers are:

Name	**Office**
Morris W. Beverage, Jr.	President and Interim Executive Vice President & Provost
Catherine A. Bush	Chief of Staff and Senior Vice President for Institutional Development and Effectiveness
Michael E. Mayher	Senior Vice President for Administrative Services and Treasurer
Dawn M. Plante	Chief Communications Officer and Vice President for Community and College Relations

Dr. Morris W. Beverage, Jr. started at Lakeland Community College as Vice President for Administrative Services and Treasurer in 1990 and was promoted to President in 2001. In 2014, he was appointed Interim Executive Vice President & Provost, while continuing to serve as President. He served as Director of Finance for the City of Mentor, Manager of Finance at Fredon Corporation, and Senior Accountant at Arthur Andersen & Company. Dr. Beverage has an A.A. from Lakeland Community College, B.S. and M.B.A. from Lake Erie College and a doctorate from Case Western Reserve University.

Catherine A. Bush was promoted into the role of Chief of Staff and Senior Vice President for Institutional Development and Effectiveness in March 2014. She has twenty-plus years of service to the College, including the most recent eight after her return in 2006. During her initial twelve years, from 1985-1997, Ms. Bush worked in various human resources roles before she resigned from the work force for a brief period. She returned to employment after several years in positions with the Cleveland Chapter of the American Red Cross and Gortz and Associates Human Resources Consulting. In 2006, she returned to the College as the interim Manager for Recruitment. Subsequent reorganization of the Human Resources Department afforded her the opportunity to accept the position of Director for Human Resources in December 2008. Ms. Bush has a Bachelor's of Business Administration with a concentration in Economics and Human Resources from Kent State University and work towards a Master's in Labor Relations from Cleveland State University.

Mr. Michael E. Mayher is the Chief Financial Officer of the District. He started as Director of Business Services in 1993, was promoted to Senior Director of Business Services and Deputy Treasurer in 1996, was promoted to Vice President for Administrative Services and Treasurer in 2002, and was named Senior Vice President for Administrative Services and Treasurer in 2010. Mr. Mayher held positions of Director-Internal Audit and Director-Training and Development at Scott Fetzer Company. He was also a General Practice Manager at Coopers and Lybrand. Mr. Mayher has a B.A. from Cleveland State University and is a Certified Public Accountant.

Dawn M. Plante served as Manager of Public Relations and Special Events at Lakeland from 1991-1998, rejoined the College as Director of Marketing and Communications in 2006, was promoted to Associate Vice President for Enrollment Services and Campus Life in 2009, and was promoted to Chief Communications Officer and Vice President for Community and College Relations in 2011. She held positions of Manager of Communications & Public Relations for Ben Venue Laboratories, Director of Communications for OfficeMax, Inc., and Director of Public Relations at Lake Erie College. Ms. Plante has a B.A. in Journalism from The Ohio State University and an M.S. in Marketing and Communications from Franklin University.

Academic Programs, Accreditations, and Articulations

The College offers 55 associate degree and 61 certificate programs in these academic divisions:

Business and Information Technologies
Creative and Liberal Arts
Health Technologies
Mathematics, Engineering Technologies, Natural and Social Sciences

The College is fully accredited by the Higher Learning Commission of the North Central Association of Community Colleges and Schools. The College received a seven-year accreditation, the maximum accreditation period allowed, expiring in 2019.

Effective April 2006, the Board of Trustees adopted the Academic Quality Improvement Program (AQIP) as a proactive, quality-building approach to accreditation with the Higher Learning Commission as compared to its previous historically compliant approach.

Particular programs that are fully accredited by their accrediting agencies are:

Program	Accrediting Agency
Civil Engineering Technology	Engineering Technology Accreditation Commission (ETAC) of the Accreditation Board for Engineering Technology, Inc. (ETAC/ABET)
Electronic Engineering Technology	TAC/ABET
Mechanical Engineering Technology	TAC/ABET
Nuclear Engineering Technology	TAC/ABET
Dental Hygiene	Commission on Dental Accreditation, American Dental Association
Emergency Management Planning and Administration	International Fire Service Accreditation Congress (IFSAC)
Emergency Medical Technology - Basic and Paramedic	Ohio State Department of Public Safety
Fire Science Technology	International Fire Service Accreditation Congress (IFSAC)
Health Information Management Technology	Commission on Accreditation for Health Informatics and Information Management (CAHIM)

Histotechnology	National Accrediting Agency for Clinical Laboratory Sciences (NAACLS)
Medical Assisting	Commission on Accreditation of Allied Health Education Programs upon the recommendation of the Medical Assisting Education Review Board (MAERB)
Medical Laboratory Technology	National Accrediting Agency for Clinical Laboratory Sciences (NAACLS)
Paralegal Studies Program	Approved by the American Bar Association
Radiologic Technology	Joint Review Committee on Education in Radiologic Technology (JRCERT)
Registered Nursing	Approved by Ohio Board of Nursing and accredited by the Accreditation Commission for Education in Nursing
Respiratory Therapy	Committee on Accreditation for Respiratory Care (CoARC)
Surgical Technology	Commission on Accreditation of Allied Health Education Programs (CAAHEP) and ARC-STSA
Teaching/Learning Center	NAEYC Academy for Early Childhood Programs Accreditation

In 2007, Sub. H.B. 2 was passed by the Ohio General Assembly making the Ohio Board of Regents an advisory board to the Chancellor of the Board of Regents and transferring the powers and duties of the Ohio Board of Regents to the Chancellor. The Chancellor and the Ohio Board of Regents have together adopted and approved a state-wide policy to facilitate movement of students and transfer credits from one Ohio public college or university to another. The policy avoids duplication of course requirements and enhances a student's mobility throughout Ohio's higher education system. The Chancellor and the Ohio Board of Regents have also adopted and approved a state-wide articulation policy establishing the "Transfer Module" which is a specific subset of an institution's general education requirement. A Transfer Module completed at one college or university will automatically meet the Transfer Module at the receiving institution for an accepted student. The College also participates in the Ohio Board of Regents Transfer Assurance Guide (TAG) program, guaranteeing that courses in 44 major areas of study transfer automatically among all public institutions in Ohio. Lakeland also participates in the OBR's Career Technical Credit Transfer (CT^2) program to award college credit to students who have mastered equivalent technical content based on industry standards. The College has more than 50 formal articulation and transfer agreements with the following institutions: Art Academy of Cincinnati, University of Akron, Baldwin Wall University, Bowling Green State University, Capital University, Cleveland State University, Cuyahoga Community College, University of Cincinnati, Defiance College, University of Findlay, Franklin University, Gannon University, Hiram College, Kent State University, Lake Erie College, Lorain County Community College, Mercyhurst College, Notre Dame College, Ohio College of Podiatric Medicine, The Ohio State University, Salem University, Strayer University, University of Phoenix, University of Toledo, Ursuline College and Youngstown State University.

In addition, transfer guides which assist students in selecting courses which will transfer with ease are available with Ashland University, University of Akron, Baldwin-Wallace College, Bethany College, Bowling Green State University, Capital University, Case Western Reserve University, Cleveland State University, Defiance College, University of Findlay, Franklin University, Hiram College, John Carroll University, Kent State University, Miami University, Northwood University, Notre Dame College, Ohio University, The Ohio State University, University of Phoenix, University of Toledo, Ursuline College and Youngstown State University.

In the Fall of 2011, the College opened the Holden University Center (HUC). Located directly across the street from the main campus, the HUC is a state of the art facility used by the College's university partners to offer bachelors and master's degree programs in Lake County. Courses are offered on-site, on-line, and through the use of interactive video distance learning technology. As of Fall 2014 there were seven university partners offering 16 bachelors and three master's degree programs. Current university partners are Cleveland State University, Franklin University, Kent State University, Lake Erie College, The University of Akron, Ursuline College, and Youngstown State University. Enrollment in programs at the HUC has grown from 333 in Fall 2011 to 683 in Fall 2014. There are plans to increase both the number of university partners and the number of degree programs offered in the future.

The District supplements its credit and Lifelong Learning courses with a wide variety of support services and special programs designed to meet the needs of its diverse student body and of the community at large. These programs include the Post-Secondary Enrollment Option to enable high school students to take advanced-level courses and earn college credit; the Learning Center; Childminders, subsidized child care of children of students; the Early Childhood Teaching/Learning Center, a full-day pre-school; Cooperative Education; the Lakeland Institute for Economic Advancement; the Men's and Women's Centers, and the Lakeland Cable Network.

Faculty and Employees

The College had 902 employees, excluding student and other temporary/intermittent workers, in Fall 2013. The staff is as follows:

Instructional Staff	
Full-Time Faculty	128
Part-Time Instructional Staff	446
Total Instructional Staff	574
Support Staff (Administrative and Classified Full & Part-Time)	328
Total Staff	902

The District's total payroll in Fiscal Year 2014 was $37,690,280.

Approximately 86% of the full-time faculty are tenured, and 44% hold terminal degrees including earned doctorates. Members of the faculty are active in the College setting and in community programs, research projects, and the publication of professional articles and textbooks.

A state-wide public employee collective bargaining law applies generally to public employee relations and collective bargaining. The District has maintained a collective bargaining agreement with its faculty since 1975. The current agreement expires on August 15, 2017. No other employee group has elected to join a bargaining unit. The District maintains a harmonious relationship with the Lakeland Faculty Association as well as with its other employees.

Enrollment

General

The College attracts students from a variety of backgrounds, and primarily from the District's geographical area. County residents represent 62.6% of Fall 2013 headcount enrollment. Ohio residents from outside the County represent 37.0%, while 0.4% were from other states.

The College's headcount credit course enrollment (full-time and part-time students) as well as full-time equivalent (FTE) enrollment for recent and the current academic years are shown below:

Academic Year	Annualized Credit Enrollments		Fall Term Credit Enrollment	
	FTE	Headcount	FTE	Headcount
2004-05	5,380	12,593	4,996	8,741
2005-06	5,391	12,574	5,012	8,627
2006-07	5,667	12,588	5,227	8,788
2007-08	5,929	12,951	5,530	9,172
2008-09	6,008	13,056	5,571	9,201
2009-10	6,544	13,792	5,930	9,612
2010-11	6,663	13,967	6,125	9,996
2011-12	6,385	13,472	5,850	9,683
2012-13	6,132	13,008	5,630	9,447
2013-14	5,731	12,146	5,339	8,964

The College's enrollment tends to fluctuate with the unemployment rate. Enrollment grew between Academic Years 2004-05 and 2010-11, during the economic recession. Since Academic year 2010-11, as the economy has recovered, enrollment has declined, not only at the College, but at similar institutions across the State. Between Fiscal Year 2011 and Fiscal year 2013, full-time enrollment at community and technical colleges in Ohio was down 15.6%. At the College, during this same time period, enrollment was down 7.9%.

Approximately 36.1% of those enrolled in fall 2013 were full-time students (12 or more credit hours) and 63.9% were part-time students. The College has experienced an increase in the ratio of full-time to part-time students over the last five years.

During the 2013-2014 academic year, approximately 3,300 individuals enrolled in Community Learning, a program of noncredit courses, workshops, seminars, and conferences.

Degrees and Certificates Granted

A measure of the College's education activity and stability is the number of associate degrees and certificates granted, as shown in the following table:

Academic Year	Degrees Granted	Certificates Granted
2004-05	830	213
2005-06	816	182
2006-07	744	171
2007-08	816	152
2008-09	828	137
2009-10	875	186
2010-11	938	182
2011-12	939	214
2012-13	942	183
2013-14	994	627

Student Fees and Charges

Payment in full of all fees is required to be made prior to official enrollment in any class of instruction. Student fees and charges may be paid in cash, personal check, credit card, or some type of financial assistance, including the College's Tuition Loan Plan. The Tuition Loan is an interest-free loan to pay for one semester's tuition with a $15 non-refundable processing fee. Late fees are assessed for late payments.

The College charges a combined tuition and fee amount per semester. Separate categories of charges, mandated by law, apply to County residents, Ohio residents, and out-of-state residents. The student combined tuition and general fees, per credit hour and for 12 credit hours, for recent and current academic years, are as follows:

Academic Year	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Charge Per Credit Hour					
Ohio Resident					
District Resident	$ 90.65	$ 96.25	$ 96.25	$ 102.90	$ 106.25
Ohio Non-District Resident	110.90	117.90	124.55	131.20	134.55
Non-Ohio Resident	236.30	252.30	267.45	285.75	295.90
Charge Per 12 Credit Hours					
Ohio Resident					
District Resident	$1,087.80	$1,155.00	$1,155.00	$1,234.80	$1,275.00
Ohio Non-District Resident	1,330.80	1,414.80	1,494.60	1,574.40	1,614.60
Non-Ohio Resident	2,835.60	3,027.60	3,209.40	3,429.00	3,550.80

Comparative Costs

For the 2013-2014 academic year at Ohio public institutions, total instructional and general fees for a full-time undergraduate student who is an Ohio resident ranged from $6,058 to $13,748 at the state universities, from $2,872 to $3,984 at the community colleges operated by local districts (for residents of those districts), from $3,978 to $4,620 at the state community colleges, and from $4,282 to $7,149 at the technical colleges. Annual nonresident tuition surcharges at the state universities ranged from $3,180 to $15,790. (These amounts do not include special purpose fees or room and board charges.)

Annualized Full-Time Undergraduate Fees
Community Colleges, 2013-2014

College	In-District	Out-of-District	Out-of State
Northwest State	$4,620	$4,620	$9,060
Cincinnati State	4,618	4,618	8,978
Washington State	4,390	4,390	8,470
Terra State	4,364	4,364	4,530
Owens State	4,209	4,209	7,963
Southern State	4,132	4,132	7,752
Edison State	4,119	4,119	7,660
Clark State	4,095	4,095	7,635
Rio Grande	3,984	4,584	N/A
Columbus State	3,978	3,978	8,810
Eastern Gateway	3,240	3,420	4,260
Lakeland	3,216	4,065	8,906
Cuyahoga	3,156	3,972	7,488
Lorain County	2,977	3,558	7,059
Sinclair	2,872	4,290	8,234

Source: Ohio Board of Regents - Fall 2013 Survey of Student Charges

Student Financial Aid

Approximately 49% of the College's students received some form of federal or state financial aid for Fall 2014. During Fiscal Year 2013, students received total assistance in the form of scholarships, grants, loans, and work study of approximately $36,447,299. The primary sources included Guaranteed Student Loans, Pell Grant Program, College Work Study, and College scholarships.

The following table summarizes the amounts of financial aid provided to the College's students for recent Fiscal Years. All programs assisted by the federal and state governments are subject to appropriation and funding by those governments.

Fiscal Year	2009	2010	2011	2012	2013
Scholarships and Grants					
College	$ 405,191	$ 388,157	$ 622,368	$ 543,726	$ 637,556
State Funds	2,362,615	188,975	164,399	147,304	202,804
Pell Grants	7,482,942	12,907,043	16,348,728	16,346,780	13,685,539
Other	285,215	433,406	363,919	183,549	208,464
Total	10,535,963	13,917,581	17,499,414	17,221,359	14,734,363
Loans					
Federal	14,649,060	20,290,877	21,936,977	23,698,858	21,293,821
Total	14,649,060	20,290,877	21,936,977	23,698,858	21,293,821
Student Employment					
Federal College Work Study	144,316	233,302	174,214	224,250	205,347
College Student Payroll	253,804	178,760	196,012	198,180	213,768
Total	398,120	412,062	370,226	422,430	419,115
Total Financial Assistance	$ 25,583,143	$ 34,620,520	$ 39,806,617	$ 41,342,647	$ 36,447,299

In addition to scholarships, grants, federal loans and student employment, all credit students are eligible for the in-house Tuition Payment Plan. Effective with Fiscal Year 2006, students can finance up to 100% of that term's tuition and fees. Tuition Payment Plans are to be repaid by the student over the course of the current semester. Students in default are denied the right to register for any subsequent academic term, and are also denied the release of grades and transcripts.

A recap of the College's year end balances of its student account receivables follows:

At June 30,	2009	2010	2011	2012	2013
Student Account Receivables	$9,640,146	$11,422,594	$13,182,300	$14,549,300	$12,739,576
Amounts Applicable to Future Academic Terms	$4,692,336	$4,988,795	$6,242,149	$6,172,841	$5,755,056
Balance Currently Due	$4,947,810	$6,433,799	$6,940,151	$8,376,459	$6,984,540

The increase in student accounts receivables through 2012 is primarily attributable to increased enrollments and tuition rates, the College's accounting change in only writing off receivables when informed by the Ohio Attorney General's Collection Enforcement Division (previously an annual write-off), and increased use of the College's Tuition Payment Plan. The decrease in 2013 is due to the decline in enrollment.

Physical Plant

Physical property available to and utilized by the District at the College consists of 13 on-campus buildings (all but one for academic instruction, research, or administration) built on 392 acres of land, as well as two off-campus sites. The College has approximately 660,000 gross square feet of space in campus-owned buildings and approximately 50,000 gross square feet of leased off-campus sites. The physical plant is estimated by the District to have a replacement value of approximately $139,900,000, with a current contents value of an additional $12,800,000. As described under Insurance Coverage, the District carries property insurance on all its buildings and their contents.

The College is an entirely nonresidential institution, with all students commuting. Consistent with its function as a commuter campus, 22 acres of paved parking areas provide spaces for approximately 3,000 vehicles; parking is free for the students. The Lake County Transit Authority (LAKETRAN) provides a bus transit service between the campus and various communities within the County. Through a special arrangement with LAKETRAN, the College provides free bus transportation to and from the campus for students enrolled in credit classes.

