

PARKLAND COLLEGE DISTRICT #505

Champaign, Illinois

Comprehensive Annual Financial Report

For the Years Ended

June 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Parkland College District #505
Champaign, Illinois

Report on the Financial Statements

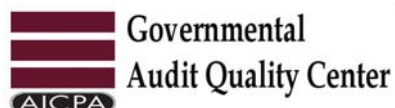
We have audited the accompanying financial statements of Parkland College District #505 (the College) and its discretely presented component unit (Parkland College Foundation) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise 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 (GAAP); 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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*.



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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 the College and of its discretely presented component unit as of June 30, 2016 and 2015 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 13 and the Schedule of Proportionate Share of Net Pension Liability – SURS and Schedule of Contributions – SURS on page 50 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the College and its discretely presented component unit as of and for the years ended June 30, 2016 and 2015. 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are also not a required part of the basic financial statements. As described in Note 19, 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.

Schedules 1 through 25 and Schedules 37 through 39, including the schedule of expenditures of federal awards, are the responsibility of management. Schedules 1 through 25, except Schedule 19, and Schedules 37 through 39, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Information on Schedules 1 through 25, except Schedule 19, and Schedules 37 through 39, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of American. In our opinion, the information in Schedules 1 through 25, except Schedule 19, and Schedules 37 through 39, including the schedule of expenditures of federal awards, 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.

Schedule 19 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on Schedule 19.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 27, 2016, 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.

Marta, Hood, Friesel & Associates, LLC

Champaign, Illinois
September 27, 2016

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 (MD&A) of the College's financial activities, and its component unit, the Parkland College Foundation (the "Foundation"), for the fiscal years ended June 30, 2016, 2015 and 2014. 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 2016, 2015 and 2014 only.

Using This Annual Report

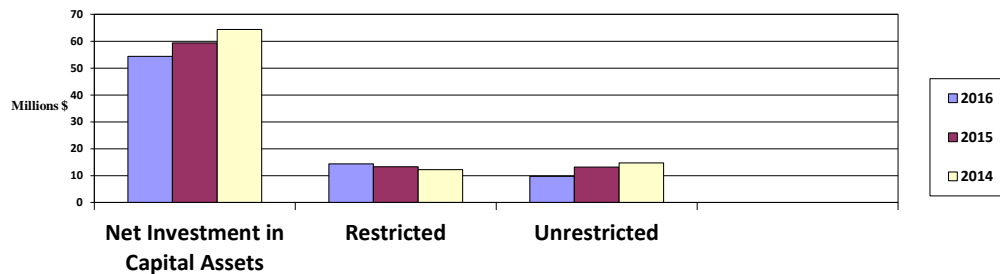
The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Position is designed to be similar to bottom line results for the College. The Statements of Revenues, Expenses, 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 Foundation, which is defined as a component unit.

The Management Discussion and Analysis contains financial activity of Parkland. 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, 2016. Copies of the Foundation's annual audit can be obtained from the Foundation office at Parkland College.

Primary Institution Financial Highlights

Comparative Net Position Chart

Net Position - Fiscal Years 2016, 2015 and 2014



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 category is restricted net position, which is 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)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$ 42.8	\$ 48.0	\$ 55.7
Non-Current Assets:			
Capital Assets, Net of Depreciation	112.0	115.9	114.6
Total Assets	154.8	163.9	170.3
Deferred Outflows of Resources	0.4	0.4	0.5
Total Assets and Deferred Outflows of Resources	155.2	164.3	170.8
Current Liabilities	13.1	12.5	13.4
Non-Current Liabilities	63.7	66.0	66.2
Total Liabilities	76.8	78.5	79.6
Net Position:			
Net Investment in Capital Assets	54.3	59.3	64.3
Restricted	14.4	13.3	12.4
Unrestricted	9.7	13.2	14.5
Total Net Position	<u>\$ 78.4</u>	<u>\$ 85.8</u>	<u>\$ 91.2</u>

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 2016 Compared to 2015

Net position decreased \$7.4 million during fiscal year 2016. This decrease was due to investment in capital assets decreasing by \$5.0 million and unrestricted net position decreasing \$3.5 million, offset by a \$1.1 million increase in restricted net position.

