

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

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

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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 and its discretely presented component unit as of June 30, 2003 and for the year ended, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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 audit provides 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 and of its discretely presented component unit as of June 30, 2003, 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.

As discussed in Note 12 to the financial statements, the College has implemented a new financial reporting model as required by the provisions of GASB 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed 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 has been subjected to the auditing procedures applied in the audit 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. Such information may also contain certain summarized prior year information which has been derived from the College's June 30, 2002 financial statements and in our report dated August 23, 2002, we expressed an unqualified opinion on such information.

The Management's Discussion and Analysis (MD&A) on Pages 3 through 6 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. 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.

Clifton Gunderson LLP

Springfield, Illinois
August 22, 2003

Management's Discussion and Analysis

This section of Parkland Community College's (the "College" or "Parkland") Audit Report presents management's discussion and analysis of the College's financial activities, and its component unit, the Foundation, for the fiscal year ending June 30, 2003. 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.

Since this is a transition year for the new financial reporting format required the Governmental Accounting Standards Board's Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, only one year of information is presented in the financial statements and this discussion. Comparative information will be presented in future years.

Using This Annual Report

The new financial statement implemented this year 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 this 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. This statement, for the first time, combines and consolidates current financial resources with capital assets. 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 and its component unit, the Foundation. 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, 2003.

Primary Institution Financial Highlights

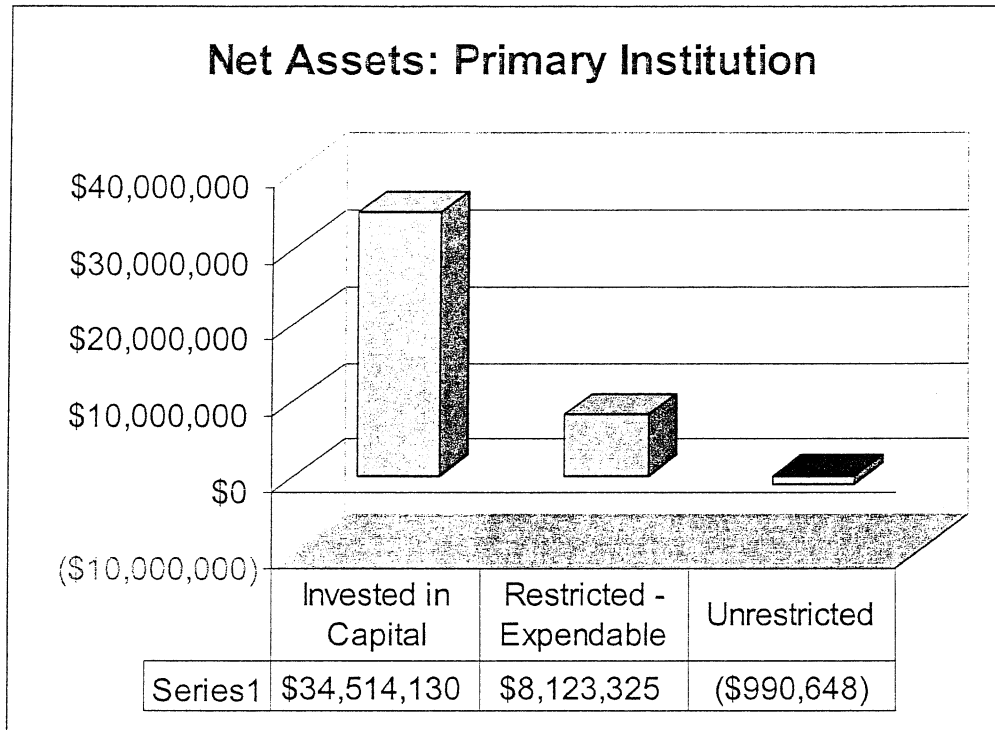
The Statement of Net Assets

The statement of Net Assets presents the financial position of the College at the end of the fiscal year and includes all assets and liabilities of the College. The difference between total assets and total liabilities, net assets, is an indicator of the current financial condition of the College. Assets and liabilities are generally measured using current values. Fixed assets, which represent 85.4% of net assets, are stated at historical cost less an allowance for depreciation.

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.

Graphically displayed, the net assets by category for the fiscal year ended June 30, 2003 is shown below:



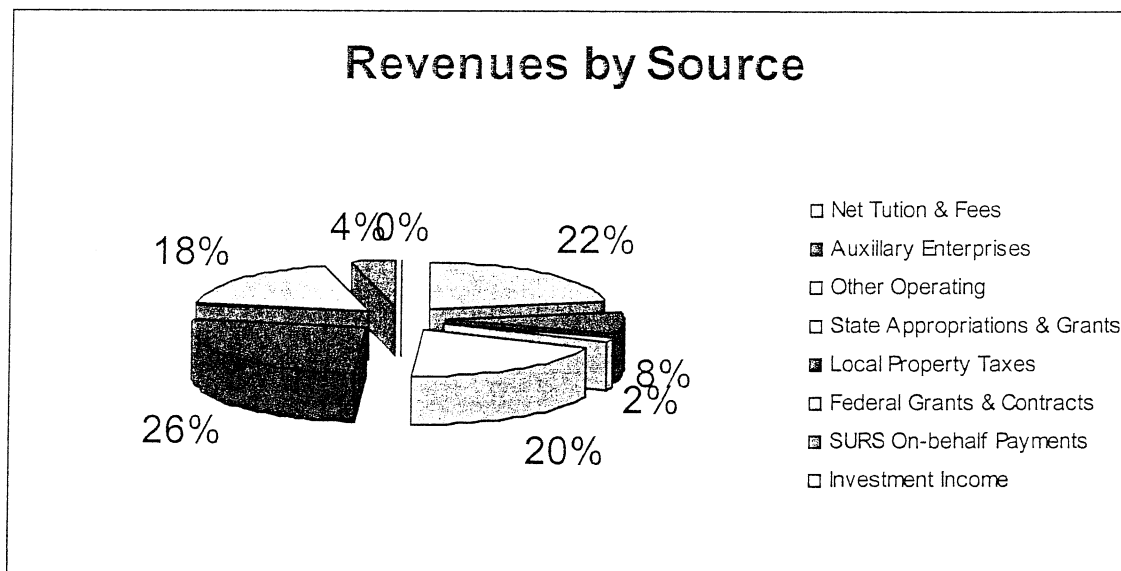
Material assets consist of cash and cash equivalents, property taxes and other accounts receivable, and fixed assets. Material liabilities include accounts payable, accrued payroll, deferred tuition revenue; retirement obligations, capital leases, and accrued compensated absences.

The Foundation's net assets at June 30, 2003 were \$3,337,295. The Foundation had total assets of \$4,388,685 and total liabilities of \$1,051,390.

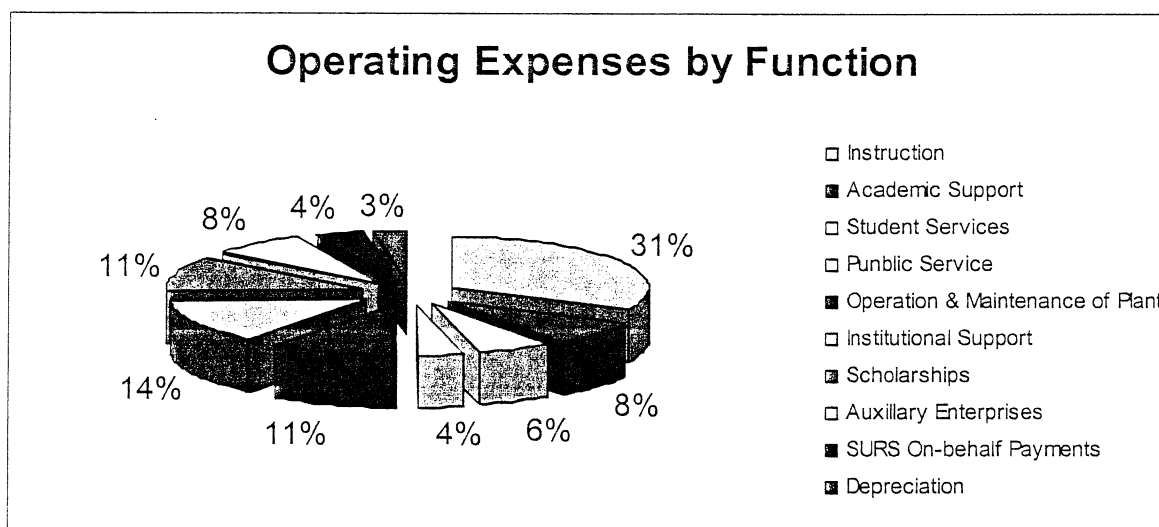
The Statement of Revenues, Expenses, and Changes in Net Assets

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, and the unexpected increase in health care.

The following is a graphic illustration of the revenues by source (both operating and non-operating), which were used to fund the College's activities for the year ended June 30, 2003:



The following is a graphic illustration of the primary unit's operating expenses by function:



Total revenues (operating and non-operating) for the College for the year were \$58,645,413 and total expenses were \$61,501,168. This resulted in a decrease in net assets of \$2,855,755. This deficit was due in large part to the dramatic increase in health care costs for the year, and the GASB requirement to incur a depreciation expense of \$1,764,144 for the year.

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.

Capital Assets and Debt Administration

Capital/Fixed Assets

At June 30, 2003, Parkland College had \$35,560,617 invested in fixed assets, net of accumulated depreciation. Depreciation charges totaled \$1,764,144 for the current fiscal year. Details of these assets are shown below.

Schedule of Fixed Assets, Net, Fiscal Year End

Land	\$ 721,745
Land Improvements & Infrastructure	1,541,175
Buildings	50,422,000
Equipment	3,434,628
Projects in Progress	548,038
Less Accumulated Depreciation	<u>(21,106,969)</u>
Total	<u>\$35,560,617</u>

Debt

At June 30, 2003, Parkland College had \$1,046,487 in capital lease obligations. The College is leasing computer hardware, software, a visual information system, and reprographics equipment under capital leases which expire from June, 2005 through October, 2007. The College also has an early retirement incentive plan obligation of \$4,762,089. This incentive plan is available for all employees that meet the prescribed criteria. Specific information regarding the plan can be found in the footnotes following the Financial Statements. Parkland College does not have any other outstanding debt, including bonds, at fiscal year end.

The College has negative balance in Unrestricted Net Assets at year end of \$990,648. This is due primarily to the GASB 34-35 requirement to record a long term liability of \$3,366,268 for retirement obligation.

