PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Champaign, Illinois

Comprehensive Annual Financial Report

For the Years Ended

June 30, 2013 and 2012

C O N T E N T S

MARTIN HOOD FRIESE & ASSOCIATES, LLC

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Parkland Community College, Community College District #505 (the College) and its discretely presented component unit (Parkland College Foundation) as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Parkland Community College, Community College District #505 and of its discretely presented component unit as of June 30, 2013 and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Financial Statements as of June 30, 2012

The financial statements of Parkland Community College, Community College District #505 and its discretely presented component unit as of June 30, 2012, were audited by other auditors whose report dated October 4, 2012 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Parkland Community College, Community College District #505 and its discreetly presented component unit as of and for the year ended June 30, 2013. The combining financial statements and other data in Schedules 1 through 19 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The uniform financial statements in Schedules 20 through 24 and the certificate of chargeback reimbursement (Schedule 25) are presented for purposes of additional analysis as required by the Illinois Community College Board and are also not a required part of the basic financial statements. The accompanying Schedules 37 through 39, including the Schedule of Expenditures of Federal Awards, are presented for the purpose 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 are also not a required part of the basic financial statements. As described in Note 20, Schedules 1 through 3, Schedules 6 through 9, Schedules 14 through 16, Schedule 20, and Schedules 22 through 24 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than GAAP for a special-purpose government engaged only in business-type activities. Information on Schedules 1 through 25 and 37 through 39, except for the schedule on page 64, 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, except for differences between GAAP for a special-purpose government engaged only in business-type activities and the modified accrual basis of accounting used for the schedules noted above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a report dated September 25, 2013, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
September 25, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Parkland Community College's (the "College" or "Parkland") Annual Financial Report presents management's discussion and analysis of the College's financial activities, and its component unit, the Foundation, for the fiscal years ended June 30, 2013, 2012 and 2011. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and footnotes. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College.

The MD&A contains comparisons between fiscal years 2013, 2012 and 2011only.

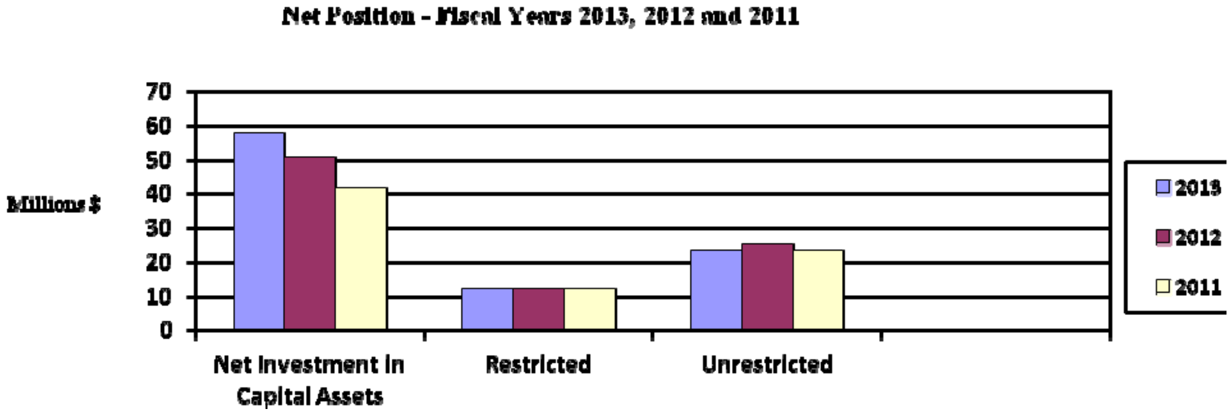
Using This Annual Report

The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Position is designed to be similar to bottom line results for the College. The Statements of Revenues, Expenses, and Changes in Net Position 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 the cost of various College services to students and the public. In addition, Generally Accepted Accounting Principles (GAAP) requires the financial statement presentation to include the Parkland College Foundation (the Foundation), which is defined as a component unit.

The Management Discussion and Analysis contains financial activity of Parkland College. The College's component unit, the Foundation, has separately issued financial statements. These statements should be used for detailed information on the Foundation's financial activity for the year ending June 30, 2013. Copies of the Foundation's annual audit can be obtained from the Foundation office at 1806 Round Barn Road, Champaign, IL 61821.

Primary Institution Financial Highlights

Comparative Net Position Chart



The Statement of Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in property, plant, and equipment owned by the College. The next asset category is restricted net position, 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, or enabling legislation. The final category is unrestricted net position. These assets are available for use by the College for any legal purpose.

Financial Analysis of the College as a Whole

Statement of Net Position
As of June 30
(in millions)

	2013	2012	2011
Current Assets	$ 77.6	$ 83.8	$ 90.0
Non-Current Assets:			
Capital Assets, Net of Depreciation	91.4	79.5	61.7
Total Assets	169.0	163.3	151.7
Current Liabilities	9.0	9.0	6.8
Non-Current Liabilities	67.1	66.6	68.2
Total Liabilities	76.1	75.6	75.0
Net Position:			
Investment in Capital Assets	57.6	50.6	41.6
Restricted	12.1	12.0	11.9
Unrestricted	23.2	25.1	23.2
Total Net Position	$ 92.9	$ 87.7	$ 76.7

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

Fiscal Year 2013 Compared to 2012

Net position increased $5.2 million during fiscal year 2013. This increase was due to investment in capital assets increasing by $7.0 million and restricted net position increasing by $0.1 million, offset by a $1.9 million decrease in unrestricted net position.

Total liabilities increased by $0.5 million to $76.1 million. This was all due to the increase in non-current liabilities

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

Fiscal Year 2012 Compared to 2011

Net position increased $11.0 million during fiscal year 2012. The majority of this increase was investment in capital assets with a total increase of $9.0 million. Restricted net position increased $0.1 million unrestricted net position increased $1.9 million.

Total liabilities increased by $0.6 million to $75.6 million. Current liabilities increased by $2.2 million while non-current liabilities decreased by $1.6 million.

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

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

The Statement of Revenues, Expenses, and Changes in Net Position presents 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 College's initial budget.

Operating Results
For Year Ended June 30
(in millions)

	2013	2012	2011
Operating Revenue:			
Tuition and Fees	$ 17.8	$ 17.4	$ 16.1
Auxiliary Enterprises	5.0	5.6	6.1
Other	1.7	2.0	1.7
Total	24.5	25.0	23.9
Less: Operating Expenses	103.7	94.2	91.2
Operating Loss	(79.2)	(69.2)	(67.3)
Non-Operating Revenue (Expenses):			
State Grants and Contracts	10.9	12.3	12.6
Local Property Taxes	25.0	24.6	24.4
Federal Grants and Contracts	26.5	26.5	28.6
On-Behalf Payments	12.3	8.5	6.8
Loss on Disposal of Fixed Assets	-	-	(0.3)
Interest Expense	(1.5)	(1.4)	(0.6)
Investment Income	0.1	-	0.1
Total	73.3	70.5	71.6
Income Before Capital Contributions	(5.9)	1.3	4.3
Capital Contributions	11	9.7	1.8
Increase in Net Position	5.2	11.0	6.1
Net Position, Beginning of Year	87.7	76.7	70.6
Net Position, End of Year	$ 92.9	$ 87.7	$ 76.7

Fiscal Year 2013 Compared to 2012

Operating revenues decreased $0.5 million from last year. Operating revenue increased by $0.4 million in the tuition & fees category and decrease $0.3 million increase in other revenues. The increase in tuition and fees revenue reflects a decrease in scholarship allowance from the prior year. The overall decrease was caused by a $0.6 million decrease in Auxiliary Enterprises.

In total, operating expenses increased by $9.5 million. A large portion of this is due to a $3.8 million increase in on-behalf payments. Generally, increases in total operating expenses are generally anticipated to accommodate raises for personnel as well as the rising costs associated with providing a quality education product to our student body.

The non-operating revenues increased $2.8 million. This is due to the on-behalf payments increasing by $3.8 million. This represents increased contributions from the State of Illinois for the SURS pension plan (see Note 13). Also, property tax revenue rose by $0.4 million. These revenue increases were offset by a decrease in State Grants and Contracts revenue of $1.4 million.

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

Fiscal Year 2012 Compared to 2011

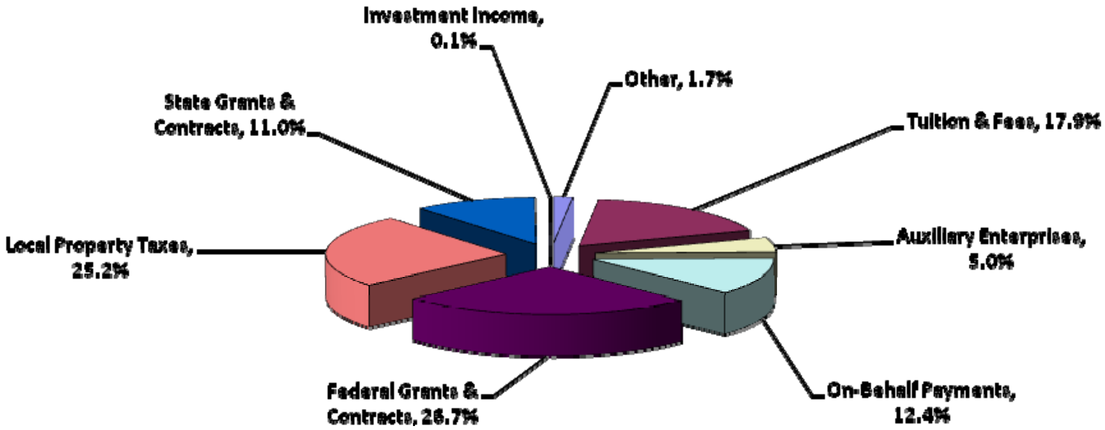
Operating revenues increased $1.1 million from last year. Operating revenue increased by $1.3 million in the tuition & fees category. The increase in tuition and fees revenue reflects an increase in tuition rates from the prior year, and a decrease in scholarships.

In total, operating expenses increased by $3.0 million. Increases in total operating expenses are generally anticipated to accommodate raises for personnel as well as the rising costs associated with providing a quality education product to our student body.

The non-operating revenues decrease $1.1 million. This is due to Federal grants and contracts revenue decreased $2.1 million while State grants and contracts decreased $0.3 million. Also, there was $.8 million more in interest expense. This was offset by the on-behalf payments increasing $1.7 million and represents increased contributions from the State of Illinois for the SURS pension plan.

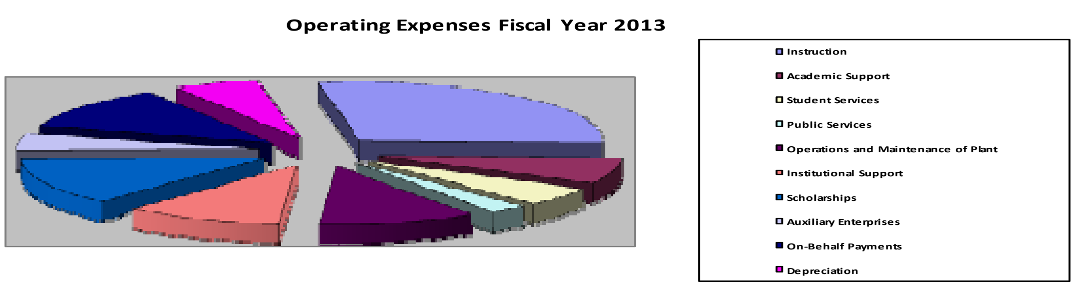
There are currently no other known facts, decisions, or conditions that will have a significant effect on the financial position (net position) or results of operation (revenue, expenses, and changes in net position).

Revenue by Source Fiscal Year 2013



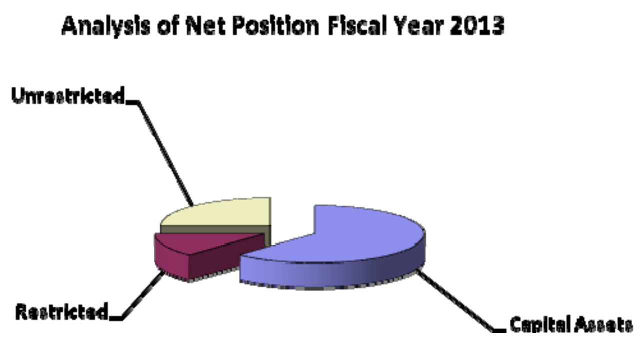
Operating Expenses
For Year Ended June 30
(in millions)

	2013	2012	2011
Operating Expenses:			
Instruction	$ 29.3	$ 29.0	$ 27.1
Academic Support	7.7	7.0	5.8
Student Services	5.4	5.2	5.1
Public Service	2.6	3.3	3.8
Operations and Maintenance of Plant	10.9	7.4	7.4
Institutional Support	10.9	9.8	10.2
Scholarships	13.6	13.0	14.6
Auxiliary Enterprises	5.1	5.1	5.3
On-Behalf Payments	12.3	8.5	6.8
Depreciation	5.9	5.9	5.1
Total	$ 103.7	$ 94.2	$ 91.2



Analysis of Net Position
June 30
(in millions)

	2013	2012	2011
Net Position:			
Net Investment in Capital Assets	$ 57.6	$ 50.6	$ 41.6
Restricted	12.1	12.0	11.9
Unrestricted	23.2	25.1	23.3
Total	$ 92.9	$ 87.7	$ 76.8



Fiscal Year 2013 Compared to 2012

Total net position increased by $5.2 million from fiscal year 2012 to fiscal year 2013. The net investment in capital assets increased $7.0 million or 13.8% over the previous year. This was due to the additions of property and equipment less annual depreciation (see Note 7) adjusted for outstanding bonds related to capital assets. The majority of the property and equipment additions are due to the construction in progress category as noted on page 13. Unrestricted net position decreased by $1.9 million compared to the previous year. The majority of this decrease ($.6 million) was due to a deficit in the operating funds. The restricted net position also increased by $0.1 million during fiscal year 2012.

Fiscal Year 2012 Compared to 2011

Total net position increased by $11.0 million from fiscal year 2011 to fiscal year 2012. Increases were realized in all net position categories. The net investment in capital assets increased $9.0 million or 21.6% over the previous year. This was due to the additions of property and equipment less annual depreciation (see Note 7) adjusted for outstanding bonds related to capital assets. The majority of the property and equipment additions are to the construction in progress category as noted on page 13. Unrestricted net position increased by $1.8 million or 7.7% over the previous year. The majority of this increase ($1.2 million) was due to a surplus in the operating funds. The surplus was realized by several line items being under budget including benefits and utilities. The restricted net position also increased by $0.1 million during fiscal year 2012.

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 basic financial statement in the audited financial report.

Capital Asset Administration

At the end of fiscal year 2013, the College had $91.3 million invested in a broad range of capital assets (see table below). This amount represents a net increase (including additions and depreciation) of $11.8 million. More detailed information about capital assets can be found in Note 5 to the Basic Financial Statements.

Capital Assets
As of June 30
(Net of Depreciation in Millions)

	2013	2012	2011
Land	$ 1.8	$ 1.8	$ 1.4
Construction in Progress	32.6	26.9	10.7
Buildings	31.1	27.6	26.2
Land Improvements	20.0	17.5	18.6
Equipment	5.8	5.7	4.8
Total	$ 91.3	$ 79.5	$ 61.7

This year's major additions included (in millions):

Engineering Science Complex	$ 0.5
Fitness Center Addition	0.7
Student Services Building	12.9
Phase XIII Drainage	0.6
Theater Planet HVAC	0.2
Art Remodel	0.6
L Wing Remodel	0.1
Total	$ 15.6

The College's fiscal year 2014 operating capital budget is $30.7 million. This capital budget will be used to complete the facility master plan.

Long-Term Debt Activity

The College's long-term debt increased during 2013 from $69.1 million to $69.8 million. The general obligation bonds payable decreased $1.1 million during the year and the retirement obligation increased by $1.7 million. In addition, there was a $0.1 increase in vacation payable. The decrease in bond obligations was due to the annual bond principal payments made during the fiscal year. More detailed information about long-term debt can be found in Note 9 to the Basic Financial Statements.

The College's master plan includes using available debt fund for additional facilities such as a student services building, automotive instructional facility and various deferred maintenance projects.

Economic Factors That Will Affect the Future

For fiscal year 2014, the Parkland College Board of Trustees has authorized a fee increase of $5.50 - $33.00 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 an extremely slight increase in local property tax revenue due to anticipated EAV growth. The College hopes that the ICCB State funding as well as Corporate Personal Property Replacement Tax revenues remain stable.

Parkland College continues to face the financial consequences of a poor economy. This includes the rising cost of quality personnel and health care costs. These costs may increase at rates previously unexpected due to a variety of State and Federal legislation. This includes potential SURS pension cost being passed on to the College and the economic impact of the Federal health care reform legislation. The College will continue to be proactive in monitoring these areas which make up the bulk of its operating budget. The College hopes to continue the trend of keeping health care costs under control via two recently modified self-funded insurance plans. These plans qualify for discounts from many of our highly used local service providers. The College is currently working with healthcare experts to determine the required actions of the College in the short and long term. Other potential volatile expense areas such as utilities due to increased square footage caused by new buildings will also be watched closely. Parkland currently realizes savings on gas and electric use through guaranteed contracts with suppliers. The College's Administration and its Board continue to monitor other major factors related to its financial state including student enrollment and State funding.