Total liabilities decreased by \$1.7 million to \$76.8 million. This decrease was due to non-current liabilities decreasing by \$2.3 million and current liabilities increasing by \$0.6 million.

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

Fiscal Year 2015 Compared to 2014

Net position decreased \$5.4 million during fiscal year 2014. This decrease was due to investment in capital assets increasing by \$5.0 million and restricted net position increasing by \$1.3 million, offset by an \$0.9 million decrease in unrestricted net position.

Total liabilities decreased by \$1.1 million to \$78.5 million. This decrease was due to non-current liabilities decreasing by \$0.2 million and current liabilities decreasing by \$0.9 million.

The College also adopted GASB 68 in fiscal year 2015 and as a result recorded deferred retirement plan contributions subsequent to the measurement date of the net pension liability (June 30, 2014) as deferred outflows of resources. See Note 12 for additional information.

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 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)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenue:			
Tuition and Fees	\$ 19.6	\$ 19.4	\$ 16.9
Auxiliary Enterprises	4.4	4.8	5.1
Other	2.1	1.1	1.2
Total	<u>26.1</u>	<u>25.3</u>	<u>23.2</u>
Less: Operating Expenses	<u>102.7</u>	<u>102.7</u>	<u>99.1</u>
Operating Loss	<u>(76.6)</u>	<u>(77.4)</u>	<u>(75.9)</u>
Non-Operating Revenue (Expenses):			
State Grants and Contracts	4.4	8.7	8.5
Local Property Taxes	29.1	28.2	27.1
Federal Grants and Contracts	19.8	21.0	23.8
On-Behalf Payments	18.6	15.5	13.1
Loss on Disposal of Property and Equipment	-	(0.1)	-
Interest Expense	(2.8)	(2.4)	(1.9)
Investment Income	0.1	0.1	0.1
Total	<u>69.2</u>	<u>71.0</u>	<u>70.7</u>
Income (Loss) Before Capital Contributions	<u>(7.4)</u>	<u>(6.4)</u>	<u>(5.2)</u>
Capital Contributions	-	1.0	1.4
Increase (Decrease) in Net Position	<u>(7.4)</u>	<u>(5.4)</u>	<u>(3.8)</u>
Net Position, Beginning of Year	<u>85.8</u>	<u>91.2</u>	<u>95.0</u>
Net Position, End of Year	<u>\$ 78.4</u>	<u>\$ 85.8</u>	<u>\$ 91.2</u>

Fiscal Year 2016 Compared to 2015

Operating revenues increased \$0.8 million from the prior year. Operating revenue increased by \$0.2 million in the tuition & fees category and \$1.0 million in other revenues, offset by a decrease of \$0.4 million in auxiliary revenues. The increase in tuition and fees revenue reflects the increase in fee revenue of \$0.1 million combined with an increase of \$0.1 million in scholarship allowance from the prior year.

In total, operating expenses stayed the same. This is due to a decrease of \$2.9 million in instructional expenses and a decrease of \$1.5 million in scholarships. These decreases were offset by a \$0.5 million increase in institutional support along with an increase in on-behalf payments of \$3.0 million.

The non-operating revenues decreased \$1.8 million. This is due to a decrease of \$4.3 million in State Grants and Contracts in addition to a decrease of \$1.2 million in Federal Grants and Contracts (Federal Aid). These decreases were offset by an increase in contributions of \$3.1 million in the State of Illinois for the SURS pension plan (see note 12), an increase in property tax \$0.9 million along with an increase of \$0.4 million in interest expense.