Economic Factors That Will Effect the Future

For fiscal year 2004, 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. 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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENT OF NET ASSETS
June 30, 2003

ASSETS

	<u>Parkland</u>	<u>Component Unit Parkland Foundation</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,158,692	\$ 1,307,530
Pledges receivable	-	750,949
Property taxes receivable, net	9,101,146	-
Other accounts receivable, net	4,994,547	-
Due from Parkland Foundation	1,030,000	-
Inventories	509,117	-
Other	<u>177,351</u>	<u>-</u>
Total current assets	<u>24,970,853</u>	<u>2,058,479</u>
NONCURRENT ASSETS		
Investments held for endowments and long-term purposes	-	767,907
Pledges receivable	-	1,539,881
Other assets	-	17,500
Capital assets, net	<u>35,560,617</u>	<u>4,918</u>
Total noncurrent assets	<u>35,560,617</u>	<u>2,330,206</u>
 TOTAL ASSETS	 <u><u>\$ 60,531,470</u></u>	 <u><u>\$ 4,388,685</u></u>

LIABILITIES

	<u>Parkland</u>	<u>Component Unit Parkland Foundation</u>
CURRENT LIABILITIES		
Accounts payable	\$ 619,472	\$ -
Due to Parkland College	-	1,030,000
Current portion of annuity payable	-	2,435
Accrued liabilities	1,563,258	-
Due to student groups	275,366	-
Deferred revenues	9,623,142	-
Retirement obligation	1,395,821	-
Capital lease obligations	<u>267,434</u>	<u>-</u>
Total current liabilities	<u>13,744,493</u>	<u>1,032,435</u>
NONCURRENT LIABILITIES		
Retirement obligation	3,366,268	-
Capital lease obligation	779,053	-
Accrued compensated absences	994,849	-
Annuity payable	<u>-</u>	<u>18,955</u>
Total noncurrent liabilities	<u>5,140,170</u>	<u>18,955</u>
Total liabilities	<u>18,884,663</u>	<u>1,051,390</u>
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	34,514,130	-
Restricted for:		
Expendable:		
Trust	7,599,358	-
Capital projects	(50,153)	-
Grants and scholarships	255,446	2,473,288
Other	318,674	-
Nonexpendable:		
Endowment	-	1,594,818
Unrestricted	<u>(990,648)</u>	<u>(730,811)</u>
TOTAL NET ASSETS	<u>\$ 41,646,807</u>	<u>\$ 3,337,295</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
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS
Year Ended June 30, 2003

	<u>Parkland</u>	<u>Component Unit Parkland Foundation</u>
REVENUES		
Operating revenues:		
Student tuition and fees, net of scholarship allowance of \$2,793,979	\$ 12,997,677	\$ -
Auxiliary enterprises revenues	4,605,941	-
Other operating revenues	<u>897,520</u>	<u>2,094,335</u>
Total operating revenues	<u>18,501,138</u>	<u>2,094,335</u>
EXPENSES		
Operating expenses:		
Instruction	19,663,597	-
Academic support	4,877,160	-
Student services	3,896,566	-
Public service	2,157,459	-
Operation and maintenance of plant	6,514,479	-
Institutional support	8,436,151	-
Scholarships	6,925,556	-
Auxiliary expenses	4,955,051	-
On-behalf payments	2,311,005	-
Program and supporting services	-	605,095
Depreciation	<u>1,764,144</u>	<u>4,772</u>
Total operating expenses	<u>61,501,168</u>	<u>609,867</u>
Operating income (loss)	<u>(43,000,030)</u>	<u>1,484,468</u>
NONOPERATING REVENUES (EXPENSES)		
State grants and contracts	11,439,922	-
Local property tax revenues	15,485,263	-
Federal grants and contracts	10,832,671	-
On-behalf payments	2,311,005	-
Investment income earned	131,787	17,468
Interest expense	<u>(56,373)</u>	<u>-</u>
Total nonoperating revenues	<u>40,144,275</u>	<u>17,468</u>
INCREASE (DECREASE) IN NET ASSETS	(2,855,755)	1,501,936
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>44,502,562</u>	<u>1,835,359</u>
NET ASSETS, END OF YEAR	<u>\$ 41,646,807</u>	<u>\$ 3,337,295</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
STATEMENT OF CASH FLOWS
Year Ended June 30, 2003

	<u>Parkland</u>	<u>Component Unit Parkland Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	\$ 13,644,190	\$ -
Payments to suppliers	(16,732,939)	-
Payments to employees and benefits paid	(35,789,067)	-
Payments for financial aid and scholarships	(6,925,556)	-
Auxiliary enterprise charges	4,605,941	-
Gifts and contributions	-	786,034
Program and support services	-	(605,095)
Other receipts (payments)	<u>1,290,130</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(39,907,301)</u>	<u>180,939</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	15,017,982	-
State grants and contracts	9,436,721	-
Federal grants and contracts	10,687,254	-
Other receipts (payments)	<u>2,084,923</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>37,226,880</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(1,039,794)	-
Principal paid on capital lease obligations	(59,238)	-
Interest paid on bonds payable/capital debt	(56,373)	-
Proceeds from notes payable	-	1,030,000
Disbursements on notes payable	<u>(1,030,000)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(2,185,405)</u>	<u>1,030,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(366,415)
Proceeds from the sale and maturities of investments	1,500,000	258,405
Interest on investments	<u>131,787</u>	<u>22,251</u>
Net cash provided by (used in) investing activities	<u>1,631,787</u>	<u>(85,759)</u>
NET INCREASE (DECREASE) IN CASH	<u>(3,234,039)</u>	<u>1,125,180</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,392,731</u>	<u>182,350</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,158,692</u>	<u>\$ 1,307,530</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENT OF CASH FLOWS
Year Ended June 30, 2003

	<u>Parkland</u>	<u>Component Unit Parkland Foundation</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (43,000,030)	\$ 1,484,468
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,764,144	4,772
On-behalf payments	2,311,005	-
Changes in assets and liabilities:		
Receivables	(1,130)	(1,306,064)
Inventories	(91,662)	-
Prepaid expenses	(56,517)	-
Accounts payable	(182,571)	-
Accrued liabilities	(2,897)	(2,237)
Deferred revenue	<u>(647,643)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (39,907,301)</u>	<u>\$ 180,939</u>
NON-CASH INVESTING, CAPITAL AND FINANCIAL		
Acquisition of equipment through capital lease	<u>\$ 803,860</u>	<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
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 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. 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.

The College accounts for summer school tuition revenue by recognizing the revenue and related instructors' salaries in the year in which the majority of the semester occurs.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 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.

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 College consist of certificates of deposit with original maturities in excess of three months and are stated at fair value. Investments of the component unit consist of debt and equity securities 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, 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 primarily of property taxes, tuition charges for the summer semester, and unexpended grant funds.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 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.

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.

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, 2003, 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 2002 tax levy be allocated and recognized 55% in fiscal year 2003 and 45% in fiscal year 2004.

CLASSIFICATION OF REVENUES

Operating revenue include activities that have the characteristics of exchange transactions, such as (1) 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 (1) local property taxes, (2) state appropriations, (3) most federal, state, and local grants and contracts and federal appropriations, and (4) gifts and contributions.

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 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 and Cash Equivalents

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	-	2,050,516	2,050,516
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.

The Foundation's investments are as follows at June 30, 2003:

	<u>Cost</u>	<u>Market</u>
U.S. Government securities	\$ 102,363	\$ 110,025
Municipal bonds	75,404	81,642
Corporate bonds	15,589	19,881
Mutual funds	214,032	187,719
Common stocks	353,383	322,516
Other	46,124	46,124
Total investments	<u>\$ 806,895</u>	<u>\$ 767,907</u>

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

NOTE 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes were levied on November 20, 2002, 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.

NOTE 3 - CAPITAL ASSETS

	Restated Balance, July 1, 2002	Additions	Deletions/ Reclasses	Balance, June 30, 2003
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	-	548,038	-	548,038
Total	55,051,444	1,616,142	-	56,667,586
Less accumulated depreciation	19,342,825	1,764,144	-	21,106,969
Total	\$ 35,708,619	\$ (148,002)	\$ -	\$ 35,560,617

The capital assets of the College were restated as a result of an accounting change (see Note 13). This change resulted in reducing the cost values by \$25,259,599 and recording accumulated depreciation of \$18,709,191.

NOTE 4 - LONG-TERM DEBT

At June 30, 2003 the College's long-term debt consisted of capital lease obligations and early retirement benefit obligations. 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	(215,026)	-	(215,026)
Balance, June 30, 2003	\$ 1,046,487	\$ 4,762,089	\$ 5,808,576

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

NOTE 4 – LONG-TERM DEBT (CONTINUED)

Capital lease obligations

The College is leasing computer hardware, software and a visual information system under capital leases which expire from June, 2005 through June, 2006. The equipment is capitalized and is depreciated over its estimated productive life. Accumulated depreciation on the equipment as of June 30, 2003 is \$73,504.

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 2003 was \$160,668 and is included in other operating expenses. Accumulated depreciation on capital lease equipment totaled \$204,714 at June 30, 2003. 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:

2004	\$ 306,225
2005	305,993
2006	288,650
2007	190,740
2008	<u>46,956</u>
Present value of minimum lease payments	1,138,564
Less: Amount representing interest	<u>92,077</u>
Capital lease payable at June 30, 2003	<u>\$ 1,046,487</u>

Early retirement obligation

As noted in Footnote 5, the College supports an early retirement benefit program. During 2003, the adjustment to discount the liability to its net present value was \$223,297.

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

2004	\$ 1,395,821
2005	1,108,310
2006	870,608
2007	615,295
2008	404,656
2009-2013	<u>367,399</u>
Total obligation	4,762,089
Less early retirement liability included as a current liability	<u>(1,395,821)</u>
Total general long-term benefit obligation	<u>\$ 3,366,268</u>

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

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 11.13 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, 2003, 2002 and 2001, were \$2,335,238, \$2,017,417, and \$1,949,356, 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 \$24,233, \$20,009, and \$17,303 for the years ending June 30, 2003, 2002, and 2001, respectively. For the year ended June 30, 2003 the College recorded revenue and an equivalent expenditure of \$2,311,005 in its Education Fund for the SURS contribution made by the State of Illinois on behalf of the College.

The Illinois legislature passed an Early Retirement Option window for certain active members of the system. For the year ended June 30, 2003, 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 first program, which has been in existence for several years, permits employees retiring within a three-year period after retirement. A stipend of up to 10 percent of the last base salary and health insurance benefits for four years will be paid for those electing early retirement under this program. Forty-six retirees were participating in this program at June 30, 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. Fifty-three employees were participants in this program at June 30, 2003. The total liability at June 30, 2003 under this program was \$4,762,089.

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

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, 2003, the accrued claims were \$716,392 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.

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, 2003, the College incurred costs of \$116,041 for the Foundation. In addition, the College loaned \$1,030,000 to the Foundation during 2003 for operating purposes.

NOTE 8 - CONSTRUCTION COMMITMENTS

As of June 30, 2003, the College had the following construction commitments:

Drainage improvements	\$ 539,792
Land improvements	147,181
Theater project	<u>100,608</u>
Total	<u>\$ 787,581</u>

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

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 October 2003 and October 2008. 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 \$471,990 for the year ended June 30, 2003.