Lakeland's buildings are air-conditioned and are connected to each other by covered passageways or walkways. Buildings have electronic doorways, elevators, restrooms, parking, ramps, and other special facilities for people with disabilities.

The College Library houses more than 50,000 books and 167 periodical titles in print. Its collection of media consists of 677 DVDs, and it subscribes to a database containing hundreds of digital films. Through membership in the OhioLINK consortium, the library provides access to:

- 50 million books and other library materials
- Millions of electronic articles
- 100 electronic research databases
- 81,000 e-books
- Thousands of images, videos and sounds
- 39,000 theses and dissertations from Ohio students

Library services include extensive electronic services, including an online catalog and research discovery tool.

Students have access to 47 computer labs in academic facilities equipped with over 925 computers, printers and software. Students also have access to the *myLakeland* portal which provides easy access to a variety of systems including student email, on-line registration, library online services, and interactive web based courses.

Main dining facilities are located in the Student Center, consisting of a cafeteria-style eating place. One satellite coffee shop is in operation, and convenience vending machines are scattered throughout the campus. In addition to student dining facilities, the Student Center and adjoining buildings house student services operations, instructional support services, student clubs, bookstore operations, administrative offices, and classrooms.

Athletic and recreation facilities include baseball, soccer and softball fields, tennis courts, and an Athletic and Fitness Center for basketball, volleyball, racquetball and general use. The College participates in intercollegiate athletics in women's sports (basketball, volleyball, fast-pitch softball), men's sports (basketball, baseball, soccer, golf), and co-ed sports.

Electricity, natural gas, and water utility services are currently provided by Direct Energy Business, LLC, Gas Natural Resources, LLC, and Aqua Ohio, Inc., respectively. The County provides sewage disposal services to the College. The City of Kirtland provides fire protection, and the District's campus police operate with mutual aid agreements with that City and other nearby communities.

DISTRICT FINANCIAL OPERATIONS AND RESULTS

General

District financial records are maintained in accordance with the standards prescribed by the American Institute of Certified Public Accountants, Government Accounting Standards Board (GASB), and the National Association of College and University Business Officers.

Investments and deposits of District funds are governed by Ohio laws applicable to all community college districts. The Treasurer is responsible for those investments and deposits. Under recent and current practices, and adopted investment policies, investments are made in: U.S. Treasury securities, various federal agency securities, and State of Ohio obligations where maturities of those securities cannot exceed five years; qualified commercial paper notes and bankers acceptances where maturities cannot exceed 180 days; repurchase agreements (with the underlying securities held on the District's behalf by a local bank or financial institution but not in the District's name); and STAR Ohio (the State Treasurer's subdivision investment pool).

The following tables, prepared by the District financial staff, summarize (i) the District's statements of revenue, expenses and changes in net assets for recent Fiscal Years, and (ii) the year-end composition of net assets for those Fiscal Years. These summaries were derived and based directly from the District's audited financial statements.

Statement of Revenue, Expenses and Changes in Net Assets

	2009	2010	2011	2012	2013
Operating Revenue					
Student tuition and fees, net of scholarship allowances	$ 14,909,105	$ 11,300,648	$ 9,084,515	$ 9,121,040	$ 10,106,022
Federal grants and contracts	769,130	612,652	750,569	298,873	231,327
State grants and contracts	1,048,874	115,665	438,108	316,882	131,877
Private grants and contracts	380,296	(77)	68,242	262,855	433,644
Sales and services	1,026,259	802,659	499,541	805,554	792,687
Auxiliary enterprises - net of Pell	5,219,862	5,000,437	4,475,441	4,278,198	4,022,522
Other operating revenues	468,093	437,074	579,419	489,763	764,472
Total operating revenue	23,821,619	18,269,058	15,895,835	15,573,165	16,482,551
Operating Expenses					
Educational and general:					
Instruction and departmental research	26,180,989	27,238,142	27,957,443	28,787,466	28,185,915
Public service	3,178,081	2,440,999	2,376,017	2,441,090	1,624,805
Academic support	3,383,884	3,570,487	3,927,487	4,966,354	5,118,898
Student services	7,990,132	8,096,429	7,911,580	8,296,772	7,968,079
Institutional support	8,879,328	8,916,853	9,464,077	10,176,580	9,806,532
Operation and maintenance of facilities	7,194,682	6,521,915	6,676,422	6,960,707	6,762,442
Total educational and general	56,807,096	56,784,825	58,313,026	61,628,969	59,466,671
Auxiliary enterprises	5,972,078	6,236,521	6,141,333	6,258,796	5,601,071
Depreciation	3,236,448	3,432,257	3,313,814	3,396,916	3,854,718
Total operating expenses	66,015,622	66,453,603	67,768,173	71,284,681	68,922,460
Operating loss	(42,194,003)	(48,184,545)	(51,872,338)	(55,711,516)	(52,439,909)
Nonoperating Revenue (Expense)					
State appropriations	22,193,288	20,212,127	19,590,464	18,206,337	17,676,460
Federal fiscal stabilization funds	-	2,960,167	2,914,848	-	-
Local appropriations	10,985,034	10,599,945	14,793,751	18,672,505	18,112,482
Pell grant revenue - net of refunds	6,251,072	12,782,907	16,185,450	16,317,212	14,857,438
Unrestricted investment income, net of investment expense	417,489	254,533	160,047	92,866	40,891
Restricted investment income, net of investment expense	4,852	503	387	19,440	5,643
Interest on capital asset-related debt	(159,460)	(368,998)	(366,658)	(517,023)	(462,474)
Other nonoperating revenues, net	1,262	2,330	-	-	-
Net nonoperating revenue	39,693,537	46,443,514	53,278,289	52,791,337	50,230,440
(Loss) Gain - Before other changes	(2,500,466)	(1,741,031)	1,405,951	(2,920,179)	(2,209,469)
Other Changes					
Capital appropriations from the State of Ohio	2,612,450	1,221,101	1,114,629	633,900	5,604,203
Capital grants and gifts	8,000	10,907	14,500	25,500	-
Total other changes	2,620,450	1,232,008	1,129,129	659,400	5,604,203
Increase (Decrease) in Net Position	119,984	(509,023)	2,535,080	(2,260,779)	3,394,734
Net Position - Beginning of Year	39,500,313	39,620,297	39,111,274	41,646,354	39,385,575
Net Position - End of Year	**$ 39,620,297**	**$ 39,111,274**	**$ 41,646,354**	**$ 39,385,575**	**$ 42,780,309**

Composition of Net Assets

	2009	2010	2011	2012	2013
Invested in capital assets, net of related debt	$26,566,549	$25,961,813	$26,003,090	$25,985,225	$29,954,701
Restricted for:					
Nonexpendable for endowment purposes	354,142	354,323	354,480	354,545	355,124
Expendable for instructional purposes	1,443,383	620,666	233,223	271,441	113,920
Unrestricted	11,256,223	12,174,472	15,055,561	12,774,364	12,356,564
Total Net Position	**$39,620,297**	**$39,111,274**	**$41,646,354**	**$39,385,575**	**$42,780,309**

General Financial and Budgeting Procedures

The College prides itself in its ability to develop and approve strategic plans that become tactically implemented. The Board adopts a budget for each Fiscal Year based on a fully integrated planning process that directly links strategic decisions to both tactical plans and actions. Under the direction of the President, comprehensive environmental scans and evaluations are performed as a basis for the development of the five-year strategic plan that is formally adopted by the Board. The strategic plan drives the annual planning process in which the president, vice presidents, and the president's advisory council develop and announce two to four comprehensive annual institutional priorities. Significant due diligence is followed in allocating resources to satisfy completion of new and existing priorities as well as basic operations. Upon the culmination of significant development efforts and collaboration, the College's Board approved Lakeland's most recent five-year strategic plan during calendar 2014. This strategic plan is a living document that necessitates assessment of goals completion by requiring the identification and monitoring of performance measures.

The College relies upon State capital appropriations as a critical component in developing its capital planning process and implementing its capital plan. Every other year, the District prepares and updates its six-year State capital improvement program request. This provides the basis for a State capital appropriation request submitted to the Chancellor of the Ohio Board of Regents. The request identifies the projects proposed to be financed with State appropriations and the purpose, priority, amount, and source of funds for these projects. The Chancellor of the Ohio Board of Regents and the General Assembly may approve, modify or decline aspects of the District's requested capital appropriation programs. At June 30, 2014, the District carried $5,084,619 of unspent but previously approved State capital appropriations. Under generally accepted accounting principles, approved State capital appropriations are not recognized as a positive change to net assets until spent.

The District's Fiscal Year corresponds with the July 1 to June 30 State fiscal year. For certain local tax budget purposes, a January 1 to December 31 fiscal year applies; local property taxes are levied and collected on a calendar basis. For internal reporting and budgetary purposes, the District continues to utilize fund accounting and maintains operating budgets for its general operating fund, auxiliary fund, and current restricted funds. The general operating fund budget includes all expenditures supported by unrestricted funds. The general operating fund expenditure budget includes instruction and research, library, general administration, general expense, plant operations and maintenance, financial aid, public service, mandatory and nonmandatory transfers, and reserves. The auxiliary fund budget is supported by revenues generated, including Bookstore and Event Services and Campus Dining. The restricted funds budget includes all expenditures supported by specific grants, contracts, gifts, and donations.

The Board of Trustees annually reviews operating budgets for the general fund, auxiliary fund, and capital expenditures related to its plant renewal and replacement fund budgets, based on the recommendations of the President and Treasurer. The Board may, if appropriate, modify the budgets during the year to reflect revised expenditure or revenue projections for that Fiscal Year.

During the budgetary presentation, the Board reviews the District's annual and long range plans and forecasts to determine if the District should increase student fee charges in compliance with State law requirements. Fees for in-District full-time students increased by $100 per academic year, effective Fall 2014.

The District's Board of Trustees regularly convenes to conduct business nine out of twelve months each fiscal year. For each of those meetings, the Treasurer presents a financial package and narrative explanation to the Board for its review. That package includes a comparative year-to-date statement of the District's general operating fund revenues and expenditures, a comparative combined funds balance sheet, a comparative combined funds statement of revenue and expenditures, as well as a schedule of investments held. On a quarterly basis, the Treasurer will also provide the Board with a more detailed analysis of its investments.

For its Fiscal Year 2015 general operating budget (approved October 2014), there is a planned reduction in the District's general fund operating fund balance of $246,082. For the Fiscal Year 2015 general operating budget, the Board adopted a general fund operations expenditures and transfers budget of $58,162,614. The FY 2015 budget also anticipated total revenues of $57,916,532, including $18,260,660 from the State, $16,950,000 in local property taxes levied for District purposes, $21,443,672 in student fees and charges, and $1,262,200 in other income.

Financial Reports and Audits

The State Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each of the State's taxing subdivision (including the District) and most public agencies and institutions.

Audits are made by the State Auditor, or by independent public accountants at the direction of that office, pursuant to Ohio law, and examinations or audits are also made under certain federal program requirements. No other independent examination or audit of the District's financial records is made.

Annual financial reports are prepared by the District, and filed as required by law with the State Auditor after the close of each Fiscal Year.

The audited financial statements are public records, no consent to their inclusion is required, and no bring-down procedures have been undertaken by the auditor since the respective dates of the audit reports.

The financial statements of the District for Fiscal Years 2012 and 2013 are attached as **Appendix B.** The financial statements for both fiscal years were audited by Plante & Moran, PLLC, independent auditor, as stated in their report thereon also appearing in Appendix B. In addition, the financial statements for both fiscal years have been reviewed by the State Auditor and the audit reports were accepted without modification. Copies of the complete financial reports for those years may be obtained upon written request to the Treasurer or by accessing the State Auditor's website.

Under the State's "fiscal watch" rules (Senate Bill 6), since 1997 the District's Treasurer is required to certify and file reports quarterly with the Chancellor of the Ohio Board of Regents attesting to the accuracy of the District's financial results, as well as to indicate that there are no "reportable events" that could negatively impact the District's financial condition. The District has and is in complete compliance with the State's "fiscal watch" rules.

State Appropriations to the District

All public higher education institutions in Ohio receive State financial assistance for both operations and designated capital improvements through appropriations by the General Assembly. These appropriations contribute substantially to the successful maintenance and operation of the College.

Excluding its capital bill appropriations, the following identifies State appropriations the District has received or expects to receive by Fiscal Year.

Fiscal Year	Instructional Support	Property Tax Replacement Guarantees	Total
2010	$17,755,600	$2,456,527	$20,212,127
2011	17,038,208	2,552,256	19,590,464
2012	17,621,029	585,308	18,206,337
2013	17,574,945	101,515	17,676,460
2014	17,597,078	-	17,597,078
2015 (est.)	18,260,660	-	18,260,660

Through the conclusion of the State's Fiscal Year 2006 – Fiscal Year 2007 operating biennium, the District received State appropriations for most operating purposes (State share of instructional support and access challenge) on the basis of FTE students (Ohio residents only) multiplied by legislated subsidy allowances that vary by program. Beginning with the State's Fiscal Year 2008 – Fiscal Year 2009 operating biennium, the District shall receive its State share of instructional support under a two year public colleges formula that combines and averages a guaranteed minimum increase along with its proportion of FTE eligible students multiplied by legislated subsidy allowances that vary by program.

As part of State legislation that deregulated the electric and natural gas utilities, commencing with calendar year 2002, the College received $1,238,070 annually in replacement State excise taxes at a 100 percent guarantee each year for a five-year period (to protect the College for lost public utility property taxes due to lowered valuations). That guarantee was reduced to an 80 percent level for years six through ten, and will be proportionately reduced to zero in years 11 through 15. Additionally, as part of the legislation that phases out the tax on the tangible personal property of general businesses, telephone and telecommunication companies, and railroads, commencing with calendar 2006 collections, those lost taxes are replaced on a hold harmless, guaranteed basis for a five-year period, then will be phased out during a subsequent seven-year period.

The District also receives State appropriations for capital improvements and renovations. The College received $3,275,443 in State capital appropriations for the Fiscal Year 2013 – Fiscal year 2014 biennium and $3,520,000 for the Fiscal Year 2015 - Fiscal Year 2016 biennium. In August 2014, the College was awarded an additional $5,000,000 from the State of Ohio's Small Campus Targeted Workforce Development pool for the renovation and expansion of its Health Technologies Building.

Noncredit Student Revenues

The College's noncredit student fees encompass its Community Learning programs as well as training associated with Nonprofit and Public Service Center and its Center for Business and Industry. Community Learning programs are made available to the public through numerous noncredit courses, workshops, on-line courses, seminars and conferences offered in such areas as personal and skill development, continuing education, professional education, special youth summer activities, and specialized programs for unique groups. The Nonprofit and Public Service Center and Center for Business and Industry provide customized education, training and professional services to area employers, either on campus or at the employer's site.

The following provides a historical summary of non-credit student enrollments and fees:

Fiscal Year	2010	2011	2012	2013	2014
Revenues Generated	$1,409,042	$1,346,592	$1,327,961	$987,738	$892,475
Unduplicated Headcount	7,095	6,595	5,775	4,582	3,285

During 2012, the College began reorganizing its non-credit operations in order to realign its focus on customer needs and internal efficiencies.

Grants and Contracts

During Fiscal Year 2014, the District received approximately $675,000 in training grants and contracts, with a primary focus on workforce development. State agencies accounted for approximately 50%, and federal and local agencies for the remainder. The primary State sponsor was the Ohio Board of Regents.

Insurance Coverage

The District participates in the Ohio Association of Community Colleges Risk Management & Insurance Program (OACC RM&IP), a program which the District was instrumental in creating. Currently, 12 of the 22 eligible OACC institutions participate and now take advantage of broad coverage and services tailored to the unique needs of Higher Education, at very competitive rates. As part of the OACC RM&IP, the District has access to Marsh, our Program Administrator, who has an Industry Practice focused on Higher Education. In concert with Marsh, The District assesses risk to determine appropriate levels of insurance coverage while also working with District personnel to enhance property and improve operational processes to minimize the occurrence of claims. Any claims that do arise are coordinated with Marsh who facilitates the handling of and advocates on behalf of the District in the resolution of such claims.

All insurance companies that currently provide coverage to the District are rated "A - Excellent" or higher by A.M. Best Company.

The Ohio Association of Community Colleges, including the District, carries property insurance on all its buildings and their contents, with a policy limit of $500,000,000 and subject to a $25,000 per occurrence deductible. The Ohio Association of Community Colleges property policy includes Business Income coverage and 90 days of Ordinary Payroll. Buildings under construction are insured, until accepted by the District, under builders risk policies obtained by the contractors. The OACC Property policy provides $10,000,000 per occurrence for Property in the Course of Construction and/or Erection, Assembly and/or Installation; this coverage would act as Difference-in-Conditions if anything were to happen to the Contractor's insurance. Equipment breakdown, also known as boiler and machinery coverage, is covered up to $100,000,000 per accident including business interruption and extra expense coverage.

The District maintains comprehensive general liability and excess liability policy for settlements and judgments arising out of non-excluded claims. For general liability and automobile liability, the limit is $15,000,000 each occurrence. Included under this policy is coverage for medical professional liability associated with its health technology programs and law enforcement liability for its campus police.

The District maintains commercial crime insurance and cyber liability/breach response insurance policies both with limits of $1,000,000. The District also maintains an educator's legal liability policy with a limit of $15,000,000 each loss and annual aggregate.