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 2015 Compared to 2014

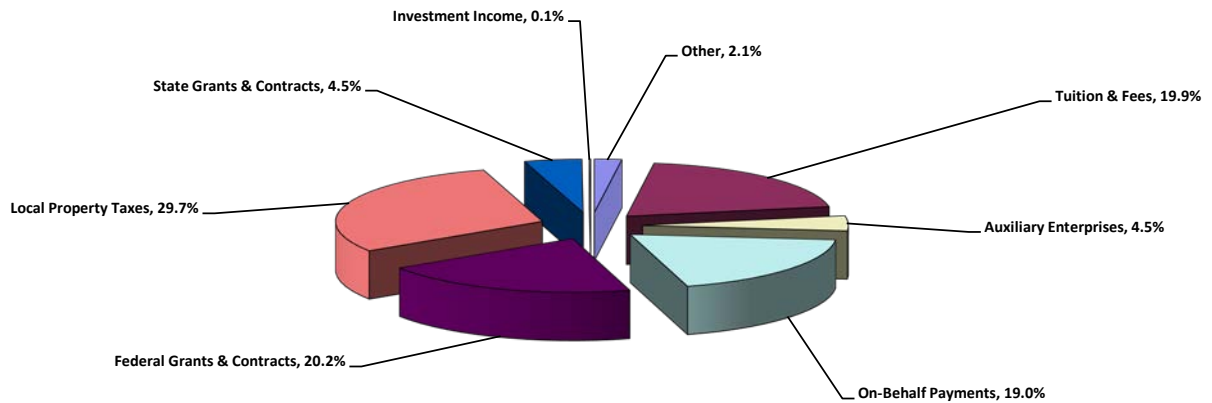
Operating revenues increased \$2.1 million from the prior year. Operating revenue increased by \$2.5 million in the tuition & fees category, offset by a decrease of \$0.3 million in auxiliary revenues and a \$0.1 million decrease in other revenues. The increase in tuition and fees revenue reflects the increase in fee revenue of \$1.5 million combined with a decrease of \$0.6 million in scholarship allowance from the prior year.

In total, operating expenses increased by \$3.6 million. This is due to an increase of \$4.3 million in instructional expenses, an increase of \$0.5 million in academic support, an increase of \$0.3 million in student services, an increase of \$2.4 million in on-behalf payments, and a \$0.9 million increase in depreciation expense. These increases were offset by a \$2.4 million decrease in grants and scholarships due to less financial aid being available and a decrease of \$2.5 million in the operation and maintenance of plant expense. Generally, increases in total operating expenses are 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 \$0.3 million. This is due to an increase in contributions of \$2.4 million from the State of Illinois for the SURS pension plan (see note 12), an increase of \$0.2 million in State Grants and Contracts and the property tax increase of \$1.1 million. These increases were offset by a decrease of \$2.8 million in Federal Grants and Contracts (Federal Aid). Also, interest expense increased \$0.5 million and disposals of property and equipment increased \$0.1 million to offset the overall increase in non-operating revenues.

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).