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

2004	\$ 471,990
2005	471,990
2006	377,040
2007	379,040
2008	380,040
2009-2013	<u>92,000</u>
Total	<u>\$ 2,172,100</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>
*Education Fund	\$ 33,154,073	\$ 34,368,131
Operations and Maintenance Fund	3,800,044	4,257,127
Operations and Maintenance Restricted Funds	1,663,910	2,170,033
Restricted Purposes Funds	12,688,500	14,318,243
Audit Fund	45,000	61,330
Liability, Protection and Settlement Fund	1,836,353	1,894,018
Enterprise Funds	5,204,647	5,586,425

*Excludes on-behalf payments

NOTE 11 - INTERFUND RECEIVABLES/PAYABLES

The interfund receivables/payables as of June 30, 2003 consisted of the following:

The Education Fund owed the Working Cash Fund \$1,795,000
The Student Government Fund owed the Education Fund \$1,165,000
The Restricted Purposes Fund owed the Education Fund \$1,325,000

The interfund operating transfers consisted of the following:

The Education Fund transferred \$300,000 to the Athletic Fund
The Working Cash Fund transferred \$56,768 to the Education Fund

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

NOTE 12 - ACCOUNTING CHANGE

In connection with the implementation of Statement No. 35, certain adjustments have been made to net assets as of June 30, 2002. The following schedule summarizes the adjustments made:

Net assets, June 30, 2002, as originally stated	\$ 92,294,458
To record accumulated depreciation as of June 30, 2002	(18,709,191)
To adjust fixed assets to original cost	(25,259,599)
Adjustment to reclassify amount to be provided for long-term debt	<u>(3,823,106)</u>
Net assets, June 30, 2002, as restated	<u>\$ 44,502,562</u>

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, 2003

	Governmental Fund Types				Proprietary Fund Type		Fiduciary Fund Type		Account Groups		
	Capital Projects Fund -				Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)		
	General	Special Revenue	Operation and Maintenance Restricted								
ASSETS											
Cash and cash equivalents	\$ 487,172	\$ 422,088	\$ 269,308		\$ 1,912,302	\$ 6,067,822	\$ -	\$ -	\$ -	\$ 9,158,692	
Receivables:											
Property taxes, net of allowance for uncollectible amounts of \$0	7,043,377	1,079,396	978,373		-	-	-	-	-	9,101,146	
Replacement taxes	220,333	-	-		-	-	-	-	-	220,333	
Agency tuition	299,704	-	-		-	-	-	-	-	299,704	
Student tuition and fees, net of allowance for uncollectible accounts of \$475,280	748,598	-	-		100,610	11,902	-	-	-	861,110	
Governmental grants	-	995,173	-		-	-	-	-	-	995,173	
Business and industry training	-	-	-		53,755	-	-	-	-	53,755	
Student loans	-	349,277	-		-	-	-	-	-	349,277	
Due from other funds	4,099,959	-	-		-	1,795,000	-	-	-	5,894,959	
Due from Parkland Foundation	1,030,000	-	-		-	-	-	-	-	1,030,000	
Other	2,205,886	-	-		9,309	-	-	-	-	2,215,195	
Prepaid items and deferred charges	125,979	51,111	-		261	-	-	-	-	177,351	
Bookstore inventories	-	-	-		509,117	-	-	-	-	509,117	
Property and equipment, net	-	-	-		950,675	-	-	34,609,942	-	35,560,617	
OTHER DEBITS											
Amount to be provided to retire debt	-	-	-		-	-	-	3,545,300	-	3,545,300	
TOTAL ASSETS AND OTHER DEBITS	\$ 16,261,008	\$ 2,897,045	\$ 1,247,681		\$ 3,536,029	\$ 7,874,724	\$ 34,609,942	\$ 3,545,300	\$ 69,971,729		

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2003

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups			
	Capital Projects Fund -			Trust and Agency Funds			General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)	
	General	Special Revenue	Operation and Maintenance Restricted							
LIABILITIES										
Accounts payable	\$ 42,546	\$ 23,236	\$ 553,690	\$ -	\$ -	-	-	\$ -	-	\$ 619,472
Vacation payable	901,839	29,770	-	63,240	-	-	-	-	-	994,849
Other payables	1,837,667	-	-	20,305	-	-	-	-	-	1,857,972
Accrued expenses	1,099,600	-	-	1,507	-	-	-	-	-	1,101,107
Deferred revenue	7,838,798	944,919	744,144	95,281	-	-	-	-	-	9,623,142
Due to other funds	1,795,000	1,325,000	-	2,774,959	-	-	-	-	-	5,894,959
Other liabilities	-	-	-	-	-	-	-	-	3,545,300	3,545,300
Lease and equipment obligations	-	-	-	867,455	-	-	-	-	-	867,455
Deposits held for others	-	-	-	-	-	275,366	-	-	-	275,366
Total liabilities	13,515,450	2,322,925	1,297,834	3,822,747	-	275,366	-	-	3,545,300	24,779,622
COLLEGE EQUITY										
Investment in general fixed assets	-	-	-	-	-	-	-	34,609,942	-	34,609,942
Fund balance:										
Designated by state statute for liability, protection, and settlement coverage	-	302,089	-	-	-	-	-	-	-	302,089
Unreserved, undesignated	2,745,558	-	(50,153)	-	-	7,599,358	-	-	-	10,294,763
Restricted	-	272,031	-	-	-	-	-	-	-	272,031
Retained earnings (accumulated deficit):										
Accumulated deficit	-	-	-	(286,718)	-	-	-	-	-	(286,718)
Total college equity (deficit)	2,745,558	574,120	(50,153)	(286,718)	-	7,599,358	-	34,609,942	-	45,192,107
TOTAL LIABILITIES AND COLLEGE EQUITY	\$ 16,261,008	\$ 2,897,045	\$ 1,247,681	\$ 3,536,029	\$ -	\$ 7,874,724	\$ -	\$ 34,609,942	\$ 3,545,300	\$ 69,971,729

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 2003

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects Fund - Operation and Maintenance Restricted</u>	<u>Total (Memorandum Only)</u>
REVENUE				
Local sources	\$ 12,179,516	\$ 1,680,000	\$ 1,625,747	\$ 15,485,263
State sources	8,207,480	3,014,703	217,739	11,439,922
Federal sources	124,487	10,708,184	-	10,832,671
Tuition and fees	15,791,656	-	-	15,791,656
Facilities	365,342	322,491	-	687,833
Interest	121,356	1,236	-	122,592
Other revenue	384,454	80,358	13,050	477,862
On-behalf payments	2,311,005	-	-	2,311,005
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	39,485,296	15,806,972	1,856,536	57,148,804
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Instruction	19,179,527	702,638	-	19,882,165
Academic support	2,943,506	1,933,654	-	4,877,160
Student services	3,232,269	664,297	-	3,896,566
Public service	937,604	1,219,855	-	2,157,459
Auxiliary services	-	12,439	-	12,439
Operation and maintenance of plant	4,257,127	992,764	2,170,333	7,420,224
Scholarships and grants	-	9,719,535	-	9,719,535
Institutional support	8,075,225	1,028,409	-	9,103,634
On-behalf payments	2,311,005	-	-	2,311,005
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	40,936,263	16,273,591	2,170,333	59,380,187
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue under expenditures	(1,450,967)	(466,619)	(313,797)	(2,231,383)
	<hr/>	<hr/>	<hr/>	<hr/>
OPERATING TRANSFERS, NET	(243,232)	-	-	(243,232)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue and other financing sources under expenditures and other financing uses	(1,694,199)	(466,619)	(313,797)	(2,474,615)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, JULY 1, 2002	4,439,757	1,040,739	263,644	5,744,140
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 2,745,558</u>	<u>\$ 574,120</u>	<u>\$ (50,153)</u>	<u>\$ 3,269,525</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
ALL BUDGETED GOVERNMENTAL FUND TYPES
Year Ended June 30, 2003

	General		Special Revenue		Capital Projects Fund - Operation and Maintenance		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUE								
Local sources	\$ 12,235,000	\$ 12,179,516	\$ 1,722,700	\$ 1,680,000	\$ 1,630,000	\$ 1,625,747	\$ 15,587,700	\$ 15,485,263
State sources	8,331,422	8,207,480	3,339,178	3,014,703	74,910	217,739	11,745,510	11,439,922
Federal sources	115,000	124,487	9,335,000	10,708,184	77,500	-	9,527,500	10,832,671
Tuition and fees	15,116,000	15,791,656	-	-	-	-	15,116,000	15,791,656
Facilities	322,000	365,342	-	322,491	-	-	322,000	687,833
Interest	337,500	121,356	5,100	1,236	3,000	13,050	345,600	135,642
Other revenue	363,000	384,454	35,000	80,358	-	-	398,000	464,812
On-behalf payments	-	2,311,005	-	-	-	-	-	2,311,005
Total revenue	36,819,922	39,485,296	14,436,978	15,806,972	1,785,410	1,856,536	53,042,310	57,148,804
EXPENDITURES								
Instruction	18,109,336	19,179,527	600,000	702,638	-	-	18,709,336	19,882,165
Academic support	2,805,030	2,943,506	1,718,500	1,933,654	-	-	4,523,530	4,877,160
Student services	3,044,153	3,232,269	920,000	664,297	-	-	3,964,153	3,896,566
Public service	843,257	937,604	950,000	1,219,855	-	-	1,793,257	2,157,459
Auxiliary services	-	-	-	12,439	-	-	-	12,439
Operation and maintenance of plant	3,755,044	4,257,127	990,564	992,764	1,663,910	2,170,333	6,409,518	7,420,224
Grants and scholarships	-	-	8,500,000	9,719,535	-	-	8,500,000	9,719,535
Institutional support	8,097,297	8,075,225	890,789	1,028,409	-	-	8,988,086	9,103,634
On-behalf payments	-	2,311,005	-	-	-	-	-	2,311,005
Total expenditures	36,654,117	40,936,263	14,569,853	16,273,591	1,663,910	2,170,333	52,887,880	59,380,187
Revenue over (under) expenditures	165,805	(1,450,967)	(132,875)	(466,619)	121,500	(313,797)	154,430	(2,231,383)
OPERATING TRANSFERS, NET	(300,000)	(243,232)	-	-	-	-	(300,000)	(243,232)
Revenue and other financing sources over (under) expenditures and other financing uses	\$ (134,195)	(1,694,199)	\$ (132,875)	(466,619)	\$ 121,500	(313,797)	\$ (145,570)	(2,474,615)
FUND BALANCE, JULY 1, 2002		4,439,757		1,040,739		263,644		5,744,140
FUND BALANCE (DEFICIT), JUNE 30, 2003		\$ 2,745,558		\$ 574,120		\$ (50,153)		\$ 3,269,525

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, 2003

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
OPERATING REVENUE				
Student and community services	\$ -	\$ -	\$ 4,499,001	\$ 4,806,351
Student tuition and fees	-	-	345,600	178,280
State sources	-	-	-	47,065
Other revenue	-	-	67,700	29,935
Investment revenue	150,000	56,768	1,750	-
Total operating revenue	150,000	56,768	4,914,051	5,061,631
OPERATING EXPENSES				
Salaries	-	-	1,334,329	1,263,243
Employee benefits	-	-	166,606	184,784
Contractual services	-	-	170,297	142,058
General materials and supplies	-	-	2,537,073	2,870,185
Conference and meeting	-	-	109,814	147,049
Fixed charges	-	-	618,200	557,880
Utilities	-	-	25,900	28,497
Capital outlay	-	-	5,800	-
Other	-	-	236,628	392,729
Total operating expenses	-	-	5,204,647	5,586,425
Operating income (loss)	150,000	56,768	(290,596)	(524,794)
Nonoperating revenue (expense)				
operating transfers, net	(150,000)	(56,768)	300,000	300,000
NET INCOME (LOSS)	<u>\$ -</u>	<u>-</u>	<u>\$ 9,404</u>	<u>(224,794)</u>
COLLEGE EQUITY (DEFICIT), JULY 1, 2002		<u>7,600,000</u>		<u>(61,924)</u>
COLLEGE EQUITY (DEFICIT), JUNE 30, 2003		<u>\$ 7,600,000</u>		<u>\$ (286,718)</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
Year Ended June 30, 2003