The College completed the student portion of the major administrative computing upgrade, which began in fiscal year 2008. The finance module went live July 1, 2008. The payroll/human resource went live January 1, 2009. In conjunction with the software provider the College performed an audit of its administrative software in fiscal year 2011. This audit provided a roadmap of initiatives (including additional training and software enhancements) to continue to increase the efficiency of the system as a whole. The College is also considering an information technology consultant to evaluate all of its technology.

Parkland will continue capital improvements in its grounds and facilities. This includes ongoing annual work to modernize and upgrade parking, washrooms, and the interior/exterior of buildings.

The College's approved operating budget for fiscal year 2014 is $57.4 million. The total College budget is $103 million.

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.

The College received its 10 year accreditation from the Higher Learning Commission in late 2012.

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.

Exhibit A

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Statements of Net Position

June 30, 2013 and 2012

ASSETS

	2013	2012
Current Assets		
Unrestricted:		
Cash and Cash Equivalents	$ 27,525,000	$ 27,055,386
Property Taxes Receivable, Net	1,653,354	1,518,844
Accounts Receivable, Net	4,167,643	4,540,797
Prepaids	10,446	-
Inventories	668,615	700,272
Restricted:		
Cash and Cash Equivalents	42,564,591	48,627,532
Property Taxes Receivable, Net	310,738	267,453
Accounts Receivable, Net	699,859	1,140,218
Total Current Assets	77,600,246	83,850,502
Property and Equipment, Net	91,394,697	79,521,138
Total Assets	$ 168,994,943	$ 163,371,640

LIABILITIES AND NET POSITION

	2013	2012
Current Liabilities		
Accounts Payable	$ 724,887	$ 1,033,487
Accrued Liabilities	2,591,354	2,398,127
Due to Student Groups	1,271,676	1,177,277
Due to Parkland Foundation	175,758	409,876
Unearned Revenue	2,396,349	2,529,758
Retirement Obligation	520,914	348,305
Current Portion of Bonds Payable	1,325,000	1,105,000
Capital Lease Obligations	-	31,512
Total Current Liabilities	9,005,938	9,033,342
Long-Term Liabilities		
Retirement Obligation, Net of Current Portion	2,152,209	533,204
Accrued Compensated Absences	1,692,479	1,593,718
Bonds Payable, Net of Current Portion, Issue Costs, and Refunding Expense	63,262,059	64,489,369
Total Long-Term Liabilities	67,106,747	66,616,291
Total Liabilities	76,112,685	75,649,633
Net Position		
Net Investment in Capital Assets	57,605,441	50,562,150
Restricted for:		
Expendable Trust	7,599,358	7,599,358
Debt Service	3,193,136	2,849,884
Purposes Allowed by Property Tax Levies	1,319,697	1,607,143
Unrestricted	23,164,626	25,103,472
Total Net Position	92,882,258	87,722,007
Total Liabilities and Net Position	$ 168,994,943	$ 163,371,640

See Accompanying Notes

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Statements of Financial Position - Component Unit

June 30, 2013 and 2012

ASSETS

	2013	Restated 2012
Current Assets		
Due from Parkland College	$ 175,758	$ 409,878
Pledges Receivable, Net of Allowance of $87,000 and $116,332	53,839	204,224
Total Current Assets	229,597	614,102
Property & Equipment, Net	3,530	1,388
Other Assets		
Investments	5,544,506	5,913,565
Pledges Receivable, Net of Current Portion, Discount of $366,075 and $88,097.	286,448	555,903
Land Investment	1,880,000	-
Cash Surrender Value of Life Insurance	101,118	-
Other Assets	17,500	17,500
Total Other Assets	7,829,572	6,486,968
Total Assets	$ 8,062,699	$ 7,102,458

LIABILITIES AND NET ASSETS

	2013	Restated 2012
Current Liabilities		
Accrued Vacation Payable	$ 49,443	$ 45,341
Long-Term Liabilities		
Land Investment Use Obligation	270,000	-
Total Liabilities	319,443	45,341
Net Assets		
Undesignated (Deficit)	(2,008,512)	(1,716,521)
Board Designated	102,839	102,839
Total Unrestricted (Deficit)	(1,905,673)	(1,613,682)
Temporarily Restricted	4,810,673	3,960,521
Permanently Restricted	4,838,256	4,710,278
Total Net Assets	7,743,256	7,057,117
Total Liabilities and Net Assets	$ 8,062,699	$ 7,102,458

See Accompanying Notes

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30, 2013 and 2012

	2013	2012
Operating Revenues		
Student Tuition and Fees, Net of Scholarship		
Allowance of $11,173,744 and $11,592,035	$ 17,795,993	$ 17,381,897
Auxiliary Enterprises Revenue	5,015,111	5,577,834
Other Operating Revenues	1,677,895	2,066,286
Total Operating Revenues	24,488,999	25,026,017
Operating Expenses		
Instruction	29,267,795	28,962,989
Academic Support	7,622,959	7,024,215
Student Services	5,428,279	5,196,884
Public Service	2,644,271	3,331,193
Auxiliary Expenses	5,120,549	5,113,748
Operation and Maintenance of Plant	10,906,724	7,333,571
Grants and Scholarships	13,547,893	12,942,970
Institutional Support	10,960,584	9,810,547
On-Behalf Payments	12,311,217	8,584,170
Depreciation	5,860,776	5,907,015
Total Operating Expenses	103,671,047	94,207,302
Operating Loss	(79,182,048)	(69,181,285)
Non-Operating Revenues (Expenses)		
State Grants and Contracts	10,933,185	12,329,828
Local Property Tax Revenues	25,000,156	24,601,444
Federal Grants and Contracts	26,438,764	26,354,249
On-Behalf Payments	12,311,217	8,584,170
Investment Income Earned	104,825	21,111
Interest Expense	(1,534,557)	(1,445,154)
Total Non-Operating Revenues (Expenses)	73,253,590	70,445,648
Income (Loss) Before Other Revenue	(5,928,458)	1,264,363
Other Revenue		
Capital Contributed	11,088,709	9,731,926
Increase (Decrease) in Net Position	5,160,251	10,996,289
Net Position, Beginning of Year	87,722,007	76,725,718
Net Position, End of Year	$ 92,882,258	$ 87,722,007

See Accompanying Notes

Exhibit D

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Statements of Activities - Component Unit

For the Years Ended June 30, 2013 and 2012

	2013	2012
Change in Unrestricted Net Assets		
Support and Revenue:		
Contributions	$ 40,949	$ 186,253
Special Events, Net of Direct Costs	50,355	-
Net Assets Released from Restrictions	993,991	878,706
Total Support and Revenue	1,085,295	1,064,959
Expenses:		
Program Services		
Scholarships	245,378	269,350
Institutional Support	441,765	683,133
Total Program Services	687,143	952,483
Supporting Services		
Management and General	289,452	318,789
Fundraising	400,691	453,903
Total Supporting Services	690,143	772,692
Total Expenses	1,377,286	1,725,175
Change in Unrestricted Net Assets	(291,991)	(660,216)
Change in Temporarily Restricted Net Assets		
Contributions, Net of Return of Donor Principal	703,279	648,991
In-Kind Contributions	574,592	451,274
Special Events, Net of Direct Costs	36,685	-
Interest and Dividends, Net of Fees	51,402	57,428
Net Realized and Unrealized Gain (Loss) on Investments	314,464	(89,536)
Net Unrealized Gain (Loss) on Land Investment	134,668	-
Change in Land Investment Use Obligation	29,053	-
Net Assets Released from Restrictions	(993,991)	(878,706)
Change in Temporarily Restricted Assets	850,152	189,451
Change in Permanently Restricted Net Assets		
Contributions, Net of Return of Donor Principal	95,029	809,224
Net Increase (Decrease) in Cash Surrender Value of Life Insurance	32,949	-
Change in Permanently Restricted Net Assets	127,978	809,224
Change in Net Assets	686,139	338,459
Net Assets, Beginning of Year	7,057,117	6,718,658
Net Assets, End of Year	$ 7,743,256	$ 7,057,117

See Accompanying Notes

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Statements of Cash Flows

For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Student Tuition and Fees	$ 18,063,593	$ 17,759,402
Payments to Suppliers	(21,431,207)	(16,982,859)
Payments to Employees and Benefits Paid	(48,626,947)	(49,195,330)
Payments for Financial Aid and Scholarships	(13,547,893)	(12,942,970)
Auxiliary Enterprise Charges	5,015,111	5,577,834
Other Receipts	1,677,895	2,066,286
Net Cash Provided by (Used in) Operating Activities	(58,849,448)	(53,717,637)
Cash Flows from Non-Capital Financing Activities		
Local Property Taxes	24,822,362	24,812,393
State Grants and Contracts	10,905,330	21,352,289
Federal Grants and Contracts	26,879,123	26,276,981
Net Cash Provided by (Used in) Non-Capital Financing Activities	62,606,815	72,441,663
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(5,212,865)	(22,192,827)
Principal Paid on Bonds	(1,105,000)	(895,000)
Interest Paid on Bonds	(2,870,626)	(2,891,039)
Principal Paid on Capital Lease Obligations	(31,512)	(33,267)
Interest Paid on Capital Lease Obligations	(1,398)	(3,132)
Net Receipts from (Disbursements to) Parkland Foundation	(234,118)	218,882
Net Cash Provided by (Used in) Capital and Related Financing Activities	(9,455,519)	(25,796,383)
Cash Flows from Investing Activities		
Disposition of Investments	-	4,757,778
Interest on Investments	104,825	21,111
Net Cash Provided by (Used in) Investing Activities	104,825	4,778,889
Net Increase (Decrease) in Cash and Cash Equivalents	(5,593,327)	(2,293,468)
Cash and Cash Equivalents, Beginning of Year	75,682,918	77,976,386
Cash and Cash Equivalents, End of Year	$ 70,089,591	$ 75,682,918

See Accompanying Notes

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Statements of Cash Flows

For the Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$ (79,182,048)	$ (69,181,285)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	5,860,776	5,907,015
On-Behalf Payments	12,311,217	8,584,170
Changes in Assets and Liabilities:		
Accounts Receivable, Net	401,009	(368,297)
Inventories	31,657	64,487
Prepaids	(10,446)	-
Accounts Payable	(308,600)	(230,196)
Accrued Liabilities	195,622	222,881
Due to Student Groups	94,399	140,148
Unearned Revenue	(133,409)	745,802
Retirement Obligations	1,791,614	355,581
Accrued Compensated Absences	98,761	42,057
Net Cash Provided by (Used in) Operating Activities	$ (58,849,448)	$ (53,717,637)
Supplemental Disclosure of Non-Cash Capital and Related Financing Activity		
Property and Equipment Contributed	$ 11,088,709	$ 9,731,926
Property and Equipment Additions from Capitalized Interest	$ 1,432,762	$ 1,545,699

See Accompanying Notes

Parkland Community College, Community College District #505 (the College) is a governmental unit that provides post-secondary school education and vocational training for the people of East Central Illinois. The summary of accounting policies is presented to assist you in understanding the College's financial statements.

1. Reporting Entity

The College is a community college governed by an elected eight-member Board of Trustees. The College's 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 accounting principles generally accepted in the United States of America, these financial statements present the financial reporting entity of the College, which consists of the College (the primary government of the reporting entity) and Parkland College Foundation (the Foundation), a discretely presented component unit of the College. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the College, the College has the ability to access those resources through common Board members, and those resources are significant to the College.

The assets, liabilities, net assets, revenue, and expenses of the Foundation are included in the basic financial statements presented in Exhibits B and D.

Copies of the separately issued financial statements of Parkland College Foundation are available at the Foundation's office in Champaign, Illinois. There are no other entities for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be materially misstated or incomplete.

2. Basis of Accounting and Significant Accounting Policies

a. The financial statements of the College are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*.

b. 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 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.

c. Certain assets are classified as restricted on the statement of net position because their use is limited by tax levies, grant agreements, or other contractual agreements.

d. For purposes of preparing the statements of cash flows, restricted and unrestricted currency, demand deposits, money market accounts, and highly-liquid investments with a maturity of three months or less at issuance are considered cash and cash equivalents.

e. Accounts receivable include uncollateralized student obligations, which generally require payment by the first day of classes. 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 advice or, if unspecified, to the earliest unpaid invoices.

   The carrying amount of accounts receivable for student tuition 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 collectability of accounts based on the aging of the accounts receivable by semesters. If the actual defaults are higher than the historical experience, management's estimates of 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. The total allowance as of June 30, 2013 and 2012 was $2,991,933 and $2,726,226, respectively.

   Accounts receivable also includes outstanding balances from federal and state funding sources and other miscellaneous items. No allowance has been provided for these receivables, as management believes these are fully collectible based on past experience with these funding sources.

f. The College levies property taxes each year, on all taxable real property located within the College's district, on or before the last Tuesday in December. The 2012 tax levy was passed by the Board of Trustees on November 20, 2012. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The College receives significant distributions of tax receipts approximately one month after these due dates. Revenue from property taxes is recognized in the period for which they are intended to finance. The Board of Trustees resolved that the 2012 tax levy be allocated and recognized 55 percent in fiscal year 2013 and 45 percent in fiscal year 2014. Property tax revenue for the years ended June 30, 2013 and 2012 were from the 2012 and 2011 levies and the 2011 and 2010 levies, respectively. Property tax receivables have not been reduced for an allowance as the College's historical collection experience indicates this amount is insignificant. However, at June 30, 2013 and 2012, the College has recorded an allowance of $1,129,370 and $1,129,370, respectively, for a potential property tax refund identified by the Champaign County Treasurer.

The College's tax levy rate for education and operations, building, and maintenance purposes is limited by Illinois statute to $0.75 and $0.10, respectively, per $100 of equalized assessed valuation. However, a local referendum allows only a maximum total of $0.36 per $100 of equalized assessed value for these two purposes. The College is also limited by Illinois statute to levy no more than $.005 and $.05 per $100 of equalized assessed value for audit purposes and protection, health and safety operations, and maintenance purposes, respectively.

g. Operating revenues include all activities that have the characteristics of exchange transactions, such as student tuition and fees, and sales and services of auxiliary enterprises, net of scholarship discounts and allowances. All other revenues are considered non-operating or other revenues.

h. Non-operating revenues include non-exchange transactions, in which the College receives value without directly giving equal value in return; this includes property taxes, federal, state, and local grants, state appropriations, and other contributions. On an accrual basis, the revenues from property taxes are recognized in the period for which they are intended to finance. Revenues from grants, state appropriations, and other contributions are recognized in the year 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, or expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

i. Inventories are stated at the lower of average cost or market. Cost is determined on a first-in, first-out (FIFO) basis.

j. Capital assets consist of property and equipment, which are recorded at cost. Major additions and those expenditures that substantially increase the useful life of a capital asset are capitalized. The College's capitalization threshold for property and equipment is $2,500 per unit. Maintenance, repairs, and minor additions and expenditures are expensed when incurred. Donated capital assets are recorded at estimated fair market value at the date of donation.

   Major outlays for capital assets and improvements are capitalized as projects are constructed. The College provides for depreciation using the straight-line method over the estimated useful lives of the assets. The useful lives used by the College include fifty years for buildings, ten years for land improvements, and a range of three to ten years for equipment.

The College capitalizes interest incurred on long-term debt issued for construction purposes during the project construction period.

k. Deferred revenue includes amounts received which represent payments for services to be provided in future periods for which asset recognition criteria has been met, but for which revenue recognition criteria have not been met. These amounts consist of property taxes, unexpended grant funds, and tuition and fee charges for a portion of the Summer 2013 semester and all of the Fall 2013 semester. The tuition and fee charges are prorated according to the timing of the semester.

l. Accrued compensated absences consist of accumulated unused vacation days up to a maximum of fifty-six days that employees are allowed to accumulate. Those days are guaranteed to be paid to employees upon termination of employment. The rate of accrued compensated absence is calculated based on the employee's equivalent hourly rate as of June 30, 2013.

m. The College's net position is classified as follows:

Net Position

- Net Investment in Capital Assets – This represents the College's total investment in capital assets net of accumulated depreciation and related debt.

- Restricted Net Position – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or enabling legislation.

- Unrestricted Net Position – This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources may be 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.

When both restricted and unrestricted resources are available to finance expenses for which restricted resource exist, it is the College's policy to first apply restricted resources to such expenses.

n. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Overexpenditure of Legal Budgets

The College overexpended its legally adopted budget for the Operation and Maintenance Fund and Liability, Protection, and Settlement Fund in fiscal year 2013.

The Operation and Maintenance Fund budget was overexpended by $16,523. The overexpenditure was due to salaries being higher than expected with the addition of two new buildings on the College campus.

The Liability, Protection, and Settlement Fund budget was overexpended by $201,556. The overexpenditure was due to higher than expected workers compensation. Additionally, more legal services were used during the current fiscal year in anticipation of the new Affordable Care Act and its impact on the College.

4. Reclassification of Prior Year Amounts

Property taxes receivable and unearned revenue at June 30, 2012 on the statement of net position have each been decreased by $11,051,846 to conform the recording of property taxes to the accrual basis. This reclassification had no impact on the change in net position for the fiscal years ended June 30, 2013 or June 30, 2012.

5. Cash and Investments

The College is authorized to invest in instruments outlined under Chapter 30, Section 235 of the Illinois Compiled Statutes. Such instruments include: direct obligations of federally insured banks and savings and loan associations; insured obligations of Illinois credit unions; securities issued or guaranteed by the U.S. Government; money market mutual funds investing only in U.S. Government based securities; commercial paper of U.S. corporations with assets over $500 million; short-term obligations as defined in the Public Fund Investment Act; and the investment pools managed by the State Treasurer of Illinois.