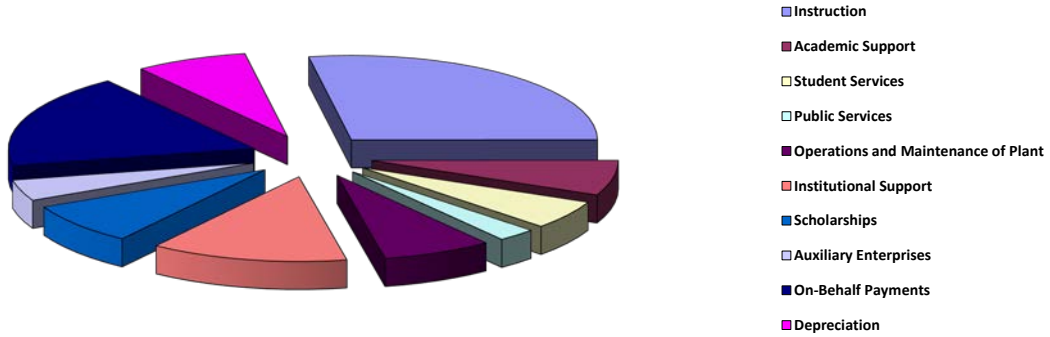
Revenue by Source Fiscal Year 2016



**Operating Expenses
For Year Ended June 30
(in millions)**

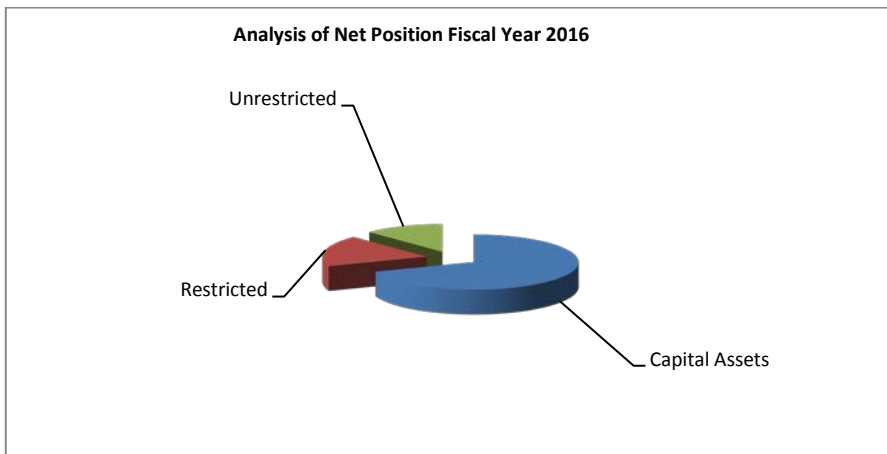
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Expenses:			
Instruction	\$ 28.5	\$ 31.4	\$ 26.5
Academic Support	6.9	6.6	6.6
Student Services	5.6	5.6	5.2
Public Service	2.6	2.7	2.6
Operations and Maintenance of Plant	7.4	7.1	9.7
Institutional Support	13.3	12.7	12.6
Scholarships	8.1	9.6	12.0
Auxiliary Enterprises	4.1	4.5	4.6
On-Behalf Payments	18.6	15.5	13.1
Depreciation	7.6	7.0	6.2
Total	<u>\$ 102.7</u>	<u>\$ 102.7</u>	<u>\$ 99.1</u>

Operating Expenses Fiscal Year 2016



**Analysis of Net Position
June 30
(in millions)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Position:			
Net Investment in Capital Assets	\$ 54.3	\$ 59.3	\$ 64.3
Restricted	14.4	13.3	12.4
Unrestricted	9.7	13.2	14.5
Total	<u>\$ 78.4</u>	<u>\$ 85.8</u>	<u>\$ 91.2</u>



Fiscal Year 2016 Compared to 2015

Total net position decreased by \$7.4 million from fiscal year 2015 to fiscal year 2016. The net investment in capital assets decreased \$5.0 million, or 8.4% over the previous year. This decrease was due mainly to depreciation exceeding the sum of capital asset additions funded with non-debt resources (see Note 6) and payments of principal on outstanding bonds related to capital assets. Restricted net position increased by \$1.1 million compared to the previous year and the unrestricted net position decreased by \$3.5 million during fiscal year 2016.

Fiscal Year 2015 Compared to 2014

Total net position decreased by \$5.4 million from fiscal year 2014 to fiscal year 2015. The net investment in capital assets decreased \$5.0 million, or 7.7% over the previous year. This decrease was due mainly to depreciation exceeding the sum of capital asset additions funded with non-debt resources (see Note 6) and payments of principal on outstanding bonds related to capital assets. Restricted net position increased by \$0.9 million compared to the previous year and the unrestricted net position decreased by \$1.3 million during fiscal year 2015.

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 2016, the College had \$112.0 million invested in a broad range of capital assets (see table below). This amount represents a net decrease (including additions and depreciation) of \$3.8 million. More detailed information about capital assets can be found in Note 6 to the Basic Financial Statements.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land	\$ 1.8	\$ 1.8	\$ 1.8
Construction in Progress	1.2	9.5	43.8
Buildings	82.9	76.8	46.3
Land Improvements	22.3	23.1	16.5
Equipment	3.8	4.7	6.2
Total	<u>\$ 112.0</u>	<u>\$ 115.9</u>	<u>\$ 114.6</u>

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

PHS Generator Project	\$ 0.3
PHS Generator and Fire Alarm Phase I and II	1.7
Backfill Remodel	0.8
Equipment	0.9
Total	<u>\$ 3.7</u>

The College's fiscal year 2017 operating capital budget is \$8.4 million. This capital budget will be used to complete the facility master plan.