	<u>Fiduciary Fund Type Working Cash Fund</u>	<u>Proprietary Fund Type Enterprise Funds</u>
OPERATING ACTIVITIES		
Operating income (loss)	\$ 56,768	\$ (524,794)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	-	290,199
Loss on equipment disposals	-	68,041
Changes in assets and liabilities:		
Inventories	-	(91,662)
Receivables	-	47,989
Vacation payable	-	6,637
Deferred revenue	-	9,505
Other payables	-	7,725
	<u>56,768</u>	<u>(186,360)</u>
Net cash provided by (used in) operating activities		
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital lease payments	-	(155,788)
Acquisitions of equipment	-	(22,337)
	<u>-</u>	<u>(178,125)</u>
Net cash used in capital and related financing activities		
NONCAPITAL FINANCING ACTIVITIES		
Due to/from other funds	(6,295,000)	1,360,591
Operating transfers in (out)	(56,768)	300,000
	<u>(6,351,768)</u>	<u>1,660,591</u>
Net cash provided by (used in) noncapital financing activities		
Net increase (decrease) in cash and cash equivalents	(6,295,000)	1,296,106
CASH AND CASH EQUIVALENTS, JULY 1, 2002	<u>7,600,000</u>	<u>616,196</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	<u>\$ 1,305,000</u>	<u>\$ 1,912,302</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
GENERAL FUNDS
June 30, 2003

	Education Fund	Operation and Maintenance Fund	Total
ASSETS			
Cash and cash equivalents	\$ 460,651	\$ 26,521	\$ 487,172
Receivables:			
Property taxes, net	5,086,631	1,956,746	7,043,377
Replacement taxes, net	220,333	-	220,333
Agency tuition, net	299,704	-	299,704
Student tuition and fees, net	748,598	-	748,598
Due from other funds	4,099,959	-	4,099,959
Due from Parkland Foundation	1,030,000	-	1,030,000
Other	2,199,277	6,609	2,205,886
Prepaid items and deferred charges	107,026	18,953	125,979
TOTAL ASSETS	<u><u>\$ 14,252,179</u></u>	<u><u>\$ 2,008,829</u></u>	<u><u>\$ 16,261,008</u></u>
LIABILITIES			
Accounts payable	\$ 41,698	\$ 848	\$ 42,546
Vacation payable	829,536	72,303	901,839
Other payables	1,831,121	6,546	1,837,667
Accrued expenses	1,099,600	-	1,099,600
Deferred revenue	6,350,510	1,488,288	7,838,798
Due to other funds	1,795,000	-	1,795,000
Total liabilities	<u>11,947,465</u>	<u>1,567,985</u>	<u>13,515,450</u>
FUND BALANCE			
Unreserved, undesignated	<u>2,304,714</u>	<u>440,844</u>	<u>2,745,558</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 14,252,179</u></u>	<u><u>\$ 2,008,829</u></u>	<u><u>\$ 16,261,008</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GENERAL FUNDS
Year Ended June 30, 2003

	Education Fund	Operation and Maintenance Fund	Total
REVENUE			
Local sources	\$ 8,928,674	\$ 3,250,842	\$ 12,179,516
State sources	8,021,290	186,190	8,207,480
Federal sources	124,487	-	124,487
Tuition and fees	15,791,656	-	15,791,656
Facilities	-	365,342	365,342
Interest	112,302	9,054	121,356
Other revenue	383,534	920	384,454
On-behalf payments	2,311,005	-	2,311,005
	<hr/>	<hr/>	<hr/>
Total revenue	35,672,948	3,812,348	39,485,296
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Instruction	19,179,527	-	19,179,527
Academic support	2,943,506	-	2,943,506
Student services	3,232,269	-	3,232,269
Public service	937,604	-	937,604
Operation and maintenance of plant	-	4,257,127	4,257,127
Institutional support	8,075,225	-	8,075,225
On-behalf payments	2,311,005	-	2,311,005
	<hr/>	<hr/>	<hr/>
Total expenditures	36,679,136	4,257,127	40,936,263
	<hr/>	<hr/>	<hr/>
Revenue under expenditures	(1,006,188)	(444,779)	(1,450,967)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES			
Operating transfers, net	(243,232)	-	(243,232)
	<hr/>	<hr/>	<hr/>
Revenue under expenditures and other financing uses	(1,249,420)	(444,779)	(1,694,199)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JULY 1, 2002	3,554,134	885,623	4,439,757
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30, 2003	\$ 2,304,714	\$ 440,844	\$ 2,745,558
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PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
SPECIAL REVENUE FUNDS
June 30, 2003

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
ASSETS				
Cash and cash equivalents	\$ 338,593	\$ 10,048	\$ 73,447	\$ 422,088
Receivables:				
Property taxes, net	-	27,304	1,052,092	1,079,396
Governmental grants	995,173	-	-	995,173
Student loans	349,277	-	-	349,277
Prepaid items and deferred charges	51,111	-	-	51,111
TOTAL ASSETS	\$ 1,734,154	\$ 37,352	\$ 1,125,539	\$ 2,897,045
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 23,236	\$ 23,236
Vacation payable	29,770	-	-	29,770
Deferred revenue	123,938	20,767	800,214	944,919
Due to other funds	1,325,000	-	-	1,325,000
Total liabilities	1,478,708	20,767	823,450	2,322,925
FUND BALANCE				
Designated by state statute for liability, protection, and settlement coverage	-	-	302,089	302,089
Restricted	255,446	16,585	-	272,031
Total fund balance	255,446	16,585	302,089	574,120
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,734,154	\$ 37,352	\$ 1,125,539	\$ 2,897,045

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
SPECIAL REVENUE FUNDS
Year Ended June 30, 2003

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
REVENUE				
Local sources	\$ 24,268	\$ 42,341	\$ 1,613,391	\$ 1,680,000
State sources	3,014,703	-	-	3,014,703
Federal sources	10,708,184	-	-	10,708,184
Facilities	322,491	-	-	322,491
Interest	485	21	730	1,236
Other	80,358	-	-	80,358
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	14,150,489	42,362	1,614,121	15,806,972
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Instruction	702,638	-	-	702,638
Academic support	1,933,654	-	-	1,933,654
Student services	664,297	-	-	664,297
Public service	1,219,855	-	-	1,219,855
Auxiliary services	12,439	-	-	12,439
Operations and maintenance of plant	-	-	992,764	992,764
Scholarships and grants	9,719,535	-	-	9,719,535
Institutional support	65,825	61,330	901,254	1,028,409
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	14,318,243	61,330	1,894,018	16,273,591
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue under expenditures	(167,754)	(18,968)	(279,897)	(466,619)
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FUND BALANCE, JULY 1, 2002	423,200	35,553	581,986	1,040,739
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30, 2003	<u>\$ 255,446</u>	<u>\$ 16,585</u>	<u>\$ 302,089</u>	<u>\$ 574,120</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2003

	Child Care Services	Reprographics	Student Government	Athletic	Business Development Center	Bookstore	Prospectus	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 1,247,766	\$ 50,643	\$ -	\$ 595,145	\$ 18,748	\$ 1,912,302
Receivables:								
Student tuition and fees, net	2,289	-	77,492	-	2,606	18,223	-	100,610
Business and industry training	-	-	-	-	53,755	-	-	53,755
Other	-	-	77	-	-	9,232	-	9,309
Bookstore inventories	-	-	-	-	-	509,117	-	509,117
Prepaid items and deferred charges	261	-	-	-	-	-	-	261
Property and equipment, net of accumulated depreciation	-	901,094	20,075	160	13,927	11,258	4,161	950,675
TOTAL ASSETS	\$ 2,550	\$ 901,094	\$ 1,345,410	\$ 50,803	\$ 70,288	\$ 1,142,975	\$ 22,909	\$ 3,536,029
LIABILITIES								
Vacation payable	\$ 10,073	\$ 11,822	\$ -	\$ 15,374	\$ 9,030	\$ 16,941	\$ -	\$ 63,240
Other payables	-	-	-	-	3,973	16,332	-	20,305
Accrued expenses	-	-	1,507	-	-	-	-	1,507
Due to other funds	359,377	201,434	1,165,000	-	1,049,148	-	-	2,774,959
Deferred revenue	-	-	95,281	-	-	-	-	95,281
Lease and equipment obligations	-	867,455	-	-	-	-	-	867,455
Total liabilities	369,450	1,080,711	1,261,788	15,374	1,062,151	33,273	-	3,822,747
Retained earnings (accumulated deficit)	(366,900)	(179,617)	83,622	35,429	(991,863)	1,109,702	22,909	(286,718)
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 2,550	\$ 901,094	\$ 1,345,410	\$ 50,803	\$ 70,288	\$ 1,142,975	\$ 22,909	\$ 3,536,029

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUNDS
Year Ended June 30, 2003

	Child Care Services	Reprographics	Student Government	Athletic	Business Development Center	Bookstore	Prospectus	Total
OPERATING REVENUE								
Student and community services	\$ 319,770	\$ 455,690	\$ 165,484	\$ -	\$ 543,131	\$ 3,304,244	\$ 18,032	\$ 4,806,351
Student tuition and fees	-	-	-	70,000	78,280	-	30,000	178,280
State sources	-	-	-	-	47,065	-	-	47,065
Other revenue	-	25	-	-	25,659	-	4,251	29,935
Total operating revenue	319,770	455,715	165,484	70,000	694,135	3,304,244	52,283	5,061,631
OPERATING EXPENSES								
Salaries	268,744	125,905	45,598	166,917	418,703	217,519	19,857	1,263,243
Employee benefits	70,779	17,278	4,131	12,126	41,892	37,587	991	184,784
Contractual services	125	-	27,758	42,379	70,794	400	602	142,058
General materials and supplies	30,790	102,617	12,513	40,177	111,906	2,551,810	20,372	2,870,185
Conference and meeting	1,417	-	21,659	109,501	12,411	-	2,061	147,049
Fixed charges	-	104,947	-	-	103,200	349,733	-	557,880
Utilities	-	-	268	-	28,229	-	-	28,497
Other	19,488	190,128	56,319	1,889	99,045	23,580	2,280	392,729
Total operating expenses	391,343	540,875	168,246	372,989	886,180	3,180,629	46,163	5,586,425
Operating income (loss)	(71,573)	(85,160)	(2,762)	(302,989)	(192,045)	123,615	6,120	(524,794)
NONOPERATING REVENUE								
Operating transfers, net	-	-	-	300,000	-	-	-	300,000
Net income (loss)	(71,573)	(85,160)	(2,762)	(2,989)	(192,045)	123,615	6,120	(224,794)
RETAINED EARNINGS (DEFICIT), JULY 1, 2002	(295,327)	(94,457)	86,384	38,418	(799,818)	986,087	16,789	(61,924)
RETAINED EARNINGS (DEFICIT), JUNE 30, 2003	\$ (366,900)	\$ (179,617)	\$ 83,622	\$ 35,429	\$ (991,863)	\$ 1,109,702	\$ 22,909	\$ (286,718)