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's deposit policy requires that funds on deposit in excess of federal deposit insurance limits must be secured by collateral pledged by the financial institution. At June 30, 2013, $33,592,484 of the College's $33,819,288 bank balance was exposed to custodial credit risk. The assets exposed to custodial credit risk were fully collateralized by securities pledged by the depository banks, but such securities are not held in the name of the College.

Credit Risk and Interest Rate Risk – External Investment Pools

At June 30, 2013, the College held $17,311,642 in the Illinois Funds Money Market Fund. The fair value of the College's position in this fund is equal to the value of the College's fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has an AAAm rating from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund that are not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

At June 30, 2013, the College held a total of $19,834,257 in the Illinois School District Liquid Asset Fund Plus. The fair value of the College's position in this fund is equal to the value of the College's fund shares. The Illinois School District Liquid Asset Fund Plus is regulated by private rating agencies. The portfolio has an AAAm rating from Standard and Poor's. The assets of the fund are mainly invested in money market instruments having maximum remaining maturities of one year or less, except investments in U.S. Government securities, which may have up to two years remaining to maturity. The time to maturity of the investments in this external investment pool averages less than one year.

6. Accounts Receivable, Net

Accounts Receivable, Net consists of the following at June 30:

	2013	2012
Tuition Receivables from Students, Net	$ 1,129,146	$ 1,242,563
State Replacement Tax	418,267	386,914
Tuition Receivables from Agencies	426,707	744,445
Grants from Federal and State Sources	599,261	990,559
Unrestricted State Funding	1,940,133	2,080,303
Other Receivables	353,988	236,231
Total Accounts Receivable, Net	$ 4,867,502	$ 5,681,015
Unrestricted	$ 4,167,643	$ 4,540,797
Restricted	699,859	1,140,218
Total Accounts Receivable, Net	$ 4,867,502	$ 5,681,015

7. Property and Equipment, Net

The following is a summary of changes in property and equipment for the year ended June 30, 2013:

	June 30, 2012	Additions	Disposals	June 30, 2013
Assets Not Being Depreciated:				
Land	$ 1,841,745	$ -	$ -	$ 1,841,745
Construction in Progress	26,947,016	15,627,287	9,827,580	32,746,723
Assets Being Depreciated:				
Buildings	56,144,595	4,575,950	-	60,720,545
Land Improvements	27,324,217	5,150,953	-	32,475,170
Equipment	14,754,664	2,207,725	-	16,962,389
Total Property and Equipment	127,012,237	27,561,915	9,827,580	144,746,572
Less: Accumulated Depreciation				
Buildings	(28,553,962)	(1,120,892)	-	(29,674,854)
Land Improvements	(9,857,289)	(2,608,157)	-	(12,465,446)
Equipment	(9,079,848)	(2,131,727)	-	(11,211,575)
Total Accumulated Depreciation	(47,491,099)	(5,860,776)	-	(53,351,875)
Property and Equipment, Net	$ 79,521,138	$ 21,701,139	$ 9,827,580	$ 91,394,697

The following is a summary of changes in property and equipment for the year ended June 30, 2012:

	June 30, 2011	Additions	Disposals	June 30, 2012
Assets Not Being Depreciated:				
Land	$ 1,441,745	$ 400,000	$ -	$ 1,841,745
Construction in Progress	10,702,881	19,872,069	3,627,934	26,947,016
Assets Being Depreciated:				
Buildings	53,661,531	2,483,064	-	56,144,595
Land Improvements	25,915,720	1,408,497	-	27,324,217
Equipment	11,551,832	3,202,832	-	14,754,664
Total Property and Equipment	103,273,709	27,366,462	3,627,934	127,012,237
Less: Accumulated Depreciation				
Buildings	(27,482,732)	(1,071,230)	-	(28,553,962)
Land Improvements	(7,267,798)	(2,589,491)	-	(9,857,289)
Equipment	(6,833,552)	(2,246,296)	-	(9,079,848)
Total Accumulated Depreciation	(41,584,082)	(5,907,017)	-	(47,491,099)
Property and Equipment, Net	$ 61,689,627	$ 21,459,445	$ 3,627,934	$ 79,521,138

8. Unearned Revenue

Unearned revenue consists of the following at June 30:

	2013	2012
Unearned Student Tuition	$ 1,679,193	$ 1,822,076
Unearned Student Fees	80,507	88,706
Other Unearned Revenue	636,649	618,976
Total Unearned Revenue	$ 2,396,349	$ 2,529,758

9. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

	June 30, 2012	Additions	Retired	June 30, 2013	Due Within One Year
Compensated Absences	$ 1,593,718	$ 1,440,000	$ 1,341,239	$ 1,692,479	$ -
Capital Lease Obligations	31,512	-	31,512	-	-
Bonds	66,545,000	-	1,105,000	65,440,000	1,325,000
Retirement Obligation	881,509	2,158,967	367,353	2,673,123	520,914
Total Long-Term Debt	$ 69,051,739	$ 3,598,967	$ 2,845,104	$ 69,805,602	$ 1,845,914

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

	June 30, 2011	Additions	Retired	June 30, 2012	Due Within One Year
Compensated Absences	$ 1,551,661	$ 1,303,638	$ 1,261,581	$ 1,593,718	$ -
Capital Lease Obligations	64,779	-	33,267	31,512	31,512
Bonds	67,440,000	-	895,000	66,545,000	1,105,000
Retirement Obligation	525,928	591,883	236,302	881,509	348,305
Total Long-Term Debt	$ 69,582,368	$ 1,895,521	$ 2,426,150	$ 69,051,739	$ 1,484,817

The College issued general obligation community college bonds in March 2009 to refund three outstanding debt certificates. The bonds mature annually on December 1 and June 1 beginning December 1, 2010 and run through December 1, 2028. Interest rates on the bonds range from 1.75 percent to 5 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2009. The balance outstanding at June 30, 2013 was $33,985,000.

The College issued 2010A general obligation community college bonds in February 2010 to refund the College’s outstanding debt certificate. The bonds mature annually on December 1, beginning December 1, 2011 and run through December 31, 2027. Interest rates on the bonds range from 1.00 percent to 4.05 percent. Interest is payable semi annually on June 1 and December 1 beginning December 1, 2010. The balance outstanding at June 30, 2013 was $22,465,000.

The College issued 2010B general obligation community college bonds (alternative revenue source) in February 2010 to fund building construction projects. The bonds mature annually on December 1, beginning December 1, 2010 and run through December 1, 2029. Interest rates on the bonds range from 1.00 percent to 4.20 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2010. The balance outstanding at June 30, 2013 was $8,990,000.

The College has pledged future revenues to repay the principal and interest of the 2010B general obligation community college bonds (alternative revenue source). Principal and interest on these bonds are payable through December 2029 from the College’s student fees and other lawfully available funds of the College, which essentially consists of the operating revenue of the College’s Education and Operations and Maintenance-Operational sub-funds. Annual principal and interest payments on the bonds are expected to require approximately a maximum of 4.07 percent of such revenues. The principal and interest payments for fiscal years 2013 and 2013 were $740,940 and $737,134, respectively. The College’s pledged revenues totaled $18,417,343 and $18,284,887 for fiscal years 2013 and 2012, respectively. At June 30, 2013, pledged future revenues totaled $12,606,024, which is the amount of the remaining principal and interest on the bonds.

Maturities of the bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	$ 1,325,000	$ 2,839,820	$ 4,164,820
2015	1,570,000	2,803,620	4,373,620
2016	1,840,000	2,755,895	4,595,895
2017	2,130,000	2,693,795	4,823,795
2018	2,495,000	2,611,408	5,106,408
2019-2023	18,535,000	11,076,643	29,611,643
2024-2028	31,440,000	5,371,515	36,811,515
2029-2030	6,105,000	181,500	6,286,500
	$ 65,440,000	$ 30,334,196	$ 95,774,196

The bonds are subject to early redemption at the College’s option beginning December 1, 2019. The redemption price equals par value plus accrued interest.

The bonds are carried on the statement of net assets net of the amortized balance of bond issue costs and the expense of previously refunded debt certificates. The bond issue costs and refunding expense will be amortized as follows:

Fiscal Year Ending June 30	Bond Issue Costs	Refunding Expense	Total
2014	$ 20,520	$ 77,170	$ 97,690
2015	20,520	77,170	97,690
2016	20,520	77,170	97,690
2017	20,520	77,170	97,690
2018	20,520	77,170	97,690
2019-2023	102,600	164,424	267,024
2024-2028	97,467	-	97,467
	$ 302,667	$ 550,274	$ 852,941

Total amortization for the year ended June 30, 2013 and 2012 was $97,690. This amount is included in interest expense.

Total interest incurred for all long term debt for the year ended June 30, 2013 and 2012 was $2,967,319 and $2,990,853, respectively, including the amortization of bond issue costs and the refunding expense. Of this amount, $1,432,762 and $1,545,699, respectively, was capitalized as part of the cost of multiple capital projects that were in progress during the fiscal year. The remaining $1,537,557 and $1,445,154, respectively, of interest has been expensed on the statement of revenues, expenses, and changes in net position.

In Fiscal Year 2009, the College defeased debt certificates by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the College's financial statements. At June 30, 2013 and 2012, $5,585,000 and $6,125,000 of debt principal is considered defeased.

10. Lease Revenue

The College is the lessor of office and rooftop space under four operating leases. Two expire on July 31, 2013, one on June 30, 2014, and one on August 31, 2014. Each lease has an early termination clause at the option of the lessee. The cost of the office facility leased was $3,600,000 at June 30, 2013 and 2012. The carrying value was $3,312,000 and $3,369,600 at June 30, 2013 and 2012, respectively.

Minimum future rentals to be received on these leases, including periods subject to early termination, are as follows:

Fiscal Year Ending June 30,	
2014	$ 42,825
2015	2,000
Total	$ 44,825

11. Lease Commitments

The College is obligated under various operating leases for office equipment, with terms expiring between September 2013 and June 2016. Additionally, the College is obligated under one non-cancellable operating lease for office space, with terms running through August 2016. An operating lease does not give rise to property rights or purchase obligations and, therefore this lease agreement is not reflected in the College's capital assets.

Future minimum lease payments under these operating leases are as follows:

Fiscal Year Ending June 30,		
2014	$	143,384
2015		136,292
2016		120,333
2017		11,843
Total	$	411,852

Total rental expense for leased equipment and facilities for the years ending June 30, 2013 and June 30, 2012 was $163,585 and $220,417, respectively.

12. Early Retirement Plan

The College offers an early retirement incentive program to its employees. For an employee to be eligible, the employee must have been employed at Parkland on a full-time basis for at least 15 years and be at least 55 years old at retirement. For the health safety and security officers and the professional academic staff, upon reaching eligibility, the bargaining unit member has five years following the date in which he/she achieved eligibility to retire under the plan and must declare by November 15 at least two full contract years preceding the retirement date. For professional support staff, the employee must declare by December 31 for a July 1 retirement or by July 1 for a December 31 retirement. When an employee declares retirement as specified above, he/she will receive a one-time stipend of 10 percent of their final base salary, which is paid on the retirement date. An amount equal to the final base salary will be paid in equal monthly payments over the four-year period beginning the month following the retirement date. The employee will also receive an annual stipend for four years following retirement equal to the College Insurance Plan indemnity plan annual premium rate divided by sixty-nine percent, readjusted annually according to the new yearly rate. The rate was $4,517 for each of the years ended June 30, 2013 and 2012. The initial stipend will be based on the July 1 rate closest to the retiree's retirement date.

At June 30, 2013 and 2012, the early retirement plan had 49 and 49 active participants, respectively. Early retirement plan expense was $2,158,967 and $236,302 for fiscal years 2013 and 2012, respectively. At June 30, 2013 and 2012, the College had accrued a liability of $2,673,123 and $881,509, respectively, for future required payments for the College's declared retirees under the Plan described above. The liability was calculated based on the present value of future payments discounted at the Wall Street Journal Prime Rate, which was 3.25 percent at June 30, 2013 and 2012, respectively. A static College Insurance Plan indemnity plan annual rate was used in calculating the liability.

Effective August 15, 2013, the College started a new retirement plan for academic employees, which include all full-time faculty, professors who have previously been employed as full-time faculty for at least 15 years, full-time counselors, and full-time librarians. Eligibility requirements vary by employee type.

13. 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 state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org or calling 1-800-275-7877.

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 (for fiscal year 2014) is 35.20 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 ending June 30, 2013, and 2012, and 2011 were $12,158,762, $8,434,197, and $6,631,338, respectively, equal to the required contributions for each year.

For the years June 30, 2013 and 2012, the College recorded on-behalf revenue and on-behalf expense in the amount of $12,311,217 and $8,584,170, respectively, for the contributions made by the State of Illinois on behalf of the College to SURS. This includes on-behalf revenue and on-behalf expense of $152,455 and $149,973 in fiscal years 2013 and 2012 for contributions made by the State of Illinois to the Community College Health Insurance Program for the College.

The College provides no other financially significant postemployment benefit to employees.

14. Related Party Transactions

Parkland College Foundation is a nonprofit corporation organized for the purpose of furthering the excellence of education at the College. The Foundation is considered a related party due to common Board members. The College and Foundation have the following related party transactions:

- The College holds the Foundation’s cash in a College bank account and records a liability equal to the cash balance held. In addition, the College advances operating funds to the Foundation under a non-interest bearing working-cash loan agreement. Any receivable balance for this working-cash loan is netted against the cash balance held for the Foundation. At June 30, 2013 and 2012, the net amount owed to the Foundation was $175,758 and $409,876, respectively.

- During the years ended June 30, 2013 and 2012, the College incurred costs for the Foundation in the form of donated in-kind services in the amount of $160,771 and $150,366, respectively.

- The Foundation donates certain in-kind items to the College to support the programs of the College. The total fair value of these items, as calculated by the Foundation, for the years ended June 30, 2013 and 2012 was $394,011 and $400,000, respectively.

15. Self 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 excess 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, 2013 and 2012, the accrued claims were $647,021 and are included in the accrued liabilities on the Statement of Net Position.

The stop-loss limits for the health insurance plan at June 30, 2013 and 2012 were $175,000 and $175,000, respectively. 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 will be reflected in a future period.

The change in the claim liability over the past two years was as follows:

	2013	2012
Accrued Claims, Beginning of Year	$ 497,021	$ 497,021
Incurred Claims	6,880,549	6,359,260
Claim Payments	(6,730,549)	(6,359,260)
Accrued Claims, End of Year	$ 647,021	$ 497,021

16. Other Risk Management Issues

The College is exposed to various risks of loss due to torts, theft, or damage to assets, errors and omissions, and natural disasters. The College purchases commercial insurance for these risks. There has been no significant reduction in coverage over the past two years and settlements have not exceeded insurance coverage in any of the past three years.

17. Inter-Sub-Fund Balances and Transfers

The College maintains various sub-funds to track the activity of the primary government. Following is a summary of the balances and transactions among these sub-funds as of and for the year ended June 30, 2013.

	Due to	Due from
Education Fund	$ -	$ 259,730
Restricted Purposes Fund	259,730	-
Auxiliary Child Care Services Fund	4,736	-
Auxiliary Prospectus Fund	-	4,736
Total Inter-Sub-Fund Balances	$ 264,466	$ 264,466

	Transfer in	Transfer out
Education Fund	$ 7,107	$ 795,835
Bond and Interest Fund	972,496	-
Operations and Maintenance Fund - Restricted	-	972,496
Working Cash Fund	-	7,107
Auxiliary Athletics Fund	550,000	-
Auxiliary Business Development Center Fund	70,835	-
Auxiliary Child Care Services Fund	175,000	-
Total Transfers	$ 1,775,438	$ 1,775,438

The inter-sub-fund balances and transactions are eliminated for the preparation of the basic financial statements of the primary government of the College.

18. Commitments

The College has eight uncompleted major construction contracts in progress through the date of the Independent Auditors' Report. The remaining commitment on seven of the construction contracts was approximately $21,080,000 at June 30, 2013. One contract was entered into subsequent to June 30, 2013 for approximately $240,000.

The College has a contract for the purchase of electricity through March 2016. The contract contains set rates for summer, non-summer, peak, and off peak kilowatt hours. The approximate per fiscal year cost related to this contract is $439,000. The contract allows for the use of rates outside the set rates in cases of material changes in capacity or usage by the College. The rates used in those circumstances may be the then applicable market rate or an alternative rate agreed upon between the College and the provider.

19. Discretely Presented Component Unit

The following notes are provided for the College's component unit, Parkland College Foundation:

A. Nature of Organization

Parkland College Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Illinois for the purpose of furthering the excellence of education at Parkland Community College, Community College District #505 (the College). The Foundation is considered a component unit of the College under the accounting standards followed by the College; however, the Foundation is a separate legal entity.

The Foundation's major sources of revenue and support are contributions from donors and investment income.

B. Summary of Significant Accounting Policies

a. The Foundation's financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States. Net assets of the Foundation and changes therein are classified and reported as follows:

   Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations

   Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Board of Directors and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

b. Investments consist of a managed investment accounts comprised of various equity and fixed income investments. These investments are stated at fair market value based on quoted markets prices and are classified as held to maturity.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the valuation techniques used for investments, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's account balances and the amounts reported in the financial statements

c. Land investment is recorded at fair market value. Use of the land is subject to a life tenant. The Foundation has recorded a use obligation at fair value for this life interest. Due to the estimation of the value of land, as well as the life interest of the original tenant, it is at least reasonably possible that the value of the land investment and related use obligation will be revised.

d. Pledges receivable consists of unconditional promises to give to the Foundation for operating and restricted activities. Certain long-term contributions are discounted to present value based on expected payment schedules and interest rates. The effective interest rate used to discount pledges receivable at June 30, 2013 was 3.25 percent.