For Ohio workers compensation purposes, the District is covered by the State Insurance Fund under a group-rated contract.

Retirement Plans

The District participates in State contributory retirement plans administered by the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS).

STRS (faculty) and SERS (non-teaching staff) are funded from both employer and employee contributions. In addition, optional tax deferred annuity programs are available to employees, for which the District provides administrative services only.

Federal law requires District employees hired after March 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, currently 1.45% of the employee's wage base. Otherwise, District employees covered by a State retirement system are not currently covered under the federal Social Security Act.

SERS and STRS are not now subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

Both SERS and STRS are created and operate pursuant to Ohio law. The General Assembly could determine to amend the format of either fund and could revise rates or methods of contributions to be made by the District into the pension funds and revise benefits or benefit levels.

STRS reports that as of June 30, 2013 its total unfunded actuarial accrued pension liability (both State and local employees), which is currently being funded by a portion of the contributions, was approximately $31.8 billion, a reduction from $46.8 billion as of June 30, 2012.

SERS reports, as of June 30, 2013, that it then had an unfunded actuarial accrued pension liability of $5.9 billion, a reduction from $6.1 billion as of June 30, 2012.

The employee contribution rate for STRS was 11% of covered payroll in Fiscal Year 2014; this will increase by 1% per year until it reaches 14%. The employee contribution rate for SERS is 10% of covered payroll. The College is required to contribute 14% of covered payroll. The College's contributions to STRS for the years ended June 30, 2013, 2012, and 2011 were $2,951,310, $3,095,012, and $3,004,055, respectively, equal to the required contributions for each year. The College's contributions to SERS for the years ended June 30, 2013, 2012, and 2011 were $2,134,484, $2,272,756, and $2,126,396, respectively, equal to the required contributions for each year.

Legislation enacted in 1997 required all Ohio public colleges to also offer at least three alternative retirement plans (ARPs) to certain new and existing full-time employees. Employee contribution rates to an ARP are 10% of covered payroll, and the College, dependent on employee hire date and State retirement system eligibility, contributes 14% of covered payroll that is distributed either directly to that employee's ARP or the applicable State retirement system. Currently, 30 College employees have elected to participate in ARPs.

Indebtedness

To finance College facilities, the District is authorized to issue general obligation bonds (with voter approval), revenue bonds (general receipts bonds) and tax anticipation notes. In certain cases, the District may issue current revenue notes or current tax anticipation notes to pay for capital or operating expenses. The District has never failed to pay punctually and in full all amounts due for principal and interest on any indebtedness.

In 2008, the District issued $8,500,000 Tax Anticipation Notes, Series 2008 to pay for the implementation of energy conservation measures, technology projects, and other capital improvements. The Series 2008 Notes are currently outstanding in the principal amount of $4,620,000 and have stated interest rates ranging from 3.25% to 3.75%. The final maturity of the Series 2008 Notes is December 1, 2018.

In 2011, the District issued $9,500,000 Tax Anticipation Notes, Series 2011 to pay for a portion of the costs of equipping the Holden University Center, technology projects, and other capital improvements. The Series 2011 Notes are currently outstanding in the principal amount of $7,395,000 and have a stated interest rate of 2.80%. The final maturity of the Series 2011 Notes is December 1, 2021.

In 2014, the District issued $3,000,000 Tax Anticipation Notes, Series 2014 to pay for a portion of the costs of renovating science labs, technology projects, and other capital improvements. The Series 2014 Notes are currently outstanding in the principal amount of $3,000,000 and have a stated interest rate of 1.00%. The final maturity of the Series 2014 Notes is June 4, 2015. The College will use a portion of the proceeds of the Bonds to call the Series 2014 Notes in December 2014.

The College has entered into various lease agreements which are considered operating leases. Total rental expense under operating leases in Fiscal Years 2013 and 2012 amounted to $1,076,732 and $801,316, respectively. By enabling the purchase by the College of the Holden University Center, which is currently leased, the Bonds will result in a substantial reduction in College operating lease expenses.

DISTRICT AD VALOREM PROPERTY TAXES

Ad Valorem Taxes and Assessed Valuation

Overview

For property taxation purposes, assessment of real property is performed on a calendar year basis by the elected County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility property and tangible personal property is performed by the State Tax Commissioner. Property taxes are billed and collected by the County Treasurer. ***Bondholders have no right to have excises or taxes levied by the District or by the Ohio General Assembly for payment of principal, interest or premium on the Bonds.***

Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the same calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year, and at the tax rates determined in the preceding year. Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of that second year preceding the tax collection year.

Real Property

The "assessed valuation" of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner, except that real property devoted exclusively to agricultural use is assessed at not more than 35% of its current agricultural use value. Beginning in 2008, certain elderly or disabled resident homeowners may receive a flat $25,000 property tax exemption on the market value of their homestead.

Ohio law requires the County Auditor, subject to supervision by the State Tax Commissioner, to adjust the true value of taxable real property every six years to reflect current fair market values. This "sexennial reappraisal" is done by individual appraisal of properties. In the third year following a sexennial reappraisal, the County Auditor, again subject to supervision by the State Tax Commissioner, performs a "triennial update" to adjust the value of taxable real property to reflect true values. The triennial update is done without individual appraisal of properties, but with reference to a sales-assessment ratio over the three-year period.

Personal Property

In 2005, the State accelerated its phase-out of the tangible personal property tax. Since 2008, general business tangible personal property has not been subject to tax.

Public utility tangible personal property – including tangible personal property of electric utilities not used for transmission and distribution and all tangible personal property of gas utilities – was not included in the phase-out created by the State. All public utility tangible personal property is assessed at varying percentages of its true value depending on the type of property and the type of utility.

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Assessed Valuation

The following table classifies taxable property according to use in the County:

Assessed Valuation
(2014 Collection Year)

Property Classification	Amount	Percent of Total Assessed Valuation
Real Estate[11]		
Residential/Agricultural	$4,217,944,420	74.33%
Commercial/Industrial/Mineral/ Public Utility Real	1,155,021,390	20.36
Total Real Estate	$5,372,965,810	94.69%
Personal Property[22]		
General	-	0.00%
Public Utility Personal	301,273,480	5.31
Total Personal	$301,273,480	5.31%
Total Assessed Valuation	$5,674,239,290	100.00%

Source: Lake County Auditor

Historic Growth In District Assessed Valuation

Tax Collection Year	Real Estate	Public Utility Personal Property	Tangible Personal (Other Than Public Utility)	Total Assessed Valuation	Percentage Increase Over Prior Year
2005	$5,464,031,350	$403,485,420	$478,531,679	$6,346,048,449	1.50%
2006	5,573,620,660	379,428,180	375,491,607	6,328,540,447	-0.28
2007[3]	6,250,907,440	370,224,700	271,965,557	6,893,097,697	8.92
2008	6,347,852,120	333,127,300	195,820,390	6,876,799,810	-0.24
2009	6,442,180,460	342,160,100	10,559,168	6,794,899,728	-1.19
2010[4]	5,971,596,640	361,650,070	5,279,582	6,338,526,292	-6.72
2011	6,032,522,110	380,705,610	-	6,413,227,720	1.18
2012	5,978,514,090	339,982,500	-	6,318,496,590	-1.48
2013[3]	5,391,010,670	335,746,500	-	5,726,757,170	-9.37
2014	5,372,965,810	301,273,480	-	5,674,239,290	-0.92

Source: Lake County Auditor

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[1] Real property taxes collected in a calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Real property is assessed at 35% of market value and reappraised every six years, with triennial updates every three years.
[2] Tangible personal property taxes collected in a calendar year are levied in the same calendar year, on assessed values during and at the close of the most recent fiscal year of the taxpayer (ending on or before March 30 of said calendar year) at tax rates determined in the preceding year.
[3] Collection year of sexennial reappraisal.
[4] Collection year of triennial reappraisal.

Largest Taxpayers

The following tables list the largest real estate and public utility taxpayers in the District. Percentage of total assessed valuation is based on the 2014 total assessed valuation of $5,372,965,810.

Largest Taxpayers
2014 Collection Year

Real Estate Taxpayers

Name	Type of Business	Assessed Valuation	Percent of District's Total Assessed Valuation
First Energy Nuclear	Electric Company	$65,450,000	1.22%
First Energy Generation Corp.	Electric Company	22,750,000	0.42
Mall at Great Lakes LLC	Developer of Great Lakes Mall	22,571,720	0.42
Lubrizol Corporation	Manufacturer	16,217,630	0.30
Lake Hospital System, Inc.	Hospital System	14,548,310	0.27
Tam A Rac Real Estate	Residential Developer	12,848,810	0.24
DDRTC Willoughby Hills, SC LLC	Retail Developer	11,335,850	0.21
First Interstate	Commercial Developer	9,926,030	0.18
Wal Mart Real Estate	Retail Sales	7,702,540	0.14

Public Utility Taxpayers

Name	Type of Business	Assessed Valuation	Percent of District's Total Assessed Valuation
First Energy Nuclear	Nuclear Energy	$112,971,280	2.10%
Cleveland Electric Illuminating	Electric Utility	109,778,920	2.04
Aqua Ohio, Inc.	Water Utility	29,055,460	0.54
American Transmission	Electric Utility	21,405,430	0.40
East Ohio Gas	Natural Gas Utility	10,365,930	0.19

Source: Lake County Auditor

Historical District Tax Rates and Collections

The following are the rates (in mills per $1.00 of assessed valuation) at which the Board levied ad valorem taxes for the general categories of purposes in recent years (without the reduction factor discussed below). The table identifies the historical tax collections for the District.

Historical District Tax Rates and Tax Collections

Tax Collection Year	Tax Rate	Taxes Levied	Taxes Collected (including delinquent taxes)	Collection Rate
2009	3.20	$10,699,689	$10,678,485	99.80%
2010	3.20	10,840,528	10,410,659	96.03%
2011	3.20	19,007,245	18,729,950	98.54%
2012	3.20	18,786,220	18,656,208	99.31%
2013	3.20	19,048,479	18,197,305	95.53%
2014	3.20	n/a	n/a	n/a

Source: Lake County Auditor

Property Tax Rate Calculations

State law has a "reduction factor" mechanism that is intended to negate increases in taxes resulting from increases in the true value of real property due solely to inflation. Legislation implementing a 1980 constitutional amendment classifies real property as either (1) residential and agricultural or (2) all other real property, and provides for tax reduction factors to be separately computed for and applied to each class.

Statutory procedures limit the amount realized by each taxing subdivision from real property taxation, by the application of a tax reduction factor, to the amount realized from those taxes in the preceding year plus: (i) the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year, and (ii) amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year. Such limitations are expressly inapplicable to amounts realized from taxes levied at a rate required to produce a specified amount, such as for debt service charges or emergency school levies, and from taxes levied inside the ten-mill limitation or any applicable municipal charter tax rate limitation. Further, such limitations will not reduce operating millage for school districts below 20 mills or for joint vocational school districts below 2 mills.

A reduction factor is computed for each separate levy that is subject to the limitation. A resulting "effective tax rate" reflects the aggregate of those reductions and is the rate at which real property taxes are, in fact, collected. Real property tax amounts from property devoted to residential and agricultural purposes are, in certain cases, further reduced by an additional 10% (12-1/2% in the case of certain owner-occupied residential property) or a flat, $25,000 reduction in taxable value applicable to certain elderly or disabled resident homeowners, when billed to the taxpayer. These reductions are reimbursed to the taxing subdivisions by the State. A phase out of these reductions began in 2013. The 10% reduction for residential and agricultural properties and 2-1/2% additional reduction for owner-occupied residential property do not apply to new levies and replacement levies approved by voters after the August 6, 2013 election. Additionally, starting in the 2014 tax year, the $25,000 reduction in taxable value for certain elderly homeowners and homeowners with disabilities is being grandfathered out, with new reductions limited to property owners with total income less than or equal to $30,000. This figure is adjusted for inflation annually by the Tax Commissioner.

Ad Valorem Tax Levies

The following table presents certain information concerning the District's ad valorem tax levies:

Ad Valorem Tax Levies
Current Millage Rates (2014 Collection Year)

		Rate Levied for Current Collection Year[1]	
Year Voted	Authorized Mills	Residential/ Agricultural	Commercial/ Industrial
2010	1.70	1.700000	1.70
2011	1.50	1.387494	1.50
Total Rate	3.20	3.087494	3.20

Source: Lake County Auditor

Repeal of Property Tax Levies

Each operating tax levy approved for a continuing period is subject to decrease through a statutory referendum procedure requiring (1) a petition signed by qualified electors of the District equal in number to those who voted in the last governor's race (to be filed at least 90 days before the general election in any year) stating the amount of the proposed decrease and (2) the approval of the decrease by a majority vote at the general election with the decrease to commence at the expiration of the then current year. No petition has been filed with respect to any existing current expense tax levy of the District.

If such a petition is filed and subsequently approved by the electors of the District, under Revised Code Section 5705.261, the Board must continue to levy and collect such amount as will be sufficient to pay the principal of and interest on any notes in anticipation of an increased rate of levy approved for a continuing period of time.

[1] This is the "effective rate." The effective tax rates may be less than the authorized rates listed in the first column. See "FINANCES OF THE DISTRICT - Property Tax Rate Calculations."

State Reimbursement of Property Tax Revenues

Rollback and Homestead Exemption Reimbursement

The State reimburses taxing districts, including school districts, for decreased tax revenues due to (a) the 10% reduction or “rollback” in certain non-commercial property taxes, (b) the 2-1/2% reduction applicable to certain owner-occupied housing, and (c) the flat, $25,000 reduction in taxable value applicable to certain elderly or disabled homeowners. Such reimbursements are subject to repeal or revision by the State.

Such reimbursements are subject to repeal or revision by the State. (See “PROPERTY TAX BASE – Property Tax Rate Calculations” for a discussion of reimbursement by the State for these reductions.)

Public Utility Property and Tangible Personal Property Tax Loss Reimbursement

In tax year 2001, changes took effect which reduced the assessment percentages applicable to electric generation and natural gas tangible personal property, thereby reducing the amount of tangible public utility property tax revenue collected by taxing districts. In order to replace the taxes no longer received due to the lower assessment percentages, State consumption taxes on electricity and natural gas were enacted in 1999 and 2000, respectively.

Beginning in 2006, the State began to phase out the tax on tangible personal property used in business. The State also reimburses certain taxing districts for the loss of tax revenues due to the phase-out of the tax on general business tangible personal property, and on the tangible personal property belonging to telephone, telegraph, and interexchange companies. In order to replace a portion of the lost revenue, a commercial activity tax was enacted in 2005 and is imposed on gross receipts, including receipts from services, in the State.

The reimbursement of both types of tangible personal property tax revenue losses were scheduled to phase out by calendar year 2018. Instead, recent legislation generally accelerates the phase-out and reduces payments, depending on the type of levy.

For fixed-rate levies, the reimbursement amounts for fiscal year 2011 are compared to the “total resources” of a district. “Total resources” includes fiscal year 2010 State aid; fiscal year 2010 reimbursement for current expense fixed-rate levy losses; the average current expense real and public utility taxes payable for tax years 2008 and 2009; the district’s fiscal year 2009 receipts from a school district income tax levied for current expenses; and receipts during calendar year 2009 from a municipal income tax levied for municipal and school district purposes.

If a district’s reimbursement payments are less than the threshold percentage of total resources for a year, then no further reimbursement is made. If the reimbursement payments exceed the threshold percentage, then the district receives the amount in excess of the percentage. For fiscal year 2012, the threshold amount is 2%; for fiscal years 2013 and thereafter, the threshold percentage is 4%. Any reimbursement for 2013 will continue indefinitely.

For fixed sum and unvoted debt levy losses, amounts will continue to be reimbursed (less the amount attributed to one-half mill) so long as the levy continues to be imposed for fixed-sum levy purposes, and so long as the levy continues to be imposed for debt purposes until 2018, in the case of unvoted debt levies. Fixed rate levies for purposes other than current expenses are reduced by 25% over reimbursement levels for fiscal year 2010 for fiscal year 2012, and are reduced by 50% for fiscal years 2013 and thereafter.

Additional information prepared by the Ohio Department of Taxation to illustrate the amount of reimbursements for future years is available online at the following Internet addresses: (i) http://www.tax.ohio.gov/personal_property/phaseout.aspx; and (ii)http://www.tax.ohio.gov/public_utility_property/dereg.aspx.

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APPENDIX B

Audited Financial Statements of the District For Fiscal Years 2012 and 2013

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Lake County Community College District
d/b/a Lakeland Community College

Financial Report

with Supplemental Information

June 30, 2013

Dave Yost • Auditor of State

Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College
7700 Clock Tower
Kirtland, Ohio 44094

We have reviewed the *Independent Auditor's Report* of the Lake County Community College District, d/b/a Lakeland Community College, prepared by Plante & Moran, PLLC, for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Lakeland Community College is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

November 13, 2013

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Lake County Community College District
d/b/a Lakeland Community College

Contents

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plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Lake County Community College d/b/a
Lakeland Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Lake County Community College d/b/a Lakeland Community College (Lakeland Community College, Lakeland, or the "College") and its discretely presented component unit as of and for the years then ended June 30, 2013 and 2012 and the related notes to the financial statements, which collectively comprise the Lakeland Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Lakeland Foundation (the "Foundation") which is the sole discretely presented component unit. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the College, is based solely on the report of the other auditors. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Trustees
Lake County Community College d/b/a
Lakeland Community College

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Lake County Community College d/b/a Lakeland Community College and its discretely presented component unit as of June 30, 2013 and 2012 and the changes in their financial position and, where applicable, cash flows thereof, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the 2012 basic financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the basic financial statements, effective July 1, 2012, the College adopted new accounting guidance under GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lakeland Community College's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

To the Board of Trustees
Lake County Community College d/b/a
Lakeland Community College

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013 on our consideration of Lakeland Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lakeland Community College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 31, 2013

The management's discussion and analysis of Lake County Community College District d/b/a Lakeland Community College's (Lakeland Community College, Lakeland, or the "College") annual financial statements provides an overview of the College's financial activities for the years ended June 30, 2013, 2012, and 2011. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's administration.