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2003

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
OPERATING ACTIVITIES								
Operating income (loss)	\$ (71,573)	\$ (85,160)	\$ (2,762)	\$ (302,989)	\$ (192,045)	\$ 123,615	\$ 6,120	\$ (524,794)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	105	173,655	19,176	128	85,804	9,051	2,280	290,199
Equipment adjustment	19,384	16,473	12,571	-	9,334	14,530	(4,251)	68,041
Changes in assets and liabilities:								
Inventories	-	-	-	-	-	(91,662)	-	(91,662)
Receivables	594	-	(5,329)	-	21,261	31,463	-	47,989
Vacation payable	(54)	196	-	3,584	(827)	3,738	-	6,637
Deferred revenue	-	-	9,505	-	-	-	-	9,505
Other payables	-	-	-	-	3,940	3,785	-	7,725
Net cash provided by (used in) operating activities	(51,544)	105,164	33,161	(299,277)	(72,533)	94,520	4,149	(186,360)
CAPITAL AND RELATED FINANCING ACTIVITY								
Capital lease payments	-	(155,788)	-	-	-	-	-	(155,788)
Acquisitions of equipment	-	-	-	-	(20,890)	-	(1,447)	(22,337)
Net cash used in capital and related financing activity	-	(155,788)	-	-	(20,890)	-	(1,447)	(178,125)
NONCAPITAL FINANCING ACTIVITY								
Due to other funds	51,544	50,624	1,165,000	-	93,423	-	-	1,360,591
Operating transfers in	-	-	-	300,000	-	-	-	300,000
Net cash provided by noncapital financing activity	51,544	50,624	1,165,000	300,000	93,423	-	-	1,660,591
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	1,198,161	723	-	94,520	2,702	1,296,106
CASH AND CASH EQUIVALENTS, JULY 1, 2002	-	-	49,605	49,920	-	500,625	16,046	616,196
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	\$ -	\$ -	\$ 1,247,766	\$ 50,643	\$ -	\$ 595,145	\$ 18,748	\$ 1,912,302

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
BALANCE SHEET -
ALL FUNDS AND ACCOUNT GROUPS
June 30, 2003
(With Comparative Totals for June 30, 2002)

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Agency Funds	Audit Fund	Liability, Protection & Settlement Fund	Account Groups		Totals (Memorandum Only)	
		Operational	Restricted							General Fixed Assets	General Long-Term Debt	June 30, 2003	June 30, 2002
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS													
Cash and cash equivalents	460,651	26,521	269,308	1,912,302	338,593	5,805,000	262,822	10,048	73,447	-	-	9,158,692	12,392,731
Investments	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000
Receivables:													
Property taxes, net	5,086,631	1,956,746	978,373	-	-	-	-	27,304	1,052,092	-	-	9,101,146	8,776,091
Replacement taxes, net	220,333	-	-	-	-	-	-	-	-	-	-	220,333	197,624
Agency tuition, net	299,704	-	-	-	-	-	-	-	-	-	-	299,704	620,195
Student tuition and fees, net	748,598	-	-	100,610	-	-	11,902	-	-	-	-	861,110	520,803
Governmental grants	-	-	-	-	995,173	-	-	-	-	-	-	995,173	917,847
Business and industry training	-	-	-	53,755	-	-	-	-	-	-	-	53,755	72,441
Student loans	-	-	-	-	349,277	-	-	-	-	-	-	349,277	403,711
Due from other funds	4,099,959	-	-	-	-	1,795,000	-	-	-	-	-	5,894,959	1,924,777
Due from Parkland Foundation	1,030,000	-	-	-	-	-	-	-	-	-	-	1,030,000	-
Other	2,199,277	6,609	-	9,309	-	-	-	-	-	-	-	2,215,195	683,758
Prepaid items and deferred charges	107,026	18,953	-	261	51,111	-	-	-	-	-	-	177,351	120,834
Bookstore inventories	-	-	-	509,117	-	-	-	-	-	-	-	509,117	417,455
Property and equipment at cost, net	-	-	-	950,675	-	-	-	-	-	34,609,942	-	35,560,617	79,677,409
Amount to be provided to retire debt	-	-	-	-	-	-	-	-	-	-	3,545,300	3,545,300	3,766,643
TOTAL ASSETS	\$ 14,252,179	\$ 2,008,829	\$ 1,247,681	\$ 3,536,029	\$ 1,734,154	\$ 7,600,000	\$ 274,724	\$ 37,352	\$ 1,125,539	\$ 34,609,942	\$ 3,545,300	\$ 69,971,729	\$ 111,992,319

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505

BALANCE SHEET -

ALL FUNDS AND ACCOUNT GROUPS

June 30, 2003

(With Comparative Totals for June 30, 2002)

	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Agency Funds	Audit Fund	Liability, Protection & Settlement Fund	Account Groups		Totals (Memorandum Only)	
	Education Fund	Operational	Restricted						General Fixed Assets	General Long-Term Debt	June 30, 2003	June 30, 2002
LIABILITIES												
Accounts payable	\$ 41,698	\$ 848	\$ 553,690	\$ -	\$ -	\$ -	\$ -	\$ 23,236	\$ -	\$ -	\$ 619,472	\$ 802,043
Vacation payable	829,536	72,303	-	63,240	-	-	-	-	-	-	994,849	808,359
Other payables	1,831,121	6,546	-	20,305	-	-	-	-	-	-	1,857,972	1,797,424
Accrued expenses	1,099,600	-	-	1,507	-	-	-	-	-	-	1,101,107	1,088,549
Due to other funds	1,795,000	-	-	2,774,959	-	-	-	-	-	-	5,894,959	1,924,777
Deferred revenue	6,350,510	1,488,288	744,144	95,281	-	-	20,767	800,214	-	-	9,623,142	8,789,585
Other liabilities	-	-	-	-	-	-	-	-	-	3,545,300	3,545,300	3,766,643
Lease and equipment obligations	-	-	-	867,455	-	-	-	-	-	-	867,455	401,190
Deposits held for others	-	-	-	-	-	275,366	-	-	-	-	275,366	319,291
Total liabilities	11,947,465	1,567,985	1,297,834	3,822,747	1,478,708	275,366	20,767	823,450	-	3,545,300	24,779,622	19,697,861
COLLEGE EQUITY												
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	34,609,942	-	34,609,942	79,012,884
Fund balance:												
Designated by state statute for liability, protection, and settlement coverage	-	-	-	-	-	-	-	302,089	-	-	302,089	581,986
Unreserved, undesignated	2,304,714	440,844	(50,153)	-	7,600,000	(642)	-	-	-	-	10,294,763	12,302,759
Restricted	-	-	-	-	-	-	16,585	-	-	-	272,031	458,753
Retained earnings (accumulated deficit):	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated deficit	-	-	-	(286,718)	-	-	-	-	-	-	(286,718)	(61,924)
Total college equity (deficit)	2,304,714	440,844	(50,153)	(286,718)	7,600,000	(642)	16,585	302,089	34,609,942	-	45,192,107	92,294,458
TOTAL LIABILITIES AND COLLEGE EQUITY	\$ 14,252,179	\$ 2,008,829	\$ 1,247,681	\$ 3,536,029	\$ 1,734,154	\$ 274,724	\$ 37,352	\$ 1,125,539	\$ 34,609,942	\$ 3,545,300	\$ 69,971,729	\$ 111,992,319

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

Year Ended June 30, 2003

(With Comparative Totals for Year Ended June 30, 2002)

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection & Settlement Fund	Totals (Memorandum Only)	
		Operational	Restricted						June 30, 2003	June 30, 2002
REVENUE										
Local sources	\$ 8,928,674	\$ 3,250,842	\$ 1,625,747	\$ -	\$ 24,268	\$ -	\$ 42,341	\$ 1,613,391	\$ 15,485,263	\$ 14,809,300
State sources	8,021,290	186,190	217,739	47,065	3,014,703	-	-	-	11,486,987	23,868,511
Federal sources	124,487	-	-	-	10,708,184	-	-	-	10,832,671	9,089,764
Tuition and fees	15,791,656	-	-	178,280	-	-	-	-	15,969,936	13,773,747
Facilities	-	365,342	-	-	322,491	-	-	-	687,833	-
All other revenue	495,836	9,974	13,050	4,836,286	80,843	56,768	21	730	5,493,508	6,097,872
On-behalf payments	2,311,005	-	-	-	-	-	-	-	2,311,005	1,997,408
Total revenue	35,672,948	3,812,348	1,856,536	5,061,631	14,150,489	56,768	42,362	1,614,121	62,267,203	69,636,602
EXPENDITURES										
Instruction	19,179,527	-	-	-	702,638	-	-	-	19,882,165	18,827,312
Academic support	2,943,506	-	-	-	1,933,654	-	-	-	4,877,160	5,101,640
Student services	3,232,269	-	-	-	664,297	-	-	-	3,896,566	3,684,173
Public service	937,604	-	-	-	1,219,855	-	-	-	2,157,459	1,765,610
Auxiliary services	-	-	-	5,586,425	12,439	-	-	-	5,598,864	5,022,716
Operation and maintenance of plant	-	4,257,127	2,170,333	-	-	-	-	992,764	7,420,224	20,566,533
Institutional support	8,075,225	-	-	-	65,825	-	61,330	901,254	9,103,634	8,023,128
Scholarships and grants	-	-	-	-	9,719,535	-	-	-	9,719,535	8,027,192
On-behalf payments	2,311,005	-	-	-	-	-	-	-	2,311,005	1,997,408
Total expenditures	36,679,136	4,257,127	2,170,333	5,586,425	14,318,243	-	61,330	1,894,018	64,966,612	73,015,712
Revenue over (under) expenditures	(1,006,188)	(444,779)	(313,797)	(524,794)	(167,754)	56,768	(18,968)	(279,897)	(2,699,409)	(3,379,110)
Operating transfers, net	(243,232)	-	-	300,000	-	(56,768)	-	-	-	-
Revenues and other financing sources under expenditures and other financing uses	(1,249,420)	(444,779)	(313,797)	(224,794)	(167,754)	-	(18,968)	(279,897)	(2,699,409)	(3,379,110)
FUND BALANCE (DEFICIT), JULY 1, 2002	3,554,134	885,623	263,644	(61,924)	423,200	7,600,000	35,553	581,986	13,282,216	16,661,326
FUND BALANCE (DEFICIT), JUNE 30, 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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ASSESSED VALUES, TAX RATES, EXTENSIONS,
AND COLLECTIONS
June 30, 2003

ASSESSED VALUATIONS

County:

