

**PARKLAND COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Champaign, Illinois**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2004 and 2003**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL SECTION	10
Statements of Net Assets	11
Statements of Revenues, Expenses, and Changes in Net Assets	13
Statements of Cash Flows.....	14
Statement of Financial Position – Component Unit	16
Statement of Activities – Component Unit	17
Summary of Significant Accounting Policies	18
Notes to Financial Statements.....	23
SUPPLEMENTAL INFORMATION	31
Combined Balance Sheet – All Fund Types and Account Groups.....	32
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances – All Governmental Fund Types	34
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – All Budgeted Governmental Fund Types	35
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Proprietary Fund Types and Similar Trust Funds	36
Combined Statement of Cash Flows – Proprietary Fund Types and Similar Trust Funds	37

TABLE OF CONTENTS

	PAGE
SUPPLEMENTAL INFORMATION (CONTINUED)	
Combining Balance Sheet – General Funds	38
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – General Funds	39
Combining Balance Sheet – Special Revenue Funds	40
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – Special Revenue Funds	41
Combining Balance Sheet – Proprietary Funds.....	42
Combining Statement of Revenue, Expenses, and Changes in Retained Earnings – Proprietary Funds.....	43
Combining Statement of Cash Flows – Proprietary Funds.....	44
Balance Sheet – All Funds and Account Groups	45
Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) – All Funds.....	47
Reconciliation of the Balance Sheet to the Statements of Net Assets.....	48
Reconciliation of the Statements of Changes in Fund Balance – All Fund Types to the Statements of Revenues, Expenses, and Changes in Net Assets.....	48
Schedule of Assessed Values, Tax Rates, Extensions, and Collections.....	49
Schedule of Legal Debt Margin.....	51
Student Enrollment and Full-Time Equivalency at Tenth-Day (Unaudited).....	52
Uniform Financial Statement No. 1.....	53
Uniform Financial Statement No. 2.....	54
Uniform Financial Statement No. 3 – Operating Funds	55
Uniform Financial Statement No. 4 – Restricted Purposes Fund.....	57
Certificate of Chargeback	58
 ILLINOIS COMMUNITY COLLEGE BOARD STATE GRANTS	
FINANCIAL COMPLIANCE SECTION	59
 AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR EDUCATIONAL TECHNOLOGY, WORKFORCE DEVELOPMENT COMPONENT P-16 INITIATIVE, CAREER AND TECHNICAL EDUCATION – PROGRAM IMPROVEMENT, AND ADULT EDUCATION AND FAMILY LITERACY COMPONENT GRANT PROGRAMS	
	60

TABLE OF CONTENTS

	PAGE
SUPPLEMENTAL INFORMATION (CONTINUED)	
Educational Technology Grant Program - Balance Sheet.....	62
Educational Technology Grant Program – Statement of Revenues, Expenditures, and Changes in Fund Balance	63
Workforce Development Component Grant Program (Business/Industry, Education to Careers, Welfare/Low Income Support Services - Balance Sheet.....	64
Workforce Development Component Grant Program - Statement of Revenues, Expenditures, and Changes in Fund Balance.....	65
P-16 Initiative Grant Program – Balance Sheet	66
P-16 Initiative Grant Program - Statement of Revenues, Expenditures, and Changes in Fund Balance.....	67
Career and Technical Education – Program Improvement - Balance Sheet.....	68
Career and Technical Education – Program Improvement – Statement of Revenues, Expenditures, and Changes in Fund Balance	69
Adult Education and Family Literacy Component Grant Program (State Basic, Public Assistance, and Performance) - Balance Sheet.....	70
State Adult Education Restricted Funds (State Basic, Public Assistance, and Performance) – Statement of Revenues, Expenditures, and Changes in Fund Balance	71
Educational Technology Workforce Development Component, P-16 Initiative, Career and Technical Education - Program Improvement, and Adult Education and Family Literacy Component Grant Programs - Summary of Significant Accounting Policies.....	72
Educational Technology Workforce Development Component, P-16 Initiative, Career and Technical Education Program Improvement, and Adult Education and Family Literacy Component Grant Programs - Note to Financial Statements.....	73

TABLE OF CONTENTS

	PAGE
SUPPLEMENTAL INFORMATION (CONTINUED)	
SUPPLEMENTAL ICCB COMPLIANCE SCHEDULES	74
ICCB Compliance Statement for Workforce Development Component (Business/Industry) Grant.....	75
ICCB Compliance Statement for the Adult Education and Family Literacy Grant	76
INDEPENDENT AUDITOR’S REPORT ON ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED	77
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	78
Reconciliation of Total Reimbursable Semester Credit Hours	79
Background Information on State Grant Activity	80
ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION.....	82
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	83
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	85
Schedule of Expenditures of Federal Awards	87
Notes to Schedule of Expenditures of Federal Awards.....	88
Schedule of Findings and Questioned Costs	89
Schedule of Status of Prior Year Findings	91



Independent Auditor's Report

Board of Trustees
Parkland College
Community College District #505
Champaign, Illinois

We have audited the accompanying basic financial statements of Parkland College Community College District #505 as of and for the years ended June 30, 2004 and 2003 and its discretely presented component unit as of and for the year ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of Parkland College Community College District #505's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Parkland College Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Parkland College Community College District #505 as of and for the years ended June 30, 2004 and 2003 and of its discretely presented component unit as of June 30, 2004, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2004, on our consideration of Parkland College Community College District #505's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on Pages 3 through 9 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Parkland College Community College District #505. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information, except for the schedule on Page 52, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Danville, Illinois
August 23, 2004

Management's Discussion and Analysis

This section of Parkland Community College's (the "College" or "Parkland") Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activities, and its component unit, the Foundation, for the fiscal years ended June 30, 2003 and June 30, 2004. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and footnotes. 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.

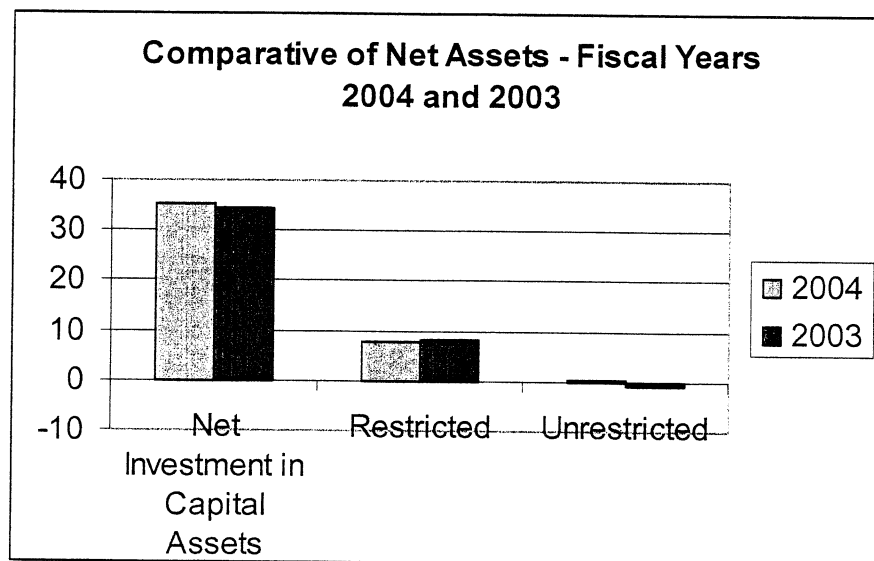
Using This Annual Report

The new financial statement (implemented in the fiscal year ended June 30, 2003) focuses on the College as a whole. The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. These new financial statements are in response to new Governmental Accounting Standards Board Statements (GASB 34 & 35) that became effective last fiscal year for the College. The focus of the Statement of Net Assets is designed to be similar to bottom line results for the College. The Statements of Revenues, Expenses, and Changes in Net Assets focus on the costs of the College's activities which are mainly supported by property taxes, State revenues, and tuition. This approach is intended to summarize and simplify the user's analysis of cost of various College services to students and the public. In addition, GASB Statement 39 requires the financial statement presentation to include the Parkland College Foundation (the Foundation), which is defined as a component unit.

The Management Discussion and Analysis contains financial activity of Parkland College. The College's component unit, the Foundation, has separately issued financial statements. These statements should be used for detailed information on the Foundation's financial activity for the year ending June 30, 2004.

Primary Institution Financial Highlights

Comparative Net Assets Chart



The Statement of Net Assets

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the College's equity in property, plant, and equipment owned by the College. The next asset category is restricted net assets, which are available for expenditure by the College but must be spent for purposes as determined by external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. These assets are available for use by the College for any legal purpose.

Financial Analysis of the College as a Whole

Statements of Net Assets As of June 30 (in millions)

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease) 2004-2003</u>
Current Assets	25.4	24.9	0.5
Non Current Assets			
Capital Assets, Net of Depreciation	36.1	35.6	0.5
Total Assets	<u>61.5</u>	<u>60.5</u>	<u>1.0</u>
Current Liabilities	13.2	13.7	(0.5)
Non Current Liabilities	4.8	5.1	(0.3)
Total Liabilities	<u>18.0</u>	<u>18.8</u>	<u>(0.8)</u>
Net Assets			
Investment in Capital Assets	35.2	34.5	0.7
Restricted for Expendable	7.9	8.1	(0.2)
Unrestricted	0.3	(1.0)	1.3
Total Net Assets	<u>43.4</u>	<u>41.6</u>	<u>1.8</u>

This schedule is prepared from the College's statement of net assets which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Fiscal Year 2004 Compared to 2003

Total assets have increased nearly \$1.0 million from fiscal year 2004 compared to 2003. This increase was split nearly in half between current assets and non-current assets.

Total liabilities declined by \$.8 million due to decreases in accrued liabilities, long-term retirement obligation, capital leases and accrued vacation payables.

The change in Net Assets is explained after the Analysis of Net Assets chart.

The Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the operating results of the College, and the non-operating revenues and expenses. Annual State appropriations and local property taxes, while budgeted for operations, are considered non-operating revenues according to Generally Accepted Accounting Principles (GAAP). The Supplemental Information following the Financial Statements illustrates actual performance relative to the initial budget. The large variances in the General Funds is due in large part to SURS payments made on-behalf of Parkland's employees by the State.

Operating results For Year Ended June 30 (in millions)

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease) 2004-2003</u>
Operating Revenue			
Tuition & Fees	12.6	13.0	(0.4)
Auxiliary Enterprises	4.9	4.6	0.3
Other	0.9	0.9	0.0
Total	<u>18.4</u>	<u>18.5</u>	<u>(0.1)</u>
Less Operating Expenses	<u>73.4</u>	<u>61.5</u>	<u>11.9</u>
Net Operating Expenses	<u>(55.0)</u>	<u>(43.0)</u>	<u>(12.0)</u>
Non-Operating Revenue			
State Grants & Contracts	11.0	11.4	(0.4)
Local Property Taxes	16.5	15.5	1.0
Federal Grants & Contracts	14.1	10.8	3.3
On-Behalf Payments	15.1	2.3	12.8
Investment Income	0.1	0.1	0.0
Total	<u>56.8</u>	<u>40.1</u>	<u>16.7</u>
Increase in Net Assets	1.8	(2.9)	4.7
Net Assets, Beginning of Year	<u>41.6</u>	<u>44.5</u>	<u>(2.9)</u>
Net Assets, End of Year	<u>43.4</u>	<u>41.6</u>	<u>1.8</u>

Fiscal Year 2004 Compared to 2003

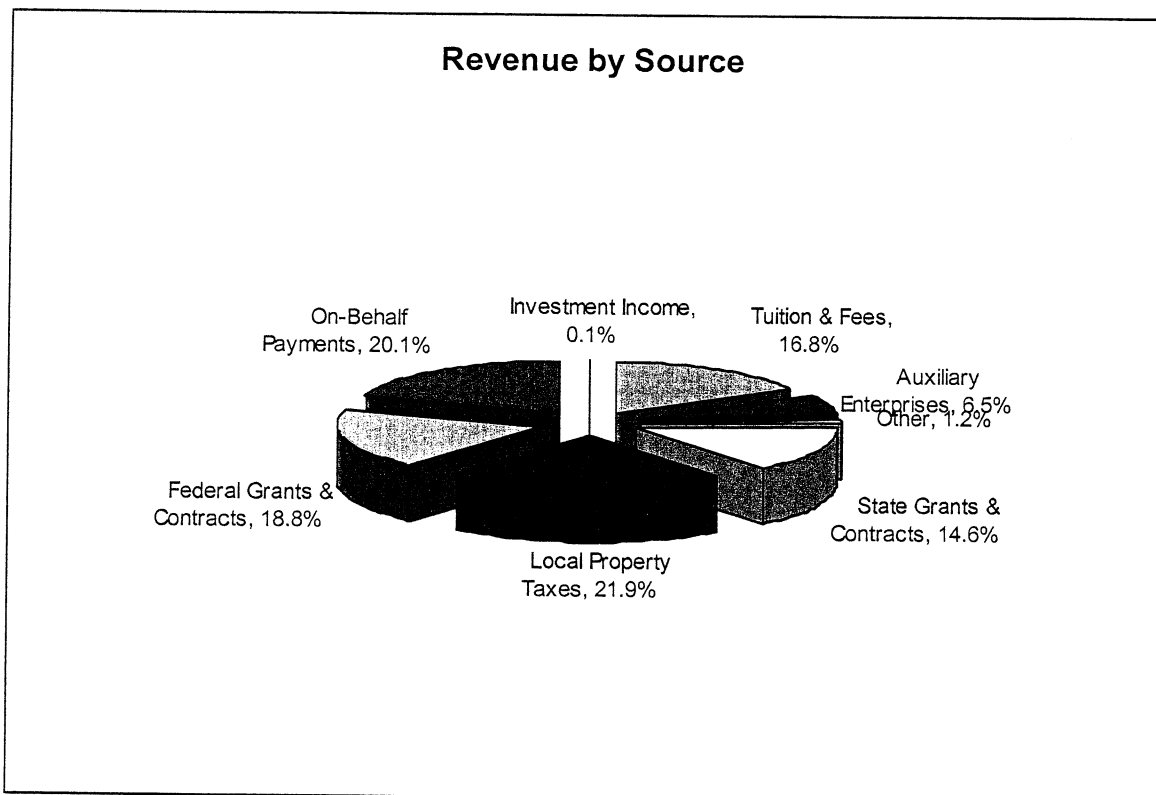
Operating revenues decreased \$.1 million, which reflects a decrease in student tuition and fees, net of financial aid of \$.4 million. Tuition rates increased for fiscal year 2004. However, these were offset for financial reporting purposes by increased financial aid applied to students' accounts. Auxiliary enterprises and other revenues increased slightly for fiscal year 2004.