   The carrying amount of pledges receivable is reduced by a valuation allowance based on management's assessment of the collectability of specific contribution balances. Due to the estimation of future collection of promises to give, it is at least reasonable that the value of pledges receivable, the discounted present value, and the related allowance, will be revised.

e. Property and equipment expenditures in excess of $2,500 are capitalized and recorded at cost or, if donated, at fair market value at the time of donation. Donated property and equipment are capitalized at estimated cost or, if donated, fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful life of assets.

f. The Foundation holds special events throughout the year. A portion of the revenue raised at these events is considered reciprocal and is not tax deductible to the donor. This revenue is segregated from regular contributions and presented net of related expenses as special events revenue.

g. Contributions of facilities and services are recognized if the benefit received (a) creates or enhances non-financial assets or (b) requires specialized skills provided by individuals possessing those skills and (c) would typically need to be purchased if not provided by donation. Such contributions are recorded at fair market value on the date of the contribution, and presented as in-kind contributions.

h. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

i. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

j. As of June 30, 2013, the federal and state tax filings of the Foundation that fall within the applicable statutes of limitation remain open for review by tax authorities.

k. The Foundation has evaluated subsequent events through September 25, 2013, the date which the financial statements were available to be issued.

l. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Pledges Receivable

Pledges receivable at June 30, 2013 consists of amounts due in:

Less than One Year	$	140,839
One to Five Years		131,349
More than Five Years		521,174
Gross Pledges Receivable		793,362
Less: Allowance for Doubtful Accounts		(87,000)
Less: Discount on Long Term Pledges Receivable		(366,075)
Net Pledges Receivable	$	340,287

D. Investments

Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value under generally accepted accounting principles. Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Topic 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. Topic 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013.

Cash and Cash Equivalents – Valued at the cash balance available to the Foundation as of June 30, 2013

Equities, Mutual Funds, and Bonds – Valued at unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access

The following table sets forth by level within the fair value hierarchy, the Foundation's investments at fair value as of:

	Cost	Market	Fair Value Level
Cash and Cash Equivalents	$ 2,294,071	$ 2,294,071	1
Common Stock	1,691,401	1,995,586	1
Mutual Funds	979,550	1,014,895	1
Corporate Bonds	183,046	184,324	1
Municipal Bonds	50,000	55,630	1
Total	$ 5,198,068	$ 5,544,506	

Land Investment and Related Use Obligation – While the land investment and related use obligation is presented separately on the statement of financial position, the value of these items is also based on fair market value. The land investment value is based on the National Agricultural Statistics Service's manual annual estimated farm real estate value for the State of Illinois.

The use obligation value is based on average cash rents, in Champaign County per the United State Department of Agriculture, discounted using an effective interest rate of 3.25 percent and an estimated period based on life expectancy tables per the Internal Revenue Service's Publication 590 Individual Retirement Arrangements.

These valuation methods fall within Level 2 of the fair value hierarchy as described above.

Endowments

The Foundation maintains endowment funds, which represent gifts that have been accepted with the donor stipulation that the principal be maintained intact in perpetuity. Income from these assets is temporarily restricted to provide scholarships. Accordingly, earnings are recognized as temporarily restricted net assets. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, if any, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's management believes it is following the Uniform Prudent Management of Institutional Funds Act adopted by the State of Illinois, although the Foundation has not sought the opinion of legal counsel on the appropriateness of this assertion. As a result, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those assets are appropriated for expenditure by the Foundation. The Foundation has not adopted a policy for appropriation and approval by the Board of Directors of endowment expenses.

The objective of the Foundation is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return to meet cash flow needs while minimizing risk. To achieve that objective, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes targets of 50 percent equity and 50 percent fixed income securities that is intended to result in a consistent inflation-protected rate of return. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to expose the fund to acceptable levels of risk.

The Foundation has a policy of appropriating for distribution interest and dividends, net of fees, received on its endowments. During the year ended June 30, 2013, the Foundation did not liquidate investments for this appropriation and instead funded this appropriation with current year cash receipts. In addition, the current scholarship agreement allows the Foundation to charge certain fees including investment manager fees as well as an amount equal to a percent per annum of the fair market value of the endowment. This amount will be determined by the Board of Directors annually and will not exceed 10 percent. This policy may be changed from time to time provided that any changes are applied uniformly to all funds administered by the Foundation. For the year ended June 30, 2013, the Board elected not to charge such a fee.

Endowment net asset composition and changes in net assets as of and for the year ended June 30, 2013, by type of fund, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of Year, July 1, 2012	$ -	$ 643,101	$ 4,036,016	$ 4,679,117
Contributions	-	-	499,523	499,523
Interest and Dividends	-	72,808	-	72,808
Net Realized and Unrealized Loss	-	314,464	-	314,464
Fees	-	(21,406)	-	(21,406)
End of Year, June 30, 2013	$ -	$ 1,008,967	$ 4,535,539	$ 5,544,506

E. Collateralization of Investments

The Foundation maintains its investments in a variety of local and nationwide financial institutions. Investments are financial instruments that potentially subject the Foundation to a concentration of credit risk.

The insurance level at all Securities Investor Protection Corporation (SIPC) insured financial institutions is $500,000 per institution, per account holder. As of June 30, 2013, the Company has investments in financial institutions in excess of the amounts insured by the SIPC in the amount of $3,270,952.

F. Property and Equipment

Property and equipment consist of the following as of June 30, 2013:

Furniture & Fixtures	$ 32,431
Equipment	9,462
Less: Accumulated Depreciation	(38,363)
Property and Equipment, Net	$ 3,530

G. Board Designated Net Assets

Board designated net assets at June 30, 2013 are available for the following purposes:

Community Scholarships	$ 101,706
Automotive Lab	1,133
Total	$ 102,839

H. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2013 are available for the following purposes:

Land Investment	$ 1,880,000
Scholarships	993,171
Building	521,020
Institutional Programs and Support	458,161
Equipment	105,411
Agricultural Technology Center	104,118
Pledges Receivable, Net Allowance and Discount	125,100
Unallocated Cumulative Realized/Unrealized Investment Gain/Loss	893,692
Farmland Use Obligation	(270,000)
Total	$ 4,810,673

I. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2013 are restricted to:

Scholarships	$ 3,436,231
Institutional Programs and Support	726,913
Agricultural Technology Center	473,513
Pledges Receivable, Net Allowance and Discount	201,599
Total	$ 4,838,256

J. Related Party Transactions

The Foundation's cash balance is automatically swept to a cash account owned by Parkland College (the College). In addition, the Foundation has an operating agreement with the College that provides that the College will provide a non-interest bearing loan to the Foundation for the purpose of replenishing restricted funds for operating expenditures. The balances in these accounts have been classified as "Due from Related Party" in the statement of financial position.

In addition, the College provided donated services to the Foundation consisting of salaries, benefits, utilities, and materials.

For the year ended June 30, 2013, the amount contributed and included as in-kind revenues totaled $160,771: $126,091 in salaries, $24,478 in benefits, $5,113 in utilities, and $5,089 in materials. These expenses are included in the statement of activities and are allocated half to "Management and General" and half to "Fundraising".

During the year the Foundation donated certain in-kind items to the College, including agricultural equipment of $350,000. The cost of these items is classified as Institutional Support in the Statement of Changes in Net Assets.

K. Concentration of Revenue

The Foundation received approximately $850,000, or 41 percent, of its total support and revenue from two donors for the year ended June 30, 2013, of which $3,000 was uncollected and included in pledges receivable as of June 30, 2013.

L. Negative Unrestricted Net Assets

The Foundation receives a substantial amount of gifts that are temporarily or permanently restricted by the donors. However, the Foundation does not typically receive enough unrestricted donations to offset annual management & general and fundraising expenses. Cumulatively this has resulted in a shortfall of assets to comply with donor restrictions of approximately $1.9 million as of June 30, 2013. This amount is reflected as the negative unrestricted net asset balance on the Statements of Financial Position.

The Foundation owns a land investment with an estimated fair value of approximately $1.9 million. This amount has been recorded as temporarily restricted based upon the time restriction of the life interest in the property as defined in an estate. It is important to note that the fair market value of the land investment will transfer from temporarily restricted to unrestricted net assets when the farmer who holds the life interest passes. At June 30, 2013 the value of the land is consistent with the negative unrestricted net asset balance.

Also, the College does have an ongoing line of credit with the Foundation to address cash flow problems. The College recognizes there may be a need in the future to support more of the Foundation's unrestricted operations. This is not an uncommon practice for Illinois Community College Foundations.

The Foundation Board of Directors and the College Administration are aware of the Foundation's Unrestricted Net Asset deficit. Both the Foundation Board and College Administration will continue to monitor this situation closely and work together to maintain the Foundation's financial viability.

M. Prior Period Adjustments

The accompanying financial statements (Exhibit B) include prior period adjustments to correct errors from prior periods. The Foundation’s individual fund totals were not properly aggregated by type of donor restriction (Unrestricted, Temporarily Restricted and Permanently Restricted). Net assets at June 30, 2012 were changed as follows: unrestricted net assets decreased $6,570, temporarily restricted net assets increased $274,462, and permanently restricted net assets decreased $267,892. The aggregate difference in Total Net Assets at June 30, 2012 is $0.

20. Supplementary Information

Schedules 1 through 3, Schedules 6 through 9, Schedules 14 through 16, Schedule 20, and Schedules 22 through 24 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) for a special-purpose government engaged only in business-type activities.

In the schedules noted, the modified accrual basis of accounting differs from (GAAP) for a special-purpose government engaged only in business-type activities because:

- Capital assets are not depreciated and depreciation expense is not presented in the schedules, except for funds considered to be proprietary operations.
- Payments of principal on long-term debt is reported as expenditures in the schedules.
- In the schedules, the full amount of summer school revenue is recognized in the fiscal year in which the related term is completed.
- Expenditures in the schedules include the cost of capital asset acquisitions, except for funds considered to be proprietary operations.
- Debt service expenditures in the schedules, as well as expenditures related to early retirement benefits, are recorded only when payment is due, except for funds considered to be proprietary operations.
- The schedules exclude accrued interest on long term debt.
- Expenditures in the schedules include the issuance costs of long-term debt.
- Property taxes receivable and unearned revenue in the schedules include property taxes not yet earned and not yet received as of June 30.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combined Balance Sheet -
Modified Accrual Basis (Governmental Fund Types and Account Groups)
and GAAP Basis (Proprietary and Fiduciary Fund Types)

All Fund Types and Account Groups

June 30, 2013

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		
	General	Special Revenue	Debt Service	Capital Projects Fund - Operation and Maintenance Restricted	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
ASSETS									
Cash and Cash Equivalents	$ 22,349,050	$ 1,166,340	$ 2,849,068	$ 33,772,462	$ 1,674,612	$ 8,278,059	$ -	$ -	$ 70,089,591
Receivables:									
Property Taxes, Net	8,999,277	1,558,748	1,871,385	623,221	-	-	-	-	13,052,631
Replacement Taxes	418,267	-	-	-	-	-	-	-	418,267
Agency Tuition, Net	426,707	-	-	-	-	-	-	-	426,707
Student Tuition and Fees, Net of Allowance for Uncollectible Accounts of $2,991,933	1,129,146	-	-	-	-	-	-	-	1,129,146
Governmental Grants	1,940,133	-	-	-	-	-	-	-	1,940,133
Business and Industry Training	-	-	-	-	33,174	-	-	-	33,174
Student Loans	-	100,598	-	-	-	-	-	-	100,598
Other	220,216	599,261	-	-	-	-	-	-	819,477
Due from Parkland Foundation	4,000	33,292	-	260,000	-	592,975	-	-	890,267
Due from Other Funds	259,730	-	-	-	4,736	-	-	-	264,466
Prepaid Assets	-	10,446	-	-	-	-	-	-	10,446
Inventory	-	-	-	-	668,615	-	-	-	668,615
Property and Equipment, Net	-	-	-	-	52,947	-	91,341,750	-	91,394,697
OTHER DEBITS									
Amount Available to Retire Debt	-	-	-	-	-	-	-	3,193,136	3,193,136
Amount to be Provided to Retire Debt	-	-	-	-	-	-	-	64,399,073	64,399,073
Total Assets and Other Debits	$ 35,746,526	$ 3,468,685	$ 4,720,453	$ 34,655,683	$ 2,434,084	$ 8,871,034	$ 91,341,750	$ 67,592,209	$ 248,830,424

Schedule 1
(continued)

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combined Balance Sheet -
Modified Accrual Basis (Governmental Fund Types and Account Groups)
and GAAP Basis (Proprietary and Fiduciary Fund Types)

All Fund Types and Account Groups

June 30, 2013

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		
	General	Special Revenue	Debt Service	Capital Projects Fund-Operation and Maintenance Restricted	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
Accounts Payable	$ 151,190	$ 22,911	$ -	$ 550,753	$ 33	$ -	$ -	$ -	$ 724,887
Vacation Payable	1,418,129	149,041	-	-	125,309	-	-	-	1,692,479
Retirement Payable	520,914	-	-	-	-	-	-	2,152,209	2,673,123
Accrued Liabilities	2,351,825	-	-	-	1,508	-	-	-	2,353,333
Unearned Revenue	11,568,919	1,946,300	1,527,317	694,445	126,764	-	-	-	15,863,745
Due to Other Funds	-	259,730	-	-	4,736	-	-	-	264,466
Due to Parkland Foundation	1,054,400	-	-	-	11,625	-	-	-	1,066,025
Due to Student Groups	-	-	-	-	-	1,271,676	-	-	1,271,676
Capital Lease Obligations	-	-	-	-	-	-	-	-	-
Unapplied Financial Aid	-	-	-	-	-	-	-	-	-
G. O. Bonds	-	-	-	-	-	-	-	65,440,000	65,440,000
Total Liabilities	17,065,377	2,377,982	1,527,317	1,245,198	269,975	1,271,676	-	67,592,209	91,349,734
Investment in General Fixed Assets	-	-	-	-	-	-	91,341,750	-	91,341,750
Fund Balance:									
Reserved For:									
Prepaid Assets	-	10,446	-	-	-	-	-	-	10,446
Student Loans	-	100,598	-	-	-	-	-	-	100,598
Trust and Agency Assets	-	-	-	-	-	7,599,358	-	-	7,599,358
Unreserved, Undesignated	18,681,149	979,659	3,193,136	33,410,485	-	-	-	-	56,264,429
Retained Earnings	-	-	-	-	2,164,109	-	-	-	2,164,109
Total College Equity	18,681,149	1,090,703	3,193,136	33,410,485	2,164,109	7,599,358	91,341,750	-	157,480,690
Total Liabilities and College Equity	$ 35,746,526	$ 3,468,685	$ 4,720,453	$ 34,655,683	$ 2,434,084	$ 8,871,034	$ 91,341,750	$ 67,592,209	$ 248,830,424

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Modified Accrual Basis

All Governmental Fund Types

For the Year Ended June 30, 2013

	General	Special Revenue	Debt Service - Bond and Interest	Capital Projects Fund-Operation and Maintenance Restricted	Total (Memorandum Only)
Revenue					
Local Sources	$ 19,691,298	$ 2,865,678	$ 3,346,382	$ 1,264,267	$ 27,167,625
State Sources	6,328,388	2,415,192	-	11,110,845	19,854,425
Federal Sources	61,466	26,377,298	-	-	26,438,764
Tuition and Fees	27,987,699	-	-	-	27,987,699
Facilities	930,698	-	-	976,347	1,907,045
Interest	91,465	4	-	6,249	97,718
Other Revenue	581,225	53,942	-	-	635,167
On-Behalf Payments	12,311,217	-	-	-	12,311,217
Total Revenue	67,983,456	31,712,114	3,346,382	13,357,708	116,399,660
Expenditures					
Instruction	28,567,838	623,967	-	-	29,191,805
Academic Support	5,453,382	2,233,403	-	558	7,687,343
Student Services	4,931,104	497,175	-	-	5,428,279
Public Service	974,585	599,342	-	-	1,573,927
Auxiliary Services	-	5,096	-	-	5,096
Operation and Maintenance of Plant	5,836,720	1,887,198	-	17,877,474	25,601,392
Scholarships and Grants	-	24,721,637	-	-	24,721,637
Institutional Support	9,485,262	1,475,322	-	-	10,960,584
Principal	31,512	-	1,105,000	-	1,136,512
Interest	1,398	-	2,870,626	-	2,872,024
On-Behalf Payments	12,311,217	-	-	-	12,311,217
Total Expenditures	67,593,018	32,043,140	3,975,626	17,878,032	121,489,816
Revenue Over (Under) Expenditures	390,438	(331,026)	(629,244)	(4,520,324)	(5,090,156)
Other Financing Sources (Uses)					
Operating Transfers, Net	(788,728)	-	972,496	(972,496)	(788,728)
Total Other Financing Sources (Uses)	(788,728)	-	972,496	(972,496)	(788,728)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(398,290)	(331,026)	343,252	(5,492,820)	(5,878,884)
Fund Balance, July 1, 2012	19,079,439	1,421,729	2,849,884	38,903,305	62,254,357
Fund Balance, June 30, 2013	$ 18,681,149	$ 1,090,703	$ 3,193,136	$ 33,410,485	$ 56,375,473