Long-Term Debt Activity

The College's long-term debt decreased during 2016 from \$68.8 million to \$67.4 million. The general obligation bonds payable decreased \$1.8 million during the year while the retirement obligation increased \$0.4 million. 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 8 to the Basic Financial Statements.

The College's master plan includes using available debt funds 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 2017, the Parkland College Board of Trustees has authorized a tuition increase of \$11.50 - \$24.50 per credit hour depending on a student's residency status. The Board approved an increase in the technology fee of \$5 per credit hour. Also, a \$25 per credit hour health profession clinical fee was implemented. Additionally, adjustments were made to select additional course fees. This equates to a reasonable increase in tuition and fee revenues assuming the enrollment and residency mix stay constant for the upcoming fiscal year. The College also expects a modest increase in local property tax revenue due to anticipated EAV growth. The College budgeted \$2.5 million in State funding based on FY2015 funding levels. The lack of a State budget continues to be a major concern.

Parkland College continues to diligently monitor expenses. The College implemented a hiring freeze in addition to delayed hiring of open mission critical positions. Also, the College has a new health insurance administrator that will potentially yield savings in healthcare costs due to larger discounts. The College continues to work 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.

In fiscal year 2014, 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 in fiscal 2014 engaged an information technology consultant (Moran Technology) to evaluate the College's information systems. In fiscal year 2015, the College hired a Chief Information Officer who was charged with implementing various aspects of the technology master plan. Two items that have been completed are the transition to a new email system and a singular password system. The College will continue to implement the technology master plan over the next several years. Parkland will continue capital improvements in its grounds and facilities. As noted earlier, this includes finishing the master plan remodeling. The College plans to finish Phase II of the first alarm system via protection health safety proceeds.

The College's approved operating budget for fiscal year 2017 is \$55.4 million. The total College budget is \$102.7 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. Also, the Foundation celebrated the College's 50 year anniversary.

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 a significant effect on the financial position or results of operations during the new fiscal year.

PARKLAND COLLEGE DISTRICT #505
Statements of Net Position
June 30, 2016 and 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2016	2015
Current Assets		
Unrestricted:		
Cash and Cash Equivalents	\$ 17,834,688	\$ 21,937,621
Investments	6,020,931	5,746,534
Property Taxes Receivable, Net	897,961	536,037
Accounts Receivable, Net	1,789,722	2,302,651
Inventories	410,044	541,740
Restricted:		
Cash and Cash Equivalents	14,758,815	16,057,120
Property Taxes Receivable, Net	237,873	72,455
Accounts Receivable, Net	845,460	783,597
Total Current Assets	42,795,494	47,977,755
Property and Equipment, Net	112,067,586	115,891,828
Total Assets	154,863,080	163,869,583
Deferred Outflows of Resources		
Deferred Charge on Refunding	318,760	395,930
Deferred Retirement Plan Contributions Subsequent to Measurement Date	53,803	49,760
Total Deferred Outflows of Resources	372,563	445,690
Total Assets and Deferred Outflows of Resources	\$ 155,235,643	\$ 164,315,273