Operating expenses increased dramatically from fiscal year 2003 to fiscal year 2004 from \$61.5 million to \$73.4 million. This increase was primarily due to a \$12.8 million increase in the College's portion of the State Universities Retirement System (SURS) on-behalf payments. On July 2, 2003, SURS received a proportionate share of the proceeds from House Bill 3759 (PA 93-002), allocating an additional \$1.432 billion to be applied against

the unfunded State liability. This payment was in addition to the regular State appropriation received each year. Spending on instruction, scholarships, and depreciation expenses all increased from last fiscal year. Spending was reduced in the public service and operations and maintenance of plant categories.

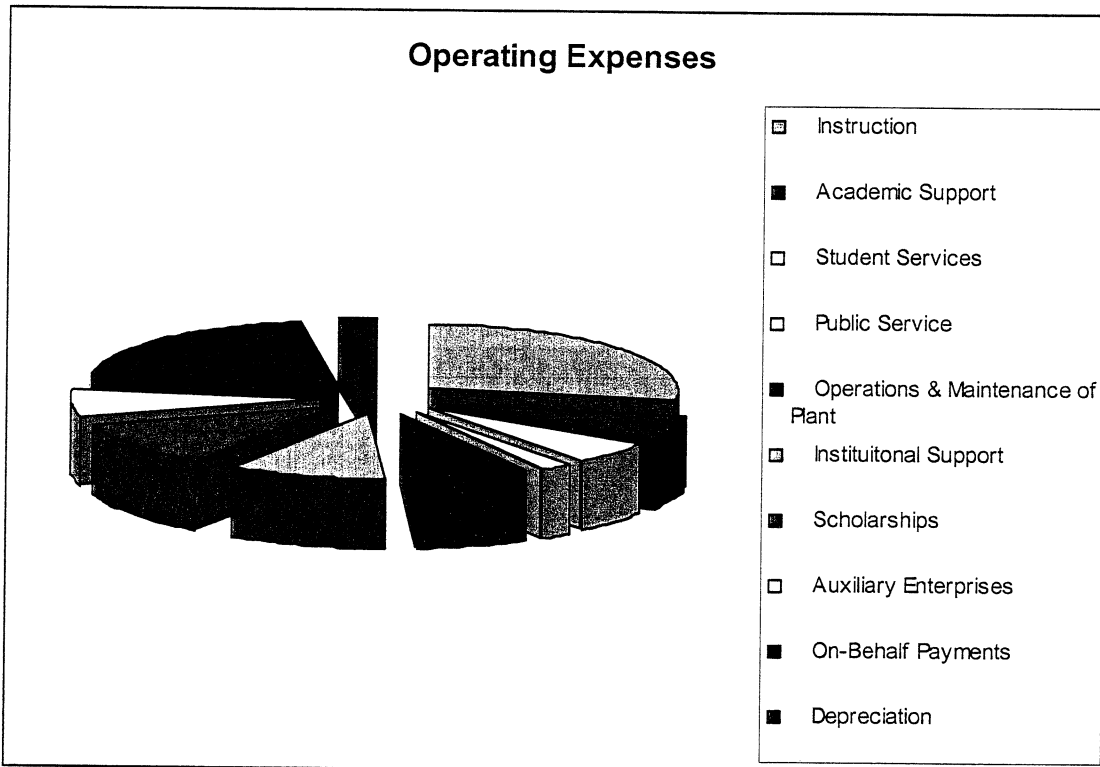
Non-operating revenues also increased greatly from fiscal year 2003. Again, like the operating expense increase, this is due primarily to the SURS on-behalf payments paid to the College. GASB 24 requires the College disclose these on-behalf payments as offsetting revenues and expenses. Local property taxes (\$1.0 million) and federal grants and contracts (\$3.3 million) also increased in fiscal year 2004 from fiscal year 2003.

There are currently no other known facts, decisions or conditions that will have a significant effect on the financial position (net assets) or the results of operation (revenue, expenses, and changes in net assets).



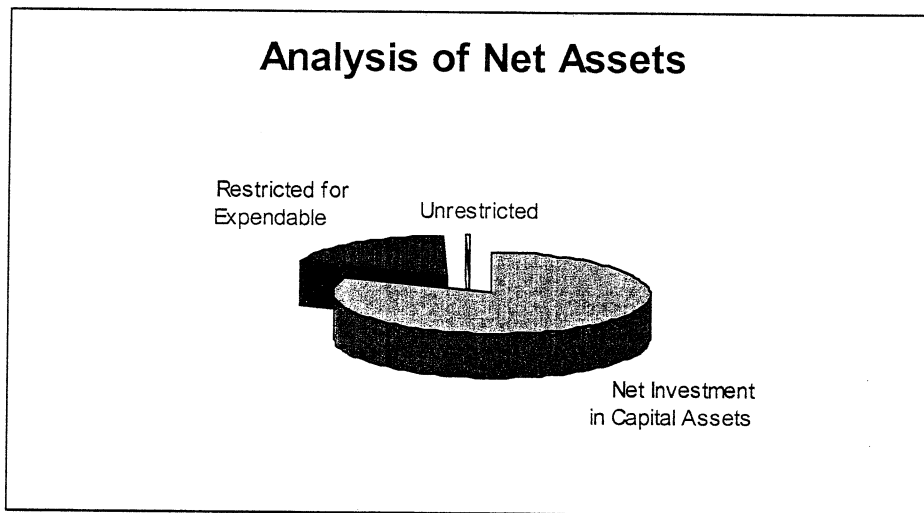
Operating Expenses
For Year Ended June 30
(in millions)

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease) 2004-2003</u>
Operating Expense			
Instruction	20.2	19.7	0.5
Academic Support	4.7	4.9	(0.2)
Student Services	4.0	3.9	0.1
Public Service	1.7	2.1	(0.4)
Operations & Maintenance of Plant	5.2	6.5	(1.3)
Institutional Support	7.6	8.4	(0.8)
Scholarships	8.1	6.9	1.2
Auxiliary Enterprises	4.9	5.0	(0.1)
On-Behalf Payments	15.1	2.3	12.8
Depreciation	1.9	1.8	0.1
Total	<u>73.4</u>	<u>61.5</u>	<u>11.9</u>



Analysis of Net Assets
June 30
(in Millions)

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease) 2004-2003</u>
Net Assets			
Net Investment in Capital Assets	35.2	34.5	0.7
Restricted for Expendable	7.9	8.1	(0.2)
Unrestricted	0.3	(1.0)	1.3
Total	<u>43.4</u>	<u>41.6</u>	<u>1.8</u>



Fiscal Year 2004 Compared to 2003

Total Net Assets increased by \$1.8 million from fiscal year 2003 to fiscal year 2004. The majority of this increase was found in the Unrestricted Net Asset category (\$1.3 million). This Unrestricted Net Asset increase can be attributed in large part to revenues in excess of expenditures in the Operating Funds. Net Investment in Capital Assets also increased during the fiscal year by \$.7 million. The Restricted for Expendable Net Asset category actually decreased by \$.2 million.

The Statement of Cash Flows

Another way to assess the financial health of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash disbursements of an entity during a period. The statement also helps users assess the College's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing. The College's Statement of Cash Flows is the final statement in the audited financial report.

Economic Factors That Will Effect the Future

For fiscal year 2005, the Parkland College Board of Trustees has authorized a fee increase of \$5 - \$15 per credit hour depending on a student's residency status. This equates to a reasonable increase in tuition and fee revenues assuming the residency mix stays constant for the upcoming fiscal year. The College also expects a modest increase in both local property tax revenue and State appropriations for the Operating Funds.

Parkland College continues to face the financial consequences of rising health care costs. Parkland College changed third party administrators of its self-funded health insurance plan in order to qualify for discounts at a widely used local health provider. This change helped curb health care costs increases in fiscal year 2004. The administration plans to monitor this situation in an attempt to keep health insurance related benefit costs under control.

The Parkland Foundation will continue to raise money for the College's needs as described in its mission statement. This will include raising funds for scholarships and future capital projects.

Other than the above, the College is not aware of any currently known facts, decisions, or conditions that are expected to have significant effect on the financial position or results of operations during the new fiscal year.

FINANCIAL SECTION

LIABILITIES

	<u>2004</u>	<u>2003</u>
CURRENT LIABILITIES		
Accounts payable	\$ 152,921	\$ 619,472
Accrued liabilities	1,281,055	1,563,258
Due to student groups	425,741	275,366
Deferred revenues	9,754,953	9,623,142
Retirement obligation	1,344,403	1,395,821
Capital lease obligations	<u>293,282</u>	<u>267,434</u>
Total current liabilities	<u>13,252,355</u>	<u>13,744,493</u>
NONCURRENT LIABILITIES		
Retirement obligation	3,280,185	3,366,268
Capital lease obligation	553,003	779,053
Accrued compensated absences	<u>960,042</u>	<u>994,849</u>
Total noncurrent liabilities	<u>4,793,230</u>	<u>5,140,170</u>
Total liabilities	<u>18,045,585</u>	<u>18,884,663</u>
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	35,203,396	34,514,130
Restricted for:		
Expendable:		
Trust	7,599,358	7,599,358
Capital projects	(327,094)	(50,153)
Grants and scholarships	100,756	255,446
Other	585,235	318,674
Unrestricted	<u>291,674</u>	<u>(990,648)</u>
TOTAL NET ASSETS	<u>\$ 43,453,325</u>	<u>\$ 41,646,807</u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS
Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Operating revenues:		
Student tuition and fees, net of scholarship allowance of \$4,507,684 and \$2,793,979	\$ 12,643,300	\$ 12,997,677
Auxiliary enterprises revenues	4,862,378	4,605,941
Other operating revenues	<u>916,424</u>	<u>897,520</u>
Total operating revenues	<u>18,422,102</u>	<u>18,501,138</u>
EXPENSES		
Operating expenses:		
Instruction	20,280,268	19,663,597
Academic support	4,722,785	4,877,160
Student services	3,956,489	3,896,566
Public service	1,676,175	2,157,459
Operation and maintenance of plant	5,265,570	6,514,479
Institutional support	7,554,441	8,436,151
Scholarships	8,097,030	6,925,556
Auxiliary expenses	4,861,899	4,955,051
On-behalf payments	15,138,937	2,311,005
Depreciation	<u>1,863,627</u>	<u>1,764,144</u>
Total operating expenses	<u>73,417,221</u>	<u>61,501,168</u>
Operating loss	<u>(54,995,119)</u>	<u>(43,000,030)</u>
NONOPERATING REVENUES (EXPENSES)		
State grants and contracts	10,972,640	11,439,922
Local property tax revenues	16,492,501	15,485,263
Federal grants and contracts	14,080,143	10,832,671
On-behalf payments	15,138,937	2,311,005
Investment income earned	168,335	131,787
Interest expense	<u>(50,919)</u>	<u>(56,373)</u>
Total nonoperating revenues	<u>56,801,637</u>	<u>40,144,275</u>
INCREASE (DECREASE) IN NET ASSETS	1,806,518	(2,855,755)
NET ASSETS, BEGINNING OF YEAR	<u>41,646,807</u>	<u>44,502,562</u>
NET ASSETS, END OF YEAR	<u><u>\$ 43,453,325</u></u>	<u><u>\$ 41,646,807</u></u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	\$ 12,563,514	\$ 13,644,190
Payments to suppliers	(13,104,815)	(16,732,939)
Payments to employees and benefits paid	(35,414,838)	(35,789,067)
Payments for financial aid and scholarships	(8,097,030)	(6,925,556)
Auxiliary enterprise charges	4,862,378	4,605,941
Other receipts	<u>1,175,011</u>	<u>1,290,130</u>
Net cash used in operating activities	<u>(38,015,780)</u>	<u>(39,907,301)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	15,378,720	15,017,982
State grants and contracts	10,863,411	9,436,721
Federal grants and contracts	14,218,042	10,687,254
Other receipts	<u>1,189,587</u>	<u>2,084,923</u>
Net cash provided by noncapital financing activities	<u>41,649,760</u>	<u>37,226,880</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,158,129)	(1,039,794)
Principal paid on capital lease obligations	(84,281)	(59,238)
Interest paid on bonds payable/capital debt	(50,919)	(56,373)
Receipts (disbursements) on notes receivable	<u>730,000</u>	<u>(1,030,000)</u>
Net cash used in capital and related financing activities	<u>(1,563,329)</u>	<u>(2,185,405)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investments	-	1,500,000
Interest on investments	<u>168,335</u>	<u>131,787</u>
Net cash provided by investing activities	<u>168,335</u>	<u>1,631,787</u>
NET INCREASE (DECREASE) IN CASH	2,238,986	(3,234,039)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,158,692</u>	<u>12,392,731</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 11,397,678</u></u>	<u><u>\$ 9,158,692</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
RECONCILIATION OF OPERATING LOSS TO		
NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$(54,995,119)	\$(43,000,030)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,863,627	1,764,144
On-behalf payments	15,138,937	2,311,005
Changes in assets and liabilities:		
Receivables	299,483	(1,130)
Inventories	(75,163)	(91,662)
Other assets	143,873	(56,517)
Accounts payable	(466,551)	(182,571)
Accrued liabilities	(304,136)	(2,897)
Deferred revenue	<u>379,269</u>	<u>(647,643)</u>
Net cash used in operating activities	<u><u>\$(38,015,780)</u></u>	<u><u>\$(39,907,301)</u></u>
 NON-CASH INVESTING, CAPITAL AND FINANCIAL		
Acquisition of equipment through capital lease	<u><u>\$ 85,900</u></u>	<u><u>\$ 803,860</u></u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
June 30, 2004

ASSETS

Cash and cash equivalents	\$ 616,555
Investments	2,667,592
Pledges receivable	1,433,654
Other assets	17,500
Property and equipment, net of accumulated depreciation of \$25,260	<u>2,459</u>

TOTAL ASSETS \$ 4,737,760

LIABILITIES

Due to Parkland College	\$ 300,000
Annuity payable	18,954
Accrued expenses	<u>22,871</u>
Total liabilities	<u>341,825</u>

NET ASSETS

Unrestricted – general operating	(289,043)
Unrestricted – board designated	<u>300,000</u>
Total unrestricted	10,957
Temporarily restricted	2,264,330
Permanently restricted	<u>2,120,648</u>
Total net assets	<u>4,395,935</u>

TOTAL LIABILITIES AND NET ASSETS \$ 4,737,760

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMPONENT UNIT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

CHANGES IN UNRESTRICTED NET ASSETS

Revenues, gains, and other support:	
Contributions	\$ 1,066,634
Reclassifications of contributions	(52,017)
Net assets released from prior year's restrictions	<u>519,141</u>
Total unrestricted revenue, gains, and other support	<u>1,533,758</u>
Expenses and losses:	
Program services expenses:	
Scholarships	172,312
Athletics	10,665
Art Gallery	15,243
Engineering science and technologies	29,634
Other program services	<u>34,331</u>
Total program services expenses	262,185
Management and general	307,612
Fundraising	281,827
Other	<u>1,742</u>
Total expenses and losses	<u>853,366</u>
Increase in unrestricted net assets	<u>680,392</u>

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions	323,137
Investment income	255,830
Reclassifications of contributions	(221,327)
Net assets released from prior year's restrictions	<u>(519,141)</u>
Decrease in temporarily restricted net assets	<u>(161,501)</u>

CHANGES IN PERMANENTLY RESTRICTED NET ASSETS

Contributions	247,450
Reclassifications of contributions	<u>273,344</u>
Increase in permanently restricted net assets	<u>520,794</u>

INCREASE IN NET ASSETS 1,039,685

NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED 3,337,295

PRIOR PERIOD ADJUSTMENT 18,955

NET ASSETS, BEGINNING OF YEAR, AS RESTATED 3,356,250

NET ASSETS, END OF YEAR \$ 4,395,935

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2004 and 2003

The accounting policies of Parkland College Community College District #505 conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The College reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The following is a summary of the more significant policies.