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combined Statement of Revenue, Expenditures,
and Changes in Fund Balances - Budget and Actual - Modified Accrual Basis

All Budgeted Governmental Fund Types

For the Year Ended June 30, 2013

	General		Special Revenue		Debt Service - Bond and Interest Fund		Capital Projects Fund - Operation and Maintenance Restricted		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenue										
Local Sources	$ 19,586,007	$ 19,691,298	$ 2,777,553	$ 2,865,678	$ 3,357,576	$ 3,346,382	$ 1,275,856	$ 1,264,267	$ 26,996,992	$ 27,167,625
State Sources	6,419,658	6,328,388	3,126,812	2,415,192	-	-	15,000,000	11,110,845	24,546,470	19,854,425
Federal Sources	175,000	61,466	26,486,739	26,377,298	-	-	-	-	26,661,739	26,438,764
Tuition and Fees	29,214,048	27,987,699	-	-	-	-	-	-	29,214,048	27,987,699
Facilities	1,075,500	930,698	-	-	-	-	1,011,500	976,347	2,087,000	1,907,045
Interest	98,000	91,465	5,250	4	-	-	185,000	6,249	288,250	97,718
Other Revenue	657,500	581,225	278,239	53,942	-	-	-	-	935,739	635,167
Total Revenue	57,225,713	55,672,239	32,674,593	31,712,114	3,357,576	3,346,382	17,472,356	13,357,708	110,730,238	104,088,443
Expenditures										
Instruction	28,892,931	28,567,838	679,126	623,967		-	-	-	29,572,057	29,191,805
Academic Support	6,148,636	5,453,382	2,922,020	2,233,403	-	-	-	558	9,070,656	7,687,343
Student Services	4,982,964	4,931,104	564,949	497,175	-	-	-	-	5,547,913	5,428,279
Public Service	985,088	974,585	810,135	599,342	-	-	-	-	1,795,223	1,573,927
Auxiliary Services	-	-	5,096	5,096	-	-	-	-	5,096	5,096
Operation and Maintenance of Plant	5,872,120	5,836,720	2,014,892	1,887,198	-	-	51,947,425	17,877,474	59,834,437	25,601,392
Grants and Scholarships	-	-	24,550,425	24,721,637	-	-	-	-	24,550,425	24,721,637
Institutional Support	9,674,423	9,485,262	1,169,373	1,475,322	-	-	-	-	10,843,796	10,960,584
Principal	-	31,512	-	-	1,105,000	1,105,000	-	-	1,105,000	1,136,512
Interest	-	1,398	-	-	2,870,626	2,870,626	-	-	2,870,626	2,872,024
Total Expenditures	56,556,162	55,281,801	32,716,016	32,043,140	3,975,626	3,975,626	51,947,425	17,878,032	145,195,229	109,178,599
Revenue Over (Under) Expenditures	669,551	390,438	(41,423)	(331,026)	(618,050)	(629,244)	(34,475,069)	(4,520,324)	(34,464,991)	(5,090,156)
Other Financing Sources (Uses)										
Operating Transfers, Net	(865,000)	(788,728)	-	-	1,011,500	972,496	(1,011,500)	(972,496)	(865,000)	(788,728)
Total Other Financing Sources (Uses)	(865,000)	(788,728)	-	-	1,011,500	972,496	(1,011,500)	(972,496)	(865,000)	(788,728)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (195,449)	(398,290)	$ (41,423)	(331,026)	$ 393,450	343,252	$ (35,486,569)	(5,492,820)	$ (35,329,991)	(5,878,884)
Fund Balance, July 1, 2012		19,079,439		1,421,729		2,849,884		38,903,305		59,404,473
Fund Balance, June 30, 2013		$ 18,681,149		$ 1,090,703		$ 3,193,136		$ 33,410,485		$ 56,375,473

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combined Statement of Revenue, Expenses,
and Changes in College Equity - Budget and Actual

Proprietary Fund Types and Similar Trust Funds

For the Year Ended June 30, 2013

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
Operating Revenue				
Student and Community Services	$ -	$ -	$ 5,814,250	$ 4,904,919
Student Tuition and Fees	-	-	939,500	1,132,046
State Sources	-	-	-	-
Other Revenue	-	-	16,000	44,524
Investment Revenue	10,000	7,107	1,000	-
Total Operating Revenue	10,000	7,107	6,770,750	6,081,489
Operating Expenses				
Salaries	-	-	1,659,072	1,771,222
Employee Benefits	-	-	451,990	520,517
Contractual Services	-	-	566,610	423,958
General Materials and Supplies	-	-	3,611,755	3,169,683
Conference and Meeting	-	-	201,366	204,106
Fixed Charges	-	-	888,191	706,543
Utilities	-	-	1,760	1,556
Capital Outlay	-	-	0	970
Interest	-	-	-	-
Depreciation	-	-	0	94,156
Other	-	-	247,929	200,294
Total Operating Expenses	-	-	7,628,673	7,093,005
Operating Income (Loss)	10,000	7,107	(857,923)	(1,011,516)
Other Financing Sources (Uses)				
Operating Transfers, Net	(10,000)	(7,107)	875,000	795,835
Net Income	$ -	-	$ 17,077	(215,681)
College Equity, July 1, 2012		7,600,000		2,379,790
College Equity, June 30, 2013		$ 7,600,000		$ 2,164,109

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combined Statement of Cash Flows

Proprietary Fund Types and Similar Trust Funds

For the Year Ended June 30, 2013

	Fiduciary Fund Type Working Cash Fund	Proprietary Fund Type Enterprise Funds
Cash Flows from Operating Activities		
Auxiliary Enterprise Charges	$ -	$ 4,904,919
Student Tuition and Fees	-	1,135,300
Payments to Suppliers	-	(4,778,756)
Payments to Employees and Benefits Paid	-	(2,283,898)
Interest on Investments	7,107	44,524
Net Cash Provided by (Used in) Operating Activities	7,107	(977,911)
Capital and Related Financing Activities		
Purchase of Equipment	-	(29,794)
Non-Capital Financing Activities		
Change in Due To (From) Parkland Foundation	-	6,830
Operating Transfers In (Out)	(7,107)	795,835
Net Cash Provided by (Used in) Non-Capital Financing Activities	(7,107)	802,665
Net Increase (Decrease) in Cash and Cash Equivalents	-	(205,040)
Cash and Cash Equivalents, July 1, 2012	7,600,000	1,879,652
Cash and Cash Equivalents, June 30, 2013	$ 7,600,000	$ 1,674,612
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$ 7,107	$ (1,011,516)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	-	94,156
Reclassification of Capital Assets	-	(15,148)
Removal of Capital Lease Liability	-	(83,546)
Changes in Assets and Liabilities:		
Receivables	-	14,563
Inventories	-	31,657
Vacation Payable	-	3,232
Unearned Revenue	-	(11,309)
Net Cash Provided by (Used in) Operating Activities	$ 7,107	$ (977,911)

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combining Balance Sheet - Modified Accrual Basis

General Funds

June 30, 2013

	Education Fund	Operation and Maintenance Fund	Total
ASSETS			
Cash and Cash Equivalents	$ 19,344,504	$ 3,004,546	$ 22,349,050
Receivables:			
Property Taxes, Net	6,499,483	2,499,794	8,999,277
Replacement Taxes	345,928	72,339	418,267
Agency Tuition, Net	426,707	-	426,707
Student Tuition and Fees, Net	1,129,146	-	1,129,146
Governmental Grants	1,940,133	-	1,940,133
Other	220,205	11	220,216
Due From Parkland Foundation	-	4,000	4,000
Due From Other Funds	259,730	-	259,730
Prepaid Assets	-	-	-
Total Assets	$ 30,165,836	$ 5,580,690	$ 35,746,526
LIABILITIES			
Accounts Payable	$ 96,071	$ 55,119	$ 151,190
Vacation Payable	1,279,696	138,433	1,418,129
Retirement Payable	520,914	-	520,914
Due to Other Funds	-	-	-
Due to Parkland Foundation	1,054,400	-	1,054,400
Accrued Liabilities	2,351,825	-	2,351,825
Unearned Revenue	9,432,810	2,136,109	11,568,919
Total Liabilities	14,735,716	2,329,661	17,065,377
FUND BALANCE			
Reserved for Prepaid Assets	-	-	-
Unreserved	15,430,120	3,251,029	18,681,149
Total Fund Balance	15,430,120	3,251,029	18,681,149
Total Liabilities and Fund Balance	$ 30,165,836	$ 5,580,690	$ 35,746,526

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances - Modified Accrual Basis

General Funds

For the Year Ended June 30, 2013

	Education Fund	Operation and Maintenance Fund	Total
Revenue			
Local Sources	$ 14,516,890	$ 5,174,408	$ 19,691,298
State Sources	6,328,388	-	6,328,388
Federal Sources	61,466	-	61,466
Tuition and Fees	27,987,699	-	27,987,699
Facilities	-	930,698	930,698
Interest	88,654	2,811	91,465
Other Revenue	579,025	2,200	581,225
On-Behalf Payments	12,311,217	-	12,311,217
Total Revenue	61,873,339	6,110,117	67,983,456
Expenditures			
Instruction	28,567,838	-	28,567,838
Academic Support	5,453,382	-	5,453,382
Student Services	4,931,104	-	4,931,104
Public Service	974,585	-	974,585
Operation and Maintenance of Plant	-	5,836,720	5,836,720
Institutional Support	9,480,314	4,948	9,485,262
On-Behalf Payments	12,311,217	-	12,311,217
Debt Service:			
Principal	-	31,512	31,512
Interest	-	1,398	1,398
Total Expenditures	61,718,440	5,874,578	67,593,018
Revenue Over (Under) Expenditures	154,899	235,539	390,438
Other Financing Sources (Uses)			
Operating Transfers, Net	(788,728)	-	(788,728)
Total Other Financing Sources (Uses)	(788,728)	-	(788,728)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(633,829)	235,539	(398,290)
Fund Balance, July 1, 2012	16,063,949	3,015,490	19,079,439
Fund Balance, June 30, 2013	$ 15,430,120	$ 3,251,029	$ 18,681,149

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combining Balance Sheet - Modified Accrual Basis

Special Revenue Funds

June 30, 2013

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
ASSETS				
Cash and Cash Equivalents	$ -	$ 179,620	$ 986,720	$ 1,166,340
Receivables:				
Property Taxes, Net	-	23,470	1,535,278	1,558,748
Student Loans	100,598	-	-	100,598
Due from Parkland Foundation	11,177	-	22,115	33,292
Other Receivable	599,261	-	-	599,261
Prepaid Assets	-	-	10,446	10,446
Total Assets	$ 711,036	$ 203,090	$ 2,554,559	$ 3,468,685
LIABILITIES				
Accounts Payable	$ (683)	$ 6,500	$ 17,094	$ 22,911
Vacation Payable	44,117	-	104,924	149,041
Unearned Revenue	636,866	21,361	1,288,073	1,946,300
Due to Other Funds	259,730	-	-	259,730
Total Liabilities	940,030	27,861	1,410,091	2,377,982
FUND BALANCE				
Reserved For:				
Prepaid Assets	-	-	10,446	10,446
Student Loans	100,598	-	-	100,598
Unreserved, Undesignated	(329,592)	175,229	1,134,022	979,659
Total Fund Balance	(228,994)	175,229	1,144,468	1,090,703
Total Liabilities and Fund Balance	$ 711,036	$ 203,090	$ 2,554,559	$ 3,468,685

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Modified Accrual Basis

Special Revenue Funds

For the Year Ended June 30, 2013

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Revenue				
Local Sources	$ -	$ 47,930	$ 2,817,748	$ 2,865,678
State Sources	2,415,192	-	-	2,415,192
Federal Sources	26,377,298	-	-	26,377,298
Facilities	-	-	-	-
Interest	4	-	-	4
Other	53,942	-	-	53,942
Total Revenue	28,846,436	47,930	2,817,748	31,712,114
Expenditures				
Instruction	623,967	-	-	623,967
Academic Support	2,233,403	-	-	2,233,403
Student Services	497,175	-	-	497,175
Public Service	599,342	-	-	599,342
Auxiliary Services	5,096	-	-	5,096
Operations and Maintenance of Plant	204,915	-	1,682,283	1,887,198
Institutional Support	4,481	47,550	1,423,291	1,475,322
Scholarships and Grants	24,721,637	-	-	24,721,637
Total Expenditures	28,890,016	47,550	3,105,574	32,043,140
Revenue Over (Under) Expenditures	(43,580)	380	(287,826)	(331,026)
Other Financing Sources (Uses)				
Operating Transfers (Net)	-	-	-	-
Revenue Over (Under) Expenditures and Other Financing Uses	(43,580)	380	(287,826)	(331,026)
Fund Balance, July 1, 2012	(185,414)	174,849	1,432,294	1,421,729
Fund Balance, June 30, 2013	$ (228,994)	$ 175,229	$ 1,144,468	$ 1,090,703

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combining Balance Sheet

Enterprise Funds

June 30, 2013

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
ASSETS								
Cash and Cash Equivalents	$ 107,841	$ 146,494	$ 73,695	$ (57,378)	$ 180,740	$ 1,223,220	$ -	$ 1,674,612
Receivables:								
Student Tuition and Fees, Net	-	-	-	-	-	-	-	-
Business and Industry Training	-	-	-	-	33,174	-	-	33,174
Other	-	-	-	-	-	-	-	-
Due from Other Funds	4,736	-	-	-	-	-	-	4,736
Due from Parkland Foundation	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	668,615	-	668,615
Property and Equipment, Net of Accumulated Depreciation	-	16,088	12,782	-	8,437	14,707	933	52,947
Total Assets	$ 112,577	$ 162,582	$ 86,477	$ (57,378)	$ 222,351	$ 1,906,542	$ 933	$ 2,434,084
LIABILITIES								
Account Payable	$ -	$ -	$ -	$ -	$ 33	$ -	$ -	$ 33
Vacation Payable	30,247	15,826	24,519	-	23,612	31,105	-	125,309
Accrued Liabilities	-	-	1,508	-	-	-	-	1,508
Due to Other Funds	-	-	-	-	-	-	4,736	4,736
Due to Parkland Foundation	-	-	-	-	-	-	11,625	11,625
Unearned Revenue	-	-	126,981	-	-	(217)	-	126,764
Capital Lease Obligations	-	-	-	-	-	-	-	-
Total Liabilities	30,247	15,826	153,008	-	23,645	30,888	16,361	269,975
RETAINED EARNINGS (ACCUMULATED DEFICIT)	82,330	146,756	(66,531)	(57,378)	198,706	1,875,654	(15,428)	2,164,109
Total Liabilities and Retained Earnings (Accumulated Deficit)	$ 112,577	$ 162,582	$ 86,477	$ (57,378)	$ 222,351	$ 1,906,542	$ 933	$ 2,434,084

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combining Statement of Revenue, Expenses, and Changes in Retained Earnings (Deficit)

Enterprise Funds

For the Year Ended June 30, 2013

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
Operating Revenue								
Student and Community Services	$ 486,981	$ 380,154	$ 26,404	$ -	$ 240,904	$ 3,746,267	$ 24,209	$ 4,904,919
Student Tuition and Fees	-	-	341,970	79,600	697,476	-	13,000	1,132,046
State Sources	-	-	-	-	-	-	-	-
Other Revenue	-	-	21	-	44,503	-	-	44,524
Total Operating Revenue	486,981	380,154	368,395	79,600	982,883	3,746,267	37,209	6,081,489
Operating Expenses								
Salaries	384,820	136,824	81,307	400,845	424,672	310,426	32,328	1,771,222
Employee Benefits	217,773	22,283	14,097	53,840	135,683	76,841	-	520,517
Contractual Services	-	-	22,694	48,625	346,604	6,035	-	423,958
General Materials and Supplies	45,722	63,882	4,478	55,689	131,616	2,843,201	25,095	3,169,683
Conference and Meeting	1,000	1,435	62,175	124,123	12,588	160	2,625	204,106
Fixed Charges	-	96,736	-	-	10,200	599,607	-	706,543
Utilities	-	-	-	-	1,556	-	-	1,556
Capital Outlay	-	-	-	970	-	-	-	970
Interest	-	-	-	-	-	-	-	-
Depreciation	-	24,254	12,160	-	9,424	30,614	17,704	94,156
Other	8,361	-	156,904	27,604	7,425	-	-	200,294
Total Operating Expenses	657,676	345,414	353,815	711,696	1,079,768	3,866,884	77,752	7,093,005
Operating Income (Loss)	(170,695)	34,740	14,580	(632,096)	(96,885)	(120,617)	(40,543)	(1,011,516)
Other Financing Sources								
Operating Transfers, Net	175,000	-	-	550,000	70,835	-	-	795,835
Net Income (Loss)	4,305	34,740	14,580	(82,096)	(26,050)	(120,617)	(40,543)	(215,681)
Retained Earnings (Deficit), July 1, 2012	78,025	112,016	(81,111)	24,718	224,756	1,996,271	25,115	2,379,790
Retained Earnings (Deficit), June 30, 2013	$ 82,330	$ 146,756	$ (66,531)	$ (57,378)	$ 198,706	$ 1,875,654	$ (15,428)	$ 2,164,109

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combining Statement of Cash Flows