	2002	2001	2000	1999	1998	1997	1996
Champaign	\$ 2,356,567,402	\$ 2,249,225,082	\$ 2,146,637,370	\$ 2,019,228,331	\$ 1,899,554,792	\$ 1,795,990,090	\$ 1,706,436,989
Coles	6,757,851	7,900,000	7,963,010	7,667,234	7,065,637	6,410,387	6,383,373
DeWitt	62,963,494	63,263,081	64,509,268	63,062,951	59,695,524	56,105,237	54,302,837
Douglas	212,081,194	213,873,061	214,230,703	202,275,115	190,835,906	174,777,350	166,170,313
Edgar	2,975,138	3,229,642	3,506,564	3,399,762	3,175,188	2,938,704	2,776,120
Ford	170,518,292	170,049,562	169,740,151	168,626,119	157,904,560	145,909,804	137,128,263
Iroquois	70,121,443	69,704,262	68,916,644	68,860,914	63,716,161	58,741,423	55,215,772
Livingston	51,161,150	52,434,825	54,830,620	54,196,144	52,878,805	48,684,866	45,499,030
McLean	112,238,854	110,717,051	112,612,138	110,775,037	103,641,091	97,148,570	92,700,189
Moultrie	3,570,168	3,821,243	4,120,557	3,908,900	3,582,893	3,323,893	3,312,913
Piatt	247,128,738	243,761,308	241,106,057	227,915,274	214,489,669	197,913,628	189,773,237
Vermilion	10,628,076	11,153,861	11,755,423	11,335,316	10,413,979	9,661,947	9,408,170
TOTAL	\$ 3,306,711,800	\$ 3,199,132,978	\$ 3,099,928,505	\$ 2,941,251,097	\$ 2,766,954,205	\$ 2,597,605,899	\$ 2,469,107,206

TAX RATES (PER \$100 ASSESSED VALUATION)

Education Fund	0.2600	0.2600	0.2617	0.2600	0.2600	0.2600	0.2600
Operations and Maintenance - Operational Fund	0.1000	0.1000	0.1007	0.1000	0.1000	0.1000	0.1000
Tort and Immunity	0.0287	0.0250	0.0219	0.0365	0.0434	0.0488	0.0508
Audit	0.0014	0.0012	0.0008	0.0012	0.0013	0.0014	0.0014
Worker's Compensation	0.0030	0.0022	0.0008	0.0017	0.0045	0.0000	0.0000
Unemployment Insurance	0.0009	0.0009	0.0008	0.0012	0.0013	0.0000	0.0000
Protection, Health and Safety	0.0500	0.0500	0.0469	0.0500	0.0479	0.0500	0.0500
Medicare Insurance	0.0121	0.0101	0.0086	0.0102	0.0054	0.0000	0.0000
Property Insurance	0.0091	0.0062	0.0047	0.0051	0.0054	0.0000	0.0000
TOTAL	0.4652	0.4556	0.4469	0.4659	0.4692	0.4602	0.4622

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ASSESSED VALUES, TAX RATES, EXTENSIONS,
AND COLLECTIONS
June 30, 2003

TAX EXTENTIONS	2002	2001	2000	1999	1998	1997	1996
Education Fund	\$ 8,597,450	\$ 8,317,746	\$ 8,022,554	\$ 7,647,806	\$ 7,166,839	\$ 6,753,775	\$ 6,419,679
Operations and Maintenance - Operational Fund	3,306,712	3,199,133	3,086,022	2,940,726	2,755,481	2,597,606	2,469,107
Tort and Immunity	949,026	799,783	1,165,187	1,608,766	1,655,876	1,267,632	1,254,306
Audit	46,294	38,390	24,821	35,629	38,810	36,366	34,568
Worker's Compensation	99,201	70,381	-	-	-	-	-
Unemployment Insurance	29,760	28,792	-	-	-	-	-
Protection, Health and Safety	1,653,356	1,599,566	1,490,612	1,470,363	1,319,526	1,298,803	1,234,554
Medicare Insurance	400,112	323,112	-	-	-	-	-
Property Insurance	300,911	198,346	-	-	-	-	-
Tax collections prior to year end	15,382,822	14,575,249	13,789,196	13,703,290	12,936,532	11,954,182	11,412,214
	(6,281,676)	(5,799,158)	(4,794,172)	(4,840,746)	(4,543,428)	(4,459,209)	(4,157,978)
Allowance for uncollectible taxes	9,101,146	8,776,091	8,995,024	8,862,544	8,393,104	7,494,973	7,254,236
	-	-	(27,812)	(27,404)	(44,244)	(63,357)	(61,626)
PROPERTY TAXES RECEIVABLE	\$ 9,101,146	\$ 8,776,091	\$ 8,967,212	\$ 8,835,140	\$ 8,348,860	\$ 7,431,616	\$ 7,192,610
PROPERTY TAXES RECEIVABLE BY FUND							
Education Fund	\$ 5,086,631	\$ 5,008,516	\$ 5,217,124	\$ 4,930,891	\$ 4,625,180	\$ 4,198,487	\$ 4,046,149
Operations and Maintenance:							
Operational Fund	1,956,746	1,926,352	2,006,863	1,896,021	1,778,307	1,615,484	1,555,990
Restricted Fund	978,373	963,614	969,355	948,010	851,628	807,104	777,995
Audit Fund	27,304	22,818	16,140	22,972	25,046	22,766	21,905
Liability, Protection and Settlement Fund	1,052,092	854,791	757,730	1,037,246	1,068,699	787,775	790,571
TOTAL	\$ 9,101,146	\$ 8,776,091	\$ 8,967,212	\$ 8,835,140	\$ 8,348,860	\$ 7,431,616	\$ 7,192,610

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF LEGAL DEBT MARGIN
Year Ended June 30, 2003

ASSESSED VALUATION - 2002 LEVY	<u><u>\$ 3,306,711,800</u></u>
Debt limit, 2.875% of assessed valuation	\$ 95,067,964
Indebtedness	<u>-</u>
LEGAL DEBT MARGIN	<u><u>\$ 95,067,964</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STUDENT ENROLLMENT AND FULL-TIME EQUIVALENCY
AT TENTH DAY
Year Ended June 30, 2003
(Unaudited)

SCHOOL QUARTER	Student	Full-Time
	Enrollment	Equivalency
		Semester
Summer 2002	4,615	1,481
Fall 2002	9,381	5,862
Spring 2003	8,544	5,719
SEMESTER AVERAGE (EXCLUSIVE OF SUMMER SCHOOL)	8,963	5,791

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ALL FUNDS SUMMARY
UNIFORM FINANCIAL STATEMENT NO. 1
Year Ended June 30, 2003

	Education Fund		Operations and Maintenance Funds		Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection & Settlement Fund	Total
	\$		Operational	Restricted						
FUND BALANCE (DEFICIT), JULY 1, 2002	\$ 3,554,134		\$ 885,623	\$ 263,644	\$ (61,924)	\$ 423,200	\$ 7,600,000	\$ 35,553	\$ 581,986	\$ 13,282,216
REVENUE										
Local tax revenue	8,453,889		3,250,842	1,625,747	-	-	-	42,341	1,613,391	14,986,210
All other local revenue	474,786	-	-	-	-	24,268	-	-	-	499,054
ICCB grants	6,769,358	-	-	217,739	47,065	750,339	-	-	-	7,784,501
All other state revenue	1,251,932	-	186,190	-	-	2,264,364	-	-	-	3,702,486
Federal revenue	124,487	-	-	-	-	10,708,184	-	-	-	10,832,671
Student tuition and fees	15,791,655	-	-	-	178,280	-	-	-	-	15,969,935
All other revenue	495,836	-	375,316	13,050	4,836,286	403,334	56,768	21	730	6,181,341
Total revenue	33,361,943		3,812,348	1,856,536	5,061,631	14,150,489	56,768	42,362	1,614,121	59,956,198
EXPENDITURES										
Instruction	19,179,527	-	-	-	-	702,638	-	-	-	19,882,165
Academic support	2,943,506	-	-	-	-	1,933,654	-	-	-	4,877,160
Student services	3,232,269	-	-	-	-	664,297	-	-	-	3,896,566
Public service	937,604	-	-	-	-	1,219,855	-	-	-	2,157,459
Independent operations	-	-	-	-	5,586,425	12,439	-	-	-	5,598,864
Operation and maintenance of plant	-	-	4,257,127	2,170,333	-	-	-	-	992,764	7,420,224
Scholarships and grants	-	-	-	-	-	9,719,535	-	-	-	9,719,535
Institutional support	8,075,225	-	-	-	-	65,825	-	61,330	901,254	9,103,634
Total expenditures	34,368,131		4,257,127	2,170,333	5,586,425	14,318,243	-	61,330	1,894,018	62,655,607
OPERATING TRANSFERS, NET	(243,232)		-	-	300,000	-	(56,768)	-	-	-
FUND BALANCE (DEFICIT), JUNE 30, 2003	\$ 2,304,714		\$ 440,844	\$ (50,153)	\$ (286,718)	\$ 255,446	\$ 7,600,000	\$ 16,585	\$ 302,089	\$ 10,582,807

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF FIXED ASSETS AND DEBT
UNIFORM FINANCIAL STATEMENT NO. 2
June 30, 2003

	Fixed Asset/Debt Account Groups July 1, 2002, <u>As Restated</u>	<u>Additions</u>	<u>Deletions</u>	Fixed Asset/Debt Account Groups <u>June 30, 2003</u>
FIXED ASSETS				
Land	\$ 721,745	\$ -	\$ -	\$ 721,745
Land improvements	1,242,706	298,469	-	1,541,175
Buildings	50,422,000	-	-	50,422,000
Equipment	1,523,536	125,245	-	1,648,781
Construction in progress	-	548,038	-	548,038
Accumulated depreciation	<u>18,797,851</u>	<u>2,120,884</u>	<u>-</u>	<u>20,271,797</u>
NET FIXED ASSETS	<u>\$ 40,384,541</u>	<u>\$ (1,149,132)</u>	<u>\$ -</u>	<u>\$ 34,609,942</u>
FIXED DEBT				
Early retirement benefits	\$ 3,584,836	\$ 1,177,253	\$ 1,395,821	\$ 3,366,268
Capital lease obligations	<u>238,270</u>	<u>-</u>	<u>59,238</u>	<u>179,032</u>
TOTAL FIXED LIABILITIES	<u>\$ 3,823,106</u>	<u>\$ 1,177,253</u>	<u>\$ 1,455,059</u>	<u>\$ 3,545,300</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT - NO 3
OPERATING FUNDS
Year Ended June 30, 2003

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUE BY SOURCE			
Local Government			
Current taxes	\$ 8,453,889	\$ 3,250,842	\$ 11,704,731
Chargeback revenue	474,786	-	474,786
Total local government	<u>8,928,675</u>	<u>3,250,842</u>	<u>12,179,517</u>
State Government			
ICCB credit hour grants	5,297,246	-	5,297,246
ICCB equalization grants	1,472,112	-	1,472,112
SBE - vocational education	182,187	-	182,187
CPPRT	1,069,745	186,190	1,255,935
Total state government	<u>8,021,290</u>	<u>186,190</u>	<u>8,207,480</u>
Federal Government			
Grant indirect costs	<u>124,487</u>	<u>-</u>	<u>124,487</u>
Student Tuition and Fees			
Tuition	14,505,205	-	14,505,205
Fees	1,286,450	-	1,286,450
Total tuition and fees	<u>15,791,655</u>	<u>-</u>	<u>15,791,655</u>
Other Sources			
Sales and service fees	305,874	-	305,874
Facilities revenue	-	365,342	365,342
Investment revenue	112,301	9,054	121,355
Other	77,661	920	78,581
Total other sources	<u>495,836</u>	<u>375,316</u>	<u>871,152</u>
Total revenue	33,361,943	3,812,348	37,174,291
Tuition chargeback revenue	<u>(474,786)</u>	<u>-</u>	<u>(474,786)</u>
ADJUSTED REVENUE	<u><u>\$ 32,887,157</u></u>	<u><u>\$ 3,812,348</u></u>	<u><u>\$ 36,699,505</u></u>