FINANCIAL REPORTING ENTITY

The College is a community college governed by an elected eight-member Board of Trustees. The District includes the counties of Champaign, Coles, DeWitt, Douglas, Edgar, Ford, Iroquois, Livingston, McLean, Moultrie, Piatt, and Vermilion. The College's mission is to provide affordable vocational, technical and academic education. As required by generally accepted accounting principles, these financial statements present the financial reporting entity of the College, which consists of the College and Parkland College Foundation, a component unit of the College. Copies of the separately issued financial statements of Parkland College Foundation are available at the Foundation's office in Champaign, Illinois. There are no other entities for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete.

In addition, based upon the above criteria, the College is not aware of any entity which would be financially accountable for the College, which would result in the College being considered a component entity.

BASIS OF ACCOUNTING

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated. Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2004 and 2003

BASIS OF ACCOUNTING (CONTINUED)

Unrestricted gifts are recorded as revenue when received. Restricted gifts are separately accounted for until they are utilized in accordance with the donor's stated purpose.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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

CASH EQUIVALENTS

For purposes of the statement of cash flows, the College considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

INVESTMENTS

Investments of the component unit consist of debt and equity securities and certificates of deposit and are stated at fair value.

PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give to the Foundation for operating and restricted activities. Certain long-term pledges are discounted to present value based on expected payment schedules and current prime interest rates.

RECEIVABLES

Accounts receivable includes uncollateralized student obligations, which generally require payment by the first day of class. Accounts receivable are stated at the invoice amount.

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2004 and 2003

RECEIVABLES (CONTINUED)

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectibility of specific student accounts and the aging of the accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

Accounts receivable also includes outstanding balances due from federal and state funding sources and other miscellaneous items.

INVENTORIES

Inventories are carried at the lower of cost or market, with cost determined by the "first-in, first-out" method.

CAPITAL ASSETS

Capital assets include property and plant equipment. Capital assets are defined by the College as assets with an initial cost of \$2,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Assets are depreciated using the straight-line method over the estimated useful lives of the assets.

COMPENSATED ABSENCES

Employees are allowed to accumulate unused vacation days. The College records a liability for unused vacation based on hours available at salary rates in effect at the end of the year.

DEFERRED REVENUE

Deferred revenue includes amounts received which represents payment for services to be provided in future periods for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. These amounts consist of property taxes and unexpended grant funds. Deferred revenue also includes tuition charges for the summer semester. These charges are fully deferred until the next fiscal year.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2004 and 2003

NET ASSETS

The College's net assets are classified as follows:

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

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

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

NET ASSETS – COMPONENT UNIT

The financial statements of the College's discretely presented component units have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted. The following is a description of each class:

Unrestricted net assets

The unrestricted net asset class includes all net assets which are neither temporarily nor permanently restricted. This classification includes net assets for general operating purposes and net assets which have been designated by the board of directors for a specified use.

Temporarily restricted net assets

The temporarily restricted net asset class includes assets of the Foundation related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose or to later periods of time or after specified dates.

Permanently restricted net assets

The permanently restricted net asset class includes assets of the Foundation for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

PROPERTY TAXES

Revenue is accrued in the year of the tax levy to the extent that it is expected to be collected soon enough after June 30, 2004 to be used to pay liabilities of the current period. The uncollected portion of the tax levy is recorded as a receivable. The amounts accrued from year to year will vary based upon the tax collections of the respective counties. The Board of Trustees resolved that the 2003 tax levy be allocated and recognized 55% in fiscal year 2004 and 45% in fiscal year 2005.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2004 and 2003

CLASSIFICATION OF REVENUES

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

REVENUE – COMPONENT UNIT

The College's discretely presented component units report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

This information is an integral part of the accompanying financial statements.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 1 - CASH AND INVESTMENTS

Separate bank accounts are not maintained for all College funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account's balance attributable to each participating fund. Occasionally, some of the funds participating in the common checking account had overdrafts.

Cash at June 30, 2004 totaled \$11,397,678 for the College of which \$10,332 was cash on hand. The bank balances of these deposits totaled \$13,093,743 and have been categorized as follows:

	<u>Insured</u>	<u>Uninsured Collateralized</u>	<u>Total</u>
Category 1	\$ 200,000	\$ -	\$ 200,000
Category 2	-	10,093,404	10,093,404
Illinois Funds Money Market Fund	<u>-</u>	<u>2,800,339</u>	<u>2,800,339</u>
Total	<u>\$ 200,000</u>	<u>\$ 12,893,743</u>	<u>\$ 13,093,743</u>

Cash at June 30, 2003 totaled \$9,158,692 for the College of which \$7,233 was cash on hand. The bank balances of these deposits totaled \$11,051,445 and have been categorized as follows:

	<u>Insured</u>	<u>Uninsured Collateralized</u>	<u>Total</u>
Category 1	\$ 200,000	\$ -	\$ 200,000
Category 2	-	8,800,929	8,800,929
Illinois Funds Money Market Fund	<u>-</u>	<u>2,050,516</u>	<u>2,050,516</u>
Total	<u>\$ 200,000</u>	<u>\$ 10,851,445</u>	<u>\$ 11,051,445</u>

The College has adopted a formal investment policy which follows the Illinois Community College Act. The College's investment policy places additional restrictions on its investments than is required by law.

Category #1 includes deposits covered by depositing insurance or collateral held by the College in the College's name.

Category #2 includes deposits covered by a collateral held by the financial institution's trust department in the College's name.

Category #3 includes deposits not insured or collateralized by the financial institutions.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 1 – CASH AND INVESTMENTS (CONTINUED)

The Foundation's investments are as follows at June 30, 2004:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$ 50,000	\$ 50,000
U.S. Government securities	443,338	440,332
Municipal bonds	20,069	21,221
Corporate bonds	188,829	197,021
Mutual funds	366,105	416,570
Common stocks	1,354,228	1,446,659
Other	<u>95,789</u>	<u>95,789</u>
Total investments	<u>\$ 2,518,358</u>	<u>\$ 2,667,592</u>

NOTE 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes were levied on November 20, 2003, and are payable in two installments on the following June 1 and September 1.

The College is permitted by the Illinois Community College Board to levy up to \$0.75 per \$100 of equalized assessed valuation for educational purposes, and \$0.10 per \$100 of equalized assessed valuation for operations, building, and maintenance purposes. However, a local referendum allows a maximum total of only \$0.36 per \$100 of equalized assessed valuations for these two purposes.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 3 - CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2004 are summarized below:

	<u>Balance, June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2004</u>
Land	\$ 721,745	\$ -	\$ -	\$ 721,745
Land improvements	1,541,175	1,630,670	-	3,171,845
Buildings	50,422,000	-	-	50,422,000
Equipment	3,434,628	357,379	-	3,792,007
Construction in progress	<u>548,038</u>	<u>912,680</u>	<u>(548,038)</u>	<u>912,680</u>
Total	<u>56,667,586</u>	<u>2,900,729</u>	<u>(548,038)</u>	<u>59,020,277</u>
Less accumulated depreciation:				
Land improvements	126,358	208,921	-	335,279
Buildings	19,347,780	1,006,440	-	20,354,220
Equipment	<u>1,632,831</u>	<u>648,266</u>	<u>-</u>	<u>2,281,097</u>
Total accumulated depreciation	<u>21,106,969</u>	<u>1,863,627</u>	<u>-</u>	<u>22,970,596</u>
Capital assets, net	<u>\$ 35,560,617</u>	<u>\$ 1,037,102</u>	<u>\$ (548,038)</u>	<u>\$ 36,049,681</u>

Changes in capital assets for the year ended June 30, 2003 are summarized below:

	<u>Balance, June 30, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2003</u>
Land	\$ 721,745	\$ -	\$ -	\$ 721,745
Land improvements	1,242,706	298,469	-	1,541,175
Buildings	50,422,000	-	-	50,422,000
Equipment	2,664,993	769,635	-	3,434,628
Construction in progress	<u>-</u>	<u>548,038</u>	<u>-</u>	<u>548,038</u>
Total	<u>55,051,444</u>	<u>1,616,142</u>	<u>-</u>	<u>56,667,586</u>
Less accumulated depreciation:				
Land improvements	2,087	124,271	-	126,358
Buildings	18,341,340	1,006,440	-	19,347,780
Equipment	<u>999,398</u>	<u>633,433</u>	<u>-</u>	<u>1,632,831</u>
Total accumulated depreciation	<u>19,342,825</u>	<u>1,764,144</u>	<u>-</u>	<u>21,106,969</u>
Capital assets, net	<u>\$ 35,708,619</u>	<u>\$ (148,002)</u>	<u>\$ -</u>	<u>\$ 35,560,617</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 4 - LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2004 are as follows:

	Capital Lease Obligation	Early Retirement Benefits	Total
Balance, July 1, 2003	\$ 1,046,487	\$ 4,762,089	\$ 5,808,576
Increases	85,900	1,146,566	1,232,466
Debt matured/reclassified	<u>(286,102)</u>	<u>(1,284,067)</u>	<u>(1,570,169)</u>
Balance, June 30, 2004	<u>\$ 846,285</u>	<u>\$ 4,624,588</u>	<u>\$ 5,470,873</u>

Changes in long-term debt for the year ended June 30, 2003 are as follows:

	Capital Lease Obligation	Early Retirement Benefits	Total
Balance, July 1, 2002	\$ 639,460	\$ 3,584,836	\$ 4,224,296
Increases	622,053	1,177,253	1,799,306
Debt matured/reclassified	<u>(215,026)</u>	<u>-</u>	<u>(215,026)</u>
Balance, June 30, 2003	<u>\$ 1,046,487</u>	<u>\$ 4,762,089</u>	<u>\$ 5,808,576</u>

Capital lease obligations

The College is leasing computer hardware, software, a visual information system, and tractors under capital leases which expire from June, 2005 through June, 2011. The equipment is capitalized and is depreciated over its estimated productive life. Depreciation expense for 2004 and 2003 was \$73,890 and \$73,504, respectively. Accumulated depreciation on the equipment as of June 30, 2004 and 2003 is \$147,394 and \$73,504, respectively. The interest rates on these items range from 4.25% to 8.94%.

The College is also the lessee of reprographics equipment under capital leases expiring in December 2006 and October 2007. The assets and liability related to the capital leases are recorded at the fair value of the equipment. The assets are being depreciated over the term of the related lease. Depreciation expense for 2004 and 2003 was \$216,502 and \$160,668, respectively, and is included in other operating expenses. Accumulated depreciation on capital lease equipment totaled \$417,216 and \$204,714 at June 30, 2004 and 2003, respectively. The interest rate on the capital leases is 5.00 percent and is imputed using the lessor's implicit rate of return.

Future minimum lease payments under these leases are as follows:

2005	\$ 331,213
2006	309,242
2007	209,407
2008	<u>65,623</u>
Present value of minimum lease payments	915,485
Less: Amount representing interest	<u>69,200</u>
Capital lease payable at June 30, 2004	<u>\$ 846,285</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 4 – LONG-TERM DEBT (CONTINUED)

Early retirement obligation

As noted in Footnote 5, the College supports an early retirement benefit program. The adjustment to discount the liability to its net present value was \$481,636 and \$223,297 for the years ended June 30, 2004 and 2003, respectively.

Maturities on the long-term benefit obligation are as follows:

2005	\$ 1,344,403
2006	889,494
2007	808,749
2008	448,182
2009	445,436
2010-2013	<u>688,324</u>
Total obligation	4,624,588
Less early retirement liability included as a current liability	<u>(1,344,403)</u>
Total general long-term benefit obligation	<u>\$ 3,280,185</u>

NOTE 5 - PENSION PLAN

Plan Description

The College contributes to the State Universities Retirement System of Illinois (SURS), a cost sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling (800) 275-7877.

Funding Policy

Plan members are required to contribute 8.0 percent of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 9.65 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ended June 30, 2004, 2003 and 2002, were \$15,175,762, \$2,335,238, and \$2,017,417, respectively, and were equal to the required contributions for each year. The required employer contributions described in the foregoing sentence include amounts contributed by the District for employee salaries paid from federal and state grant funds, which were \$36,825, \$24,233, and \$20,009, for the years ending June 30, 2004, 2003, and 2002, respectively. For the year ended June 30, 2004 the College recorded revenue and an equivalent expenditure of \$15,138,937 in its Education Fund for the SURS contribution made by the State of Illinois on behalf of the College.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 5 – PENSION PLAN (CONTINUED)

The Illinois legislature passed an Early Retirement Option window for certain active members of the system. For the year ended June 30, 2004, the College will pay both the employee and the employer share of the early retirement option. The College will make these payments out of the supplement discussed in the following paragraph.

The College provides supplements to SURS through retirement incentive programs for all employees under contract and all administrative and clerical support staff. The programs cover full-time employees that have been with the College for at least 15 years and that have attained a minimum age of 55 or at any age with 25 years of service. The benefits under this program included payment of the employees last base salary over a four-year period plus an additional 10 percent of the last base salary and health insurance benefits for four years after retirement. Forty-six retirees were participating in this program at June 30, 2004 and 2003. The second program, which began in fiscal year 2001, provides for a participant to receive an amount equal to his/her last contractual base salary through scheduled pay increases over their remaining years of employment (with a maximum of four years) and a two-year period after retirement. This program also includes health insurance benefits for four years after retirement. One hundred and one employees were participants in this program at June 30, 2004. The total liability at June 30, 2004 and 2003 under this program was \$4,624,588 and \$4,762,089, respectively.

NOTE 6 - EMPLOYEE INSURANCE

The College sponsors a health, dental, and accidental death and dismemberment insurance plan for its employees.

The College pays a minimum premium to provide for administration of the health plan and claims up to the aggregate maximum liability. The College carries insurance to limit their liability. Aggregate maximum liability under the policy is a factor of the group census. The College is contingently liable for any deficit the health, dental, and accidental death and dismemberment plan may incur.