Using this Report

The College's annual report consists of a series of financial statements prepared in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statements focus on the financial condition, the results of operations, and the impact on cash flows of the College as a whole.

One of the most important questions asked about the College's finances is whether the College as a whole is better off, or worse off, as a result of the current year's activities. The keys to understanding this question are the statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows. These statements present financial information in a form similar to that used by corporations. The College's net position is one indicator of its financial health. Over time, increases or decreases in net position point out the improvement or erosion of the College's financial health when considered with nonfinancial facts (such as enrollment levels, state changes in funding, facility changes, etc.).

The statement of net position includes all assets and liabilities of the College. It is prepared using the accrual basis of accounting. Revenue and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged.

The statement of revenue, expenses, and changes in net position presents the revenue earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The financial reporting model classifies that state and local appropriations, as well as gifts, are treated as nonoperating revenue. Since dependency on the State of Ohio and local aid is recognized as nonoperating revenue under accounting principles generally accepted in the United States of America, a public college normally presents operating results as a deficit. The utilization of long-lived assets, primarily capital assets, is presented in the financial statements as depreciation.

Another important factor to consider when evaluating the College's financial viability is the College's ability to meet financial obligations as they mature. One measure of this factor is the College's working capital or the relationship of its current assets less its current liabilities.

The statement of cash flows presents the information related to cash inflows and outflows summarized by operating, capital and noncapital financing, and investing activities and illustrates the College's sources and uses of cash.

The College adheres to Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*. In that regard, The Lakeland Foundation is recognized as a discretely presented component unit due to the significant operational and financial relationships maintained with the College. The Lakeland Foundation's purpose is to support and promote excellence at the College by fundraising. It is a legally separate entity governed by its own board of directors. Discrete condensed financial information is presented on page 21 and in Notes 1 and 15.

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30		
	2013	2012	2011
Operating Revenue			
Student tuition and fees - Net	$ 10,106,022	$ 9,121,040	$ 9,084,515
Grants, contracts, and other revenue	2,354,007	2,173,927	2,335,879
Auxiliary enterprises	4,022,522	4,278,198	4,475,441
Total operating revenue	16,482,551	15,573,165	15,895,835
Operating Expenses	68,922,460	71,284,681	67,768,173
Operating Loss	(52,439,909)	(55,711,516)	(51,872,338)
Nonoperating Revenue			
State appropriations	17,676,460	18,206,337	22,505,312
Local appropriations	18,112,482	18,672,505	14,793,751
Pell grant revenue - Net of refunds	14,857,438	16,317,212	16,185,450
Other nonoperating income and expenses - Net	(415,940)	(404,717)	(206,224)
Total nonoperating revenue	50,230,440	52,791,337	53,278,289
(Loss) Gain - Before other changes	(2,209,469)	(2,920,179)	1,405,951
Other Changes			
Capital appropriations from the State of Ohio	5,604,203	633,900	1,114,629
Capital grants and gifts	-	25,500	14,500
Total other changes	5,604,203	659,400	1,129,129
Increase (Decrease) in Net Position	3,394,734	(2,260,779)	2,535,080
Net Position - Beginning of year	39,385,575	41,646,354	39,111,274
Net Position - End of year	**$ 42,780,309**	**$ 39,385,575**	**$ 41,646,354**

Analysis of Results of Operations

Total revenue for the years ended June 30, 2013 and 2012 was $72.3 million and $69.0 million, respectively, of which operating revenue amounted to $16.5 million and $15.6 million, respectively. Operating revenue increased $0.9 million, or 5.8 percent. Total operating expenses for the years ended June 30, 2013 and 2012 were $68.9 million and $71.3 million, respectively. Operating expenses decreased $2.4 million, or 3.3 percent. The College's operating loss amounted to $52.4 million during 2013 compared to $55.7 million in 2012, which represented a decrease of $3.3 million, or 5.9 percent.

Total revenue for the years ended June 30, 2012 and 2011 was $69.0 million and $70.3 million, respectively, of which operating revenue amounted to $15.6 million and $15.9 million, respectively. Operating revenue decreased $0.3 million, or 2.0 percent. Total operating expenses for the years ended June 30, 2012 and 2011 were $71.3 million and $67.8 million, respectively. Operating expenses increased $3.5 million, or 5.2 percent. The College's operating loss amounted to $55.7 million during 2012 compared to $51.9 million in 2011, which represented an increase of $3.8 million, or 7.4 percent.

Student tuition and fees, net, are comprised of credit and noncredit instruction revenue. A breakdown and comparison of this revenue is as follows:

Credit and Noncredit Instruction Revenue

	Year Ended June 30		
	2013	2012	2011
	(dollars in millions)		
Credit instruction	$ 21.0	$ 20.8	$ 20.9
Less Pell grants and scholarship allowances	(12.8)	(13.9)	(14.0)
Net credit instruction	8.2	6.9	6.9
Noncredit instruction	1.0	1.3	1.3
Other	0.9	0.9	0.9
Total	**$ 10.1**	**$ 9.1**	**$ 9.1**

Student tuition and fees, net, was slightly higher during 2013 as compared to 2012.

Credit instruction tuition and fees, net, increased by $1.3 million in 2013 as compared to 2012. Gross credit instruction and fees increased by 1.0 percent. The increase is primarily related to a decline in Pell grants used for tuition and fees of $1.1 million and an increase in tuition rates commencing with Fall 2012, offset by declines in summer, fall, and spring enrollments of 5.9 percent, 3.7 percent, and 3.2 percent, respectively. Gross credit instruction and fees are offset by Pell grants and other scholarship allowances of $12.8 million during 2013 as compared to $13.9 million and $14.0 million during 2012 and 2011, respectively.

Credit instruction tuition and fees, net, did not change during 2012 as compared to 2011. Gross credit instruction and fees decreased by 0.1 percent. The decrease is primarily attributable to a decrease in summer, fall, and spring enrollment (3.7 percent), partially offset by a tuition increase for out-of-district and out-of-state students, commencing with the fall 2011 term. The College honored its commitments to in-district students and did not raise tuition for FY 2012. Gross credit instruction and fees are offset by Pell grants and other scholarship allowances of $13.9 million during 2012 as compared to $14.0 million and $11.2 million during 2011 and 2010, respectively.

There was a 23.1 percent decrease in noncredit instruction revenue during 2013 as compared to 2012. The decrease is primarily due to enrollment declines in business professional, computer and personal skills, health professional, police academy, nonprofit, and CBI courses attributable to the economic climate and reorganization of the Community Learning Division, partially offset by enrollment increases in youth and recreation. Related expenses were reduced by the corresponding decrease in revenue as well as cost savings from the reorganization commencing at the start of this fiscal year.

There was a 0.7 percent decrease in noncredit instruction revenue during 2012 as compared to 2011. The decrease is primarily due to decreased enrollment in youth and recreation classes, computers and personal skills classes, health professional development classes, and senior classes, partially offset by increases in the center for business and industry training, business and professional classes, nonprofit classes, and basic police classes.

Grants, contracts, and other revenue increased by $0.2 million during 2013 as compared to 2012, primarily attributable to increased partnership revenue from the Holden University Center and the Teaching Learning Center.

Grants, contracts, and other revenue decreased by $0.2 million during 2012 as compared to 2011, primarily attributable to increased partnership revenue from the Holden University Center, more than offset by lower grant revenue.

Auxiliary enterprises revenue is comprised primarily of bookstore and event services and campus dining revenue. Operating revenue decreased by 6.0 percent for these operations during 2013 compared to 2012, primarily attributable to a decrease in bookstore sales attributable to a decrease in enrollment and increased competition from online book sellers.

Operating revenue decreased by 4.4 percent for these operations during 2012 compared to 2011, primarily attributable to a decrease in bookstore sales attributable to a decrease in enrollment.

The College's nonoperating revenue is comprised primarily of the State of Ohio (the "State") and local appropriations and federal Pell grant revenue. State appropriations include the State's Share of Instructional Support (SSIS) and replacement state taxes on property tax law changes.

A breakdown and comparison of state appropriations revenue are as follows:

State Appropriations

	Year Ended June 30		
	2013	2012	2011
	(dollars in millions)		
SSIS and access challenge	$ 17.6	$ 17.6	$ 17.1
Federal fiscal stabilization funds	-	-	2.9
Replacement state taxes on property tax law changes	0.1	0.6	2.5
Total	**$ 17.7**	**$ 18.2**	**$ 22.5**

The College's state funding for operational support is determined legislatively and controlled through the Ohio Board of Regents (OBR). State Share of Instructional Support (SSIS) is formula determined and allocates available State funds to each two-year institution primarily based on (a) statewide cost model averages by course and (b) eligible enrollment changes. SSIS in the 2012-2013 biennium allocates available state funds to each two-year institution by blending a minimum guarantee "floor" along with that institution's subsidized enrollment.

The College's 2013 Budget reflects the State's 2012-2013 Operating Biennium Budget. Although state support during 2013 is relatively flat with 2012, the College experienced a $2.4 million, or 12 percent, reduction in state support during 2012 as compared to 2011, primarily attributable to the loss of Federal stimulus money.

Replacement property taxes on property tax law changes represent legislated, time-limited state funding guarantees on local property tax reductions attributable to (a) legislation on deregulated electric and natural gas utilities (SB3 and SB287) and (b) the phase out on the tangible personal property tax of general business, telephone, telecommunications companies, and railroads (HB66). Guarantees were in place to transition and protect the College in the loss of those personal property taxes and were expected to continue and phase out over the next five years. In the State 2012-2013 Operating Biennium Budget, the guarantees mentioned above were eliminated; guarantees were reduced from $2.5 million during 2011 to $0.6 million during 2012, to $0.1 million during 2013, and then to $0 in FY 2014.

Local appropriations decreased by $0.6 million, or 3.0 percent, during 2013 as compared to 2012. The decrease is primarily attributable to lower real estate tax receipts due to a decline in revaluations.

Local appropriations increased by $3.9 million, or 26.2 percent, during 2012 as compared to 2011, primarily due to increased real estate tax collections from incremental proceeds from the 1.7 mills continuing levy replacement approved by Lake County voters on November 2, 2010, partially offset by the loss of tangible personal property tax revenue that the State of Ohio is phasing out.

Pell grant revenues decreased by $1.4 million during 2013 ($14.9 million in 2013 compared to $16.3 million in 2012). Other nonoperating income and expenses slightly decreased by 3.0 percent during 2013 as compared to 2012.

Other nonoperating income and expenses decreased by $0.2 million during 2012 as compared to 2011. The decrease is primarily attributable to an increase in Pell grants revenue ($16.3 million in 2012 compared to $16.2 million in 2011) and incremental revenue generated from the College's University Partnership revenue sharing agreements, more than offset by a decrease in investment income due to the continuation of the lower investment yields on the College's portfolio and higher debt interest expense.

Operating expenses include educational and general expenses, auxiliary enterprises, and depreciation. A breakdown and comparison of these expenses are as follows:

Operating Expense Summary

	Year Ended June 30		
	2013	2012	2011
	(dollars in millions)		
Educational and general:			
Salaries and wages	$ 37.4	$ 38.1	$ 36.3
Benefits	11.2	11.6	10.7
Operating expenses	10.9	11.9	11.3
Total educational and general	59.5	61.6	58.3
Auxiliary enterprises	5.6	6.3	6.2
Depreciation	3.8	3.4	3.3
Total	**$ 68.9**	**$ 71.3**	**$ 67.8**

Salaries and wages decreased by 1.8 percent during 2013. The decrease is primarily attributable to (a) no salary increases given to part-time faculty, staff, and management in FY 2013, (b) elimination of noncredit positions through reorganization, (c) freezing/delaying the hiring of certain open positions, (d) lower part-time faculty costs resulting from lower credit and noncredit enrollment in addition to increased credit class size, (e) replacing full-time faculty open positions at lower salaries, and (f) savings due to the retire/rehire program, partially offset by higher full-time faculty costs resulting from contract salary increases.

Benefits before the Early Retirement Incentive Plan (ERIP) include retirement and nonretirement benefits, which decreased by 3.4 percent. The decrease is attributable to a decrease in retirement benefits resulting from the decrease in salaries and wages, offset by a modest increase in health care rates. There was no Early Retirement Incentive Plan (ERIP) for full-time faculty in 2013.

Salaries and wages increased by 4.7 percent during 2012. The increase is primarily attributable to higher summer faculty costs, staffing associated with the Holden University Center, merit increases for staff and administrators that occurred on January 1, 2011, and 2012 salary step and general salary adjustments for faculty and staff including retroactive adjustments resulting from the salary adjustments deferred from 2011, partially offset by savings from unfilled open positions.

In the latest collective bargaining agreement, the board of trustees approved an ERIP for full-time faculty. The total cost of the ERIP was $310,901 in 2012.

In 2013, operating expenses were lower by 3.4 percent. The decrease is primarily attributable to lower expenses related to the decrease in noncredit classes and various cost saving efforts, partially offset by the Holden University Center operating at a full year during 2013 versus ten months in its startup during 2012.

In 2012, operating expenses were higher by 5.2 percent when compared to 2011. The increase is due to increased costs associated with the Holden University Center, the Teaching/Learning Enhancement program for faculty, the financial aid call center, the Campus EAI (Enterprise Application Integration) software maintenance contract, and HR Academic search expenses, partially offset by utility savings and lower printing, insurance, and postage costs.

Auxiliary enterprises expense decreased by 11.1 percent resulting from the favorable impact for event and food services, staffing and salary adjustments, and lower bookstore costs resulting from lower sales during 2013.

Auxiliary enterprises expense increased by 1.6 percent primarily attributable to slightly higher book costs during 2012.

Depreciation expense is higher by 11.8 percent during 2013 due to additional capital expenditures (C Building Project, parking lot renovations, Holden University Center, and planned equipment replacements).

Depreciation expense is higher by 3 percent during 2012 due to additional capital expenditures.

From a budgetary perspective, the College utilizes fund-based accounting to control unrestricted revenue, expenditures, and transfers. A summary for the year ended June 30, 2013 comparison of net changes to fund balance, budget versus actual, for the College's unrestricted funds is as follows:

Unrestricted Funds Budget to Actual Comparison

	2013	
Changes to Fund Balances by Unrestricted Fund Type	Adopted Budget	Actual
	(dollars in millions)	
General operating	$ (0.5)	$ (0.2)
Auxiliary	(0.1)	-
Plant	(0.3)	(0.1)
Total	**$ (0.9)**	**$ (0.3)**

Condensed Statement of Net Position

	June 30		
	2013	2012	2011
Assets			
Current assets	$ 32,132,120	$ 33,231,398	$ 34,983,764
Noncurrent assets:			
Capital	42,119,422	37,744,229	34,051,670
Other	9,332,539	8,863,250	15,870,520
Total assets	**$ 83,584,081**	**$ 79,838,877**	**$ 84,905,954**
Liabilities			
Current liabilities	$ 27,522,633	$ 25,589,663	$ 25,999,741
Noncurrent liabilities	13,281,139	14,863,639	17,259,859
Total liabilities	40,803,772	40,453,302	43,259,600
Net Position			
Net investment in capital assets	29,954,701	25,985,225	26,003,090
Restricted	469,044	625,986	587,703
Unrestricted	12,356,564	12,774,364	15,055,561
Total net position	42,780,309	39,385,575	41,646,354
Total liabilities and net position	**$ 83,584,081**	**$ 79,838,877**	**$ 84,905,954**

Analysis of Overall Financial Position

At June 30, 2013, current assets amounted to $32.1 million as compared to $33.2 million at June 30, 2012, a decrease of $1.1 million. Current liabilities at June 30, 2013 amounted to $27.5 million and current liabilities at June 30, 2012 amounted to $25.6 million, an increase of $1.9 million. The College's working capital ratio was 1.2 and 1.3 at June 30, 2013 and 2012, respectively. The decrease in current assets is primarily attributable to a decrease in investments due to spending of the proceeds from the Series 2011 Tax Anticipation Notes and the planned reduction to reserves, as well as an increase in intergovernmental receivables offset by a decrease in student loans and receivables. The increase in current liabilities is attributable to the timing of payments to vendors, an increase in deferred revenue resulting from an earlier fall 2013 registration during 2013 as compared to 2012, and an increase in the deferral of grant revenue. It should be noted that grant revenue is deferred until the corresponding disbursement is made.

At June 30, 2012, current assets amounted to $33.2 million as compared to $35.0 million at June 30, 2011, a decrease of $1.8 million. Current liabilities at June 30, 2012 amounted to $25.6 million and current liabilities at June 30, 2011 amounted to $26.0 million, a decrease of $0.4 million. The College's working capital ratio was 1.3 and 1.3 at June 30, 2012 and 2011, respectively. The decrease in current assets is primarily attributable to decreased cash and investments attributable to the scheduled principal payments of the College's Series 2008 and 2003 Tax Anticipation Notes, the early pay-off of the Series 1999 Bonds, spending of the proceeds from the Series 2011 Tax Anticipation Notes and the planned reduction to reserves, and increased receivables resulting from increased tuition rates, partially offset by decreased intergovernment receivables. The slight decrease in current liabilities is attributable to the timing of payments to vendors partially offset by the increase in debt payments to be made in 2013.