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES			
By program:			
Instruction	\$ 19,179,527	\$ -	\$ 19,179,527
Academic support	2,943,506	-	2,943,506
Student services	3,232,269	-	3,232,269
Public service	937,604	-	937,604
Operation and maintenance of plant	-	4,257,127	4,257,127
Institutional support	8,075,225	-	8,075,225
Total expenditures	34,368,131	4,257,127	38,625,258
Tuition chargeback	(21,095)	-	(21,095)
ADJUSTED EXPENDITURES	<u>\$ 34,347,036</u>	<u>\$ 4,257,127</u>	<u>\$ 38,604,163</u>

By object:			
Salaries	\$ 25,423,788	\$ 1,405,646	\$ 26,829,434
Employee benefits	3,891,357	393,653	4,285,010
Contractual services	533,915	360,376	894,291
General materials and supplies	2,062,255	389,675	2,451,930
Conference and meeting expenses	292,941	1,347	294,288
Fixed charges	405,947	85,630	491,577
Utilities	8,643	1,619,224	1,627,867
Capital outlay	448,172	1,576	449,748
Other	1,301,113	-	1,301,113
Total expenditures	34,368,131	4,257,127	38,625,258
Tuition chargeback	(21,095)	-	(21,095)
ADJUSTED EXPENDITURES	<u>\$ 34,347,036</u>	<u>\$ 4,257,127</u>	<u>\$ 38,604,163</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT - NO 4
RESTRICTED PURPOSES FUND
Year Ended June 30, 2003

REVENUE BY SOURCE

State Government:

ICCB - Workforce Business & Industry Grant	\$ 129,090
ICCB - Advanced Technology Support Grant	158,972
ICCB - Staff Technical Skills Enhancement Grant	48,192
ICCB - Workforce Ed-to-Careers Grant	89,904
ICCB - Workforce Welfare/Low Income Grant	66,467
ICCB - Current Workforce Training Grant	94,972
ICCB - Community College On-Line Grant	12,025
ICCB - P-16 Initiative Grant	27,516
ICCB - Advanced Technology Equipment Grant	123,201
SBE - Adult Education	143,042
SBE - Vocational Education	1,591,155
Other - State Sources	530,167
Total State Government	3,014,703
Federal Government - Other	10,708,184
Other Local Sources	24,268
Other Sources - Other Revenue	403,334

TOTAL RESTRICTED PURPOSES FUND REVENUE	\$ 14,150,489
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EXPENDITURES BY PROGRAM

Instruction	\$ 702,638
Academic services	1,933,654
Student services	664,297
Public service	1,219,855
Auxiliary services	12,439
Institutional support	65,825
Financial aid	9,719,535

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$ 14,318,243
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EXPENDITURES BY OBJECT

Salaries	\$ 1,645,458
Employee benefits	213,862
Contractual services	1,197,978
General materials and supplies	356,358
Conference and meeting expenses	222,658
Fixed charges	369,057
Utilities	68,155
Capital outlay	310,425
Other	9,934,292

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$ 14,318,243
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PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
CERTIFICATE OF CHARGEBACK
Year Ended June 30, 2003

**ALL FISCAL 2003 NON-CAPITAL AUDITED OPERATING
EXPENDITURES FROM THE FOLLOWING FUNDS:**

Education	\$ 33,919,960
Operations and maintenance fund	4,255,547
Restricted purposes fund	14,007,818
Audit fund	61,330
Liability, protection and settlement fund	<u>1,888,161</u>
 Total non-capital expenditures	 <u>54,132,816</u>
 Depreciation on capital outlay expenditures from sources other than state and federal funds	 <u>2,410,932</u>
 Total costs included	 <u>56,543,748</u>
 Total certified semester credit hours for FY 2003	 <u>172,097.0</u>
 Per capita cost	 <u>328.56</u>
 All FY 2003 state and federal operating grants for non-capital expenditures, except ICCB grants	 14,815,016
 Fiscal year state and federal grants per semester credit hour	 <u>86.09</u>
 District's average ICCB grant rate for fiscal year 2004	 <u>34.24</u>
 District's student tuition and fee rate per semester credit hour for fiscal year 2004	 <u>59</u>
 Chargeback reimbursement per semester credit hour	 <u><u>\$ 149.23</u></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 Advanced Technology Equipment, Deferred Maintenance,
Workforce Development, P-16 Initiative, Special Initiative, and Adult
Education and Family Literacy 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 Advanced Technology Equipment, Deferred Maintenance, Workforce Development, P-16 Initiative, Special Initiative, and Adult Education and Family Literacy Grant Programs as of June 30, 2003, 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.

In our opinion, such financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of Advanced Technology Equipment, Deferred Maintenance, Workforce Development, P-16 Initiative, Special Initiative, and Adult Education and Family Literacy Grant Programs as of June 30, 2003, 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 schedule for the Workforce Development Grant (page 69) for the year ended June 30, 2003, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of the District's management. The schedule has been subjected to the auditing procedures applied in our audits of the basic grant program financial statements and, in our opinion, is 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 Gundersen LLP

Springfield, Illinois
August 22, 2003

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ADVANCED TECHNOLOGY EQUIPMENT GRANT PROGRAMS
COMBINED BALANCE SHEET
June 30, 2003**

ASSETS

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

LIABILITIES

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

TOTAL LIABILITIES	\$ <u>-</u>
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These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ADVANCED TECHNOLOGY EQUIPMENT GRANT PROGRAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2003

	<u>Instructional Equipment</u>	<u>Technology Support</u>	<u>Staff Technical Skills Enhancement</u>	<u>IL Comm. Colleges Online</u>	<u>Total</u>
REVENUES					
ICCB Grant	\$ 112,041	\$ 158,972	\$ 48,192	\$ 12,025	\$ 331,230
EXPENDITURES					
Current year's grant:					
Salaries (technical staff)	-	136,375	33,363	7,732	177,470
Employee benefits (technical staff)	-	22,597	3,970	591	27,158
Conference and meeting expenses	-	-	3,408	-	3,408
Capital outlay	123,194	-	-	-	123,194
Total expenditures	123,194	158,972	40,741	8,323	331,230
Excess (deficiency) of revenues over expenditures	(11,153)	-	7,451	3,702	-
OTHER FINANCING USES					
Operating transfers, net	11,153	-	(7,451)	(3,702)	-
Excess of revenues over expenditures and other financing uses	\$ -	\$ -	\$ -	\$ -	-
FUND BALANCE, BEGINNING OF YEAR					-
FUND BALANCE, END OF YEAR					\$ -
ORIGINAL ALLOCATION	\$ 112,041	\$ 158,972	\$ 48,192	\$ 12,025	\$ 331,230
MINIMUM EXPENDITURE REQUIREMENT	\$ 56,021	\$ 79,486	\$ 24,096	\$ 6,012	\$ 165,615

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
DEFERRED MAINTENANCE GRANT PROGRAM
OPERATIONS AND MAINTENANCE - RESTRICTED FUND
BALANCE SHEET
June 30, 2003**

ASSETS

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

Fund Balance	\$ <u>-</u>
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These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
 DEFERRED MAINTENANCE GRANT PROGRAM
 OPERATION AND MAINTENANCE - RESTRICTED FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 Year Ended June 30, 2003**

	<u>Actual</u>
REVENUES	
ICCB Grant	\$ 74,910
 EXPENDITURES	
Capital outlay	<u>74,910</u>
EXCESS OF REVENUES OVER EXPENDITURES	-
 FUND BALANCE, BEGINNING OF YEAR	 <u>-</u>
 FUND BALANCE, END OF YEAR	 <u><u>\$ -</u></u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
WORKFORCE DEVELOPMENT GRANT PROGRAM
(BUSINESS AND INDUSTRY SERVICES, EDUCATION TO CAREERS,
WELFARE TO WORK, AND CURRENT WORKFORCE TRAINING)
COMBINED BALANCE SHEET
June 30, 2003**

ASSETS

Cash	\$ <u>1,755</u>
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LIABILITIES

Accounts payable	\$ <u>1,755</u>
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These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
WORKFORCE DEVELOPMENT GRANT PROGRAM
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2003**

	<u>Business and Industry Services</u>	<u>Education To Careers</u>	<u>Welfare To Work</u>	<u>Current Workforce Training</u>	<u>Total</u>
REVENUES					
ICCB Grant	\$ 129,090	\$ 89,904	\$ 66,467	\$ 94,972	\$ 380,433
EXPENDITURES					
Current year's grant					
Salaries	101,165	41,085	29,061	-	171,311
Employee benefits	27,925	3,994	459	-	32,378
Contractual services	-	5,011	11,430	-	16,441
Materials and supplies	-	13,343	2,371	-	15,714
Conference and meeting expense	-	1,471	1,951	-	3,422
Fixed charges	-	25,000	7,457	-	32,457
Capital outlay	3,661	-	-	-	3,661
Other expenditures	-	-	13,738	91,311	105,049
Total expenditures	132,751	89,904	66,467	91,311	380,433
Excess (deficiency) of revenues over expenditures	(3,661)	-	-	3,661	-
OTHER FINANCING USES					
Operating transfers, net	3,661	-	-	(3,661)	-
Excess of revenues over expenditures and other financing uses	\$ -	\$ -	\$ -	\$ -	-
FUND BALANCE, BEGINNING OF YEAR					-
FUND BALANCE, END OF YEAR					\$ -
ORIGINAL ALLOCATION	\$ 129,090	\$ 89,904	\$ 66,467	\$ 94,972	\$ 380,433
MINIMUM EXPENDITURE REQUIREMENT	\$ 64,545	\$ 44,952	\$ 33,234	\$ 47,486	\$ 190,217

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
P-16 INITIATIVE GRANT PROGRAM
BALANCE SHEET
June 30, 2003**

ASSETS

Cash	\$ <u>99</u>
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LIABILITIES

Deferred revenue	\$ <u>99</u>
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FUND BALANCE

Fund Balance	\$ <u>-</u>
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These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
P-16 INITIATIVE GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2003**

	<u>Actual</u>
REVENUES	
ICCB Grant	<u>\$ 27,417</u>
EXPENDITURES	
Other expenditures- grants and scholarships	<u>27,417</u>
Excess of revenues over expenditures	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SPECIAL INITIATIVE GRANT PROGRAM
BALANCE SHEET
June 30, 2003**

ASSETS

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

Fund Balance	\$ <u>-</u>
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These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SPECIAL INITIATIVE GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2003**