Claim liabilities are based on the requirements of Governmental Accounting Standards Board Statements which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At June 30, 2004 and 2003, the accrued claims were \$400,000 and \$716,392, respectively, and are included in accrued liabilities on the Statement of Net Assets.

However, this liability is based on estimates and the ultimate liability may be greater or less than the amount estimated. The methods used to calculate such estimates are continually reviewed, and any adjustments are reflected in the current period.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 7 - RELATED PARTY

Parkland College Foundation (the Foundation) is a nonprofit corporation organized for the purpose of furthering the excellence of education at Parkland College. The Foundation is considered a component unit of the College and the College and the Foundation have common board members. During the year ended June 30, 2004 and 2003, the College incurred costs of \$116,121 and \$116,041 for the Foundation. In addition, the College has an outstanding loan due from the Foundation of \$300,000 and \$1,030,000 as of June 30, 2004 and 2003.

NOTE 8 - CONSTRUCTION COMMITMENTS

As of June 30, 2004, the College had the following construction commitments:

Drainage improvements	\$ 1,362,183
ADA handrail	54,636
Campus computer monitoring system	84,661
Exterior door upgrade	126,000
CDB projects – exterior upgrades	<u>202,714</u>
Total	<u>\$ 1,830,194</u>

NOTE 9 - LEASES

The College is obligated under two non-cancelable operating leases and two sub-leases for facilities located in Champaign, Illinois with initial terms running through May 2009 and January 2019. All leases provide for renewals at the option of the College. An operating lease does not give rise to property rights or purchase obligations, and, therefore, these lease agreements are not reflected in the College's account groups. Total lease payments under these agreements were \$468,028 and \$471,990 for the years ended June 30, 2004 and 2003, respectively.

The following is a schedule by fiscal year of future minimum rental payments, excluding any real estate tax, required under these leases:

2005	\$ 484,790
2006	487,850
2007	490,290
2008	179,250
2009	116,063
Thereafter	<u>241,077</u>
Total	<u>\$ 1,999,320</u>

NOTE 10 – DISBURSEMENTS IN EXCESS OF BUDGET

Excesses of disbursements over budget in individual funds were as follows:

	<u>Budget</u>	<u>Expenditures</u>
Operations and Maintenance Restricted Funds	\$ 1,346,000	\$ 1,995,314
Restricted Purposes Funds	14,902,231	16,642,102
Audit Fund	45,000	61,560

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 11 - INTERFUND RECEIVABLES/PAYABLES

The interfund receivables/payables as of June 30, 2004 consisted of the following:

The Education Fund owed the Working Cash Fund \$500,000
The Student Government Fund owed the Education Fund \$1,490,000
The Restricted Purposes Fund owed the Education Fund \$680,000
The Operations and Maintenance Fund owed the Education Fund \$385,000
The Operations and Maintenance Restricted Fund owed the Education Fund \$550,000

The interfund operating transfers consisted of the following:

The Education Fund transferred \$300,000 to the Athletic Fund
The Working Cash Fund transferred \$57,496 to the Education Fund

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2004

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Total (Memorandum Only)
	Capital Projects Fund -			General Fixed Assets			General Long-Term Debt			
	General	Special Revenue	Operation and Maintenance Restricted							
ASSETS										
Cash and cash equivalents	\$ 1,519,228	\$ 104,717	\$ 24,729	\$ 2,242,674	\$ 7,506,330	\$ -	\$ -	\$ -	\$ -	\$ 11,397,678
Receivables:										
Property taxes	7,674,718	1,572,899	1,066,477	-	-	-	-	-	-	10,314,094
Replacement taxes	322,082	-	-	-	-	-	-	-	-	322,082
Agency tuition	347,310	-	-	-	-	-	-	-	-	347,310
Student tuition and fees, net of allowance for uncollectible accounts of \$501,825	388,968	-	-	120,321	18,769	-	-	-	-	528,058
Governmental grants	-	516,142	-	-	-	-	-	-	-	516,142
Business and industry training	-	-	-	39,718	-	-	-	-	-	39,718
Student loans	-	275,480	-	-	-	-	-	-	-	275,480
Due from other funds	4,979,456	-	-	-	500,000	-	-	-	-	5,479,456
Due from Parkland Foundation	300,000	-	-	-	-	-	-	-	-	300,000
Other	428,267	327,644	-	34,998	-	-	-	-	-	790,909
Prepaid items and deferred charges	10,472	23,006	-	-	-	-	-	-	-	33,478
Bookstore inventories	-	-	-	584,280	-	-	-	-	-	584,280
Property and equipment, net	-	-	-	779,295	-	-	35,270,386	-	-	36,049,681
OTHER DEBITS										
Amount to be provided to retire debt	-	-	-	-	-	-	-	3,460,836	-	3,460,836
TOTAL ASSETS AND OTHER DEBITS	\$ 15,970,501	\$ 2,819,888	\$ 1,091,206	\$ 3,801,286	\$ 8,025,099	\$ -	\$ 35,270,386	\$ 3,460,836	\$ -	\$ 70,439,202

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2004

	Governmental Fund Types			Capital Projects Fund -		Proprietary Fund Type	Fiduciary Fund Type	Account Groups			
	General	Special Revenue	Operation and Maintenance Restricted	Enterprise	Trust and Agency Funds			General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)	
LIABILITIES											
Accounts payable	\$ 18,806	\$ 40,180	\$ 93,935	\$ -	\$ -			\$ -	\$ -	\$ 152,921	
Vacation payable	846,468	29,272	-	84,302	-			-	-	960,042	
Other payables	1,308,778	174,105	-	18,255	-			-	-	1,501,138	
Accrued expenses	1,122,812	-	-	1,508	-			-	-	1,124,320	
Deferred revenue	7,673,776	1,210,340	774,365	96,472	-			-	-	9,754,953	
Due to other funds	885,000	680,000	550,000	3,364,456	-			-	-	5,479,456	
Other liabilities	-	-	-	-	-			-	3,460,836	3,460,836	
Lease and equipment obligations	-	-	-	665,634	-			-	-	665,634	
Deposits held for others	-	-	-	-	425,741			-	-	425,741	
Total liabilities	11,855,640	2,133,897	1,418,300	4,230,627	425,741			-	3,460,836	23,525,041	
COLLEGE EQUITY											
Investment in general fixed assets	-	-	-	-	-			35,270,386	-	35,270,386	
Fund balance:											
Designated by state statute for liability, protection, and settlement coverage	-	570,222	-	-	-			-	-	570,222	
Unreserved, undesignated	4,114,861	-	(327,094)	-	7,599,358			-	-	11,387,125	
Restricted	-	115,769	-	-	-			-	-	115,769	
Retained earnings (accumulated deficit):											
Accumulated deficit	-	-	-	(429,341)	-			-	-	(429,341)	
Total College equity (deficit)	4,114,861	685,991	(327,094)	(429,341)	7,599,358			35,270,386	-	46,914,161	
TOTAL LIABILITIES AND COLLEGE EQUITY	\$ 15,970,501	\$ 2,819,888	\$ 1,091,206	\$ 3,801,286	\$ 8,025,099			\$ 35,270,386	\$ 3,460,836	\$ 70,439,202	

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT)
ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 2004

	General	Special Revenue	Capital Projects Fund - Operation and Maintenance Restricted	Total (Memorandum Only)
REVENUE				
Local sources	\$ 12,586,186	\$ 2,220,660	\$ 1,685,655	\$ 16,492,501
State sources	8,801,778	2,139,288	31,574	10,972,640
Federal sources	140,389	13,939,754	-	14,080,143
Tuition and fees	17,150,984	-	-	17,150,984
Facilities	562,267	373,841	-	936,108
Interest	109,296	399	-	109,695
Other revenue	322,768	181,879	1,144	505,791
On-behalf payments	15,138,937	-	-	15,138,937
Total revenue	54,812,605	18,855,821	1,718,373	75,386,799
EXPENDITURES				
Instruction	19,735,679	630,672	-	20,366,351
Academic support	2,983,801	1,738,984	-	4,722,785
Student services	3,201,129	755,360	-	3,956,489
Public service	809,003	867,172	-	1,676,175
Auxiliary services	-	11,425	-	11,425
Operation and maintenance of plant	4,193,772	1,070,179	1,995,314	7,259,265
Scholarships and grants	-	12,604,714	-	12,604,714
Institutional support	7,138,477	1,065,444	-	8,203,921
On-behalf payments	15,138,937	-	-	15,138,937
Total expenditures	53,200,798	18,743,950	1,995,314	73,940,062
Revenue over (under) expenditures	1,611,807	111,871	(276,941)	1,446,737
OPERATING TRANSFERS, NET	(242,504)	-	-	(242,504)
Revenue and other financing sources over (under) expenditures and other financing uses	1,369,303	111,871	(276,941)	1,204,233
FUND BALANCE (DEFICIT), JULY 1, 2003	2,745,558	574,120	(50,153)	3,269,525
FUND BALANCE (DEFICIT), JUNE 30, 2004	\$ 4,114,861	\$ 685,991	\$ (327,094)	\$ 4,473,758

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL -
ALL BUDGETED GOVERNMENTAL FUND TYPES
Year Ended June 30, 2004

	General		Special Revenue		Capital Projects Fund - Operation and Maintenance Restricted		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUE								
Local sources	\$ 12,638,000	\$ 12,586,186	\$ 1,859,700	\$ 2,220,660	\$ 1,685,000	\$ 1,685,655	\$ 16,182,700	\$ 16,492,501
State sources	8,689,455	8,801,778	2,199,748	2,139,288	-	31,574	10,889,203	10,972,640
Federal sources	115,000	140,389	10,335,000	13,939,754	-	-	10,450,000	14,080,143
Tuition and fees	17,029,000	17,150,984	-	-	-	-	17,029,000	17,150,984
Facilities	495,000	562,267	-	373,841	-	-	495,000	936,108
Interest	92,500	109,296	5,100	399	3,000	1,144	100,600	110,839
Other revenue	353,000	322,768	350,000	181,879	-	-	703,000	504,647
On-behalf payments	-	15,138,937	-	-	-	-	-	15,138,937
Total revenue	39,411,955	54,812,605	14,749,548	18,855,821	1,688,000	1,718,373	55,849,503	75,386,799
EXPENDITURES								
Instruction	19,350,487	19,735,679	370,000	630,672	-	-	19,720,487	20,366,351
Academic support	3,268,443	2,983,801	1,355,000	1,738,984	-	-	4,623,443	4,722,785
Student services	3,215,714	3,201,129	770,000	755,360	-	-	3,985,714	3,956,489
Public service	807,380	809,003	800,000	867,172	-	-	1,607,380	1,676,175
Auxiliary services	-	-	-	11,425	-	-	-	11,425
Operation and maintenance of plant	4,193,687	4,193,772	962,257	1,070,179	1,730,000	1,995,314	6,885,944	7,259,265
Grants and scholarships	-	-	9,500,000	12,604,714	-	-	9,500,000	12,604,714
Institutional support	8,367,391	7,138,477	962,299	1,065,444	-	-	9,329,690	8,203,921
On-behalf payments	-	15,138,937	-	-	-	-	-	15,138,937
Total expenditures	39,203,102	53,200,798	14,719,556	18,743,950	1,730,000	1,995,314	55,652,658	73,940,062
Revenue over (under) expenditures	208,853	1,611,807	29,992	111,871	(42,000)	(276,941)	196,845	1,446,737
OPERATING TRANSFERS, NET	<u>(300,000)</u>	<u>(242,504)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(242,504)</u>
Revenue and other financing sources over (under) expenditures and other financing uses	\$ <u>(91,147)</u>	1,369,303	\$ <u>29,992</u>	111,871	\$ <u>(42,000)</u>	(276,941)	\$ <u>(103,155)</u>	1,204,233
FUND BALANCE (DEFICIT), JULY 1, 2003		<u>2,745,558</u>		<u>574,120</u>		<u>(50,153)</u>		<u>3,269,525</u>
FUND BALANCE (DEFICIT), JUNE 30, 2004		\$ <u>4,114,861</u>		\$ <u>685,991</u>		\$ <u>(327,094)</u>		\$ <u>4,473,758</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
Year Ended June 30, 2004

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
OPERATING REVENUE				
Student and community services	\$ -	\$ -	\$ 4,903,550	\$ 4,960,249
Student tuition and fees	-	-	439,800	233,480
State sources	-	-	39,500	54,092
Other revenue	-	-	-	3,192
Investment revenue	115,000	57,496	1,750	-
Total operating revenue	<u>115,000</u>	<u>57,496</u>	<u>5,384,600</u>	<u>5,251,013</u>
OPERATING EXPENSES				
Salaries	-	-	1,185,856	1,144,742
Employee benefits	-	-	224,367	275,076
Contractual services	-	-	155,392	160,716
General materials and supplies	-	-	2,990,703	3,448,571
Conference and meeting	-	-	106,647	141,133
Fixed charges	-	-	794,350	196,701
Utilities	-	-	23,000	23,005
Capital outlay	-	-	5,000	721
Other	-	-	169,809	302,971
Total operating expenses	<u>-</u>	<u>-</u>	<u>5,655,124</u>	<u>5,693,636</u>
Operating income (loss)	115,000	57,496	(270,524)	(442,623)
Nonoperating revenue (expense)				
operating transfers, net	<u>(115,000)</u>	<u>(57,496)</u>	<u>300,000</u>	<u>300,000</u>
NET INCOME (LOSS)	<u>\$ -</u>	<u>-</u>	<u>\$ 29,476</u>	<u>(142,623)</u>
COLLEGE EQUITY (DEFICIT), JULY 1, 2003		<u>7,600,000</u>		<u>(286,718)</u>
COLLEGE EQUITY (DEFICIT), JUNE 30, 2004		<u>\$ 7,600,000</u>		<u>\$ (429,341)</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
Year Ended June 30, 2004

	Fiduciary Fund Type Working Cash Fund	Proprietary Fund Type Enterprise Funds
OPERATING ACTIVITIES		
Operating income (loss)	\$ 57,496	\$ (442,623)
Adjustments to reconcile operating income (loss) to net cash provided by(used in) operating activities:		
Depreciation expense	-	280,044
Changes in assets and liabilities:		
Inventories	-	(75,163)
Receivables	-	(31,363)
Prepaid	-	261
Vacation payable	-	38,004
Other payables	-	(18,992)
Deferred revenue	-	1,192
	<u>57,496</u>	<u>(248,640)</u>
Net cash provided by (used in) operating activities		
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital lease payments	-	(201,821)
Acquisitions of equipment	-	(108,664)
	<u>-</u>	<u>(310,485)</u>
Net cash provided by (used in) capital and related financing activities		
NONCAPITAL FINANCING ACTIVITIES		
Due to/from other funds	1,295,000	589,497
Operating transfers in (out)	(57,496)	300,000
	<u>1,237,504</u>	<u>889,497</u>
Net cash provided by noncapital financing activities		
Net increase in cash and cash equivalents	1,295,000	330,372
CASH AND CASH EQUIVALENTS, JULY 1, 2003	<u>5,805,000</u>	<u>1,912,302</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	<u><u>\$ 7,100,000</u></u>	<u><u>\$ 2,242,674</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
GENERAL FUNDS
June 30, 2004