Enterprise Funds

For the Year Ended June 30, 2013

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
Cash Flows from Operating Activities								
Auxiliary Enterprise Charges	$ 486,981	$ 380,154	$ 26,404	$ -	$ 240,904	$ 3,746,267	$ 24,209	$ 4,904,919
Student Tuition and Fees	-	-	330,661	79,600	712,039	-	13,000	1,135,300
Payments to Suppliers	(49,843)	(251,177)	(229,480)	(255,177)	(509,989)	(3,433,989)	(49,101)	(4,778,756)
Payments to Employees and Benefits Paid	(600,659)	(157,725)	(90,290)	(454,685)	(562,080)	(390,740)	(27,719)	(2,283,898)
Other Receipts	-	-	21	-	44,503	-	-	44,524
Net Cash Provided by (Used in) Operating Activities	(163,521)	(28,748)	37,316	(630,262)	(74,623)	(78,462)	(39,611)	(977,911)
Capital and Related Financing Activities								
Purchase of Equipment	-	(16,996)	(2,536)	-	(5,525)	(4,737)	-	(29,794)
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(16,996)	(2,536)	-	(5,525)	(4,737)	-	(29,794)
Non-Capital Financing Activities								
Change in Due To (From) Other Funds	(4,736)	-	-	-	-	-	4,736	-
Change in Due To (From) Parkland Foundation	-	-	-	-	-	-	6,830	6,830
Operating Transfers In	175,000	-	-	550,000	70,835	-	-	795,835
Net Cash Provided by (Used in) Non-Capital Financing Activities	170,264	-	-	550,000	70,835	-	11,566	802,665
Net Increase (Decrease) in Cash and Cash Equivalents	6,743	(45,744)	34,780	(80,262)	(9,313)	(83,199)	(28,045)	(205,040)
Cash and Cash Equivalents, July 1, 2012	101,098	192,238	38,915	22,884	190,053	1,306,419	28,045	1,879,652
Cash and Cash Equivalents, June 30, 2013	$ 107,841	$ 146,494	$ 73,695	$ (57,378)	$ 180,740	$ 1,223,220	$ -	$ 1,674,612
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities								
Operating Income (Loss)	$ (170,695)	$ 34,740	$ 14,580	$ (632,096)	$ (96,885)	$ (120,617)	$ (40,543)	$ (1,011,516)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Depreciation Expense	-	24,254	12,160	-	9,424	30,614	17,704	94,156
Reclassifications of Capital Assets	5,240	(5,578)	16,771	1,834		(16,643)	(16,772)	(15,148)
Removal of Capital Lease Liability	-	(83,546)	-	-	-	-	-	(83,546)
Changes in Assets and Liabilities:								
Receivables	-	-	-	-	14,563	-	-	14,563
Inventories	-	-	-	-	-	31,657	-	31,657
Vacation Payable	1,934	1,382	5,114	-	(1,725)	(3,473)	-	3,232
Unearned Revenue	-	-	(11,309)	-	-	-	-	(11,309)
Net Cash Provided By (Used in) Operating Activities	$ (163,521)	$ (28,748)	$ 37,316	$ (630,262)	$ (74,623)	$ (78,462)	$ (39,611)	$ (977,911)

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combining Balance Sheet

Fiduciary Funds

June 30, 2013

	Non-Expendable Trust Working Cash Fund	Trust and Agency Fund	Total
ASSETS			
Cash and Cash Equivalents	$ 7,600,000	$ 678,059	$ 8,278,059
Receivables:			
Due from Parkland Foundation	-	592,975	592,975
Total Assets	$ 7,600,000	$ 1,271,034	$ 8,871,034
LIABILITIES			
Due to Student Groups	$ -	$ 1,271,676	$ 1,271,676
FUND BALANCE			
Reserved for Trust and Agency Assets	7,600,000	(642)	7,599,358
Total Liabilities and Fund Balance	$ 7,600,000	$ 1,271,034	$ 8,871,034

Schedule 14

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Balance Sheet - Modified Accrual Basis (Governmental Fund Types and Account Groups)
and GAAP Basis (Proprietary and Fiduciary Fund Types)

All Funds and Account Groups

June 30, 2013
(With Comparative Totals as of June 30, 2012)

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Trust and Agency Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	Account Groups		Totals (Memorandum Only)	
		Operational	Restricted								General Fixed Assets	General Long-Term Debt	June 30, 2013	June 30, 2012
ASSETS														
Cash and Cash Equivalents	$ 19,344,504	$ 3,004,546	$ 33,772,462	$ 1,674,612	$ -	$ 7,600,000	$ 678,059	$ 2,849,068	$ 179,620	$ 986,720	$ -	$ -	$ 70,089,591	$ 75,682,918
Receivables:														
Property Taxes, Net	6,499,483	2,499,794	623,221	-	-	-	-	1,871,385	23,470	1,535,278	-	-	13,052,631	12,838,143
Replacement Taxes	345,928	72,339	-	-	-	-	-	-	-	-	-	-	418,267	386,914
Agency Tuition, Net	426,707	-	-	-	-	-	-	-	-	-	-	-	426,707	744,445
Student Tuition and Fees, Net	1,129,146	-	-	-	-	-	-	-	-	-	-	-	1,129,146	1,242,563
Governmental Grants	1,940,133	-	-	-	-	-	-	-	-	-	-	-	1,940,133	2,080,303
Business and Industry Training	-	-	-	33,174	-	-	-	-	-	-	-	-	33,174	47,737
Student Loans	-	-	-	-	100,598	-	-	-	-	-	-	-	100,598	149,659
Other	220,205	11	-	-	599,261	-	-	-	-	-	-	-	819,477	1,029,394
Due from Parkland Foundation	-	4,000	260,000	-	11,177	-	592,975	-	-	22,115	-	-	890,267	732,176
Due from Other Funds	259,730	-	-	4,736	-	-	-	-	-	-	-	-	264,466	115,710
Prepaid Assets	-	-	-	-	-	-	-	-	-	10,446	-	-	10,446	-
Inventory	-	-	-	668,615	-	-	-	-	-	-	-	-	668,615	700,272
Property and Equipment at Cost, Net	-	-	-	52,947	-	-	-	-	-	-	91,341,750	-	91,394,697	79,521,138
Amounts Available to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	3,193,136	3,193,136	2,849,884
Amounts to be Provided to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	64,399,073	64,399,073	64,176,286
Total Assets	$ 30,165,836	$ 5,580,690	$ 34,655,683	$ 2,434,084	$ 711,036	$ 7,600,000	$ 1,271,034	$ 4,720,453	$ 203,090	$ 2,554,559	$ 91,341,750	$ 67,592,209	$ 248,830,424	$ 242,297,542
LIABILITIES														
Accounts Payable	$ 96,071	$ 55,119	$ 550,753	$ 33	$ (683)	$ -	$ -	$ -	$ 6,500	$ 17,094	$ -	$ -	$ 724,887	$ 1,033,487
Vacation Payable	1,279,696	138,433	-	125,309	44,117	-	-	-	-	104,924	-	-	1,692,479	1,593,718
Retirement Payable	520,914	-	-	-	-	-	-	-	-	-	-	2,152,209	2,673,123	881,509
Accrued Liabilities	2,351,825	-	-	1,508	-	-	-	-	-	-	-	-	2,353,333	2,157,711
Due to Other Funds	-	-	-	4,736	259,730	-	-	-	-	-	-	-	264,466	115,710
Due to Parkland Foundation	1,054,400	-	-	11,625	-	-	-	-	-	-	-	-	1,066,025	1,142,052
Unearned Revenue	9,432,810	2,136,109	694,445	126,764	636,866	-	-	1,527,317	21,361	1,288,073	-	-	15,863,745	15,967,084
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	31,512
Due to Student Groups	-	-	-	-	-	-	1,271,676	-	-	-	-	-	1,271,676	1,177,277
Bonds	-	-	-	-	-	-	-	-	-	-	-	65,440,000	65,440,000	66,545,000
Total Liabilities	14,735,716	2,329,661	1,245,198	269,975	940,030	-	1,271,676	1,527,317	27,861	1,410,091	-	67,592,209	91,349,734	90,645,060
COLLEGE EQUITY														
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	91,341,750	-	91,341,750	79,418,977
Fund Balance:														
Reserved For:														
Prepaid Assets	-	-	-	-	-	-	-	-	-	10,446	-	-	10,446	-
Student Loans	-	-	-	-	100,598	-	-	-	-	-	-	-	100,598	149,659
Trust and Agency Assets	-	-	-	-	-	7,600,000	(642)	-	-	-	-	-	7,599,358	7,599,358
Unreserved, Undesignated	15,430,120	3,251,029	33,410,485	2,164,109	(329,592)	-	-	-	175,229	1,134,022	-	-	55,235,402	59,254,814
Retained Earnings (Accumulated Deficit)	-	-	-	-	-	-	-	3,193,136	-	-	-	-	3,193,136	5,229,674
Total College Equity (Deficit)	15,430,120	3,251,029	33,410,485	2,164,109	(228,994)	7,600,000	(642)	3,193,136	175,229	1,144,468	91,341,750	-	157,480,690	151,652,482
Total Liabilities and College Equity	$ 30,165,836	$ 5,580,690	$ 34,655,683	$ 2,434,084	$ 711,036	$ 7,600,000	$ 1,271,034	$ 4,720,453	$ 203,090	$ 2,554,559	$ 91,341,750	$ 67,592,209	$ 248,830,424	$ 242,297,542

Schedule 15

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Statement of Revenue, Expenditures, and Changes in College Equity -
Modified Accrual Basis (Governmental Fund Types)
and GAAP Basis (Proprietary Fund Type)

All Funds

For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	Totals (Memorandum Only)	
		Operational	Restricted							2013	2012
Revenue											
Local Sources	$ 14,516,890	$ 5,174,408	$ 1,264,267	$ -	$ -	$ -	$ 3,346,382	$ 47,930	$ 2,817,748	$ 27,167,625	$ 26,722,789
State Sources	6,328,388	-	11,110,845	-	2,415,192	-	-	-	-	19,854,425	19,580,640
Federal Sources	61,466	-	-	-	26,377,298	-	-	-	-	26,438,764	26,714,018
Tuition and Fees	27,987,699	-	-	988,661	-	-	-	-	-	28,976,360	29,151,238
Facilities	-	930,698	976,347	-	-	-	-	-	-	1,907,045	2,147,007
Other Revenue	667,679	5,011	6,249	5,092,828	53,946	7,107	-	-	-	5,832,820	6,001,191
On-Behalf Payments	12,311,217	-	-	-	-	-	-	-	-	12,311,217	8,584,170
Total Revenue	61,873,339	6,110,117	13,357,708	6,081,489	28,846,436	7,107	3,346,382	47,930	2,817,748	122,488,256	118,901,053
Expenditures											
Instruction	28,567,838	-	-	-	623,967	-	-	-	-	29,191,805	28,951,627
Academic Support	5,453,382	-	558	321,160	2,233,403	-	-	-	-	8,008,503	8,314,540
Student Services	4,931,104	-	-	-	497,175	-	-	-	-	5,428,279	5,209,993
Public Service	974,585	-	-	1,070,344	599,342	-	-	-	-	2,644,271	3,564,953
Auxiliary Services	-	-	-	5,622,154	5,096	-	-	-	-	5,627,250	5,730,013
Operation and Maintenance of Plant	-	5,836,720	17,877,474	-	204,915	-	-	-	1,682,283	25,601,392	27,697,716
Institutional Support	9,480,314	4,948	-	-	4,481	-	-	47,550	1,423,291	10,960,584	9,827,527
Scholarships and Grants	-	-	-	-	24,721,637	-	-	-	-	24,721,637	24,535,005
Principal	-	31,512	-	-	-	-	1,105,000	-	-	1,136,512	928,267
Interest	-	1,398	-	-	-	-	2,870,626	-	-	2,872,024	2,894,171
Depreciation	-	-	-	79,347	-	-	-	-	-	79,347	81,554
On-Behalf Payments	12,311,217	-	-	-	-	-	-	-	-	12,311,217	8,584,170
Total Expenditures	61,718,440	5,874,578	17,878,032	7,093,005	28,890,016	-	3,975,626	47,550	3,105,574	128,582,821	126,319,536
Revenue Over (Under) Expenditures	154,899	235,539	(4,520,324)	(1,011,516)	(43,580)	7,107	(629,244) -	380 -	(287,826) -	(6,094,565)	(7,418,483)
Other Financing Sources (Uses)											
Operating Transfers, Net	(788,728)	-	(972,496)	795,835	-	(7,107)	972,496	-	-	-	-
Total Other Financing Sources (Uses)	(788,728)	-	(972,496)	795,835	-	(7,107)	972,496	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(633,829)	235,539	(5,492,820)	(215,681)	(43,580)	-	343,252	380	(287,826)	(6,094,565)	(7,418,483)
College Equity, Beginning of Year	16,063,949	3,015,490	38,903,305	2,379,790	(185,414)	7,600,000	2,849,884	174,849	1,432,294	72,234,147	79,652,630
College Equity, End of Year	$ 15,430,120	$ 3,251,029	$ 33,410,485	$ 2,164,109	$ (228,994)	$ 7,600,000	$ 3,193,136	$ 175,229	$ 1,144,468	$ 66,139,582	$ 72,234,147

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Reconciliations of the Balance Sheet - Modified Accrual Basis (Governmental Fund Types and Account Groups) and GAAP Basis (Proprietary and Fiduciary Fund Types) to the Statement of Net Position

June 30, 2013 and 2012

	2013	2012
College Equity	$ 157,480,690	$ 151,652,482
Reconciling Items:		
Recognition of Summer School Revenues	2,378,857	2,385,480
Property Taxes Receivable Not Earned and Not Received	11,088,539	11,051,845
Deferred Revenue for Property Taxes Not Received	(11,088,539)	(11,051,845)
Reclassification of Long Term Debt	(67,592,209)	(67,026,170)
Deferred Debt Issue Costs and Deferred Refunding Expense	852,941	950,631
Recognition of Interest Payable on Long Term Debt	(238,021)	(240,416)
Net Position	$ 92,882,258	$ 87,722,007

Reconciliations of the Statement of Revenues, Expenditures, and Changes in College Equity - Modified Accrual Basis (Governmental Fund Types) and GAAP Basis (Proprietary and Fiduciary Fund Types) to the Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2013 and 2012

	2013	2012
Change in College Equity	$ (6,094,565)	$ (7,418,483)
Reconciling Items:		
Remove Rent Revenue Paid by the Bookstore to O&M Fund	(561,880)	(616,265)
Remove Rent Expense from the Bookstore	561,880	616,265
Remove Revenue Paid by the Education Fund to Reprographics	(380,154)	(404,411)
Remove Expenditures from the Education Fund	380,154	404,411
Remove Student Aid and Scholarship Payments from Revenue	(11,173,744)	(11,592,035)
Remove Student Aid and Scholarship Payments from Expense	11,173,744	11,592,035
Change in Recognition of Summer School Revenues	(6,623)	(39,597)
General Obligation Debt Retired	1,105,000	895,000
Capital Lease Obligations Retired	31,512	33,267
Retirement Obligations Retired	(1,619,005)	(258,954)
Remove Capital Expenditures and Interest Expenditures Related to Capitalized Assets	17,704,202	23,707,199
Record Depreciation on the Capital Assets	(5,781,429)	(5,825,461)
Change in Deferred Debt Issue Costs and Deferred Refunding Expense	(97,690)	(97,690)
Change in Accrued Interest on Long Term Debt	2,395	1,008
Removal of Capital Lease Liability	(83,546)	-
Change in Net Position	$ 5,160,251	$ 10,996,289

Schedule 17

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections

June 30, 2013

	2012 Levy	2011 Levy	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy	2005 Levy	2004 Levy	2003 Levy
Assessed Valuations										
County:										
Champaign	$ 3,555,879,362	$ 3,577,235,959	$ 3,602,160,901	$ 3,578,173,147	$ 3,525,443,054	$ 3,326,466,857	$ 3,072,418,417	$ 2,827,890,748	$ 2,610,703,920	$ 2,485,411,067
Coles	8,080,907	7,575,377	7,072,734	6,114,626	5,758,277	5,306,338	5,573,540	5,963,210	6,416,722	6,225,361
DeWitt	77,636,422	76,496,177	72,965,141	74,274,090	62,936,083	60,557,367	56,796,370	57,235,909	58,542,203	61,241,631
Douglas	254,139,581	251,636,058	248,720,699	240,503,383	229,699,701	218,607,217	208,085,929	208,085,929	205,222,157	211,719,753
Edgar	3,667,574	3,188,000	3,188,451	2,976,360	2,543,065	2,434,071	2,250,000	2,359,397	2,550,230	2,750,598
Ford	221,216,880	200,698,988	195,027,444	186,970,466	183,254,673	177,019,659	171,232,142	166,210,215	163,136,913	169,817,255
Iroquois	88,876,028	85,460,933	87,283,023	86,148,726	84,852,171	74,346,304	74,346,304	70,565,997	70,068,302	68,855,261
Livingston	61,960,581	61,241,000	60,031,221	58,537,786	55,516,475	52,968,851	51,744,154	50,467,263	48,636,918	49,889,515
McLean	171,336,846	168,439,009	165,055,933	161,123,775	156,650,468	124,928,450	112,103,188	111,280,992	112,013,505	111,964,618
Moultrie	3,640,875	3,377,000	3,136,292	2,868,600	2,711,561	2,544,048	2,828,750	2,828,750	3,058,323	3,302,506
Piatt	354,597,431	348,165,000	340,014,568	333,049,928	317,723,113	295,752,213	276,109,518	260,426,679	252,425,217	258,267,102
Vermilion	15,016,004	13,294,313	13,038,583	12,408,340	12,118,874	11,310,925	10,303,236	9,376,245	9,759,669	10,463,662
TOTAL	$ 4,816,048,491	$ 4,796,807,814	$ 4,797,694,990	$ 4,743,149,227	$ 4,639,207,515	$ 4,352,242,300	$ 4,043,791,548	$ 3,772,691,334	$ 3,542,534,079	$ 3,439,908,329
Tax Rates										
(Per $100 Assessed Valuations)										
Education Fund	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2592	0.2600	0.2600
Operations and Maintenance:										
Operational Fund	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0994	0.1000	0.1000
Bond	0.0715	0.0678	0.0639	0.0610	0.0439	0.0000	0.0000	0.0000	0.0000	0.0000
Tort and Immunity	0.0374	0.0354	0.0344	0.0389	0.0376	0.0341	0.0352	0.0406	0.0450	0.0436
Audit	0.0010	0.0010	0.0019	0.0019	0.0019	0.0019	0.0020	0.0019	0.0022	0.0021
Worker's Compensation	0.0019	0.0019	0.0018	0.0016	0.0010	0.0056	0.0061	0.0062	0.0069	0.0056
Unemployment Insurance	0.0010	0.0002	0.0002	0.0002	0.0004	0.0004	0.0005	0.0002	0.0006	0.0022
Protection, Health, and Safety	0.0263	0.0264	0.0264	0.0266	0.0500	0.0500	0.0500	0.0496	0.0500	0.0500
Medicare Insurance	0.0117	0.0125	0.0115	0.0117	0.0097	0.0093	0.0101	0.0099	0.0119	0.0116
Property Insurance	0.0083	0.0068	0.0063	0.0063	0.0070	0.0075	0.0081	0.0083	0.0085	0.0087
TOTAL	0.5191	0.5120	0.5064	0.5082	0.5115	0.4688	0.4720	0.4753	0.4851	0.4838