	<u>Actual</u>
REVENUES	
ICCB Grant	\$ 18,600
EXPENDITURES	
Salaries	13,687
Employee benefits	104
Contractual services	450
Materials and supplies	2,514
Conferences and meeting expense	<u>1,845</u>
Total expenditures	<u>18,600</u>
Excess of revenues over expenditures	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS
COMBINED BALANCE SHEET
June 30, 2003**

ASSETS

Cash	<u>\$ 3,823</u>
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LIABILITIES

Accounts payable	\$ -
Deferred revenue	<u>3,823</u>
TOTAL LIABILITIES	<u>\$ 3,823</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2003**

	<u>State Basic</u>	<u>Public Assistance</u>	<u>Performance</u>	<u>Total</u>
REVENUES				
ICCB Grant	\$ 143,042	\$ 26,656	\$ 65,040	\$ 234,738
EXPENDITURES				
Instruction	70,423	12,771	33,848	117,042
Guidance services	21,423	7,827	21,422	50,672
Assistive and adaptive equipment	-	1,471	-	1,471
Assessment and testing	16,655	-	-	16,655
Student transportation services	1,000	-	-	1,000
Literacy services	9,285	-	1,502	10,787
 Total instructional student services	<u>118,786</u>	<u>22,069</u>	<u>56,772</u>	<u>197,627</u>
 General administration	12,496	2,399	186	15,081
Data and information services	11,760	2,188	8,082	22,030
 Total program support	<u>24,256</u>	<u>4,587</u>	<u>8,268</u>	<u>37,111</u>
 Total expenditures	<u>143,042</u>	<u>26,656</u>	<u>65,040</u>	<u>234,738</u>
 Excess of revenue over (under) expenditures	<u>\$</u>	<u>\$ -</u>	<u>\$ -</u>	-
FUND BALANCE, BEGINNING OF YEAR				-
FUND BALANCE, END OF YEAR				<u>\$ -</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ADVANCED TECHNOLOGY EQUIPMENT,
DEFERRED MAINTENANCE,
WORKFORCE DEVELOPMENT, P-16 INITIATIVE, SPECIAL INITIATIVE, AND
ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2003**

The Advanced Technology Equipment, Deferred Maintenance, Workforce Development, P-16 Initiative, Special Initiative, and Adult Education and Family Literacy 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, 2003. 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
ADVANCED TECHNOLOGY EQUIPMENT,
DEFERRED MAINTENANCE,
WORKFORCE DEVELOPMENT, P-16 INITIATIVE, SPECIAL INITIATIVE, AND
ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS
NOTE TO FINANCIAL STATEMENTS
June 30, 2003**

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 SCHEDULE**

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUPPLEMENTAL ICCB COMPLIANCE STATEMENT
WORKFORCE DEVELOPMENT COMPONENT (BUSINESS/INDUSTRY) GRANT
Year Ended June 30, 2003**

	<u>General</u>	<u>Operation of Workforce Prep Office</u>	<u>Total</u>
EXPENDITURES			
Salaries	\$ -	\$ 101,165	\$ 101,165
Employee benefits	-	27,925	27,925
Capital outlay	-	3,661	3,661
	<u>-</u>	<u>3,661</u>	<u>3,661</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 132,751</u>	<u>\$ 132,751</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and background information on state grant activity and notes to financial statements.

**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, 2003. 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, 2003 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 Henderson LLP

Springfield, Illinois
August 22, 2003

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES
UPON WHICH CLAIMS ARE FILED
Year Ended June 30, 2003

Categories	Total Reimbursable Semester Credit Hours by Term							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	14,286.00	-	47,465.0	-	48,294.0	-	110,045.0	-
Business Occupational	400.50	51.0	3,641.0	237.0	3,411.0	291.0	7,452.5	579.0
Technical Occupational	1,572.00	-	10,038.5	26.0	10,571.5	21.0	22,182.0	47.0
Health Occupational	909.50	-	4,316.0	-	4,516.0	-	9,741.5	-
Remedial Developmental	1,461.00	-	9,391.0	-	7,042.0	-	17,894.0	-
Adult Basic Education/ Adult Secondary Education	-	441.0	-	2,071.0	2.0	1,642.0	2.0	4,154.0
TOTAL CREDIT HOURS CERTIFIED	<u>18,629.0</u>	<u>492.0</u>	<u>74,851.5</u>	<u>2,334.0</u>	<u>73,836.5</u>	<u>1,954.0</u>	<u>167,317.0</u>	<u>4,780.0</u>

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester Credit Hours	<u>134,805.5</u>	<u>-</u>	<u>134,805.5</u>

District 2002 Equalized Assessed Valuation \$ 3,306,711,800

Categories	Total Reimbursable Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Baccalaureate	-	-	-	-
Business Occupational	-	-	-	-
Technical Occupational	-	-	-	-
Health Occupational	-	-	-	-
Remedial Developmental	-	-	-	-
Adult Basic Education/ Adult Secondary Education	-	56.0	-	56.0
TOTAL CREDIT HOURS CERTIFIED	<u>-</u>	<u>56.0</u>	<u>-</u>	<u>56.0</u>

Signatures:

Chief Executive Officer (CEO)

Chief Financial Officer (CFO)

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
RECONCILIATION OF TOTAL REIMBURSABLE
SEMESTER CREDIT HOURS
Year Ended June 30, 2003**

<u>Categories</u>	<u>Total Reimbursable Credit Hours</u>	<u>Total Reim- bursable Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	110,045.0	110,045.0	-
Business Occupational	8,031.5	8,031.5	-
Technical Occupational	22,229.0	22,229.0	-
Health Occupational	9,741.5	9,741.5	-
Remedial Developmental	17,894.0	17,894.0	-
Adult Basic Education/ Adult Secondary Education	4,156.0	4,156.0	-
TOTAL CREDIT HOURS CERTIFIED	172,097.0	172,097.0	-

**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	134,805.5	134,805.5	-
Reimbursable Out-of-District on Chargeback or Contractual Agreement	-	-	-
TOTAL	134,805.5	134,805.5	-

**RECONCILIATION OF TOTAL REIMBURSABLE CORRECTIONAL SEMESTER
CREDIT HOURS**

<u>Categories</u>	<u>Total Reimbursable Correctional Credit Hours</u>	<u>Total Reim- bursable Correc- tional 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	56.00	56.00	-
TOTAL CREDIT HOURS CERTIFIED	56.00	56.00	-

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.

Current Workforce Training Grants - Provides funds to expand opportunities for additional non-credit training for incumbent employees at businesses, industry, and other employers. Small and medium sized businesses (less than 300 employees) who need to upgrade/enhance the skills of their employees. This grant is intended to help colleges provide a training system that is responsive to the business community's training requirements in order to improve employee's productivity and wages and enhance the local and state economies.

Advanced Technology Equipment Grant

Instructional Equipment - Grants intended to allow colleges to upgrade and purchase new specialized equipment for training programs and to purchase new computer hardware and software for instructional and student use.

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

Staff Technical Skills Enhancement - Provides funding to support training in all areas of technology and especially in the areas of distance learning.

Illinois Community Colleges On-Line - Provides funding to support training in all areas of technology and especially in the areas of distance learning.

BACKGROUND INFORMATION ON STATE GRANT ACTIVITY

Deferred Maintenance Grants

Provides flexible funding for facility needs that are not covered by capital renewal or protection, health, and safety funding.

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.

Statewide Initiatives

Special Incentive Grants - A new request to provide flexible funding for unique initiatives needed in the community college system. The grants will be awarded on a Request for Proposal basis and will focus on higher education priorities such as accessibility, affordability, productivity, partnerships, quality, and responsiveness. In addition, a significant proportion of the dollars available will focus on improving the availability of qualified information technology employees in the State of Illinois.

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 Compliance and on Internal Control
Over Financial Reporting 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, 2003, and have issued our report thereon dated August 22, 2003. 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.

Compliance

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 grants, 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*. We also noted certain instances of noncompliance that we have reported to management in a separate letter dated August 22, 2003.

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 assurance 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 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.

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

Springfield, Illinois
August 22, 2003

**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, 2003. 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, 2003.

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

Springfield, Illinois
August 22, 2003

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2003

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	\$ 113,219
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	N/A	222,000
Pell Grant Program (02 CO)	84.063	N/A	23,388
Pell Grant Program	84.063	N/A	5,640,902
Total Student Financial Aid			<u>5,999,509</u>
<i>Other Programs</i>			
Trio Student Support Services	84.042	N/A	254,228
Talent Search	84.044	N/A	261,994
CCAMPIS	84.335A	N/A	10,169
<i>Passed through Illinois Community College Board (ICCB)</i>			
Adult Education - Basic	84.002	N/A	168,097
EL/Civics Program	84.002	N/A	36,614
<i>Passed through Illinois State Board of Education (ISBE)</i>			
V.E. Perkins IIC	84.048A	02-4750-00	464,077
Total Department of Education			<u>7,194,688</u>
Department of Labor			
<i>Passed through Illinois State Board of Education (ISBE)</i>			
Education to Careers Implementation	17.249	02-4777-00	<u>166,176</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>248,944</u>
National Science Foundation			
<i>Passed through the University of Illinois</i>			
NSF Grants	47.049	REC-9629932	<u>18,105</u>
Department of Agriculture			
<i>Passed through Illinois State Board of Education (ISBE)</i>			
Child and Adult Care Food Program	10.558	02-4226-00	<u>25,557</u>
Total Expenditures of Federal Awards			<u>\$ 7,653,470</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2003

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, 2003, 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, 2003.

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, 2003. These loan balances are not included in the federal expenditures presented in the schedule.

	Federal CFDA Number	Outstanding Balance at June 30, 2003
Perkins Loans	84.038	\$ <u>349,277</u>

FEDERAL DIRECT LOANS – NONCASH FEDERAL AWARDS

During the fiscal year, the College processed the following amount of new loans under the Federal Direct Loan Program, which includes subsidized and unsubsidized Direct Loans and Direct PLUS Loans. These awards are not included in the federal expenditures presented in the schedule.

	Federal CFDA Number	Amount Awarded
Federal Direct Student Loans	84.268	\$ <u>3,387,175</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of Parkland College Community College District #505.
2. No instances of noncompliance material to the financial statements of Parkland College Community College District #505 were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for Parkland College Community College District #505 expresses an unqualified opinion.
4. The programs tested as major programs included: Federal Student Financial Assistance Programs (Pell Grants CFDA #84.063; FSEOG, CFDA #84.007; Federal Work Study CFDA #84.033), Perkins Loan, CFDA #84.038; Federal Direct Loan, CFDA #84.063 and V.E. Perkins IIC, CFDA #84.048A.
5. The threshold for distinguishing Types A and B programs was \$300,000.
6. Parkland College Community College District #505 was determined not to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None to report.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None to report

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2003**

DEPARTMENT OF EDUCATION

Finding 02-1

Condition

The return of Title IV funds and notification for one student selected from a sample size of 30 students was not completed within the required thirty-day period.

Status

Policies and procedures for the return of Title IV funds have been established. The College has implemented a policy where the Academic Advisors, Student Financial Aid staff and Admissions staff coordinate duties to avoid these occurrences. No similar findings were noted in the 2003 audit for this item.