	Education Fund	Operation and Maintenance Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,226,924	\$ 292,304	\$ 1,519,228
Receivables:			
Property taxes, net	5,542,794	2,131,924	7,674,718
Replacement taxes, net	322,082	-	322,082
Agency tuition, net	347,310	-	347,310
Student tuition and fees, net	388,968	-	388,968
Due from other funds	4,979,456	-	4,979,456
Due from Parkland Foundation	300,000	-	300,000
Other	425,072	3,195	428,267
Prepaid items and deferred charges	-	10,472	10,472
TOTAL ASSETS	\$ 13,532,606	\$ 2,437,895	\$ 15,970,501
LIABILITIES			
Accounts payable	\$ 1,972	\$ 16,834	\$ 18,806
Vacation payable	767,159	79,309	846,468
Other payables	1,308,778	-	1,308,778
Accrued expenses	1,122,812	-	1,122,812
Deferred revenue	6,125,795	1,547,981	7,673,776
Due to other funds	500,000	385,000	885,000
Total liabilities	9,826,516	2,029,124	11,855,640
FUND BALANCE			
Unreserved, undesignated	3,706,090	408,771	4,114,861
TOTAL LIABILITIES AND FUND BALANCE	\$ 13,532,606	\$ 2,437,895	\$ 15,970,501

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GENERAL FUNDS
Year Ended June 30, 2004

	Education Fund	Operation and Maintenance Fund	Total
REVENUE			
Local sources	\$ 9,215,792	\$ 3,370,394	\$ 12,586,186
State sources	8,577,592	224,186	8,801,778
Federal sources	140,389	-	140,389
Tuition and fees	17,150,984	-	17,150,984
Facilities	-	562,267	562,267
Interest	102,596	6,700	109,296
Other revenue	322,316	452	322,768
On-behalf payments	15,138,937	-	15,138,937
	<hr/>	<hr/>	<hr/>
Total revenue	50,648,606	4,163,999	54,812,605
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Instruction	19,735,679	-	19,735,679
Academic support	2,983,801	-	2,983,801
Student services	3,201,129	-	3,201,129
Public service	809,003	-	809,003
Operation and maintenance of plant	-	4,193,772	4,193,772
Institutional support	7,136,177	2,300	7,138,477
On-behalf payments	15,138,937	-	15,138,937
	<hr/>	<hr/>	<hr/>
Total expenditures	49,004,726	4,196,072	53,200,798
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	1,643,880	(32,073)	1,611,807
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES			
Operating transfers, net	(242,504)	-	(242,504)
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures and other financing uses	1,401,376	(32,073)	1,369,303
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JULY 1, 2003	2,304,714	440,844	2,745,558
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30, 2004	<u>\$ 3,706,090</u>	<u>\$ 408,771</u>	<u>\$ 4,114,861</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
SPECIAL REVENUE FUNDS
June 30, 2004

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
ASSETS				
Cash and cash equivalents	\$ 63,664	\$ 2,865	\$ 38,188	\$ 104,717
Receivables:				
Property taxes, net	-	44,351	1,528,548	1,572,899
Governmental grants	516,142	-	-	516,142
Student loans	275,480	-	-	275,480
Other	-	-	327,644	327,644
Prepaid items and deferred charges	23,006	-	-	23,006
TOTAL ASSETS	<u>\$ 878,292</u>	<u>\$ 47,216</u>	<u>\$ 1,894,380</u>	<u>\$ 2,819,888</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 40,180	\$ 40,180
Vacation payable	29,272	-	-	29,272
Other payable	-	-	174,105	174,105
Deferred revenue	68,264	32,203	1,109,873	1,210,340
Due to other funds	680,000	-	-	680,000
Total liabilities	<u>777,536</u>	<u>32,203</u>	<u>1,324,158</u>	<u>2,133,897</u>
FUND BALANCE				
Designated by state statute for liability, protection, and settlement coverage	-	-	570,222	570,222
Restricted	100,756	15,013	-	115,769
Total fund balance	<u>100,756</u>	<u>15,013</u>	<u>570,222</u>	<u>685,991</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 878,292</u>	<u>\$ 47,216</u>	<u>\$ 1,894,380</u>	<u>\$ 2,819,888</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
SPECIAL REVENUE FUNDS
Year Ended June 30, 2004

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
REVENUE				
Local sources	\$ 9,254	\$ 59,988	\$ 2,151,418	\$ 2,220,660
State sources	2,139,288	-	-	2,139,288
Federal sources	13,939,754	-	-	13,939,754
Facilities	373,841	-	-	373,841
Interest	399	-	-	399
Other	24,876	-	157,003	181,879
Total revenue	16,487,412	59,988	2,308,421	18,855,821
EXPENDITURES				
Instruction	630,672	-	-	630,672
Academic support	1,738,984	-	-	1,738,984
Student services	755,360	-	-	755,360
Public service	867,172	-	-	867,172
Auxiliary services	11,425	-	-	11,425
Operations and maintenance of plant	-	-	1,070,179	1,070,179
Scholarships and grants	12,604,714	-	-	12,604,714
Institutional support	33,775	61,560	970,109	1,065,444
Total expenditures	16,642,102	61,560	2,040,288	18,743,950
Revenue over (under) expenditures	(154,690)	(1,572)	268,133	111,871
FUND BALANCE, JULY 1, 2003	255,446	16,585	302,089	574,120
FUND BALANCE, JUNE 30, 2004	\$ 100,756	\$ 15,013	\$ 570,222	\$ 685,991

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2004

	Child Care		Reprographics	Student		Athletics	Business		Bookstore	Prospectus	Total
	Services			Government			Development	Center			
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,514,694	\$ 47,024	\$ -	-	-	\$ 646,503	\$ 34,453	\$ 2,242,674
Receivables:											
Student tuition and fees, net	5,421	-	-	81,228	-	-	6,762	-	26,910	-	120,321
Business and industry training	-	-	-	-	-	-	39,718	-	-	-	39,718
Other	451	-	-	386	-	-	-	-	34,161	-	34,998
Bookstore inventories	-	-	-	-	-	-	-	-	584,280	-	584,280
Property and equipment, net of accumulated depreciation	-	-	675,604	76,069	113	22,803	-	-	2,501	2,205	779,295
TOTAL ASSETS	<u>\$ 5,872</u>	<u>\$ 675,604</u>	<u>\$ 1,672,377</u>	<u>\$ 47,137</u>	<u>\$ 69,283</u>	<u>\$ 1,294,355</u>	<u>\$ 36,658</u>	<u>\$ 3,801,286</u>			
LIABILITIES											
Vacation payable	\$ 13,649	\$ 14,262	\$ 1,960	\$ 17,598	\$ 16,197	\$ 20,636	\$ -	\$ -	\$ 84,302		
Other payables	360	-	-	-	33	17,862	-	-	18,255		
Accrued expenses	-	-	1,508	-	-	-	-	-	1,508		
Due to other funds	429,302	339,548	1,490,000	-	1,105,606	-	-	-	3,364,456		
Deferred revenue	-	-	96,472	-	-	-	-	-	96,472		
Lease and equipment obligations	-	665,634	-	-	-	-	-	-	665,634		
Total liabilities	443,311	1,019,444	1,589,940	17,598	1,121,836	38,498	-	-	4,230,627		
RETAINED EARNINGS (ACCUMULATED DEFICIT)	<u>(437,439)</u>	<u>(343,840)</u>	<u>82,437</u>	<u>29,539</u>	<u>(1,052,553)</u>	<u>1,255,857</u>	<u>36,658</u>	<u>(429,341)</u>			
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 5,872</u>	<u>\$ 675,604</u>	<u>\$ 1,672,377</u>	<u>\$ 47,137</u>	<u>\$ 69,283</u>	<u>\$ 1,294,355</u>	<u>\$ 36,658</u>	<u>\$ 3,801,286</u>			

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUNDS
Year Ended June 30, 2004

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
OPERATING REVENUE								
Student and community services	\$ 338,878	\$ 388,634	\$ 170,364	\$ -	\$ 408,164	\$ 3,644,873	\$ 9,336	\$ 4,960,249
Student tuition and fees	-	-	-	72,000	130,854	-	30,626	233,480
State sources	-	-	-	-	54,092	-	-	54,092
Other revenue	-	-	-	-	3,192	-	-	3,192
Total operating revenue	338,878	388,634	170,364	72,000	596,302	3,644,873	39,962	5,251,013
OPERATING EXPENSES								
Salaries	267,883	124,012	47,535	169,082	297,574	227,978	10,678	1,144,742
Employee benefits	110,202	26,977	7,826	15,328	62,667	51,653	423	275,076
Contractual services	198	-	22,653	47,339	90,514	-	12	160,716
General materials and supplies	30,970	96,340	14,290	40,904	85,105	3,168,323	12,639	3,448,571
Conference and meeting	164	-	29,097	103,737	4,422	3,208	505	141,133
Fixed charges	-	80,038	-	-	78,584	38,079	-	196,701
Utilities	-	-	-	-	23,005	-	-	23,005
Capital outlay	-	-	-	-	-	721	-	721
Other	-	225,490	50,148	1,500	15,121	8,756	1,956	302,971
Total operating expenses	409,417	552,857	171,549	377,890	656,992	3,498,718	26,213	5,693,636
Operating income (loss)	(70,539)	(164,223)	(1,185)	(305,890)	(60,690)	146,155	13,749	(442,623)
NONOPERATING REVENUE								
Operating transfers, net	-	-	-	300,000	-	-	-	300,000
Net income (loss)	(70,539)	(164,223)	(1,185)	(5,890)	(60,690)	146,155	13,749	(142,623)
RETAINED EARNINGS (DEFICIT), JULY 1, 2003	(366,900)	(179,617)	83,622	35,429	(991,863)	1,109,702	22,909	(286,718)
RETAINED EARNINGS (DEFICIT), JUNE 30, 2004	<u>\$ (437,439)</u>	<u>\$ (343,840)</u>	<u>\$ 82,437</u>	<u>\$ 29,539</u>	<u>\$ (1,052,553)</u>	<u>\$ 1,255,857</u>	<u>\$ 36,658</u>	<u>\$ (429,341)</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2004

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
OPERATING ACTIVITIES								
Operating income (loss)	\$ (70,539)	\$ (164,223)	\$ (1,185)	\$ (305,890)	\$ (60,690)	\$ 146,155	\$ 13,749	\$ (442,623)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	225,489	28,910	47	14,884	8,758	1,956	280,044
Changes in assets and liabilities:								
Inventories	-	-	-	-	-	(75,163)	-	(75,163)
Receivables	(3,583)	-	(4,045)	-	9,881	(33,616)	-	(31,363)
Prepaid	261	-	-	-	-	-	-	261
Vacation payable	3,576	2,441	1,960	2,224	7,167	20,636	-	38,004
Deferred revenue	-	-	1,192	-	-	-	-	1,192
Other payables	360	-	-	-	(3,940)	(15,412)	-	(18,992)
Net cash provided by (used in) operating activities	(69,925)	63,707	26,832	(303,619)	(32,698)	51,358	15,705	(248,640)
CAPITAL AND RELATED FINANCING ACTIVITY								
Capital lease payments	-	(201,821)	-	-	-	-	-	(201,821)
Acquisitions of equipment	-	-	(84,904)	-	(23,760)	-	-	(108,664)
Net cash used in capital and related financing activity	-	(201,821)	(84,904)	-	(23,760)	-	-	(310,485)
NONCAPITAL FINANCING ACTIVITY								
Due to other funds	69,925	138,114	325,000	-	56,458	-	-	589,497
Operating transfers in	-	-	-	300,000	-	-	-	300,000
Net cash provided by noncapital financing activity	69,925	138,114	325,000	300,000	56,458	-	-	889,497
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	266,928	(3,619)	-	51,358	15,705	330,372
CASH AND CASH EQUIVALENTS, JULY 1, 2003	-	-	1,247,766	50,643	-	595,145	18,748	1,912,302
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ -	\$ -	\$ 1,514,694	\$ 47,024	\$ -	\$ 646,503	\$ 34,453	\$ 2,242,674

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
BALANCE SHEET -
ALL FUNDS AND ACCOUNT GROUPS
June 30, 2004
(With Comparative Totals for June 30, 2003)

	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Trust and Agency Fund	Audit Fund	Liability, Protection & Settlement Fund	Account Groups		Totals (Memorandum Only)	
	Education Fund	Operational	Restricted						General Fixed Assets	General Long-Term Debt	June 30, 2004	June 30, 2003
ASSETS												
Cash and cash equivalents	\$ 1,226,924	\$ 292,304	\$ 24,729	\$ 2,242,674	\$ 63,664	\$ 7,100,000	\$ 406,330	\$ 2,865	\$ -	\$ -	\$ 11,397,678	\$ 9,158,692
Receivables:												
Property taxes, net	5,542,794	2,131,924	1,066,477	-	-	-	-	44,351	-	-	10,314,094	9,101,146
Replacement taxes, net	322,082	-	-	-	-	-	-	-	-	-	322,082	220,333
Agency tuition, net	347,310	-	-	-	-	-	-	-	-	-	347,310	299,704
Student tuition and fees, net	388,968	-	-	120,321	-	-	18,769	-	-	-	528,058	861,110
Governmental grants	-	-	-	-	516,142	-	-	-	-	-	516,142	995,173
Business and industry training	-	-	-	-	-	-	-	-	-	-	39,718	53,755
Student loans	-	-	-	39,718	-	-	-	-	-	-	275,480	349,277
Due from other funds	4,979,456	-	-	-	275,480	500,000	-	-	-	-	5,479,456	5,894,959
Due from Parkland Foundation	300,000	-	-	-	-	-	-	-	-	-	300,000	1,030,000
Other	425,072	3,195	-	34,998	-	-	-	-	-	-	790,909	2,215,195
Prepaid items and deferred charges	-	10,472	-	-	23,006	-	-	327,644	-	-	33,478	177,351
Bookstore inventories	-	-	-	-	-	-	-	-	-	-	584,280	509,117
Property and equipment at cost, net	-	-	-	584,280	-	-	-	-	-	-	36,049,681	35,560,617
Amount to be provided to retire debt	-	-	-	779,295	-	-	-	-	35,270,386	-	3,460,836	3,545,300
TOTAL ASSETS	\$ 13,532,606	\$ 2,437,895	\$ 1,091,206	\$ 3,801,286	\$ 878,292	\$ 7,600,000	\$ 425,099	\$ 47,216	\$ 35,270,386	\$ 3,460,836	\$ 70,439,202	\$ 69,971,729

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
BALANCE SHEET -
ALL FUNDS AND ACCOUNT GROUPS
June 30, 2004
(With Comparative Totals for June 30, 2003)