Noncurrent assets are comprised of capital assets, restricted cash, investments, and loans receivable. The increase in noncurrent assets ($4.8 million) during 2013 is primarily due to the increases in capital assets from various state and College funded projects and higher long-term investments compared to 2012.

The decrease in noncurrent assets ($3.3 million) during 2012 is primarily due to the decrease in restricted cash from the proceeds from the 2011 Tax Anticipation Notes that were spent in 2012, partially offset by higher long-term investments and the addition to net capital assets.

The decrease in noncurrent liabilities in 2013 ($1.6 million) is primarily attributable to scheduled principal payments on the College's debt.

The decrease in noncurrent liabilities in 2012 ($2.4 million) is primarily attributable to scheduled principal payments on the College's debt. On December 1, 2011, the College made $2,260,000 in principal payments, including $985,000 for fully calling the Series 1999 Bonds.

The College's net position amounted to $42.8 million, $39.4 million, and $41.6 million at June 30, 2013, 2012, and 2011, respectively. The $3.4 million increase in the College's net position during 2013 was primarily attributable to increased capital appropriated from the State of Ohio, partially offset by the planned reduction in reserves in the general and auxiliary funds and planned debt payments. A prior period adjustment was made to the College's net position in 2013 to correct the classification of the 2012 components of net position. See Note 16 for further description of the adjustment.

Capital Assets and Long-term Debt Activity

The College utilizes state capital appropriations, internal funds, debt proceeds, and gifts and other grants for capital asset expenditures. State capital appropriations are on a biennium basis, and individual institutions' capital funding allocations are based largely on enrollment. During 2013, the College utilized $5.6 million in state capital appropriations and $2.6 million in internal funds including debt proceeds and purchased $8.2 million of capital assets.

During 2012, the College utilized $0.6 million in state capital appropriations and $6.5 million in internal funds including debt proceeds and purchased $7.1 million of capital assets.

The College's long-term debt is comprised of Series 1999 General Receipts Bonds, Series 2008 Tax Anticipation Notes, and Series 2011 Tax Anticipation Notes. The bonds have a Moody's rating of A1.

In 2011, the College issued notes in the amount of $9.5 million representing the par amount of the notes, at a fixed interest rate of 2.8 percent. The notes are dated June 29, 2011 and shall be payable as to principal and interest on December 1 in the years 2011-2021. The notes shall not be redeemable at the option of the College in whole or in part prior to stated maturity. The proceeds are to be used for technology, furniture, and equipment at The Holden University Center and other technology, furniture, equipment, and capital additions.

In 2009, the College issued notes in the amount of $8.5 million, with fixed interest rates and a final maturity date in 2018. The proceeds of the notes were used to pay costs associated with the implementation of energy conservation measures that are intended to significantly reduce the College's energy consumption and the operating costs of its buildings. A portion of the proceeds of the notes was also used to pay costs associated with the acquisition of technology equipment and other capital improvements.

On September 1, 2011, the board of trustees issued a resolution to redeem the outstanding General Receipts Bonds, Series 1999. The bonds were redeemed on December 1, 2011.

During 2013, 2012, and 2011, the College paid $1.6 million, $2.3 million, and $1.6 million, respectively, in connection with debt maturities. The College is in compliance with all of its contractual long-term debt requirements and covenants.

More detailed information about the College's capital assets and long-term debt is presented in Notes 4 and 5 of the financial statements.

Statement of Cash Flows

Cash Flows for the Year Ended June 30

	2013	2012	2011
Net Cash and Cash Equivalents (Used in) Provided by			
Operating activities	$ (46,053,734)	$ (51,187,775)	$ (55,118,083)
Noncapital financing activities	51,077,495	54,149,947	58,545,263
Capital and related financing activities	(5,084,291)	(10,427,283)	5,714,043
Investing activities	1,012,798	(4,435,942)	1,602,836
Net Increase (Decrease) in Cash and Cash Equivalents	952,268	(11,901,053)	10,744,059
Cash and Cash Equivalents - Beginning of year	1,976,298	13,877,351	3,133,292
Cash and Cash Equivalents - End of year	**$ 2,928,566**	**$ 1,976,298**	**$ 13,877,351**

Major sources of cash included student tuition and fees of $12.3 million, $9.9 million in 2012, and $8.3 million in 2011; state appropriations of $17.7 million in 2013, $18.2 million in 2012, and $22.5 million in 2011; local appropriations of $18.6 million in 2013, $18.7 million in 2012, and $14.8 million in 2011; grants and contracts of $0.7 million in 2013, $1.3 million in 2012, and $1.1 million in 2011; and auxiliary sales and services of $3.5 million in 2013, $4.1 million in 2012, and $4.3 million in 2011.

The largest payments were for employee compensation and benefits totaling $51.6 million in 2013, $53.1 million in 2012, and $49.7 million in 2011; suppliers of goods and services totaling $11.4 million in 2013, $13.8 million in 2012, and $16.0 million in 2011; and purchases of capital assets totaling $3.0 million in 2013, $7.7 million in 2012, and $1.9 million in 2011.

Factors Impacting Future Periods

The level of state and local support, student tuition and fee increases, compensation, and other cost increases impact the College's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs.

The College places significant reliance on state appropriations. State income and budget constraints may from time to time compel stabilization or reduction to levels of state assistance and support for higher education in general and the College in particular. In addition, the SSIS appropriations are subject to subsequent limitations, which provide in part that if the governor ascertains that the available revenue receipts and balances for the current fiscal year will in all probability be less than the appropriations for the year, he shall issue such orders to prevent the expenditure and incurred obligations from exceeding those revenue receipts and balances. SSIS is formula determined and allocates 2014 state funds to each two-year institution based on (a) enrollment, (b) course completion, and (c) student success. In 2014 there is a hold-harmless guarantee that provides temporary stability to institutions where funding decreases precipitously.

Local appropriations in the form of property taxes are another critical element of support. The electors within the County of Lake, Ohio (the "County") must approve any Lakeland Community College property tax. The College collects property taxes for operating and capital purposes from two levies approved by the County voters: a 1.7 mills stated rate for a continuing period and a 1.5 mills stated rate for 10 years. The 1.7 mills levy replacement was approved by Lake County voters on November 2, 2010 and the 1.5 mills stated rate was renewed on November 8, 2011. This replacement of the 1.7 mills levy generated approximately $4.0 million dollars in incremental funding for 2011, as compared to 2010, and has generated an incremental $8.0 million dollars in 2012 compared to 2010. The incremental $8.0 million dollars, as compared to 2010, is expected to continue unless another replacement is passed.

Lake County Community College District
d/b/a Lakeland Community College

Statement of Net Position

	June 30 2013	June 30 2012
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	$ 2,283,060	$ 981,864
Short-term investments (Note 2)	3,102,973	4,923,498
Intergovernmental receivables	11,345,571	9,825,956
Loans and other receivables - Net (Note 3)	13,246,215	15,040,415
Inventories	798,588	859,393
Prepaid assets	1,355,713	1,600,272
Total current assets	32,132,120	33,231,398
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	645,506	994,434
Restricted investments (Note 2)	1,199,173	2,848,817
Investments (Note 2)	7,471,962	4,998,591
Loans receivable - Net (Note 3)	15,898	21,408
Capital assets - Net (Note 4)	42,119,422	37,744,229
Total noncurrent assets	51,451,961	46,607,479
Total assets	83,584,081	79,838,877
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	4,057,844	2,976,993
Unearned revenue	20,615,573	19,813,868
Other liabilities	266,208	138,659
Debt payable (Note 5)	1,649,766	1,595,528
Compensated absences (Note 5)	933,242	1,064,615
Total current liabilities	27,522,633	25,589,663
Noncurrent liabilities (Note 5):		
Other liabilities	248,000	248,000
Debt payable	12,026,245	13,676,011
Compensated absences	792,721	636,663
Refundable federal student loans	214,173	302,965
Total noncurrent liabilities	13,281,139	14,863,639
Total liabilities	40,803,772	40,453,302
Net Position		
Net investment in capital assets	29,954,701	25,985,225
Restricted for:		
Nonexpendable for endowment purposes	355,124	354,545
Expendable for instructional purposes	113,920	271,441
Unrestricted	12,356,564	12,774,364
Total net position	**$ 42,780,309**	**$ 39,385,575**

The Accompanying Notes are an Integral Part of this Financial Statement.

Lake County Community College District
d/b/a Lakeland Community College

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30 2013	Year Ended June 30 2012
Operating Revenue		
Student tuition and fees - Net of $12,835,200 and $13,943,471 in Pell and scholarship allowances in 2013 and 2012, respectively	$ 10,106,022	$ 9,121,040
Federal grants and contracts	231,327	298,873
State grants and contracts	131,877	316,882
Private grants and contracts	433,644	262,855
Sales and services	792,687	805,554
Auxiliary enterprises - Net of $2,022,238 and $2,373,741 in Pell and scholarship allowances in 2013 and 2012, respectively	4,022,522	4,278,198
Other operating revenue	764,472	489,763
Total operating revenue	16,482,551	15,573,165
Operating Expenses		
Educational and general:		
Instruction and departmental research	28,185,915	28,787,466
Public service	1,624,805	2,441,090
Academic support	5,118,898	4,966,354
Student services	7,968,079	8,296,772
Institutional support	9,806,532	10,176,580
Operation and maintenance of facilities	6,762,442	6,960,707
Total educational and general	59,466,671	61,628,969
Auxiliary enterprises	5,601,071	6,258,796
Depreciation	3,854,718	3,396,916
Total operating expenses	68,922,460	71,284,681
Operating Loss	(52,439,909)	(55,711,516)
Nonoperating Revenue (Expense)		
State appropriations (Note 9)	17,676,460	18,206,337
Local appropriations (Note 10)	18,112,482	18,672,505
Pell grant revenue - Net of refunds	14,857,438	16,317,212
Unrestricted investment income - Net of investment expense	40,891	92,866
Restricted investment income - Net of investment expense	5,643	19,440
Interest on capital asset - Related debt	(462,474)	(517,023)
Net nonoperating revenue	50,230,440	52,791,337
Loss - Before other changes	(2,209,469)	(2,920,179)
Other Changes		
Capital appropriations from the State of Ohio (Note 9)	5,604,203	633,900
Capital grants and gifts	-	25,500
Total other changes	5,604,203	659,400
Increase (Decrease) in Net Position	3,394,734	(2,260,779)
Net Position - Beginning of year	39,385,575	41,646,354
Net Position - End of year	**$ 42,780,309**	**$ 39,385,575**

Lake County Community College District
d/b/a Lakeland Community College

Statement of Cash Flows

	Year Ended June 30	
	2013	2012
Cash Flows from Operating Activities		
Tuition and fees - Net	$ 12,291,978	$ 9,922,339
Grants and contracts	745,078	1,346,310
Payments to suppliers and utilities	(11,420,612)	(13,776,148)
Payments for compensation and benefits	(51,597,718)	(53,140,949)
Federal draw-downs	21,502,285	23,858,678
Federal draw-downs applied to tuition - Disbursed to students	(23,038,039)	(24,736,592)
Auxiliary sales and services	3,531,006	4,082,869
Other	1,932,288	1,255,718
Net cash used in operating activities	(46,053,734)	(51,187,775)
Cash Flows from Noncapital Financing Activities		
State appropriations	17,676,460	18,206,337
Local appropriations	18,543,597	18,672,505
Federal Pell - Net of refunds	14,857,438	17,271,105
Net cash provided by noncapital financing activities	51,077,495	54,149,947
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	-	63,718
Purchases of capital assets	(3,040,322)	(7,723,780)
Principal paid on capital debt and leases - Net	(1,595,528)	(2,266,266)
Interest paid on capital debt and leases	(448,441)	(500,955)
Net cash used in capital and related financing activities	(5,084,291)	(10,427,283)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	9,725,225	13,125,000
Purchase of investments	(8,743,344)	(17,674,157)
Interest on investments	30,917	113,215
Net cash provided by (used in) in investing activities	1,012,798	(4,435,942)
Net Increase (Decrease) in Cash and Cash Equivalents	952,268	(11,901,053)
Cash and Cash Equivalents - Beginning of year	1,976,298	13,877,351
Cash and Cash Equivalents - End of year	**$ 2,928,566**	**$ 1,976,298**
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 2,283,060	$ 981,864
Restricted cash and cash equivalents	645,506	994,434
Total cash and cash equivalents	**$ 2,928,566**	**$ 1,976,298**

Statement of Cash Flows (Continued)

		Year Ended June 30		
		2013		2012
Reconciliation of Operating Loss to Net Cash from Operating Activities:				
Operating loss	$	(52,439,909)	$	(55,711,516)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation expense		3,854,718		3,396,916
Decrease in assets:				
Accounts receivable		280,094		678,620
Inventories		60,805		60,199
Other assets		244,559		1,639,969
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities		1,208,401		(1,120,970)
Unearned revenue		801,705		(322,149)
Deposits held for others		(88,792)		9,241
Compensated absences		24,685		181,915
Net cash used in operating activities	**$**	**(46,053,734)**	**$**	**(51,187,775)**

Balance Sheet and Condensed Statement of Activities
Component Unit - The Lakeland Foundation

Balance Sheet

	June 30 2013	June 30 2012
Assets		
Cash and cash equivalents	$ 377,747	$ 372,840
Cash held for others	11,182	11,204
Investments (Note 2)	3,266,222	2,920,758
Receivables	414,683	531,430
Other assets	24,771	13,837
Total assets	**$ 4,094,605**	**$ 3,850,069**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 52,628	$ 34,364
Due to custodial funds	11,182	11,204
Total liabilities	63,810	45,568
Net Assets		
Unrestricted	45,514	(22,647)
Temporarily restricted (Note 7)	1,888,793	1,856,065
Permanently restricted	2,096,488	1,971,083
Total net assets	4,030,795	3,804,501
Total liabilities and net assets	**$ 4,094,605**	**$ 3,850,069**

Condensed Statement of Activities

	Year Ended June 30 2013	Year Ended June 30 2012
Support and Revenue		
Contributions and grants	$ 873,931	$ 1,211,419
Investment income - Net	295,658	7,752
Total support and revenue	1,169,589	1,219,171
Program and Support Services		
Program services:		
Scholarships	452,762	344,650
Educational and related programs	265,849	237,383
Support services - Administration	224,684	265,504
Total program and support expenses	943,295	847,537
Increase in Net Assets	226,294	371,634
Net Assets - Beginning of year	3,804,501	3,432,867
Net Assets - End of year	**$ 4,030,795**	**$ 3,804,501**

Note 1 - Basis of Presentation and Significant Accounting Policies

Lake County Community College District d/b/a Lakeland Community College (the "College") is a two-year community college and a political subdivision of the State of Ohio (the "State"). The College is exempt from filing a federal tax return based upon the ruling it received from the Internal Revenue Service dated August 27, 1968.

The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The financial statements have been prepared in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. This standard requires examination of significant operational or financial relationships with the College and establishes criteria for identifying and presenting component units of the organization. Based on this examination and application of the criteria, the College has identified one component unit: the Lakeland Foundation. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

The Lakeland Foundation (the "Foundation") is discretely reported as part of the College's reporting entity (although it is legally separate and governed by its own board of directors) The Foundation is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from those under the GASB. No modifications have been made to the Foundation's financial information included in the College's financial report to account for these differences. Separate financial statements of the Foundation may be obtained by contacting The Lakeland Foundation, 7700 Clocktower Drive, Kirtland, Ohio 44094-5198.

Basis of Accounting - The accompanying financial statements of the College were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the GASB.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Measurement Focus and Financial Statement Presentation - Operating revenue and expenses generally result from providing service in connection with the College's principal ongoing operations. The principal operating revenue is student tuition. The College also recognizes as operating revenue grants and contracts classified as exchange transactions and auxiliary activities. Operating expenses include educational costs, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition, including state and local appropriations, are reported as nonoperating revenue and expenses. When the College incurs an expense for which both unrestricted and restricted net assets are available, it is the College's policy to first apply restricted resources. Activity related to Internal Service Funds is eliminated to avoid "doubling up" revenue and expenses.

Cash and Cash Equivalents - Cash and cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Restricted Cash and Cash Equivalents - As of June 30, 2013, restricted cash and cash equivalents of $645,506 consist of the unspent proceeds from the Tax Anticipation Notes, Series 2011 ($290,382) issued on June 29, 2011 and for endowment purposes ($355,124). As of June 30, 2012, restricted cash and cash equivalents of $994,434 consist of the unspent proceeds from the Tax Anticipation Notes, Series 2011 ($639,889) issued on June 29, 2011 and for endowment purposes ($354,545).

Inventories - Inventories consist primarily of books and supplies of the College's bookstore and are valued at the lower of cost (first-in, first-out) or market.

Investments - All investments are measured at fair value, based on quoted market prices, in the statement of net position. Investments maturing in one year or less are categorized as short term.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Capital Assets - The College's policy on capitalization and depreciation adheres to the requirement of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. Capital assets include land, land improvements, infrastructure, buildings, building improvements, construction in progress, equipment, furniture, vehicles, software, and library books.