Schedule 17
(Continued)

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections

June 30, 2013

	2012 Levy	2011 Levy	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy	2005 Levy	2004 Levy	2003 Levy
Tax Extensions										
Education Fund	$ 12,521,726	$ 12,471,700	$ 12,474,005	$ 12,335,181	$ 12,061,998	$ 11,315,677	$ 10,501,816	$ 9,775,029	$ 9,210,343	$ 8,943,762
Operations and Maintenance:										
Operational Fund	4,816,048	4,796,808	4,797,695	4,743,149	4,639,208	4,352,026	4,040,187	3,753,251	3,542,308	3,439,908
Bond	3,443,475	3,252,236	3,065,727	2,893,321	2,036,612	-	-	-	-	-
Tort and Immunity	1,801,202	1,698,070	1,650,407	1,845,085	1,744,342	1,484,651	1,422,819	1,531,713	1,583,798	1,499,800
Audit	48,160	47,968	91,156	90,120	88,145	83,654	80,079	75,678	73,834	72,238
Worker's Compensation	91,505	91,139	86,359	75,890	46,392	243,726	246,568	233,907	244,435	192,635
Unemployment Insurance	48,160	9,594	9,595	9,486	18,557	17,409	20,210	7,545	21,255	75,678
Protection, Health, and Safety	1,266,621	1,266,357	1,266,591	1,261,678	2,319,604	2,174,993	2,019,140	1,879,328	1,772,012	1,719,954
Medicare Insurance	563,478	599,601	551,735	554,948	450,003	404,759	408,251	373,496	421,562	399,029
Property Insurance	399,732	326,183	302,255	298,818	324,745	326,418	327,411	313,133	301,115	299,272
	25,000,107	24,559,656	24,295,525	24,107,676	23,729,606	20,403,312	19,066,480	17,943,080	17,170,662	16,642,276
Tax Collections Prior to Year End	(10,459,197)	(10,592,143)	(10,391,341)	(10,146,060)	(9,957,110)	(8,069,866)	(7,652,368)	(7,174,956)	(7,189,045)	(6,328,182)
	14,540,910	13,967,513	13,904,184	13,961,616	13,772,496	12,333,446	11,414,112	10,768,124	9,981,617	10,314,094
Taxes Not Collectible Due to Taxpayer Exemption	(358,909)	-	-	-	-	-	-	-	-	-
Allowance for Uncollectible Taxes and Potential Refunds	(1,129,370)	(1,129,370)	(973,951)	(793,426)	(613,073)	(448,759)	-	-	-	-
Property Taxes Receivable	$ 13,052,631	$ 12,838,143	$ 12,930,233	$ 13,168,190	$ 13,159,423	$ 11,884,687	$ 11,414,112	$ 10,768,124	$ 9,981,617	$ 10,314,094
Property Taxes Receivable by Fund										
Education Fund	$ 6,499,483	$ 6,486,665	$ 6,621,915	$ 6,714,309	$ 6,668,314	$ 6,591,248	$ 6,286,892	$ 5,841,707	$ 5,354,140	$ 5,542,794
Operations and Maintenance:										
Operational Fund	2,499,794	2,494,864	2,546,881	2,582,425	2,564,747	2,535,003	2,418,650	2,243,001	2,059,208	2,131,924
Restricted Fund	623,221	624,652	638,385	656,048	1,282,096	1,266,907	1,208,755	1,123,115	1,030,102	1,066,477
Bond Fund	1,871,385	1,771,650	1,699,209	1,644,595	1,168,107	-	-	-	-	-
Audit Fund	23,470	23,487	48,374	49,052	48,804	48,728	47,940	45,226	42,921	44,351
Liability, Protection, and Settlement Fund	1,535,278	1,436,825	1,375,469	1,521,761	1,427,355	1,442,801	1,451,875	1,515,075	1,495,246	1,528,548
Total	$ 13,052,631	$ 12,838,143	$ 12,930,233	$ 13,168,190	$ 13,159,423	$ 11,884,687	$ 11,414,112	$ 10,768,124	$ 9,981,617	$ 10,314,094

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Legal Debt Margin

June 30, 2013

Assessed Valuations - 2012 Levy	$	4,816,048,491
Debt Limit, 2.875 Percent of Assessed Valuation	$	138,461,394
Indebtedness:		
G. O. Bonds		56,450,000
Legal Debt Margin	$	82,011,394

Note: By Illinois statute, the legal debt margin excludes alternative revenue source debt while the related property tax is abated.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Student Enrollment and Full-Time Equivalency
At Tenth Day

For the Year Ended June 30, 2013
(Unaudited)

		Full-Time Equivalency
	Student Enrollment	**Semester**
School Quarter		
Summer 2012	5,434	1,889
Fall 2012	9,078	5,847
Spring 2013	8,683	5,447
Semester Average (Exclusive of Summer School)	8,881	5,647

Schedule 20

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

All Funds Summary - Modified Accrual Basis
Uniform Financial Statement No. 1
For the Year Ended June 30, 2013

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection Settlement Fund	Total
Fund Balance, July 1, 2012	$ 16,063,949	$ 3,015,490	$ 38,903,305	$ 2,849,884	$ 2,379,790	$ (185,414)	$ 7,600,000	$ 174,849	$ 1,432,294	$ 72,234,147
Revenues:										
Local Tax Revenue	12,478,669	4,799,489	1,255,437	3,328,137	-	-	-	47,661	2,798,474	24,707,867
All Other Local Revenue	2,038,221	374,919	8,830	18,245	-	-	-	269	19,274	2,459,758
ICCB Grants	5,812,903	-	-	-	-	363,524	-	-	-	6,176,427
All Other State Revenue	515,485	-	11,110,845	-	-	2,051,668	-	-	-	13,677,998
Federal Revenue	61,466	-	-	-	-	26,377,298	-	-	-	26,438,764
Student Tuition and Fees	27,987,699	-	-	-	988,661	-	-	-	-	28,976,360
All Other Revenue	667,679	935,709	982,596	-	5,092,828	53,946	7,107	-	-	7,739,865
Total Revenue	49,562,122	6,110,117	13,357,708	3,346,382	6,081,489	28,846,436	7,107	47,930	2,817,748	110,177,039
Expenditures:										
Instruction	28,567,838	-	-	-	-	623,967	-	-	-	29,191,805
Academic Support	5,453,382	-	558	-	321,160	2,233,403	-	-	-	8,008,503
Student Services	4,931,104	-	-	-	-	497,175	-	-	-	5,428,279
Public Service/Continuing Education	974,585	-	-	-	1,070,344	599,342	-	-	-	2,644,271
Organized Research	-	-	-	-	-	-	-	-	-	-
Auxiliary Services	-	-	-	-	5,701,501	5,096	-	-	-	5,706,597
Operations and Maintenance	-	5,836,720	17,877,474	-	-	204,915	-	-	1,682,283	25,601,392
Institutional Support	9,480,314	37,858	-	3,975,626	-	4,481	-	47,550	1,423,291	14,969,120
Scholarships, Student Grants, & Waivers	-	-	-	-	-	24,721,637	-	-	-	24,721,637
Total Expenditures	49,407,223	5,874,578	17,878,032	3,975,626	7,093,005	28,890,016	-	47,550	3,105,574	116,271,604
Net Transfers	(788,728)	-	(972,496)	972,496	795,835	-	(7,107)	-	-	-
Fund Balance, June 30, 2013	$ 15,430,120	$ 3,251,029	$ 33,410,485	$ 3,193,136	$ 2,164,109	$ (228,994)	$ 7,600,000	$ 175,229	$ 1,144,468	$ 66,139,582

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Summary of Fixed Assets and Debt
Uniform Financial Statement No. 2
For the Year Ended June 30, 2013

	Fixed Asset/Debt Account Groups			
	July 1, 2012	Additions	Deletions	June 30, 2013
Fixed Assets:				
Land	$ 1,841,745	$ -	$ -	$ 1,841,745
Land Improvements	27,324,217	5,150,953	-	32,475,170
Buildings, Additions, and Improvements	56,144,595	4,575,950	-	60,720,545
Equipment	12,604,288	2,177,592	-	14,781,880
Other Fixed Assets	26,947,016	15,627,287	(9,827,580)	32,746,723
Accumulated Depreciation	(45,442,884)	(5,781,429)	-	(51,224,313)
Net Fixed Assets	$ 79,418,977	$ 21,750,353	$ (9,827,580)	$ 91,341,750
Fixed Debt:				
Bonds	$ 66,545,000	$ -	$ (1,105,000)	$ 65,440,000
Early Retirement Benefits	533,204	1,619,005	-	2,152,209
Capital Lease Obligation	31,512	-	(31,512)	-
Total Fixed Liabilities	$ 67,109,716	$ 1,619,005	$ (1,136,512)	$ 67,592,209

	Outstanding			
	July 1, 2012	Issued	Redeemed	June 30, 2013
Education Fund:				
Tax Anticipation Warrants	$ -	$ -	$ -	$ -
Tax Anticipation Notes	-	-	-	-
Operations and Maintenance Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Bond and Interest Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Audit Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Liability, Protection, and Settlement Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
PBC Rental Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
PBC Operations and Maintenance Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Total Anticipation Warrants and Notes	$ -	$ -	$ -	$ -

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Operating Funds Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 3

For the Year Ended June 30, 2013

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Revenues by Source:			
Local Government Revenue			
Local Taxes	$ 12,478,669	$ 4,799,489	$ 17,278,158
Chargeback Revenue	245,671	-	245,671
CPPRT	1,792,550	374,919	2,167,469
Total Local Government	14,516,890	5,174,408	19,691,298
State Government			
ICCB Base Operating Grant	4,450,425	-	4,450,425
ICCB Equalization Grant	1,358,731	-	1,358,731
ICCB Performance Grant	3,747	-	3,747
IBHE Vocational Grant	515,485	-	515,485
Other State	-	-	-
Total State Government	6,328,388	-	6,328,388
Federal Government			
Department of Education	61,466	-	61,466
Total Federal Government	61,466	-	61,466
Student Tuition and Fees			
Tuition	26,341,891	-	26,341,891
Fees	1,645,808	-	1,645,808
Total Tuition and Fees	27,987,699	-	27,987,699
Other Sources			
Sales and Service Fees	490,346	-	490,346
Facilities Revenue	-	930,698	930,698
Investment Revenue	88,654	2,811	91,465
Other	88,679	2,200	90,879
Total Other Sources	667,679	935,709	1,603,388
Total Operating Revenues	49,562,122	6,110,117	55,672,239
Less: Non-Operating Items			
Tuition Chargeback Revenue	(245,671)	-	(245,671)
Adjusted Operating Revenue	$ 49,316,451	$ 6,110,117	$ 55,426,568

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Operating Funds Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 3

For the Year Ended June 30, 2013

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Expenditures by Program:			
Instruction	$ 28,567,838	$ -	$ 28,567,838
Academic Support	5,453,382	-	5,453,382
Student Services	4,931,104	-	4,931,104
Public Service/Continuing Education	974,585	-	974,585
Organized Research	-	-	-
Auxiliary Services	-	-	-
Operations and Maintenance	-	5,836,720	5,836,720
Institutional Support	9,480,314	37,858	9,518,172
Scholarships, Grants, Waivers	-	-	-
Total Operating Expenditures by Program	49,407,223	5,874,578	55,281,801
Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Program	$ 49,407,223	$ 5,874,578	$ 55,281,801
Operating Expenditures by Object:			
Salaries	$ 34,439,032	$ 2,069,009	$ 36,508,041
Employee Benefits	7,388,971	783,087	8,172,058
Contractual Services	1,180,730	462,400	1,643,130
General Materials and Supplies	2,779,484	511,863	3,291,347
Conference and Meeting Expenses	509,081	6,295	515,376
Fixed Charges	259,968	31,570	291,538
Utilities	20,582	1,829,021	1,849,603
Capital Outlay	673,064	181,333	854,397
Other	2,156,311	-	2,156,311
Total Operating Expenditures by Object	49,407,223	5,874,578	55,281,801
Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Object	$ 49,407,223	$ 5,874,578	$ 55,281,801

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 4

For the Year Ended June 30, 2013

	Restricted Purposes Fund
Revenue by Source:	
State Government	
ICCB - Program Improvement Grant	$ 38,808
ICCB - Adult Education	272,085
ICCB - Career and Technical Education	7,631
ICCB - Early School Leaver Transition Program	45,000
Illinois State Board of Education	1,827,894
Illinois Department of Commerce and Economic Opportunity	132,394
Other	91,380
Total State Government	2,415,192
Federal Government	
Department of Education	25,667,216
Department of Labor	36,997
Department of Transportation	427,704
Department of State/Bureau of Educational and Cultural Affairs	213,941
Other	31,440
Total Federal Government	26,377,298
Other Sources	
Other	53,946
Total Other Sources	53,946
Total Restricted Purposes Fund Revenues	$ 28,846,436

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 4

For the Year Ended June 30, 2013

	Restricted Purposes Fund
Expenditures by Program:	
Instruction	$ 623,967
Academic Support	2,233,403
Student Services	497,175
Public Service/Continuing Education	599,342
Auxiliary Services	5,096
Operations and Maintenance	204,915
Institutional Support	4,481
Scholarships, Student Grants, and Waivers	24,721,637
Total Restricted Purposes Fund Expenditures by Program	$ 28,890,016
Expenditures by Object:	
Salaries	$ 1,198,439
Employee Benefits	186,756
Contractual Services	1,756,335
General Materials and Supplies	221,712
Travel & Conference/Meeting Expenses	173,938
Fixed Charges	99,151
Utilities	129,297
Capital Outlay	231,444
Scholarships, Grants, Waivers	24,721,637
Other	171,307
Total Restricted Purposes Fund Expenditures by Object	$ 28,890,016

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Current Funds Expenditures by Activity - Modified Accrual Basis
Uniform Financial Statement No. 5

For the Year Ended June 30, 2013

Instruction:	
Instructional Programs	$ 29,191,805
Academic Support:	
Library Center	1,291,561
Academic Computing Support	973,616
Academic Administration and Planning	15,805
Other	5,726,963
Total Academic Support	8,007,945
Student Services Support:	
Admissions and Records	998,284
Counseling and Career Services	1,349,146
Financial Aid Administration	696,044
Other	2,384,805
Total Student Services Support	5,428,279
Public Service/Continuing Education:	
Community Education	354,104
Customized Training (Instructional)	1,514,050
Community Services	583,107
Other	193,010
Total Public Service/Continuing Education	2,644,271

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Current Funds Expenditures by Activity - Modified Accrual Basis
Uniform Financial Statement No. 5

For the Year Ended June 30, 2013

Auxiliary Services	5,706,597
Operations and Maintenance of Plant:	
Maintenance	1,102,489
Custodial Services	1,940,732
Grounds	617,680
Campus Security	1,533,623
Transportation	64,320
Utilities	1,945,091
Administration	281,323
Other	238,660
Total Operations and Maintenance of Plant	7,723,918
Institutional Support:	
Executive Management	398,381
Fiscal Operations	1,277,716
Community Relations	104,450
Board of Trustees	65,825
General Institutional	2,376,499
Institutional Research	393,521
Administrative Data Processing	1,348,088
Other	9,004,640
Total Institutional Support	14,969,120
Scholarships, Student Grants, and Waivers	24,721,637
Total Current Funds Expenditures	$ 98,393,572

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Certificate of Chargeback Reimbursement

For the Year Ended June 30, 2013

All Fiscal Year 2013 Non-Capital Audited Operating Expenditures from the Following Funds:		
Education	$	48,734,159
Operations and Maintenance Fund		5,693,245
Restricted Purposes Fund		28,658,572
Audit Fund		47,550
Liability, Protection and Settlement Fund		3,069,067
Total Non-Capital Expenditures		86,202,593
Depreciation on Capital Outlay Expenditures from Sources Other than State and Federal Funds		4,056,719
Total Costs Included		90,259,312
Total Certified Semester Credit Hours for Year 2013		184,359
Per Capita Cost		489.58
All Fiscal Year 2013 State and Federal Operating Grants for Non-Capital Expenditures, Except ICCB Grants		29,005,917
Fiscal Year 2013 State and Federal Grants Per Semester Credit Hour		157.33
District's Average ICCB Grant Rate for Fiscal Year 2014		22.65
District's Student Tuition and Fee Rate Per Semester Credit Hour for Fiscal Year 2014		117.50
Chargeback Reimbursement Per Semester Credit Hour	$	192.10

Approved: Christopher Randles
Chief Fiscal Officer

Approved: Thomas R Ramage
Chief Executive Officer

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR CAREER AND TECHNICAL EDUCATION AND ADULT EDUCATION AND FAMILY LITERACY

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

We have audited the balance sheets of the Career and Technical Education and Adult Education and Family Literacy Grants of Parkland Community College, Community College District #505 (the College) as of June 30, 2013, the related statements of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between the College and the State of Illinois and Illinois Community College Board (ICCB).