	Education Fund		Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Trust and Agency Fund	Audit Fund	Liability, Protection & Settlement Fund	Account Groups		Totals (Memorandum Only)	
			Operational	Restricted							General Fixed Assets	General Long-Term Debt	June 30, 2004	June 30, 2003
LIABILITIES														
Accounts payable	\$ 1,972	\$ 16,834	\$ 93,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,180	\$ -	\$ -	\$ 152,921	\$ 619,472
Vacation payable	767,159	79,309	-	-	84,302	29,272	-	-	-	-	-	-	960,042	994,849
Other payables	1,308,778	-	-	-	18,255	-	-	-	-	174,105	-	-	1,501,138	1,857,972
Accrued expenses	1,122,812	-	-	-	1,508	-	-	-	-	-	-	-	1,124,320	1,101,107
Due to other funds	500,000	385,000	-	550,000	3,364,456	680,000	-	-	-	-	-	-	5,479,456	5,894,959
Deferred revenue	6,125,795	1,547,981	774,365	-	96,472	68,264	-	-	32,203	1,109,873	-	-	9,754,953	9,623,142
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	3,460,836	3,545,300
Lease and equipment obligations	-	-	-	-	665,634	-	-	-	-	-	-	-	665,634	867,455
Deposits held for others	-	-	-	-	-	-	-	425,741	-	-	-	-	425,741	275,366
Total liabilities	9,826,516	2,029,124	1,418,300	777,536	4,230,627	777,536	-	425,741	32,203	1,324,158	-	3,460,836	23,525,041	24,779,622
COLLEGE EQUITY														
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	35,270,386	-	35,270,386	34,609,942
Fund balance:														
Designated by state statute for liability, protection, and settlement coverage	-	-	-	-	-	-	-	-	-	570,222	-	-	570,222	302,089
Unreserved, undesignated	3,706,090	408,771	(327,094)	-	-	-	7,600,000	(642)	-	-	-	-	11,387,125	10,294,763
Restricted	-	-	-	-	-	100,756	-	-	15,013	-	-	-	115,769	272,031
Retained earnings (accumulated deficit):	-	-	-	-	(429,341)	-	-	-	-	-	-	-	(429,341)	(286,718)
Accumulated deficit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total college equity (deficit)	3,706,090	408,771	(327,094)	100,756	(429,341)	100,756	7,600,000	(642)	15,013	570,222	35,270,386	-	46,914,161	45,192,107
TOTAL LIABILITIES AND COLLEGE EQUITY	\$ 13,532,606	\$ 2,437,895	\$ 1,091,206	\$ 878,292	\$ 3,801,286	\$ 878,292	\$ 7,600,000	\$ 425,099	\$ 47,216	\$ 1,894,380	\$ 35,270,386	\$ 3,460,836	\$ 70,439,202	\$ 69,971,729

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICIT) -
ALL FUNDS**

Year Ended June 30, 2004

(With Comparative Totals for Year Ended June 30, 2003)

	Operations and Maintenance Funds						Totals (Memorandum Only)							
	Education Fund	Operational		Restricted		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection & Settlement Fund	June 30, 2004		June 30, 2003	
REVENUE														
Local sources	\$ 9,215,792	\$ 3,370,394	\$ 1,685,655	\$ -	\$ 9,254	\$ -	\$ 59,988	\$ 2,151,418	\$ 16,492,501	\$ 15,485,263				
State sources	8,577,592	224,186	31,574	54,092	2,139,288	-	-	-	11,026,732	11,486,987				
Federal sources	140,389	-	-	-	13,939,754	-	-	-	14,080,143	10,832,671				
Tuition and fees	17,150,984	-	-	233,480	-	-	-	-	17,384,464	15,969,936				
Facilities	-	562,267	-	-	373,841	-	-	-	936,108	687,833				
All other revenue	424,912	7,152	1,144	4,963,441	25,275	57,496	-	157,003	5,636,423	5,493,508				
On-behalf payments	15,138,937	-	-	-	-	-	-	-	15,138,937	2,311,005				
Total revenue	50,648,606	4,163,999	1,718,373	5,251,013	16,487,412	57,496	59,988	2,308,421	80,695,308	62,267,203				
EXPENDITURES														
Instruction	19,735,679	-	-	-	630,672	-	-	-	20,366,351	19,882,165				
Academic support	2,983,801	-	-	-	1,738,984	-	-	-	4,722,785	4,877,160				
Student services	3,201,129	-	-	-	755,360	-	-	-	3,956,489	3,896,566				
Public service	809,003	-	-	-	867,172	-	-	-	1,676,175	2,157,459				
Auxiliary services	-	-	-	5,693,636	11,425	-	-	-	5,705,061	5,598,864				
Operation and maintenance of plant	-	4,193,772	1,995,314	-	-	-	-	1,070,179	7,259,265	7,420,224				
Institutional support	7,136,177	2,300	-	-	33,775	-	61,560	970,109	8,203,921	9,103,634				
Financial aid	-	-	-	-	12,604,714	-	-	-	12,604,714	9,719,535				
On-behalf payments	15,138,937	-	-	-	-	-	-	-	15,138,937	2,311,005				
Total expenditures	49,004,726	4,196,072	1,995,314	5,693,636	16,642,102	-	61,560	2,040,288	79,633,698	64,966,612				
Revenue over (under) expenditures	1,643,880	(32,073)	(276,941)	(442,623)	(154,690)	57,496	(1,572)	268,133	1,061,610	(2,699,409)				
Operating transfers, net	(242,504)	-	-	300,000	-	(57,496)	-	-	-	-				
Revenues and other financing sources over (under) expenditures and other financing uses	1,401,376	(32,073)	(276,941)	(142,623)	(154,690)	-	(1,572)	268,133	1,061,610	(2,699,409)				
FUND BALANCE (DEFICIT), JULY 1, 2003	2,304,714	440,844	(50,153)	(286,718)	255,446	7,600,000	16,585	302,089	10,582,807	13,282,216				
FUND BALANCE (DEFICIT), JUNE 30, 2004	\$ 3,706,090	\$ 408,771	\$ (327,094)	\$ (429,341)	\$ 100,756	\$ 7,600,000	\$ 15,013	\$ 570,222	\$ 11,644,417	\$ 10,582,807				

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENTS OF NET ASSETS
Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Fund balances – all fund types	\$ 46,914,161	\$ 45,192,107
Reconciling item – reclassification of long-term debt	<u>3,460,836</u>	<u>3,545,300</u>
NET ASSETS OF STATEMENTS OF NET ASSETS	<u>\$ 43,453,325</u>	<u>\$ 41,646,807</u>

RECONCILIATION OF THE STATEMENTS OF CHANGES
IN FUND BALANCES – ALL FUND TYPES TO THE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS
Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Net increase (decrease) in fund balances	\$ 1,061,610	\$ (2,699,409)
Internal charges removed for auxiliary revenues	(524,331)	(455,690)
Internal charges removed for auxiliary expenditures	<u>(524,331)</u>	<u>(455,690)</u>
Net effect	-	-
Internal charges removed for General Fund revenues	(388,635)	(315,748)
Internal charges removed for auxiliary expenditures	<u>(388,635)</u>	<u>(315,748)</u>
Net effect	-	-
Expenditures for capital assets deleted	<u>2,158,129</u>	<u>1,039,794</u>
Depreciation on GFAAG assets	<u>(1,583,585)</u>	<u>(1,473,946)</u>
Student waivers removed from revenue	(4,507,684)	(2,793,979)
Student waivers removed from expenditures	<u>(4,507,684)</u>	<u>(2,793,979)</u>
Net effect	-	-
Retirement of indebtedness expenditures deleted	<u>84,281</u>	<u>59,238</u>
Payment of accrued retirement obligations	<u>86,083</u>	<u>218,568</u>
Increase (decrease) in net assets	<u>\$ 1,806,518</u>	<u>\$ (2,855,755)</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ASSESSED VALUES, TAX RATES, EXTENSIONS,
AND COLLECTIONS
June 30, 2004

ASSESSED VALUATIONS		2003	2002	2001	2000	1999	1998	1997
County:								
Champaign	\$	2,485,411,067	\$ 2,356,567,402	\$ 2,249,225,082	\$ 2,146,637,370	\$ 2,019,228,331	\$ 1,899,554,792	\$ 1,795,990,090
Coles		6,225,361	6,757,851	7,900,000	7,963,010	7,667,234	7,065,637	6,410,387
DeWitt		61,241,631	62,963,494	63,263,081	64,509,268	63,062,951	59,695,524	56,105,237
Douglas		211,719,753	212,081,194	213,873,061	214,230,703	202,275,115	190,835,906	174,777,350
Edgar		2,750,598	2,975,138	3,229,642	3,506,564	3,399,762	3,175,188	2,938,704
Ford		169,817,255	170,518,292	170,049,562	169,740,151	168,626,119	157,904,560	145,909,804
Iroquois		68,855,261	70,121,443	69,704,262	68,916,644	68,860,914	63,716,161	58,741,423
Livingston		49,889,515	51,161,150	52,434,825	54,830,620	54,196,144	52,878,805	48,684,866
McLean		111,964,618	112,238,854	110,717,051	112,612,138	110,775,037	103,641,091	97,148,570
Moultrie		3,302,506	3,570,168	3,821,243	4,120,557	3,908,900	3,582,893	3,323,893
Platt		258,267,102	247,128,738	243,761,308	241,106,057	227,915,274	214,489,669	197,913,628
Vermilion		10,463,662	10,628,076	11,153,861	11,755,423	11,335,316	10,413,979	9,661,947
TOTAL	\$	3,439,908,329	\$ 3,306,711,800	\$ 3,199,132,978	\$ 3,099,928,505	\$ 2,941,251,097	\$ 2,766,954,205	\$ 2,597,605,899
TAX RATES (PER \$100 ASSESSED VALUATION)								
Education Fund		0.2600	0.2600	0.2600	0.2617	0.2600	0.2600	0.2600
Operations and Maintenance - Operational Fund		0.1000	0.1000	0.1000	0.1007	0.1000	0.1000	0.1000
Tort and Immunity		0.0436	0.0287	0.0250	0.0219	0.0365	0.0434	0.0488
Audit		0.0021	0.0014	0.0012	0.0008	0.0012	0.0013	0.0014
Worker's Compensation		0.0056	0.0030	0.0022	0.0008	0.0017	0.0045	0.0000
Unemployment Insurance		0.0022	0.0009	0.0009	0.0008	0.0012	0.0013	0.0000
Protection, Health and Safety		0.0500	0.0500	0.0500	0.0469	0.0500	0.0479	0.0500
Medicare Insurance		0.0116	0.0121	0.0101	0.0086	0.0102	0.0054	0.0000
Property Insurance		0.0087	0.0091	0.0062	0.0047	0.0051	0.0054	0.0000
TOTAL		0.4838	0.4652	0.4556	0.4469	0.4659	0.4692	0.4602

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ASSESSED VALUES, TAX RATES, EXTENSIONS,
AND COLLECTIONS
June 30, 2004

	2003	2002	2001	2000	1999	1998	1997
TAX EXTENSIONS							
Education Fund	\$ 8,943,762	\$ 8,597,450	\$ 8,317,746	\$ 8,022,554	\$ 7,647,806	\$ 7,166,839	\$ 6,753,775
Operations and Maintenance - Operational Fund	3,439,908	3,306,712	3,199,133	3,086,022	2,940,726	2,755,481	2,597,606
Tort and Immunity	1,499,800	949,026	799,783	1,165,187	1,608,766	1,655,876	1,267,632
Audit	72,238	46,294	38,390	24,821	35,629	38,810	36,366
Worker's Compensation	192,635	99,201	70,381	-	-	-	-
Unemployment Insurance	75,678	29,760	28,792	-	-	-	-
Protection, Health and Safety	1,719,954	1,653,356	1,599,566	1,490,612	1,470,363	1,319,526	1,298,803
Medicare Insurance	399,029	400,112	323,112	-	-	-	-
Property Insurance	299,272	300,911	198,346	-	-	-	-
Tax collections prior to year end	16,642,276	15,382,822	14,575,249	13,789,196	13,703,290	12,936,532	11,954,182
	(6,328,182)	(6,281,676)	(5,799,158)	(4,794,172)	(4,840,746)	(4,543,428)	(4,459,209)
	10,314,094	9,101,146	8,776,091	8,995,024	8,862,544	8,393,104	7,494,973
Allowance for uncollectible taxes	-	-	-	(27,812)	(27,404)	(44,244)	(63,357)
PROPERTY TAXES RECEIVABLE	<u>\$ 10,314,094</u>	<u>\$ 9,101,146</u>	<u>\$ 8,776,091</u>	<u>\$ 8,967,212</u>	<u>\$ 8,835,140</u>	<u>\$ 8,348,860</u>	<u>\$ 7,431,616</u>
PROPERTY TAXES RECEIVABLE BY FUND							
Education Fund	\$ 5,542,794	\$ 5,086,631	\$ 5,008,516	\$ 5,217,124	\$ 4,930,891	\$ 4,625,180	\$ 4,198,487
Operations and Maintenance:							
Operational Fund	2,131,924	1,956,746	1,926,352	2,006,863	1,896,021	1,778,307	1,615,484
Restricted Fund	1,066,477	978,373	963,614	969,355	948,010	851,628	807,104
Audit Fund	44,351	27,304	22,818	16,140	22,972	25,046	22,766
Liability, Protection and Settlement Fund	1,528,548	1,052,092	854,791	757,730	1,037,246	1,068,699	787,775
TOTAL	<u>\$ 10,314,094</u>	<u>\$ 9,101,146</u>	<u>\$ 8,776,091</u>	<u>\$ 8,967,212</u>	<u>\$ 8,835,140</u>	<u>\$ 8,348,860</u>	<u>\$ 7,431,616</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF LEGAL DEBT MARGIN
Year Ended June 30, 2004

ASSESSED VALUATION - 2003 LEVY	<u><u>\$ 3,439,908,329</u></u>
Debt limit, 2.875% of assessed valuation	\$ 98,897,364
Indebtedness	<u>-</u>
LEGAL DEBT MARGIN	<u><u>\$ 98,897,364</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STUDENT ENROLLMENT AND FULL-TIME EQUIVALENCY
AT TENTH DAY
Year Ended June 30, 2004
(Unaudited)

SCHOOL QUARTER	Student	Full-Time
	Enrollment	Equivalency
		Semester
Summer 2003	5,004	1,623
Fall 2003	9,241	6,012
Spring 2004	8,914	5,640
SEMESTER AVERAGE (EXCLUSIVE OF SUMMER SCHOOL)	9,078	5,826

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 1
Year Ended June 30, 2004

FUND BALANCE (DEFICIT), JULY 1, 2003

REVENUE

Local tax revenue
All other local revenue
ICCB grants
All other state revenue
Federal revenue
Student tuition and fees
All other revenue