Capital assets greater than $5,000 are capitalized at cost or, if acquired by donation, at appraised values as of the date received. When capital assets are sold or otherwise disposed of, the carrying value of such assets and any accumulated depreciation are removed from the statement of net position. The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed.

Capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method for equipment, furniture, and vehicles and half-year convention for all other capital assets:

Land improvements	20-30 years
Infrastructure	20-25 years
Building and building improvements	5-40 years
Equipment, furniture, and vehicles	3-15 years
Software and library books	3-5 years

Unearned Revenue - Unearned revenue includes tuition and fees for summer sessions and local government revenue. Summer tuition and fee revenue received and related expenses incurred are unearned in their entirety to the next fiscal year. This is consistent with the State of Ohio reporting model. Unearned revenue also includes amounts billed to students for the fall semester of fiscal year 2014 that have not yet been earned.

Reserve for Compensated Absences - Compensated absences, including accumulated unpaid vacation benefits and unpaid sick leave, are accrued to conform to GASB Statement No. 16, *Accounting for Compensated Absences*.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Net Position - Net position is classified according to external donor restrictions or availability of assets for satisfaction of College obligations. Nonexpendable, restricted net positions are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted or granted for specific purposes, funds used for capital projects, and debt service. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Unrestricted net position is not subject to externally-imposed constraints and may be designated for specific purposes by action of the board of trustees (the "Board") or may otherwise be limited by contractual agreements with outside parties.

Revenue Recognition - State appropriations are recognized when received or made available. Restricted funds are recognized as revenue only to the extent expended. Gifts and interest on student loans are recognized when received. The College's policy for defining operating activities as reported on the statement of revenue, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions.

Grants and Contracts - The College receives grants and contracts from federal, state, and private agencies to fund education programs, research, and other activities. Grants and contracts generally provide for the recovery of direct and indirect costs. Indirect costs recovery is recorded as a percentage of direct costs at negotiated fixed rates. Revenue received under grants and contracts is subject to the examination and retroactive adjustments by the awarding agency.

Pell Grant Reimbursements - Pell grant reimbursements are classified as nonoperating revenue due to their nonexchange nature. The amounts recorded as Pell revenue for 2013 and 2012 are $14,857,438 and $16,317,212, respectively.

Intergovernmental Receivables and Revenue - Local government revenue is recorded as receivables and revenue when the legal right to the funds has occurred. Other federal and state grants and assistance awards made on the basis of entitlement are recorded as intergovernmental receivables and revenue when entitlement occurs.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Use of 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 the amounts reported in the financial statements and disclosures in the notes. Actual results could differ from the estimates.

Newly Adopted Accounting Pronouncements- Effective July 1, 2012, the College implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement introduces and defines those elements as a consumption of net assets by the College that are applicable to a future reporting period, and an acquisition of net assets by the College that are applicable to a future reporting period, respectively. The standards also incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

Newly Issued Accounting Pronouncements, Not Yet Adopted- In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

Note 2 - Cash and Cash Equivalents and Investments

Cash and Cash Equivalents - Ohio law requires that cash amounts be placed in eligible financial institutions located in Ohio. Any public depository in which the College places deposits must pledge as collateral eligible securities of aggregate fair value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation. Further, Ohio law requires such collateral amounts to exceed deposits by 2 percent. Collateral that may be pledged is limited to obligations of the following entities: the United States and its agencies, the State of Ohio, the Ohio Student Loan Commission, and any legally constituted taxing subdivision within the state of Ohio.

At June 30, 2013 and 2012, the carrying amount of the College's cash balance was $283,802 and $82,080, respectively. The bank balance at June 30, 2013 and 2012 totaled $2,509,966 and $1,089,065, respectively. The difference represents outstanding checks payable, deposits in transit, and normal reconciling items.

A total of $250,000 of the bank balance was covered by the federal depository insurance for the years ended June 30, 2013 and 2012. The remainder was specifically secured by U.S. government and municipal securities. The College also maintains a small on-hand cash balance to maintain day-to-day operations in the cashier's office, bookstore, and food service operations.

Investments - The College's investment policy approved by the board of trustees establishes priorities and guidelines regarding the investment management of the College's funds. These priorities and guidelines are based upon Chapters 3354.10, 3345.05, and 135.14 of the Ohio Revised Code (ORC) and prudent money management principles.

The investment objectives of the College, in priority order, include compliance with all federal and state laws, safety of principal, liquidity, and yield. Market risks (including interest rate risk and liquidity risk) and credit risk are managed by board policies as described below.

Interest Rate Risk - The market value of securities in the College's portfolio will increase or decrease based upon changes in the general level of interest rates. The effects of market value fluctuations will be minimized by maintaining adequate liquidity to pay current obligations, diversification of maturities, and diversification of assets.

Note 2 - Cash and Cash Equivalents and Investments (Continued)

Liquidity Risk - The portfolio remains sufficiently liquid to meet all current obligations of the College. Minimum liquidity levels are established in order to meet all current obligations without having to sell securities. The College forecasts its cash needs and maintains cash balances (related to daily receipts or for immediate expenditure needs) in an overnight “sweep” bank account (that earns interest in overnight repurchase agreements). In addition, funds are also invested in the State of Ohio treasurer’s STAR investment program fund. The remaining portfolio at June 30, 2013 and 2012 is made up of federal agency issues. These investments are structured so that securities mature concurrently with cash needs.

Credit Risk - Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest or the failure of the issuer to make timely payments of principal. Eligible investments affected by credit risk include certificates of deposit, commercial paper, and bankers’ acceptances. The College had $1,499,481 in commercial paper in 2013, $0 in 2012. Credit risk is minimized by (1) diversifying assets by issuer, (2) ensuring that required minimum credit ratings exist prior to the purchase of commercial paper and bankers’ acceptances, and (3) maintaining adequate collateralization of certificates of deposits

Custodial Credit Risk - Investments under management are directed by the College’s investment manager, United American Capital Corporation. The investment manager shall be either registered with the Securities and Exchange Commission or be licensed by the division of securities under Section 1707.141 ORC, and will possess experience in the management of public funds, specifically in the area of state and local government investment portfolios, or an eligible institution referenced in 135.03 ORC.

The investment advisor is authorized to manage the investment funds of the College, which includes the selection of eligible investment assets as defined under applicable sections of the ORC, and the selection of eligible broker dealer firms based upon the criteria as determined by the investment advisor.

The investment advisor may execute the purchase and/or sale of securities with eligible Ohio financial institutions, primary securities dealers regularly reporting to the New York Federal Reserve Bank, and regional securities firms or broker dealers licensed with the Ohio Department of Commerce, Division of Securities to transact business in the state of Ohio.

The investment advisor, eligible financial institutions, and broker/dealers transacting investment business with the College are required to sign the College’s investment policy as an acknowledgment and understanding of the contents of said policy.

Note 2 - Cash and Cash Equivalents and Investments (Continued)

Securities purchased for the College are held in a safekeeping account established by the College as provided in Section 135.37 ORC. Securities held in safekeeping by the custodian are evidenced by a monthly statement describing such securities. The custodian may safe keep the College's securities in (1) Federal Reserve Bank book entry form, (2) Depository Trust Company (DTC) book entry form in the account of the custodian or the custodian's correspondent bank, or (3) nonbook entry (physical) securities held by the custodian or the custodian's correspondent bank. Therefore, the custodial risk is limited.

Foreign Currency Risk - The College did not invest in any foreign instruments in 2013 or 2012.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The College's investment policy places no limitation on the amount that may be invested in a single issuer. The college held commercial paper with General Electric Capital Corporation that had fair values of 5 percent or more of total investments as of June 30, 2013. There were no other issuers over 5 percent in 2013 and none in 2012.

At June 30, 2013 and 2012, the College's investment portfolio and credit ratings consisted of the following:

2013	Fair Market Value	Less Than One Year	1-4 Years	NRSRO Rating
State Treasurer Asset Reserve Fund (STAR Ohio)	$ 399,557	$ 399,557	$ -	AAA
Money market	2,529,009	2,238,627	290,382	AAA
Commercial paper	1,499,481	499,586	999,895	P-1
U.S. Treasury	500,176		500,176	AAA
U.S. government agency	9,774,451	2,603,387	7,171,064	AAA
Total investments	$ 14,702,674	$ 5,741,157	$ 8,961,517	

2012	Fair Market Value	Less Than One Year	1-4 Years	NRSRO Rating
State Treasurer Asset Reserve Fund (STAR Ohio)	$ 406,218	$ 406,218	$ -	AAA
Money market	4,418,897	3,424,463	994,434	AAA
U.S. government agency	9,922,089	2,074,681	7,847,408	AAA
Total investments	$ 14,747,204	$ 5,905,362	$ 8,841,842	

Note 2 - Cash and Cash Equivalents and Investments (Continued)

FASB accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. In accordance with the standard, fair value is defined as the price the Foundation would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Level 1 - Uses unadjusted quoted prices that are available in active markets for identical assets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets in active markets and quoted prices in markets that are not active. Level 2 also includes assets that are valued using models or other pricing methodologies that do not require significant judgment since input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 - Uses inputs that are unobservable and are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which assumptions utilize management's estimates of market participant assumptions.

The following table sets forth by level within the fair value hierarchy the Foundation's investments that were accounted for at fair value on a recurring basis as of June 30, 2013 and 2012. All investments were Level 1 and Level 2 inputs, as defined above, for the years ended June 30, 2013 and 2012.

Note 2 - Cash and Cash Equivalents and Investments (Continued)

	2013		2012	
	Fair Value	Cost	Fair Value	Cost
Corporate bonds	$ 28,760	$ 29,867	$ -	$ -
Municipal bonds	757,815	764,323	802,189	803,691
Fixed-income mutual funds	563,241	554,473	565,282	545,121
Equities	284,236	233,516	241,758	216,263
Equity mutual funds	1,072,317	852,219	836,271	732,271
International mutual funds	267,778	233,368	195,017	173,074
Other investment assets	215,101	223,514	178,582	156,272
Money market/Cash reserves	76,974	76,974	101,659	101,659
Total	$ 3,266,222	$ 2,968,254	$ 2,920,758	$ 2,728,351

Note 3 - Loans and Other Receivables

Loans and other receivables relate to several activities including tuition and fees, auxiliary sales, and miscellaneous sales and services. Loans and other receivables are recorded net of allowances for uncollectible accounts of $3,442,464 and $3,092,495 at June 30, 2013 and 2012, respectively. The increase is primarily attributable to the planned growth in the uncollectible accounts provision attributable to (a) usage of the College's tuition payment plan, as well as (b) the College's accounting change in only writing off receivables when informed by the Attorney General's collection division. This account is reviewed and reestablished at each year end. The following schedule is an analysis of loans and other receivable balances as of June 30, 2013 and 2012:

	2013		2012	
	Current Portion - Net	Noncurrent Portion - Net	Current Portion - Net	Noncurrent Portion - Net
In-house student loans	$ -	$ 1,500	$ -	$ 1,500
Federal Perkins and nursing student loans	12,526	-	9,433	-
Employee computer financing	30,058	14,398	37,398	19,908
Student accounts	12,739,596	-	14,549,300	-
Auxiliary receivables	249,732	-	197,286	-
Interest receivable	7,715	-	14,221	-
Sales and service receivables	206,588	-	232,777	-
Total	$ 13,246,215	$ 15,898	$ 15,040,415	$ 21,408

Federal Direct Loans Program loans processed for students by the College totaled $21,308,215 and 23,711,053 during the years ended June 30, 2013 and 2012, respectively. The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loans Program and, accordingly, these loans are not included in the College’s financial statements.

Note 4 - Capital Assets

Capital asset activity for the years ended June 30, 2013 and 2012 was as follows:

	July 1, 2012 Balance	Additions	Retirements and Transfers	June 30, 2013 Balance
Nondepreciable assets:				
Land	$ 723,289	$ -	$ -	$ 723,289
Construction in progress	515,940	5,151,620	-	5,667,560
Depreciable assets:				
Land improvements	4,020,330	574,727	-	4,595,057
Infrastructure	6,200,609	-	-	6,200,609
Buildings and improvements	71,059,334	345,843	-	71,405,177
Equipment and vehicles	12,615,774	1,600,321	(1,249,815)	12,966,280
Software and library books	9,700,852	571,050	-	10,271,902
Total capital assets	104,836,128	8,243,561	(1,249,815)	111,829,874
Less accumulated depreciation:				
Land improvements	2,610,247	142,380	-	2,752,627
Infrastructure	2,853,312	203,227	-	3,056,539
Buildings and improvements	46,926,487	2,359,001	-	49,285,488
Equipment and vehicles	5,792,209	802,866	(1,244,914)	5,350,161
Software and library books	8,909,644	355,993	-	9,265,637
Total accumulated depreciation	67,091,899	3,863,467	(1,244,914)	69,710,452
Capital assets - Net	$ 37,744,229	$ 4,380,094	$ (4,901)	$ 42,119,422

	July 1, 2011 Balance	Additions	Retirements and Transfers	June 30, 2012 Balance
Nondepreciable assets:				
Land	$ 723,289	$ -	$ -	$ 723,289
Construction in progress	1,389,233	548,484	(1,421,777)	515,940
Depreciable assets:				
Land improvements	3,631,704	388,626	-	4,020,330
Infrastructure	6,152,109	48,500	-	6,200,609
Buildings and improvements	69,605,385	1,453,949	-	71,059,334
Equipment and vehicles	6,838,374	5,806,500	(29,100)	12,615,774
Software and library books	9,422,535	278,317	-	9,700,852
Total capital assets	97,762,629	8,524,376	(1,450,877)	104,836,128
Less accumulated depreciation:				
Land improvements	2,473,890	136,357	-	2,610,247
Infrastructure	2,591,027	262,285	-	2,853,312
Buildings and improvements	44,848,519	2,077,968	-	46,926,487
Equipment and vehicles	5,138,437	682,872	(29,100)	5,792,209
Software and library books	8,659,086	250,558	-	8,909,644
Total accumulated depreciation	63,710,959	3,410,040	(29,100)	67,091,899
Capital assets - Net	$ 34,051,670	$ 5,114,336	$ (1,421,777)	$ 37,744,229

Note 4 - Capital Assets (Continued)

As of June 30, 2013 and 2012, the College had commitments of $452,561 and $0, respectfully, related to the C Building construction in progress.

Note 5 - Noncurrent Liabilities

Noncurrent liability activity for the years ended June 30, 2013 and 2012 was as follows:

2013	June 30, 2012 Balance	Additions	Reductions	June 30, 2013 Balance	Current Portion
Long-term debt and lease obligations:					
Tax Anticipation Note, Series 2011	$ 9,000,000	$ -	$ 790,000	$ 8,210,000	$ 815,000
Tax Anticipation Note, Series 2008	6,250,000	-	800,000	5,450,000	830,000
Premium on Tax Anticipation Note	21,539	-	5,528	16,011	4,766
Total	15,271,539	-	1,595,528	13,676,011	1,649,766
Other noncurrent obligations:					
Reserve for compensated absences	1,701,278	24,685	-	1,725,963	933,242
Reserve for federal student loans	302,965	-	88,792	214,173	
Other liabilities	248,000	-	-	248,000	-
Total noncurrent liabilities	$ 17,523,782	$ 24,685	$ 1,684,320	$ 15,864,147	$ 2,583,008

2012	June 30, 2011 Balance	Additions	Reductions	June 30, 2012 Balance	Current Portion
Long-term debt and lease obligations:					
Tax Anticipation Note, Series 2011	$ 9,500,000	$ -	$ 500,000	$ 9,000,000	$ 790,000
Tax Anticipation Note, Series 2008	7,025,000	-	775,000	6,250,000	800,000
Premium on Tax Anticipation Note	27,805	-	6,266	21,539	5,528
General Receipts Bonds, Series 1999	985,000	-	985,000	-	-
Total	17,537,805	-	2,266,266	15,271,539	1,595,528
Other noncurrent obligations:					
Reserve for compensated absences	1,519,363	181,915	-	1,701,278	1,064,615
Reserve for federal student loans	293,724	9,241	-	302,965	-
Other liabilities	323,000	-	75,000	248,000	-
Total noncurrent liabilities	$ 19,673,892	$ 191,156	$ 2,341,266	$ 17,523,782	$ 2,660,143

Note 5 - Noncurrent Liabilities (Continued)

Tax Anticipation Notes Series 2011, Series 2008 - The Tax Anticipation Notes Series 2011 is one of an authorized issue of Notes of the College in the aggregate principal amount of $9,500,000 (the "Notes"). The Notes are issued for the purpose of providing funds for the acquisition of sites; the erection, furnishing, and equipment of buildings; the acquisition, construction, or improvement of any property which the board of trustees of the community college district is authorized to acquire, construct, or improve, and which has an estimated life of usefulness of five years or more as certified by the fiscal office; and the payment of operating costs of the College, and issued in anticipation of the collection of a fraction of the proceeds to be received from the collection of a 1.7 mills ad valorem property tax in excess of the 10-mills limitation (the "Tax Levy") for that purpose approved by the electors of the College at an election held on November 3, 1970 and replaced by a vote of the electors on November 2, 2010.

The Series 2011 Note is payable as to both principal and interest from the proceeds of the Tax Levy, and is issued under authority of and pursuant to the laws of the State of Ohio, particularly Sections 3354.12 and 133.24 of the Revised Code, the requisite majority vote of the electors of the College cast at an election held on November 2, 2010 upon the question of the Tax Levy, and a resolution adopted by the board of trustees of the College on June 2, 2011 and a Certificate of Award dated June 13, 2011 (collectively, the "Note Legislation").