Management's Responsibility for the Financial Statements and Compliance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the financial reporting provisions of the Illinois Community College Board. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. Management is also responsible for compliance with the requirements of the Illinois Community College Board.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Career and Technical Education and Adult Education and Family Literacy grants of Parkland Community College, Community College District #505 at June 30, 2013, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America and the College is in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

Other Matters

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 Adult Education and Family Literacy Grant (Schedule 28) is presented for purposes of additional analysis as required by the Illinois Community College Board and is not a required part of the basic grant program financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic grant program financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic grant program financial statements taken as a whole.

The information identified as unaudited on Schedules 29 and 30 has not been subjected to the auditing procedures applied in the audit of the ICCB grant financial statements and, accordingly, we do not express an opinion or provide any assurance on such information.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
September 25, 2013

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

State Adult Education Restricted Funds
(State Basic, Public Assistance, and Performance)

Balance Sheet

June 30, 2013

ASSETS

	State Basic	Public Assistance	Performance	Total
Cash	$ -	$ -	$ -	$ -

LIABILITIES AND FUND BALANCE

	State Basic	Public Assistance	Performance	Total
Accounts Payable	$ -	$ -	$ -	$ -
Due to College	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balance	-	-	-	-
Total Liabilities and Fund Balance	$ -	$ -	$ -	$ -

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

State Adult Education Restricted Funds
(State Basic, Public Assistance, and Performance)

Statement of Revenues, Expenditures, and
Changes in Fund Balance

For the Year Ended June 30, 2013

	State Basic	Public Assistance	Performance	Total
Revenues				
ICCB Grant	$ 118,541	$ 23,596	$ 129,948	$ 272,085
Expenditures				
Instructional Student Services:				
Instruction	67,408	17,285	37,512	122,205
Social Work Services	3,917	959	13,516	18,392
Guidance Services	20,888	959	13,516	35,363
Assistive and Adaptive Equipment	-	-	-	-
Assessment and Testing	-	-	7,756	7,756
Student Transportation Services	2,475	2,475	-	4,950
Literacy Services	-	-	-	-
Childcare Services	-	-	-	-
Total Instructional Student Services	94,688	21,678	72,300	188,666
Program Support:				
Improvement of Instructional Services	18,108	-	4,188	22,296
General Administration	5,745	1,918	33,107	40,770
Operation and Maintenance of Plant Services	-	-	-	-
Workforce Coordination	-	-	-	-
Data and Information Services	-	-	20,353	20,353
Approved Indirect Costs	-	-	-	-
Total Program Support	23,853	1,918	57,648	83,419
Total Expenditures	118,541	23,596	129,948	272,085
Excess of Revenue Over Expenditures	-	-	-	-
Fund Balance, June 30, 2012	-	-	-	-
Fund Balance, June 30, 2013	$ -	$ -	$ -	$ -

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

ICCB Compliance Statement for the
Adult Education and Family Literacy Grant

Expenditure Amounts and Percentages for
ICCB Grant Funds Only

For the Year Ended June 30, 2013

	Audited Expenditure (Dollars)	Actual Expenditure (Percentage)
State Basic		
Instruction (45 Percent Minimum Required)	$ 67,408	56.86%
General Administration (9 Percent Maximum Allowed)	5,745	4.85%
State Public Assistance		
Instruction (45 Percent Minimum Required)	17,285	73.25%
General Administration (9 Percent Maximum Allowed)	1,918	8.13%
State Performance		
General Administration (9 Percent Maximum Allowed)	5,745	4.85%

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Career and Technical Education
(Program Improvement and Innovation Grants - Unaudited)

Balance Sheet

June 30, 2013

ASSETS

	Program Improvement	(Unaudited) Innovation	Total
Cash	$ -	$ -	$ -

LIABILITIES AND FUND BALANCE

	Program Improvement	(Unaudited) Innovation	Total
Accounts Payable	$ -	$ -	$ -
Fund Balance	-	-	-
Total Liabilities and Fund Balance	$ -	$ -	$ -

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Career and Technical Education
(Program Improvement and Innovation Grants - Unaudited)

Statement of Revenues, Expenditures, and
Changes in Fund Balance

For the Year Ended June 30, 2013

	Program Improvement	(Unaudited) Innovation	Total
Revenue			
ICCB Grant	$ 38,808	$ 7,631	$ 46,439
Expenditures			
Salaries	-	5,903	5,903
Employee Benefits	-	1,409	1,409
Contractual Services	-	-	-
Instructional Materials	-	172	172
Staff Development	-	147	147
Instructional Equipment	38,808	-	38,808
Total Expenditures	38,808	7,631	46,439
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, June 30, 2012	-	-	-
Fund Balance, June 30, 2013	$ -	$ -	$ -

The Career and Technical Education and Adult Education and Family Literacy Grant Programs were established as special revenue sub-funds of Parkland Community College, Community College District #505 (the College) to account for revenues and expenditures of the respective programs. These programs are administered by the Illinois Community College Board (ICCB). 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 of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2013. 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 expenditure 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.

Certain capital outlay expenditures are accumulated in the General Fixed Assets Account Group of the College, for reporting specific to ICCB and in capital assets for external financial reporting on the statement of net position.

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

Board of Trustees
Parkland Community 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 Community College, Community College District #505 (the College) for the year ended June 30, 2013.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Illinois Community College Board. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement, which is free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

Opinion

In our opinion, the financial statement referred to above, presents fairly, in all material respects, the student enrollment data and other bases upon which claims are filed of Parkland Community College, Community College District #505 for the year ended June 30, 2013 in conformity with the laws, regulations, and rules of the Illinois Community College Board.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement noted above. The information on Schedules 32 through 36 is presented for purposes of additional analysis as required by the Illinois Community College Board and is not a required part of the financial statement. These schedules have been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
September 25, 2013

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Enrollment Data and Other Bases
Upon Which Claims are Filed

For the Year Ended June 30, 2013

Categories	Total Reimbursable Semester Credit Hours by Term: Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	16,166.0	-	43,998.0	-	43,931.0	-	104,095.0	-
Business Occupational	648.0	1,939.0	3,155.0	3,231.5	2,653.5	4,110.5	6,456.5	9,281.0
Technical Occupational	1,953.0	-	12,613.0	-	12,111.5	-	26,677.5	-
Health Occupational	1,344.0	-	5,833.0	-	5,906.0	-	13,083.0	-
Remedial Developmental	1,286.0	-	11,002.0	-	7,169.0	-	19,457.0	-
Adult Basic/Secondary Education	114.0	368.0	366.0	2,073.0	378.0	2,010.0	858.0	4,451.0
TOTAL CREDIT HOURS CERTIFIED	21,511.0	2,307.0	76,967.0	5,304.5	72,149.0	6,120.5	170,627.0	13,732.0

	Attending In-District	Attending Out-of-District on Chargeback	Total
Reimbursable Semester Credit Hours (All Terms)	129,186.0	75.0	129,261.0

	Dual Credit	Dual Enrollment
Reimbursable Semester Credit Hours (All Terms)	5,344.0	170.0

District 2012 Equalized Assessed Valuation $ 4,816,048,491

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

Signatures:

Thomas R. Ramage
Chief Executive Officer (CEO)

Christopher Randles
Chief Financial Officer (CFO)

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

For the Year Ended June 30, 2013

Reconciliation of Total Semester Credit Hours

Categories	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	104,095.0	104,095.0	-	-	-	-
Business Occupational	6,456.5	6,456.5	-	9,281.0	9,281.0	-
Technical Occupational	26,677.5	26,677.5	-	-	-	-
Health Occupational	13,083.0	13,083.0	-	-	-	-
Remedial Developmental	19,457.0	19,457.0	-	-	-	-
Adult Basic / Secondary Education	858.0	858.0	-	4,451.0	4,451.0	-
Total Credit Hours Certified	170,627.0	170,627.0	-	13,732.0	13,732.0	-

Reconciliation of In-District/Chargeback and Cooperative/Contractual Agreement Credit Hours

	Total Attending	Total Attending as Certified to the ICCB	Difference
In-District Residents	129,186.0	129,186.0	-
Out-of-District on Chargeback or Contractual Agreement	75.0	75.0	-
Total	129,261.0	129,261.0	-

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual Credit	5,344.0	5,344.0	-
Dual Enrollment	170.0	170.0	-
Total	5,514.0	5,514.0	-

Reconciliation of Total Correctional Semester Credit Hours

Categories	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupational	-	-	-
Health Occupational	-	-	-
Remedial Developmental	-	-	-
Adult Basic/Secondary Education	-	-	-
Total Credit Hours Certified	-	-	-

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Documentation of Residency Verification Steps

For the Year Ended June 30, 2013

The following procedures detail the process for verifying the residency status of the students of Parkland Community College, Community College District #505.

Applicants

The residency status on application forms is normally determined by the address the student uses on his application form for admission. If the address is an in-district address, then the student is tagged by the College's Admissions Office as "D" for in-district. Likewise, if there is an out-of-district or out-of-state address, then a code of "I" or "U" is used, respectively.

However, there are some exceptions to the above procedures. If a student indicates an in-district address on the application but lists an out-of-district high school and the student is still in high school or a recent high school graduate, then the student will be tagged as an out-of-district student. The student will then have to provide residency proof, such as a copy of a driver's license, voter registration card, property tax statement, or other valid item providing verification of the student's address. If the emergency contact is listed at an address out-of-district and the student is less than 21 years of age, the same procedures listed above must be followed.

Students

If a student who is already in the College's computer system is changing an address from out-of-district to in-district, the College will change the address but not change the residency code. In order to change an out-of-district status to an in-district status, the student must complete the Request for Change of Residency paperwork and provide the required documentation. The request is then reviewed by the Director of Admissions and Enrollment Management, the Associate Director, or one of the Assistant Directors who makes the decision based upon suitable documentation provided by the student as listed in the previous section. This documentation will also include a letter from an employer stating that the student has been employed for at least 35 hours per week prior to registering for courses for the term in which the adjustment is to be made. For students under age 21, a notarized affidavit of non-support is also required.

Returned Mail

When mail is returned to the College in which the post office has provided a label indicating the forwarding address is out-of-district or out-of-state, the College will correct the address in the computer system.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Background Information on State Grant Activity

For the Year Ended June 30, 2013

Unrestricted Grants

Base Operating Grants General operating funds provided to colleges based upon credit enrollment.

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

Restricted Grant/Special Initiative

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

Statewide Initiatives

Other Grants These other grants are additional contractual grants provided for special or specific system-related initiatives. These grants are supported by signed contracts between the college and the State of Illinois. A description of the grants supported by grant agreements may be found in the appendix of the grant agreement governing these grants.

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 child care facilities or provision.

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

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

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Findings and Questioned Costs – ICCB Grant Compliance

For the Year Ended June 30, 2013

Findings – ICCB Grant Compliance

No findings noted in the current fiscal year.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Prior Audit Findings – ICCB Grant Compliance

For the Year Ended June 30, 2013

Findings – ICCB Grant Compliance

No findings were noted in the prior fiscal year.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	**Federal CFDA Number**	**Pass-Through Entity Identifying Number**		**Federal Expenditures**
Department of Agriculture				
Passed through the Illinois State Board of Education (ISBE)				
Child & Adult Care Food Program	10.558	N/A		$ 32,333
Department of Commerce				
Passed through the University of Illinois at Urbana-Champaign				
Economic Development - University Centers	11.303	4226-00-9010505061		20,682
Department of Housing and Urban Development				
Passed through the Village of Rantoul				
Community Development Block Grant	14.218	N/A		1,582
Department of Labor				
Passed through the Champaign Consortium				
WIA Youth Activities	17.259	09-1Y-6050-YETP		36,997
Department of State/Bureau of Educational and Cultural Affairs				
Passed through Kirkwood Community College, Cedar Rapids, IA				
Community College Summer Initiative Program	19.009	S-ECAAS-07-CA-039(CS)		213,941
Department of Transportation				
Passed through the Illinois Community College Board (ICCB)				
ICCB/IDOT HCCTP	20.205	HCCTP505	*	427,704
National Science Foundation				
Passed through the University of Illinois				
NSF Grants	47.070	CNS-0722327		9,176
Department of Education				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	P007A091253		184,710
Federal Work Study (FWS)	84.033	P033A081253		117,372
Pell Grant Program	84.063	N/A		12,724,392
Federal Direct Loans	84.268	P063P090505		11,695,015
Total Student Financial Aid			*	24,721,489
Other Programs				
Trio Student Support Services	84.042a	P042A060194-09		281,827
Passed through the Illinois Community College Board (ICCB)				
Adult Education - Basic	84.002a	50501 Federal Basic		113,750
Adult Education and Family Literacy: iCAPS	84.002a	55137 AEL: iCAPS		9,346
EL/Civics Program	84.002a	50501 EL/CIVICS		50,000
V.E. Perkins IIC Special Populations and Other	84.048	CTE50510	*	383,998
Passed through the Illinois State Board of Education (ISBE)				
Title I - Migrant Education	84.011	N/A		106,556
Total Department of Education				25,666,966
Department of Health and Human Services				
Passed through the Illinois Department of Human Services				
Child Care and Development Block Grant	93.575	N/A		14,974
Total Expenditures of Federal Awards				$ 26,424,355

***** - Denotes a major program.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (Schedule 37) includes the federal grant activity of Parkland Community College (the College) for the year ended June 30, 2013. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the College, which are presented in conformity with accounting principles generally accepted in the United States of America.

2. Basis of Accounting

The schedule has been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2013.

3. Property and Equipment

Property and equipment purchases that are presented as expenditures in the schedule may be capitalized by the College, if applicable.

4. Loans Outstanding

The College has the following loan balances at June 30, 2013. These loan balances are not included in the federal expenditures presented in the schedule.

	CFDA Number	Outstanding Balance June 30, 2013
Perkins Loans	84.038	$ 100,598

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

1. Summary of Auditors' Results

(i) Type of audit report issued on the financial statements: Unmodified

(ii) The audit did not disclose significant deficiencies or material weaknesses in internal control that are required to be reported in accordance with *Government Auditing Standards*.

(iii) The audit did not disclose instances of noncompliance material to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

(iv) The audit did not disclose a significant deficiency or material weaknesses in internal control over major federal award programs.

(v) Type of report issued on compliance for the major programs: Unmodified

(vi) The audit did not disclose findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

(vii) Major Programs:

U.S. Department of Education:

- Student Financial Aid Cluster
  - CFDA # 84.007
  - CFDA # 84.033
  - CFDA # 84.063
  - CFDA # 84.268
- V.E. Perkins IIC Special Populations - CFDA # 84.048

U.S. Department of Transportation

- Highway Planning and Construction Program - CFDA #20.205

(viii) The dollar threshold used to distinguish Type A and Type B programs was $300,000.

(ix) The College does not qualify as a low risk auditee.

2. Findings – Financial Statement Audit

None noted

3. Findings and Questioned Costs – Major Federal Award Program Audit

None noted

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Prior Audit Findings for Federal Awards

For the Year Ended June 30, 2013

12-01: Student Financial Aid Overawards – Material Weakness

Condition

In a sample of 40 students, one was over awarded their financial aid. The total financial aid awarded to students in the sample of 40 was $353,689.

Status

No similar finding is reported for the fiscal year ending June 30, 2013.

12-02: Highway Planning and Construction Grant and Payroll Certifications

Condition

The sole employee whose salary was charged to the federal grant did not have a semi-annual certification form filled out, nor any equivalent documentation supporting his salary be charged to the grant.

Status

No similar finding is reported for the fiscal year ending June 30, 2013.

12-03: Student Financial Aid Change in Status Reporting

Condition

In a sample of ten students, we noted two that were not reported to NSLDS within the 60 days as required.

Status

No similar finding is reported for the fiscal year ending June 30, 2013.

MARTIN HOOD FRIESE & ASSOCIATES, LLC

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Champaign, Illinois 61820
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standard issued by the Comptroller General of the United States, the financial statements of Parkland Community College, Community College District #505 (the College) and its discretely presented component unit as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Parkland Community College's basic financial statements and have issued our report thereon dated September 25, 2013.

The financial statements of the College's discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
September 25, 2013

MARTIN HOOD FRIESE & ASSOCIATES, LLC

2507 South Neil St.
Champaign, Illinois 61820
Phone 217.351.2000
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Parkland Community College, Community College District #505 (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2013. The College's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Parkland Community College, Community College District #505, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
September 25, 2013