Total revenue

EXPENDITURES

Instruction
Academic support
Student services
Public service
Independent operations
Operation and maintenance of plant
Scholarships and grants
Institutional support

Total expenditures

OPERATING TRANSFERS, NET

FUND BALANCE (DEFICIT), JUNE 30, 2004

Operations and Maintenance Funds													
Education Fund	Operational		Restricted		Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection & Settlement Fund	Total			
	\$	440,844	\$	(50,153)							\$	(286,718)	\$
8,765,162	3,370,394	1,685,655	-	-	-	-	-	-	-	16,032,617			
450,630	-	-	-	-	-	9,254	-	59,988	-	2,151,418			
7,120,451	-	31,574	54,092	-	-	511,619	-	-	-	459,884			
1,457,141	224,186	-	-	-	-	1,627,669	-	-	-	7,717,736			
140,389	-	-	-	-	-	13,939,754	-	-	-	3,308,996			
17,150,984	-	-	233,480	-	-	-	-	-	-	14,080,143			
424,912	569,419	1,144	4,963,441	-	-	399,116	57,496	-	-	17,384,464			
										157,003			
35,509,669	4,163,999	1,718,373	5,251,013	-	-	16,487,412	57,496	59,988	-	65,556,371			
19,735,679	-	-	-	-	-	630,672	-	-	-	20,366,351			
2,983,801	-	-	-	-	-	1,738,984	-	-	-	4,722,785			
3,201,129	-	-	-	-	-	755,360	-	-	-	3,956,489			
809,003	-	-	-	-	-	867,172	-	-	-	1,676,175			
-	-	-	-	-	5,693,636	11,425	-	-	-	5,705,061			
-	4,193,772	1,995,314	-	-	-	-	-	-	1,070,179	7,259,265			
-	-	-	-	-	-	12,604,714	-	-	-	12,604,714			
7,136,177	2,300	-	-	-	-	33,775	-	61,560	970,109	8,203,921			
33,865,789	4,196,072	1,995,314	5,693,636	-	-	16,642,102	-	61,560	2,040,288	64,494,761			
(242,504)	-	-	-	-	300,000	-	(57,496)	-	-	-			
\$ 3,706,090	\$ 408,771	\$ (327,094)	\$ (429,341)	\$ 100,756	\$ 15,013	\$ 7,600,000	\$ 570,222	\$ 11,644,417					

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF FIXED ASSETS AND DEBT
UNIFORM FINANCIAL STATEMENT NO. 2
June 30, 2004

	Fixed Asset/Debt Account Groups <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Fixed Asset/Debt Account Groups <u>June 30, 2004</u>
FIXED ASSETS				
Land	\$ 721,745	\$ -	\$ -	\$ 721,745
Land improvements	1,541,175	1,630,672	-	3,171,847
Buildings	50,422,000	-	-	50,422,000
Equipment	1,648,781	248,715		1,897,496
Construction in progress	<u>548,038</u>	<u>912,680</u>	<u>(548,038)</u>	<u>912,680</u>
	54,881,739	2,792,067	(548,038)	57,125,768
Accumulated depreciation	<u>20,271,797</u>	<u>1,583,585</u>	<u>-</u>	<u>21,855,382</u>
NET FIXED ASSETS	<u><u>\$ 34,609,942</u></u>	<u><u>\$ 1,208,482</u></u>	<u><u>\$ (548,038)</u></u>	<u><u>\$ 35,270,386</u></u>
FIXED DEBT				
Early retirement benefits	\$ 3,366,268	\$ 1,146,566	\$ 1,232,649	\$ 3,280,185
Capital lease obligations	<u>179,032</u>	<u>85,900</u>	<u>84,281</u>	<u>180,651</u>
TOTAL FIXED DEBT	<u><u>\$ 3,545,300</u></u>	<u><u>\$ 1,232,466</u></u>	<u><u>\$ 1,316,930</u></u>	<u><u>\$ 3,460,836</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 3 -
OPERATING FUNDS
Year Ended June 30, 2004

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUE BY SOURCE			
Local Government			
Current taxes	\$ 8,765,162	\$ 3,370,394	\$ 12,135,556
Chargeback revenue	450,630	-	450,630
Total local government	<u>9,215,792</u>	<u>3,370,394</u>	<u>12,586,186</u>
State Government			
ICCB credit hour grants	5,125,277	-	5,125,277
ICCB equalization grants	1,995,174	-	1,995,174
SBE - vocational education	199,778	-	199,778
CPPRT	1,257,363	224,186	1,481,549
Total state government	<u>8,577,592</u>	<u>224,186</u>	<u>8,801,778</u>
Federal Government			
Grant indirect costs	<u>140,389</u>	<u>-</u>	<u>140,389</u>
Student Tuition and Fees			
Tuition	15,791,570	-	15,791,570
Fees	1,359,414	-	1,359,414
Total student tuition and fees	<u>17,150,984</u>	<u>-</u>	<u>17,150,984</u>
Other Sources			
Sales and service fees	277,785	-	277,785
Facilities revenue	-	562,267	562,267
Investment revenue	102,596	6,700	109,296
Other	44,531	452	44,983
Total other sources	<u>424,912</u>	<u>569,419</u>	<u>994,331</u>
Total revenue	35,509,669	4,163,999	39,673,668
Tuition chargeback revenue	<u>(450,630)</u>	<u>-</u>	<u>(450,630)</u>
ADJUSTED REVENUE	<u><u>\$ 35,059,039</u></u>	<u><u>\$ 4,163,999</u></u>	<u><u>\$ 39,223,038</u></u>

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES			
By program:			
Instruction	\$ 19,735,679	\$ -	\$ 19,735,679
Academic support	2,983,801	-	2,983,801
Student services	3,201,129	-	3,201,129
Public service	809,003	-	809,003
Operation and maintenance of plant	-	4,193,772	4,193,772
Institutional support	7,136,177	2,300	7,138,477
Total expenditures	33,865,789	4,196,072	38,061,861
Tuition chargeback	(21,095)	-	(21,095)
ADJUSTED EXPENDITURES	\$ 33,844,694	\$ 4,196,072	\$ 38,040,766

By object:			
Salaries	\$ 26,017,530	\$ 1,373,437	\$ 27,390,967
Employee benefits	3,235,847	366,647	3,602,494
Contractual services	511,384	318,775	830,159
General materials and supplies	1,930,552	392,174	2,322,726
Conference and meeting expenses	338,735	1,250	339,985
Fixed charges	398,064	96,443	494,507
Utilities	8,577	1,645,046	1,653,623
Capital outlay	310,024	-	310,024
Other	1,115,076	2,300	1,117,376
Total expenditures	33,865,789	4,196,072	38,061,861
Tuition chargeback	(21,095)	-	(21,095)
ADJUSTED EXPENDITURES	\$ 33,844,694	\$ 4,196,072	\$ 38,040,766

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 4 -
RESTRICTED PURPOSES FUND
Year Ended June 30, 2004

REVENUE BY SOURCE

State Government:

ICCB - Workforce Business & Industry Grant	\$ 79,348
ICCB - Workforce Ed-to-Careers Grant	52,862
ICCB - Workforce Welfare/Low Income Grant	40,883
ICCB - P-16 Initiative Grant	26,656
ICCB - Education Technology Grant	40,215
ICCB- Career and Technical Education Program Improvement Grant	25,649
ICCB - Adult Education	246,006
SBE - Vocational Education	1,224,846
Other - State Sources	402,823
Total State Government	<u>2,139,288</u>
Federal Government - Other	13,939,754
Other Local Sources	9,254
Other Sources - Other Revenue	<u>399,116</u>

TOTAL RESTRICTED PURPOSES FUND REVENUE	<u><u>\$ 16,487,412</u></u>
---	------------------------------------

EXPENDITURES BY PROGRAM

Instruction	\$ 630,672
Academic services	1,738,984
Student services	755,360
Public service	867,172
Auxiliary services	11,425
Institutional support	33,775
Financial aid	<u>12,604,714</u>

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 16,642,102</u></u>
--	------------------------------------

EXPENDITURES BY OBJECT

Salaries	\$ 1,458,983
Employee benefits	249,153
Contractual services	946,819
General materials and supplies	326,594
Conference and meeting expenses	191,154
Fixed charges	417,449
Utilities	79,051
Capital outlay	309,722
Other	<u>12,663,177</u>

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 16,642,102</u></u>
--	------------------------------------

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
CERTIFICATE OF CHARGEBACK
Year Ended June 30, 2004

**ALL FISCAL 2004 NON-CAPITAL AUDITED OPERATING
EXPENDITURES FROM THE FOLLOWING FUNDS:**

Education	\$ 33,555,765
Operations and maintenance fund	4,196,072
Restricted purposes fund	16,332,380
Audit fund	61,560
Liability, protection and settlement fund	<u>2,018,410</u>
 Total non-capital expenditures	 <u>56,164,187</u>
 Depreciation on capital outlay expenditures from sources other than state and federal funds	 <u>2,364,788</u>
 Total costs included	 <u>58,528,975</u>
 Total certified semester credit hours for FY 2004	 <u>177,724.0</u>
 Per capita cost	 <u>329.33</u>
 All FY 2004 state and federal operating grants for non-capital expenditures, except ICCB grants	 17,502,088
 Fiscal year state and federal grants per semester credit hour	 <u>98.48</u>
 District's average ICCB grant rate for fiscal year 2005	 <u>32.49</u>
 District's student tuition and fee rate per semester credit hour for fiscal year 2005	 <u>67</u>
 Chargeback reimbursement per semester credit hour	 <u>\$ 131.36</u>

Approved: _____
Chief Fiscal Officer

Approved: _____
President

**ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS FINANCIAL COMPLIANCE SECTION**

**Auditor's Report on Compliance with State Requirements
For Educational Technology, Workforce Development Component, P-16 Initiative,
Career and Technical Education – Program Improvement, and Adult
Education and Family Literacy Component Grant Programs**

Board of Trustees
Parkland College Community College District #505
Champaign, Illinois

We have audited the balance sheets of Parkland College Community College District #505's Educational Technology, Workforce Development Component, P-16 Initiative, Career and Technical Education - Program Improvement, and Adult Education and Family Literacy Component Grant Programs as of June 30, 2004, and the related statements of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidelines of the Illinois Community College Board (ICCB) *Fiscal Management Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. Our audit also includes a review of compliance with the provision of laws, regulations, contracts, and grants between Parkland College Community College District #505 and the State of Illinois and the Illinois Community College Board. We believe that our audit provides a reasonable basis for our opinion and Parkland College Community College District #505 is in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

In our opinion, such financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of Educational Technology, Workforce Development Component, P-16 Initiative, Career and Technical Education - Program Improvement, and Adult Education and Family Literacy Component Grant Programs as of June 30, 2004, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic grant program financial statements taken as a whole. The supplementary ICCB compliance schedules for the Workforce Development Component Grant (page 75) and Adult Education and Family Literacy Grant (page 76) for the year ended June 30, 2004, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the District's management. These schedules have been subjected to the auditing procedures applied in our audits of the basic grant program financial statements and, in our opinion, are fairly stated, in all material respects when considered in relation to the basic grant program financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees and management of Parkland College and its reporting to the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Danville, Illinois
August 23, 2004

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
EDUCATIONAL TECHNOLOGY GRANT PROGRAM
BALANCE SHEET
June 30, 2004**

ASSETS

Cash	<u>\$ -</u>
------	-------------

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	<u>\$ -</u>
------------------	-------------

FUND BALANCE

Reserved for encumbrances	<u>-</u>
---------------------------	----------

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ -</u></u>
---	--------------------

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
EDUCATIONAL TECHNOLOGY GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2004**

	<u>ACTUAL</u>
REVENUES	
ICCB Grant	\$ 40,215
EXPENDITURES	
Current year's grant:	
Instructional equipment	<u>40,215</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
WORKFORCE DEVELOPMENT COMPONENT GRANT PROGRAM
(BUSINESS/INDUSTRY, EDUCATION TO CAREERS, WELFARE/
LOW INCOME SUPPORT SERVICES)**

BALANCE SHEET

June 30, 2004

ASSETS

Cash	<u>\$ 870</u>
------	---------------

LIABILITIES

Accounts payable	<u>\$ 870</u>
------------------	---------------

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
WORKFORCE DEVELOPMENT COMPONENT GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2004**

	<u>Actual</u>			
	<u>Business & Industry</u>	<u>Education- To-Careers</u>	<u>Welfare/ Low Income</u>	<u>Total</u>
REVENUES				
ICCB Grant	\$ 79,348	\$ 52,862	\$ 40,883	\$ 173,093
EXPENDITURES				
Current year's grant				
Salaries	65,272	4,436	19,603	89,311
Employee benefits	14,076	212	531	14,819
Contractual services	-	-	-	-
Materials and supplies	-	14,203	650	14,853
Conference and meeting expense	-	2,152	3,646	5,798
Fixed charges	-	25,000	7,000	32,000
Capital outlay	-	6,859	403	7,262
Other expenditures	-	-	9,050	9,050
Total expenditures	79,348	52,862	40,883	173,093
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING USES				
Operating transfers, net	-	-	-	-
Excess of revenues over expenditures and other financing uses	\$ -	\$ -	\$ -	-
FUND BALANCE, BEGINNING OF YEAR				-
FUND BALANCE, END OF YEAR				\$ -
ORIGINAL ALLOCATION	\$ 79,348	\$ 52,862	\$ 40,883	\$ 173,093
MINIMUM EXPENDITURE REQUIREMENT	\$ 39,674	\$ 26,431	\$ 20,442	\$ 86,547

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
P-16 INITIATIVE GRANT PROGRAM
BALANCE SHEET
June 30, 2004

ASSETS

Cash	<u>\$ 1,480</u>
------	-----------------

LIABILITIES

Accounts payable	<u>\$ 1,480</u>
------------------	-----------------

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
P-16 INITIATIVE GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2004

	<u>Actual</u>
REVENUES	
ICCB Grant	<u>\$ 26,656</u>
EXPENDITURES	
Other expenditures- scholarships/waivers	<u>26,656</u>
Excess of revenues over expenditures	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
CAREER AND TECHNICAL EDUCATION-
PROGRAM IMPROVEMENT
BALANCE SHEET
June 30, 2004**

ASSETS

Cash	\$ <u> - </u>
------	-------------------------

LIABILITIES

Accounts payable	\$ <u> - </u>
------------------	-------------------------

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
CAREER AND TECHNICAL EDUCATION- PROGRAM IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2004**

	<u>Actual</u>
REVENUES	
ICCB Grant	\$ 25,649
EXPENDITURES	
Instructional equipment	<u>25,649</u>
Excess of revenues over expenditures	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ADULT EDUCATION AND FAMILY LITERACY COMPONENT GRANT PROGRAM
(STATE BASIC, PUBLIC ASSISTANCE, AND PERFORMANCE)
BALANCE SHEET
June 30, 2004**