The Notes are not subject to optional redemption prior to stated maturity. The Notes are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amount.

Effective July 10, 2008, the College issued Tax Anticipation Notes (Series 2008 Notes) in anticipation of the proceeds of a 1.7 mills ad valorem property tax approved by the electors of the College at an election held on November 3, 1970. The notes are in the amount of $8,500,000, with fixed interest rates and a maturity date of 2018. The proceeds of the notes are being used to pay costs associated with the implementation of energy conservation measures that are intended to significantly reduce the College's energy consumption and operating costs of its buildings. A portion of the proceeds of the notes is also being used to pay costs associated with the acquisition of technology equipment and other capital improvements.

Note 5 - Noncurrent Liabilities (Continued)

The Series 2008 Notes are issued pursuant to authorized legislation and the Ohio Revised Code, adopted by the board of trustees of the College on June 5, 2008. The notes are being issued in anticipation of the collection of a fraction of the proceeds from the tax levy, commencing with distributions from the College in calendar year 2008 and ending with collection year 2018. Under law authorizing this financing, notes may be issued from time to time during the life of the tax levy. The amount of principal payments may not in aggregate exceed 75 percent of the total anticipated proceeds of the levy to be collected during the particular calendar year.

The Series 2011 Notes and Series 2008 Notes were issued pursuant to a master trust agreement dated March 15, 1999, acting by and through the College's board of trustees and the bond trustee. The Series 2011 Notes are subject to mandatory redemption, with a fixed interest rate of 2.80 percent. The final maturity of the Series 2011 Notes is December 1, 2021. The Series 2008 Notes are subject to mandatory redemption, with stated interest rates ranging from 3.375 percent to 3.75 percent. The final maturity of the Series 2008 Notes is December 1, 2018.

The Series 2011 Notes are special obligations of the College. Pursuant to authorizing legislation and the Ohio Revised Code, amounts necessary to pay debt service as it comes due shall be appropriated for that purpose from the proceeds of the 1.7 mills property tax levy approved by the Lake County, Ohio electors at the November 3, 1970 election and replaced by a vote of the electors at the November 2, 2010 election.

The Series 2008 Notes are special obligations of the College. Pursuant to authorizing legislation and the Ohio Revised Code, amounts necessary to pay debt service as it comes due shall be appropriated for that purpose from the proceeds of the 1.7 mills property tax levy approved by the Lake County, Ohio electors at the November 3, 1970 election.

Note 5 - Noncurrent Liabilities (Continued)

Scheduled principal maturities and total debt service on the Series 2011 Notes and Series 2008 Notes for fiscal years subsequent to June 30, 2013 are as follows:

Fiscal Years Ending		Principal	Interest	Total
2014		$ 1,645,000	$ 399,570	$ 2,044,570
2015		1,695,000	346,895	2,041,895
2016		1,750,000	292,540	2,042,540
2017		1,805,000	236,435	2,041,435
2018		1,865,000	177,299	2,042,299
2019-2021		4,900,000	241,326	5,141,326
	Total	$ 13,660,000	$ 1,694,065	$ 15,354,065

Note 6 - Operating Lease Obligations

The College has entered into various lease agreements, which are considered operating leases. Total rental expense under operating leases during the years ended June 30, 2013 and 2012 amounted to $1,076,732 and $801,316, respectively. On January 27, 2010, the Lakeland board of trustees approved a formal agreement with PF Kirtland, LLC for leasing a facility located on Kirtland Road and the necessary "build out" for use as an educational facility. The lease is consistent with the plans, specifications, and costs submitted to and reviewed by the board. The lease will be for an initial period of 15 years with three five-year options, together with the option to purchase the facility. Rents payable under the lease shall be limited to available receipts of the College as permitted under Ohio Revised Code Section 3345.12(4). One other operating lease was for real estate property rentals for Lakeland's campus in Madison.

Note 6 - Operating Lease Obligations (Continued)

Future minimum lease payments as of June 30, 2013 under operating lease in Kirtland and Madison are as follows:

2014	$ 1,085,107
2015	943,188
2016	916,798
2017	914,759
2018	986,130
2019-2023	5,119,454
2024-2027	3,584,934
Total	$ 13,550,370

Note 7 - Classification of Temporarily Restricted Net Assets

The Foundation has funds which have been designated as temporarily restricted. These funds include private and corporate contributions which have been temporarily restricted for specific purposes. Earnings on investments of these funds are included in the unrestricted fund unless such earnings have been stipulated as temporarily restricted by donors.

Temporarily restricted net assets are available for the following purposes as of June 30, 2013 and 2012.

	2013	2012
Scholarships	$ 823,678	$ 851,260
Loans	18,109	19,542
Educational and related programs	515,314	595,872
Accumulated earnings on endowment funds	531,692	389,391
Total temporarily restricted net assets	$ 1,888,793	$ 1,856,065

Note 7 - Classification of Temporarily Restricted Net Assets (Continued)

Permanently restricted net assets include contributions restricted in perpetuity designated by the donor. Earnings on investments of the endowment fund are classified as temporarily restricted net assets. However, the earnings may be used for current purposes of the Foundation. All endowment activity is restricted for the use of scholarships as of June 30, 2013 and 2012.

Note 8 - Endowment Funds

The Foundation's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purpose of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Note 8 - Endowment Funds (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets as of June 30, 2012	$ (48,920)	$ 389,391	$ 1,817,637	$ 2,158,108
Investment return:				
Investment income	-	51,708	-	51,708
Net appreciation (realized and unrealized)	48,920	188,043	-	236,963
Total investment return	48,920	239,751	-	288,671
Contributions	-	-	168,262	168,262
Appropriations for expenditures	-	(78,097)	-	(78,097)
Management fee	-	(19,353)	-	(19,353)
Transfers	-	-	3,191	3,191
Endowment net assets as of June 30, 2013	$ -	$ 531,692	$ 1,989,090	$ 2,520,782

Below is a reconciliation of permanently restricted net assets included in the Endowment Fund to total permanently restricted net assets:

Permanently restricted net assets within the Endowment Fund	$ 1,989,090
Permanently restricted contributions included in pledges receivable	107,398
Total permanently restricted net assets	$ 2,096,488

The temporarily restricted endowment includes an endowment that by the donor's restrictions is temporarily restricted. The board of directors has determined that the donation will be maintained similar to a permanent endowment.

Note 8 - Endowment Funds (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets as of June 30, 2011	$ -	$ 512,077	$ 1,683,634	$ 2,195,711
Investment return:				
Investment income	-	45,958	-	45,958
Net (depreciation) appreciation (realized and unrealized)	(48,920)	1,601	-	(47,319)
Total investment return	(48,920)	47,559	-	(1,361)
Contributions	-	-	154,945	154,945
Appropriations for expenditures	-	(70,470)	-	(70,470)
Management fee	-	(23,375)	-	(23,375)
Transfers	-	(76,400)	132,504	56,104
Endowment net assets as of June 30, 2012	$ (48,920)	$ 389,391	$ 1,971,083	$ 2,311,554

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The deficiencies of this nature that are included in temporarily restricted net assets attributed to the donor-restricted portion of the market value loss are $0 and $48,920 as of June 30, 2013 and 2012, respectively. These deficiencies result from unfavorable market fluctuations that occurred during the economic downturn that was experienced in the United States and worldwide.

Note 8 - Endowment Funds (Continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for the endowment fund. This policy goal for the Foundation's endowment investment portfolio is to provide a real total return that preserves the purchasing power of the endowment assets, while providing an income stream to support the Foundation's activities in support of Lakeland Community College. Assets for the investment pool include those assets of donor-restricted funds that the Foundation must hold in perpetuity, as well as board-designated funds. The Foundation engages an investment manager whose performance is measured against respective benchmarks. The endowment's real total return is sought from an investment strategy that provides an opportunity for superior total returns within acceptable levels of risk and volatility. The Foundation recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential loss in purchasing power due to inflation are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the investment portfolio the opportunity to achieve satisfactory results consistent with the objectives and character of the portfolio.

Strategies Employed for Achieving Objectives

For the long term (defined as a rolling five-year period), the primary investment objective for the endowment portfolio is to earn a total return (net of portfolio management and custody fees) within prudent levels of risk, which is sufficient to maintain, in real terms, the purchasing power of the endowment's assets and support a desired annual spending policy of up to 4.5 percent of the five-year average of the market value of the endowment portfolio.

The Foundation's asset allocation guidelines are reviewed periodically by the Foundation Investment Committee with changes approved by the board of directors. The portfolio's major allocation guidelines allow an allocation of the portfolio to be invested in equity securities. Remaining portfolio funds may be invested in either fixed-income, alternatives, or cash equivalent securities.

Portfolio Allocation - Strategic Target and Tactical Range

	Low	Target	High
Equities	60%	67%	80%
Fixed-income	20%	26%	40%
Alternatives	0%	5%	10%
Cash equivalents	0%	2%	10%
Total		100%	

Note 8 - Endowment Funds (Continued)

Spending Policy

The Lakeland Foundation's spending policy is based on a total return approach in order to maintain stable cash flows over an extended period of time, to protect endowment funds against inflation, and to preserve the purchasing power of endowment funding by improving investment growth and management. The spending policy allows up to a maximum of 4.5 percent of the five-year average market value of a designated endowment fund. Spending may include net realized gains earnings over that five-year period, and is offset by any previously designated spending amounts. All returns (gains, losses, and income - net of external and internal fees and previously designated spending amount) above 4.5 percent will be reinvested in the endowment funds portfolio. The spending policy is closely monitored by the Investment Committee and recommendations for any changes are forwarded to the Executive Committee and full board for review and approval.

Note 9 - State Appropriations

The College is a state-assisted institution of higher education and receives student-based support from the State. This support is determined annually based upon a formula devised by the State. In addition to this student support, the State provides funding for the construction of major academic plant facilities on the College's campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, is used for the construction and subsequent transfer of the facility to the College.

College facilities are not pledged as collateral for the OPFC revenue bonds. Instead, these bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the treasurer of the State. If sufficient monies are not available from the fund, the Ohio Board of Regents shall assess a special student fee uniformly applicable to students in State-assisted institutions of higher education throughout the state.

As a result of the above described financial assistance provided by the State to the College, outstanding debt issued by the OPFC is not included on the College's statement of net assets. In addition, the appropriations by the general assembly to the Ohio Board of Regents for payments of debt service are not reflected and the related debt service payments are not recorded in the College's accounts.

As part of legislation that deregulated the electric and natural gas utilities (SB3 and SB287), commencing with calendar year 2002, the College was to receive $1,238,070 in replacement state taxes at a "100 percent guarantee" each year for a five-year period (to protect the College for lost public utility property taxes due to lowered valuations).

Note 9 - State Appropriations (Continued)

The guarantee was to be reduced to an 80 percent level for years 6 through 10, and then proportionally reduced to zero in years 11 through 15. The amount was eliminated in 2012 as compared to $1,030,736 in 2011.

For a number of years, the College received guarantees on previously lost personal property taxes. Those guarantees were expected to be continued and phased out over the next five years. In the State 2012- 2013 Operating Biennium Budget, the guarantees mentioned above will be essentially eliminated: guarantees were reduced from $0.6 million in FY 2012, to $0.1 million in FY 2013, to $0 million in FY 2014.

Note 10 - Local Appropriations

The College receives local appropriations in the form of property taxes levied against real, public utility, and tangible (used in business) personal property located in the County of Lake, Ohio (the "County"). Real property taxes and public utility taxes are levied after October 1 on assessed value listed as of January 1, the lien date. Taxes collected on "real property" in one calendar year are levied in the preceding calendar year.

Tangible personal property taxes attach as a lien and are levied on January 1. Taxes collected on tangible personal property in one calendar year are levied in the same calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of the preceding calendar year and at the tax rates determined in the preceding year.

Public utility (real and tangible personal) taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

The electors within the County must approve any Lake County Community College District d/b/a Lakeland Community College property tax. Lake County Community College District d/b/a Lakeland Community College collects property taxes for operating and capital purposes from two levies approved by the County voters: a 1.7 mills stated rate for a continuing period and a 1.5 mills stated rate for 10 years. On November 2, 2010, Lake County voters approved a "replacement" of the 1.7 mills continuing levy. With this replacement levy approved, the incremental revenue was approximately $8.0 million effective in 2012 after generating incremental in 2011 of $4.0 million for half year assessments. On November 8, 2011, the 1.5 mills levy was renewed by the Lake County voters.

Note 10 - Local Appropriations (Continued)

Revenue authorization is recognized based on the taxing authority's amounts to be distributed to the tax district and its certification of the College's annual budget. The taxing authority does not authorize the distribution of the tax assessment for the calendar year 2013 until October 2013, thus not legally making it available to the College until after the end of the College's fiscal year for that year's calendar assessment. The College has recognized one-half year of its real property and public utility property tax receipts due as an intergovernmental receivable in the current fiscal year. Property taxes receivable represent outstanding real property, public utility, and tangible personal property taxes, which were measurable at June 30, 2013. Total property tax collections for the next fiscal year are measurable amounts. However, since these revenue collections to be received during the available period are not intended to finance 2013 operations, the receivable amount is recorded as deferred revenue.

Note 11 - Retirement Plans

All full-time employees of the College are covered by one of two State-administered retirement plans. Faculty and other qualified individuals participate in the State Teachers Retirement System of Ohio (STRS) and all other College employees participate in the School Employees' Retirement System (SERS). The retirement programs are cost-sharing, multiple-employer defined benefit plans. In addition, STRS and SERS members have the additional options of a defined contribution plan and a combined plan. STRS and SERS provide retirement and disability benefits, annual cost of living adjustments, and death benefits for plan members and beneficiaries.

The State Teachers Retirement System of Ohio Comprehensive Annual Financial Report may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771. The School Employees' Retirement System of Ohio Comprehensive Annual Financial Report may be obtained by writing to School Employees' Retirement System of Ohio, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. The Ohio Revised Code (ORC) provides statutory authority for employee and employer contributions. The employee contribution rates are 10.0 percent for STRS and SERS of covered payroll and the College is required to contribute 14.0 percent of covered payroll. The STRS defined contribution plan allows members to invest all their member and employer contributions equal to 10.5 percent of earned compensation. The combined plan offers features of the defined benefit and defined contribution plan.

Note 11 - Retirement Plans (Continued)

The College's contributions to STRS for the years ended June 30, 2013, 2012, and 2011 were $2,951,310, $3,095,012, and $3,004,055, respectively, equal to the required contributions for each year. The College's contribution to SERS for the years ended June 30, 2013, 2012, and 2011 were $2,134,484, $2,272,756, and $2,126,396, respectively.

Amended Substitute House Bill 586 requires all Ohio public colleges to offer at least three alternative retirement plans to certain new and existing full-time employees. For those employees electing to participate in an alternative retirement plan (ARP), the College will contribute up to 14 percent of covered payroll to the plan for STRS- and SERS-eligible participants. The difference from the 14 percent overall College distribution rate of both STRS and SERS employee-covered payrolls is to be paid to STRS and SERS, respectively, to mitigate any negative financial impact of ARPs on the state systems.

Note 12 - Postemployment Benefits

State Teachers Retirement System - STRS provides comprehensive healthcare benefits to retired teachers and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. Pursuant to the ORC, the State Teachers Retirement Board has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium. The ORC grants authority to STRS to provide healthcare coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The retirement board allocated employer contributions to the Health Care Stabilization Fund (the "Fund") from which healthcare benefits are paid. For the fiscal years ended June 30, 2012, 2011, and 2010, the board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Stabilization Fund. The balance in the Health Care Reserve Stabilization Fund was approximately $3.1 billion on June 30, 2012.

For the year ended June 30, 2012, the net healthcare costs paid by STRS Ohio were approximately $628 million. There were 143,256 eligible benefit recipients.

Note 12 - Postemployment Benefits (Continued)

School Employees' Retirement System - SERS provides postretirement health care to retirees and their dependents. Coverage is made available to service retirees with 10 or more years of qualifying service credit and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their healthcare premiums. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing healthcare benefits. In addition, SERS levies a surcharge to fund healthcare benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal years 2013 and 2012, the minimum pay was established at $35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the healthcare fund.

Healthcare benefits are financed on a pay-as-you-go basis. For the year ended June 30, 2012, the net healthcare costs paid by SERS were approximately $210.0 million. At June 30, 2012, the SERS' net assets available for payment of healthcare benefits were approximately $355.1 million. The number of retirees and covered dependents currently receiving benefits was 69,038.

Note 13 - Lake County Schools' Health Care Consortium

Effective November 1, 2001, the College joined the Lake County Schools Council (LCSC). Under state law, the LCSC was formed as a council of governments and includes a number of the boards of education in Lake County. The purpose of the LCSC is to undertake a joint program for the provision of healthcare benefits to the employees of those districts and their eligible dependents, as well as fostering cooperation among districts, from time to time, in other areas of educational services. As a related but separate agreement, the LCSC maintains a healthcare benefits consortium (the "Consortium").

The Consortium allows each political district to maintain its current plan designs (through selected providers) and allows efficiencies and economic benefits to occur through the group's buying power. The College, as well as the other LCSC members, utilizes the LCSC as its healthcare benefits provider. The LCSC in turn manages various healthcare benefit organizations to deliver those services.