ASSETS

Cash	<u>\$ 7,062</u>
------	-----------------

LIABILITIES

Accounts payable	\$ 525
Accrued expenses	2,714
Deferred revenue	<u>3,823</u>
TOTAL LIABILITIES	<u>\$ 7,062</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATE ADULT EDUCATION RESTRICTED FUNDS
(STATE BASIC, PUBLIC ASSISTANCE, AND PERFORMANCE)
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2004

	ACTUAL			
	<u>State Basic</u>	<u>Public Assistance</u>	<u>Performance</u>	<u>Total</u>
REVENUES				
ICCB Grant	\$ 139,477	\$ 20,987	\$ 85,542	\$ 246,006
EXPENDITURES				
Instruction	62,777	9,748	58,229	130,754
Guidance services	37,778	-	3,396	41,174
Assistive and adaptive equipment	-	-	-	-
Assessment and testing	10,473	9,630	6,636	26,739
Student transportation services	-	-	3,300	3,300
Literacy services	-	-	359	359
Total instructional student services	111,028	19,378	71,920	202,326
General administration	11,153	1,609	3,901	16,663
Operation and maintenance of plant services	-	-	7,096	7,096
Workforce coordination	-	-	130	130
Data and information services	17,296	-	2,495	19,791
Total program support	28,449	1,609	13,622	43,680
Total expenditures	139,477	20,987	85,542	246,006
Excess of revenue over (under) expenditures	\$ -	\$ -	\$ -	-
FUND BALANCE, BEGINNING OF YEAR				-
FUND BALANCE, END OF YEAR				\$ -

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
EDUCATIONAL TECHNOLOGY, WORKFORCE DEVELOPMENT COMPONENT,
P-16 INITIATIVE, CAREER AND TECHNICAL EDUCATION -
PROGRAM IMPROVEMENT, AND ADULT EDUCATION AND FAMILY LITERACY
COMPONENT GRANT PROGRAMS
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2004**

The Educational Technology, Workforce Development Component, P-16 Initiative, Career and Technical Education - Program Improvement, and Adult Education and Family Literacy Component Grant Programs were established as special revenue funds of Parkland College Community College District #505 to account for revenues and expenditures of the respective programs. These Programs are administered by the Illinois Community College Board. The following is a summary of the significant accounting policies followed by the College in respect to these funds.

BASIS OF ACCOUNTING

The statements have been prepared on the accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2004. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

BUDGETS AND BUDGETARY ACCOUNTING

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

CAPITAL OUTLAY

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

Capital outlay expenditures are accumulated in the General Fixed Assets Account Group of the College.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
EDUCATIONAL TECHNOLOGY, WORKFORCE DEVELOPMENT COMPONENT,
P-16 INITIATIVE, CAREER AND TECHNICAL EDUCATION
PROGRAM IMPROVEMENT, AND ADULT EDUCATION AND FAMILY LITERACY
COMPONENT GRANT PROGRAMS
NOTE TO FINANCIAL STATEMENTS
June 30, 2004**

NOTE 1 - GRANT CONTINGENCY

Under the terms of the grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. The College management believes the disallowance, if any, will be immaterial.

**SUPPLEMENTAL ICCB
COMPLIANCE SCHEDULES**

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ICCB COMPLIANCE STATEMENT FOR
WORKFORCE DEVELOPMENT COMPONENT (BUSINESS/INDUSTRY) GRANT
Year Ended June 30, 2004**

	<u>General</u>	<u>Operation of Workforce Prep Office</u>	<u>Total</u>
EXPENDITURES			
Salaries	\$ -	\$ 65,272	\$ 65,272
Employee benefits	<u>-</u>	<u>14,076</u>	<u>14,076</u>
TOTAL EXPENDITURES	<u><u>\$ -</u></u>	<u><u>\$ 79,348</u></u>	<u><u>\$ 79,348</u></u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ICCB COMPLIANCE STATEMENT FOR THE
ADULT EDUCATION AND FAMILY LITERACY GRANT
EXPENDITURE AMOUNTS AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY
For the year ended June 30, 2004**

	<u>Audited Expenditures (\$)</u>	<u>Actual Expenditure Percentage</u>
State Basic		
Instruction (45% Minimum Required)	\$ 111,028	79.60%
General Administration (9% Maximum Allowed)	\$ 11,153	8.00%
 State Public Assistance		
Instruction (45% Minimum Required)	\$ 19,378	92.33%
General Administration (9% Maximum Allowed)	\$ 1,609	7.67%
 State Performance		
General Administration (9% Maximum Allowed)	\$ 3,901	4.56%

**Independent Auditor's Report on Enrollment Data and
Other Bases Upon Which Claims are Filed**

Board of Trustees
Parkland College Community College District #505
Champaign, Illinois

We have audited the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of Parkland College Community College District #505 for the year ended June 30, 2004. This schedule is the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidelines of the Illinois Community College Board *Fiscal Management Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the student enrollment and other bases upon which claims were filed of Parkland Community College District #505 for the year ended June 30, 2004 in conformity with the laws, regulations and rules of the Illinois Community College Board.

This information is intended solely for the information and use of management and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Danville, Illinois
August 23, 2004

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES
UPON WHICH CLAIMS ARE FILED
Year Ended June 30, 2004

<u>Categories</u>	<u>Total Reimbursable Semester Credit Hours by Term</u>					
	<u>Summer</u>		<u>Fall</u>		<u>Spring</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>
Baccalaureate	15,590.0	-	49,584.0	-	48,319.0	48.0
Business Occupational	383.0	52.0	3,472.0	98.0	3,443.5	140.0
Technical Occupational	1,569.0	-	11,217.0	-	10,945.0	-
Health Occupational	1,341.0	-	4,635.0	-	4,682.5	-
Remedial Developmental	1,573.0	-	10,068.0	-	6,855.0	-
Adult Basic Education/ Adult	-	276.0	-	1,721.0	-	1,712.0
Secondary Education	-	-	-	-	-	-
TOTAL CREDIT HOURS CERTIFIED	20,456.0	328.0	78,976.0	1,819.0	74,245.0	1,900.0
					173,677.0	4,047.0

<u>Semester Credit Hours</u>	<u>Attending In-District</u>	<u>Attending Out-of-District on Chargeback or Contractual Agreement</u>	<u>Total</u>
	137,550.0	285.0	137,835.0

District 2003 Equalized Assessed Valuation

\$ 3,439,908,329

<u>Categories</u>	<u>Total Reimbursable Correctional Semester Credit Hours by Term</u>			
	<u>Summer</u>		<u>Fall</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>
Baccalaureate	-	-	-	-
Business Occupational	-	-	-	-
Technical Occupational	-	-	-	-
Health Occupational	-	-	-	-
Remedial Developmental	-	-	-	-
Adult Basic Education/ Adult	-	-	-	-
Secondary Education	30.0	-	102.0	-
TOTAL CREDIT HOURS CERTIFIED	30.0	-	102.0	-
				132.0

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
RECONCILIATION OF TOTAL REIMBURSABLE
SEMESTER CREDIT HOURS
Year Ended June 30, 2004

<u>Categories</u>	<u>Total Reimbursable Credit Hours</u>	<u>Total Reim-bursable Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	113,541.0	113,541.0	-
Business Occupational	7,588.5	7,588.5	-
Technical Occupational	23,731.0	23,731.0	-
Health Occupational	10,658.5	10,658.5	-
Remedial Developmental	18,496.0	18,496.0	-
Adult Basic Education/ Adult Secondary Education	3,709.0	3,709.0	-
TOTAL CREDIT HOURS CERTIFIED	177,724.0	177,724.0	-

RECONCILIATION OF IN-DISTRICT/CHARGEBACK
REIMBURSABLE CREDIT HOURS

	<u>Total Attending</u>	<u>Total Attending as Certified to the ICCB</u>	<u>Difference</u>
Reimbursable In-District Residents	137,550.0	137,550.0	-
Reimbursable Out-of-District on Chargeback or Contractual Agreement	285.0	285.0	-
TOTAL	137,835.0	137,835.0	-

RECONCILIATION OF TOTAL REIMBURSABLE CORRECTIONAL SEMESTER CREDIT HOURS

<u>Categories</u>	<u>Total Reimbursable Correctional Credit Hours</u>	<u>Total Reim-bursable Correctional Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupational	-	-	-
Health Occupational	-	-	-
Remedial Developmental	-	-	-
Adult Basic Education/ Adult Secondary Education	132.00	132.00	-
TOTAL CREDIT HOURS CERTIFIED	132.00	132.00	-

BACKGROUND INFORMATION ON STATE GRANT ACTIVITY

UNRESTRICTED GRANTS

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment with a small portion of the allocation based upon gross square footage of space at the College.

Equalization Grants

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

RESTRICTED GRANTS/SPECIAL INITIATIVES

Workforce Development Grant

Business and Industry Services – provides funding for a business/industry center at every college to provide a variety of employment training and business services outside of the classroom.

Education to Careers – Grants provided to allow the community colleges to play a leadership role in facilitating the creation of local partnerships with high schools, business and industry, and employment training agencies.

Welfare to Work – Provides funds to be used in conjunction with existing federal funds to develop an infrastructure necessary to provide employment training and job placement assistance services to welfare clients.

Educational Technology Support

Funding to allow colleges to meet the rising costs of technology infrastructure, transmission, and maintenance costs.

P-16 Initiative Grants

Grant funding is intended to allow community colleges to address the need to strengthen student preparation within the P-16 education spectrum by 1) expanding their service to high school students desiring to take college-level classes prior to receiving their high school diploma to accelerate their college coursework (formerly known as the Accelerated College Enrollment Grant) and 2) implementing and/or expanding programs and services that relate to teacher preparation (certification) and professional development (re-certification). The intent is to allow colleges to enhance or expand current activities.

Career and Technical Education – Program Improvement Grants

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

BACKGROUND INFORMATION ON STATE GRANT ACTIVITY

RESTRICTED ADULT EDUCATION GRANTS/STATE

State Basic

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

Public Assistance

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

Performance

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

**ANNUAL FEDERAL FINANCIAL
COMPLIANCE SECTION**

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Trustees
Parkland College Community College District #505
Champaign, Illinois

We have audited the basic financial statements of Parkland College Community College District #505 as of and for the year ended June 30, 2004, and have issued our report thereon dated August 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Parkland College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of Parkland College Community College District #505 in a separate letter dated August 23, 2004.

Compliance and Other Matters

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

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

Clifton Henderson LLP

Danville, Illinois
August 23, 2004

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133**

Board of Trustees
Parkland College Community College District #505
Champaign, Illinois

Compliance

We have audited the compliance of Parkland College Community College District #505 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, Parkland College Community College District #505 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 04-01.

Internal Control Over Compliance

The management of Parkland College Community College District #505 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Clifton Gunderson LLP

Danville, Illinois
August 23, 2004

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2004

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education			
<i>Student Financial Aid Cluster</i>			
Federal Work Study (FWS)	84.033	N/A	\$ 165,990
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	N/A	187,370
Federal Direct Loans	84.268	N/A	5,979,946
Pell Grant Program	84.063	N/A	6,080,238
Total Student Financial Aid			<u>12,413,544</u>
<i>Other Programs</i>			
Trio Student Support Services	84.042	N/A	269,538
Talent Search	84.044	N/A	260,388
CCAMPIS	84.335A	N/A	11,425
Title III	84.365	N/A	157,950
<i>Passed through Illinois Community College Board (ICCB)</i>			
Adult Education - Basic	84.002	N/A	143,580
EL/Civics Program	84.002	N/A	34,554
V.E. Perkins IIC Special Populations and Other	84.048	N/A	504,419
Total Department of Education			<u>13,795,398</u>
Department of Health & Human Services			
<i>Passed through Illinois Department of Children and Family Services (DCFS)</i>			
Foster Parent Training Grant	93.658	0629989011	<u>238,414</u>
National Science Foundation			
<i>Passed through the University of Illinois</i>			
NSF Grants	47.049	REC-9629932	<u>8,084</u>
Department of Agriculture			
AG-GIS Program	N/A	N/A	<u>285</u>
<i>Passed through Illinois State Board of Education (ISBE)</i>			
Child and Adult Care Food Program	10.558	02-4226-00	<u>26,848</u>
Total Expenditures of Federal Awards			<u><u>\$ 14,069,029</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2004

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Parkland College Community College District #505 for the year ended June 30, 2004, and is presented in conformity with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of, the general-purpose financial statements.

BASIS OF ACCOUNTING

The schedule has been prepared on the modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2004.

FIXED ASSETS

Fixed asset purchases are recorded as expenditures in the current period and are capitalized in the General Fixed Assets Account Group, if applicable.

LOANS OUTSTANDING

The College had the following loan balances at June 30, 2004. These loan balances are not included in the federal expenditures presented in the schedule.

	Federal CFDA <u>Number</u>	Outstanding Balance <u>at June 30, 2004</u>
Perkins Loans	84.038	\$ <u>275,480</u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weakness(es)? ☐ Yes ☒ None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☒ Yes ☐ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.033	Federal Student Financial Assistance Programs – Federal Work Study
84.007	Federal Student Financial Assistance Programs – FSEOG
84.063	Federal Student Financial Assistance Programs – PELL Grants
84.268	Federal Direct Loan
84.038	Perkins Loan Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000
Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

None to report.

Section III – Federal Award Findings and Questioned Costs

Finding 04-01

Information in the federal program:

Federal Student Financial Assistance Programs CFDA Numbers 84.007 and 84.063.

Criteria or specific requirement:

34 CFR Section 668.22 (a) states that the institution must determine the amount of Title IV grant assistance. This amount of assistance is then used to calculate the amount of Title IV grant or loan assistance the student has earned, which then determines the amount of return of Title IV funds, if any.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

Finding 04-01 (Continued)

Condition:

In one instance, the calculation of return of Title IV funds had erroneously duplicated the PELL award, resulting in the return of funds to higher than actual.

Questioned costs:

The finding did not result in a questioned cost rather an over refund of Title IV funds.

Context:

During compliance testing of the return of Title IV funds, the amounts of Title IV aid are reviewed for accuracy. The error was found during such review of Step 1 – Student's Title IV Aid Information.

Effect:

The duplication of the PELL award in the Title IV refund calculation resulted in an overstatement of return of funds.

Cause:

The situation was the result of the duplication of the PELL award in Step 1 of the return of funds calculation.

Recommendation:

The Financial Aid office should review calculations, including award amounts, to ensure proper calculation of return of Title IV funds.

Views of responsible officials and planned corrective actions:

The Office of Student Financial Aid understands the importance of an accurate calculation of return of funds. The college will use our comment and recommendation to illustrate to staff the importance of accurate calculation of return of Title IV funds and the adverse impact it could have on the College if they are out of compliance with requirements from the Department of Education.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ended June 30, 2004**

YEAR ENDED JUNE 30, 2003

No prior year findings.