Note 13 - Lake County Schools' Health Care Consortium (Continued)

Since its inception, LCSC has built up its net assets and LCSC members are responsible for funding and setting aside reserves to pay its various healthcare benefit obligations. As part of joining the LCSC, the College's board of trustees authorized payment to LCSC in the amount of $680,239 as the College's assessment for inclusion in the LCSC's healthcare benefits program as a member of equal standing. The assessment was in two equal installments (at inception on November 1, 2001 and at November 1, 2002). The entire assessment was expensed in fiscal year 2002 since the assessment is not guaranteed to be refunded to the College should the College at any time voluntarily withdraw from the LCSC.

Under its agreements and bylaws, the Consortium's fiscal year ends each June 30 and the treasurer of the LCSC is a position appointed by the board of directors of the LCSC. Prior to the beginning of each fiscal year, healthcare program and related costs and adjustments (program costs) are estimated and allocated to each member as a required contribution for that fiscal year. If contributions are insufficient to pay actual program costs during any fiscal year, members may be required to share in those additional costs or deficiencies during that fiscal year. The LCSC has purchased a stop-loss insurance policy with a maximum loss of $500,000 per claimant. Settled claims relating to the insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. LCSC net assets at July 1, 2013 amounted to $11.5 million.

Note 14 - Risk Management

On November 1, 2011, the College joined with seven other State-assisted community colleges in Ohio to form an insurance-purchasing pool for the acquisition of commercial property and casualty insurance. The College pays annual premiums to the pool for its property and casualty insurance coverage based on its percentage of the total insurable value to the pool. There are currently eight members as of June 30, 2013 in the pool. Settled claims relating to the commercial property and casualty insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Through the normal course of operations, the College is occasionally named as a defendant in legal actions and claims. In the opinion of management and legal counsel, any liability which may ultimately be incurred will not have a material adverse effect on the financial condition of the College. The College purchases commercial insurance to cover general liability losses.

Note 15 - Foundation

The Lakeland Foundation was formed in 1981 to obtain private financing support for the promotion of excellence at the College. The Foundation provides scholarships to financially disadvantaged students and merit scholarships to those students demonstrating specific academic abilities. The Foundation also provides support to specific educational departments and programs of the College. The accounting records for the Foundation are maintained at the College in Kirtland, Ohio. Certain administrative expenses of the Foundation are borne directly by the College. The College made distributions to the Foundation of $137,403 and $138,973 for the years ended June 30, 2013 and 2012, respectively. The Foundation distributed $844,244 and $728,237 for the years ended June 30, 2013 and 2012, respectively. The Foundation also distributed to the College $7,510 and $40,529 in gifts in-kind for the years ended 2013 and 2012, respectively. The Foundation had receivables from the College of $4,762 and $471 as of June 30, 2013 and 2012, respectively. The Foundation had payables to the College of $876 and $9,044 as of June 30, 2013 and 2012, respectively.

Note 16 - Prior Period Adjustment

The accompanying financial statements have been restated to correct an error in the calculation of net position classifications of net investment in capital assets and unrestricted for June 30, 2012.The following financial statement line items for fiscal year 2012 were affected by the change:

Balance Sheet
June 30, 2012

	As Computed (under old method)	As Reported (under new method)	Effect of Change
Net Investment in Capital Assets	$ 23,146,431	$ 25,985,225	$ 2,838,794
Restricted for:			
Nonexpendable for endowment purposes	354,545	354,545	-
Expendable for instructional purposes	271,441	271,441	-
Unrestricted	15,613,158	12,774,364	(2,838,794)
Total Net Position	$ 39,385,575	$ 39,385,575	$ -

Federal Compliance Audit

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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*

Independent Auditor's Report

To Management and the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Lake County Community College District d/b/a Lakeland Community College (the "College") as of and for the year ended June 30, 2013 and related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 31, 2013. Our report includes a reference to other auditors who audited the financial statements of The Lakeland Foundation, as described in our report on the College's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weaknesses.

To Management and the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

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 College's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2013-001 to be a material weakness.

Compliance and Other Matters

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

Lake County Community College District d/b/a Lakeland Community College's Response to Finding

Lake County Community College District d/b/a Lakeland Community College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Lake County Community College District d/b/a Lakeland Community College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Plante & Moran, PLLC

Cleveland, Ohio
October 31, 2013

Plante & Moran, PLLC
Eaton Center
Suite 1250
1111 Superior Ave.
Cleveland, OH 44114
Tel: 216.523.1010
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plantemoran.com

Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

Report on Compliance for the Major Federal Program

We have audited Lake County Community College District d/b/a Lakeland Community College's (the "College") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2013. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The management of Lake County Community College District d/b/a Lakeland Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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

Plante & Moran, PLLC

Cleveland, Ohio
October 31, 2013

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters:			
Student Financial Aid Cluster:			
U.S. Department of Education - Direct program:			
Federal Pell Grant Program	84.063	P063P132857	$ 13,664,356
Federal Work Study Program	84.033	P0033A136053	182,950
Federal Supplemental Educational Opportunity Grant Program	84.007	P007A136053	208,464
Federal Perkins Loan Program	84.038	N/A	8,115
Federal Direct Student Loans Program	84.268	N/A	21,308,215
Subtotal U.S. Department of Education			35,372,100
U.S. Department of Health and Human Services - Direct program - Nursing Student Loan Program	93.364	N/A	13,717
Subtotal Student Financial Aid Cluster			35,385,817
WIA Cluster - U.S. Department of Labor - Passed through the Ohio Department of Job and Family Services - Job Training Partnership Act:			
Geauga One Stop	17.258-17.259	G-1011-15-0261	560
Cuyahoga County	17.258-17.259	N/A	6,132
Lake County	17.258-17.259	G-1011-15-0262	28,890
Geauga, Ashtabula, and Portage Partnership	17.258-17.259	G-1011-15-0261	1,979
Subtotal WIA Cluster			37,561
Other federal programs:			
ARRA - U.S. Department of Labor - Passed through the Edison Biotechnology Center d/b/a BioOhio - Bioscience Industry Workforce Preparedness Project	17.275	GJ-20076-10-60-A-39	204,412
U.S. Department of Health and Human Services - Direct Program - Health Resources and Services Administration - Health Outreach Special Initiative	93.888	1 D1ARH20106-01-00	13,643
U.S. Department of Education - Passed through the Ohio Department of Education:			
Two-year College Perkins	84.048	063347-20C3-2009	158,795
Perkins Non-Traditional We Are IT	84.048	063347-VENT-09-LCC	2,500
Subtotal Department of Education			161,295
U.S. Department of Defense - Passed through Defense Logistics Agency (DLA) Procurement Technical Assistance for Business Firms (PTAC)	12.002		50,915
Total federal awards			**$ 35,853,643**

See Note to Schedule of Expenditures of Federal Awards.

Note - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Lake County Community College District d/b/a Lakeland Community College (the "College") under programs of the federal government for the year ended June 30, 2013. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of the College, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of the College. Pass-through entity identifying numbers are presented where available.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? __X__ Yes ____ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ____ Yes __X__ None reported

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 that are not considered to be material weaknesses? ____ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ____ Yes __X__ No

Identification of major program:

CFDA Numbers	Name of Federal Program or Cluster
84.063, 84.033, 84.007, 84.038, 84.268, and 93.364	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

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

Section II - Financial Statement Audit Findings

Reference Number	Finding
2013-001	**Finding Type** - Material weakness

Criteria - The College is required to implement effective internal controls over the classification of net position, including net investment in capital assets and restricted and unrestricted net position.

Condition - In the prior year, the calculation of net investment in capital assets excluded certain assets related to unspent bond proceeds.

Context - The 2012 amount was incorrectly classified in the financial statements, resulting in a reclassification and prior period adjustment in the amount of $2,838,794 during 2013. Management identified the error during their review of the calculation in 2013.

Cause - The College was not calculating the investment in capital assets in accordance with guidance provided by the Government Accounting Standards Board (GASB).

Effect - For 2012, unrestricted net position was overstated by $2,838,794 and investment in capital assets was understated by the same amount. The College's 2012 total net position remained unchanged. A prior period adjustment was made to the 2013 financial statements to properly classify the College's components of net position.

Recommendation - Management should review the calculation of investment in capital assets to ensure the College's net position is presented in accordance with guidance provided by the Government Accounting Standards Board.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2013-001 (Continued)	**Views of Responsible Officials and Planned Corrective Actions** - The GASB conversion error that occurred in the 2012 year-end financial statement compilation process is not acceptable and is also preventable. A stronger level of review of the College's 2013 GASB year-end financial statements identified this as a prior period misstatement, and we immediately informed our independent public accountants. Besides a stronger level of review of the GASB conversion in the year-end financial statement compilation process, we will require additional education and training to financial staff and management on the GASB conversion, as well as independently critique our process and make necessary changes. The error to the prior period financial statements was solely attributable to the year-end GASB conversion. It should be noted that this error and process does not touch or impact the College's integrated enterprise resource planning system (ERPS). The ERPS controls the significant majority of the College's daily transactions and its generation of internal reports, including interim financial statements.

Section III - Federal Program Audit Findings

None

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Dave Yost · Auditor of State

LAKELAND COMMUNITY COLLEGE

LAKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 31, 2013

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

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APPENDIX C

Form of Bond Counsel Opinion

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the General Receipts Bonds, Series 2014 (Tax Exempt) (the "Bonds") by Lake County Community College District, Lake County, Ohio (the "District"). We have examined the transcript of proceedings (the "Transcript"), which includes, among other things, the following documents: (i) a copy of the Trust Indenture (the "Original Indenture"), dated as of November 1, 2014, between the District and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by a Series 2014 Supplement to the Trust Indenture, dated as of November 1, 2014, between the District and the Trustee (the "Series 2014 Supplement" and, together with the Original Indenture, the "Indenture"), (ii) the Bond Resolution (the "Bond Resolution") adopted by the Board of Trustees of the District on September 4, 2014, (iii) a specimen of the form of the Bonds, and (iv) the Tax Certificate of the District (the "Tax Certificate"), dated of even date herewith. We have also examined Section 2i of Article VIII of the Ohio Constitution, Sections 3345.12 and 3354.121 of the Ohio Revised Code (the "Act") and such other law, as we deemed relevant and necessary to render this opinion. Terms used in this opinion with initial capitalization when the rules of grammar would not otherwise so require have the respective meanings given them in the Indenture unless the context requires a different meaning.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement for the Bonds, dated November 13, 2014 (the "Official Statement") or other offering material relating to the Bonds and we express no opinion herein relating thereto.

As to questions of fact material to our opinion, we have relied on the representations of the District contained in the Bond Resolution and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing and in reliance upon this examination, we are of the opinion that, under the law in effect on the date of this opinion:

The Bond Resolution has been duly adopted by the Board of Trustees of the District and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

The Bonds have been duly authorized, executed and delivered by the District and are valid and legally binding special obligations of the District payable solely from the sources provided therefor in the Bond Resolution.

The Debt Service Charges on the Bonds, along with the Debt Service Charges on other Obligations, are payable solely from and are equally and ratably secured by a first pledge of the gross amount of General Receipts and, except to the extent provided in the Original Indenture or any supplement thereto, including without limitation the First Supplement, by the Special Funds and accounts therein. The Bonds are not otherwise secured and the owners and holders of the Bonds are given no right to have any excises or taxes levied by the General Assembly of Ohio for the payment of Debt Service Charges on the Bonds. General Receipts do not include appropriations by the General Assembly of Ohio.

Based on existing law and assuming that the Bonds are issued in accordance with the Tax Certificate, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations by Section 55 of the Code and is not taken into account in determining adjusted current earnings for purposes of the corporate alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The interest on the Bonds, and any profits made on their sale, exchange or other disposition, are exempt from Ohio personal income tax, the Ohio commercial activities tax, the net income base of the Ohio corporate franchise tax and income taxes imposed by the Ohio Revised Code. We express no opinion regarding other state and local tax consequences arising with respect to the Bonds.

In giving the opinions contained in this letter, we have assumed compliance with and the accuracy of, and have relied upon, the covenants, representations and certifications in the Transcript. We have not independently verified the accuracy of those representations and certifications. The accuracy of those representations and certifications, and the District's compliance with those covenants, may be necessary for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain requirements subsequent to issuance of the Bonds could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

The opinions hereinabove expressed are qualified to the extent that the binding effect and enforceability of any of the provisions of the Bonds and the Bond Resolution, or of any rights pursuant thereto, are subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other laws in effect from time to time affecting the rights of creditors heretofore or hereinafter enacted, and also to the extent that the enforceability thereof may be limited by application of general principles of equity or public policy.

We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which might come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein.

Respectfully submitted,

APPENDIX D

SAMPLE CONTINUING DISCLOSURE CERTIFICATE

$20,700,000
Lake County Community College District, Ohio
(Lakeland Community College)
General Receipts Bonds, Series 2014

SAMPLE CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Treasurer of the Lake County Community College District, Lake County, Ohio (the "District") pursuant to the resolution of the Board of Trustees of the District authorizing the issuance and sale of the above-captioned obligations (the "Bonds"). The District covenants and agrees as follows:

Section 1. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the District referred to in the Official Statement and any appendix thereto.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB for use in the collection and dissemination of information, which system the Securities and Exchange Commission has stated to be consistent with its Rule 15c2-12. Currently, the following is the website address for EMMA: emma.msrb.org.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, located at:

1900 Duke Street, Suite 600
Alexandria, VA 22314
Phone: (703) 797-6600
Fax: (703) 797-6700
Internet: www.msrb.org

"Official Statement" shall mean the Official Statement prepared in connection with the sale of the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the United States Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) The District shall, not later than December 1 of each year, commencing December 1, 2015, provide to the MSRB in an electronic format as prescribed by the MSRB an Annual Report for the fiscal year of the District ended June 30 of such year, which Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Certificate. The District shall furnish an Annual Report to any person requesting the same. Requests for Annual Reports shall be made to: Brian Cook, Associate Vice President for Business Services, Lakeland Community College, 7700 Clocktower Drive, Kirtland, Ohio 44094; phone: (440) 525-7566; email: bcook@lakelandcc.edu.

(b) If the District fails to provide an Annual Report to the MSRB by the date set forth in subsection (a) of this Section 3, the District shall send in a timely manner to the MSRB notice of such failure, which shall include a statement as to the date by which the District anticipates that the Annual Report will be provided to the MSRB.

Section 4. Contents of the Annual Report.

(a) The Annual Report shall contain or incorporate by reference the following:

(1) Basic Financial Statements of the District.

(2) Five-Year Projection of the District.

(3) Fiscal year data for the table entitled "History of Voted Taxes" and contained in APPENDIX A to the Official Statement under the caption "PROPERTY TAX BASE – History of Voted Taxes."

(4) Fiscal year data for the table entitled "Property Tax Collections" and contained in APPENDIX A to the Official Statement under the caption "Historical District Tax Rates and Tax Collections."

All or any of the items listed above may be included by specific reference from other documents which have previously been provided to the MSRB or to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. If this District prepares a Comprehensive Annual Financial Report ("CAFR") that includes each of the items listed above, the District may designate the CAFR as the Annual Report.

(b) The Basic Financial Statements of the District to be included in the Annual Report shall be initially prepared on the basis of generally accepted accounting principles (provided, however, that if the District shall subsequently change its accounting method, the basic financial statements shall indicate the accounting method then in use) and shall be accompanied by a report of the Auditor of the State of Ohio, or, if applicable, the independent certified public accountants who audited the financial statements; provided, however, if such report is not available to the District at the time of providing the Annual Report to the MSRB as provided in Section 3 of this Disclosure Certificate, the District will provide such report to the MSRB as provided in Section 3 of this Disclosure Certificate within thirty (30) days after it is available to the District.

Section 5. Reporting of Significant Events. The School District shall provide to the MSRB in a timely manner not in excess of ten business days after the occurrence of the event notice of any of the following events with respect to the Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) 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 Bonds, or other material events affecting the tax status of the Bonds;

(g) Modifications to rights of holders of the Bonds, if material;

(h) (1) Calls for redemption of the Bonds, if material, other than calls pursuant to the mandatory sinking fund provisions of the Bonds, if any, and (2) tender offers;

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the Bonds, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the District;

(m) 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; and

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of subsection (l), above, the 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.

Section 6. Means of Reporting Information. The District shall provide information to the MSRB's EMMA disclosure service as prescribed by the MSRB. As of the date hereof, submissions must be by electronic submission in an electronic portable document format ("PDF") that shall have a word-search function permitting a user to search the document.

The District is authorized to transmit information to the MSRB by whatever means are mutually acceptable to the District and the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligation under this Disclosure Certificate shall terminate upon the defeasance, redemption or payment in full of all of the Bonds.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the District has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information (using the means of dissemination set forth in this Disclosure Certificate or any other means of communication) or including any other information in any Annual Report or providing notice of occurrence of events, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in an Annual Report or provide notice of occurrence of events which are not Listed Events in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default; Remedies. Failure of the District to perform any of its undertakings contained in this Disclosure Certificate shall not constitute an event of default with respect to the Bonds. The exclusive remedy for any such failure shall be enforcement of the

District's obligations to so perform by actions or proceedings taken in accordance with Ohio Revised Code Section 133.25(B)(4)(b) or Section 133.25(C)(1).

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriter and the holders of the Bonds, and shall create no rights in any other person or entity.

Date: November 25, 2014

LAKE COUNTY COMMUNITY
COLLEGE DISTRICT
LAKE COUNTY, OHIO

By:________________________________

Title: Vice President for Administrative Services and Treasurer

LAKE COUNTY COMMUNITY COLLEGE DISTRICT, OHIO (LAKELAND COMMUNITY COLLEGE) GENERAL RECEIPTS BONDS, SERIES 2014