LIABILITIES AND NET POSITION

Current Liabilities		
Accounts Payable	\$ 1,507,459	\$ 1,442,498
Accrued Liabilities	3,116,879	3,085,180
Due to Student Groups	1,592,705	1,362,844
Due to Parkland Foundation	719,835	1,047,517
Unearned Revenue	2,476,314	2,712,687
Retirement Obligation	1,513,715	952,297
Current Portion of Capital Lease Obligations	18,940	-
Current Portion of Bonds Payable	2,130,000	1,840,000
Total Current Liabilities	13,075,847	12,443,023
Long-Term Liabilities		
Retirement Obligation, Net of Current Portion	3,424,060	3,574,416
Accrued Compensated Absences	1,718,310	1,744,275
Capital Lease Obligations, Net of Current Portion	19,717	-
Bonds Payable, Net of Current Portion	58,575,000	60,705,000
Total Long-Term Liabilities	63,737,087	66,023,691
Total Liabilities	76,812,934	78,466,714
Net Position		
Net Investment in Capital Assets	54,368,886	59,349,158
Restricted for:		
Expendable Trust	7,599,358	7,599,358
Debt Service	3,933,535	3,715,477
Purposes Allowed by Property Tax Levies	1,213,191	1,145,364
Aviation Program Operation	1,647,349	842,965
Unrestricted	9,660,390	13,196,237
Total Net Position	78,422,709	85,848,559
Total Liabilities and Net Position	\$ 155,235,643	\$ 164,315,273

See Accompanying Notes

PARKLAND COLLEGE DISTRICT #505
 Statements of Financial Position - Component Unit
 June 30, 2016 and 2015

ASSETS

	2016	2015
Current Assets		
Due from Parkland College	\$ 719,835	\$ 1,047,517
Life Insurance Receivable	-	100,000
Promises to Give, Net of Allowance of \$5,000 and \$11,696, Respectively	40,860	76,000
Total Current Assets	760,695	1,223,517
Property & Equipment, Net	-	850
Other Assets		
Investments	6,529,162	6,248,066
Promises to Give, Net of Current Portion, Allowance of \$44,240 and \$61,174, and Discount of \$347,951 and \$344,403, Respectively	349,483	208,847
Land Investment	2,213,608	2,322,947
Cash Surrender Value of Life Insurance	55,792	54,973
Other Assets	17,500	17,500
Total Other Assets	9,165,545	8,852,333
Total Assets	\$ 9,926,240	\$ 10,076,700

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ -	\$ 14,207
Accrued Vacation Payable	22,879	19,636
Total Current Liabilities	22,879	33,843
Long-Term Liabilities		
Land Investment Use Obligation	328,722	349,179
Total Liabilities	351,601	383,022
Net Assets		
Unrestricted	(1,859,081)	(1,839,070)
Temporarily Restricted	7,207,350	7,429,622
Permanently Restricted	4,226,370	4,103,126
Total Net Assets	9,574,639	9,693,678
Total Liabilities and Net Assets	\$ 9,926,240	\$ 10,076,700

See Accompanying Notes

PARKLAND COLLEGE DISTRICT #505
 Statements of Revenues, Expenses, and Changes in Net Position
 For the Years Ended June 30, 2016 and 2015

	2016	2015
Operating Revenues		
Student Tuition and Fees, Net of Scholarship Allowance of \$9,928,485 and \$9,705,153	\$ 19,613,362	\$ 19,415,858
Auxiliary Enterprises Revenue	4,414,042	4,830,089
Other Operating Revenues	2,059,288	1,063,751
Total Operating Revenues	26,086,692	25,309,698
Operating Expenses		
Instruction	28,481,178	31,316,134
Academic Support	6,890,929	6,626,944
Student Services	5,587,727	5,575,336
Public Service	2,627,487	2,669,419
Auxiliary Expenses	4,087,916	4,525,238
Operation and Maintenance of Plant	7,418,379	7,139,487
Scholarships and Grants	8,050,124	9,618,593
Institutional Support	13,327,950	12,706,931
On-Behalf Payments	18,602,246	15,505,504
Depreciation and Amortization	7,599,123	7,035,420
Total Operating Expenses	102,673,059	102,719,006
Operating Income (Loss)	(76,586,367)	(77,409,308)
Non-Operating Revenues (Expenses)		
State Grants and Contracts	4,327,112	8,653,885
Local Property Tax Revenues	29,128,892	28,281,883
Federal Grants and Contracts	19,784,395	21,021,864
On-Behalf Payments	18,602,246	15,505,504
Investment Income Earned	146,277	96,894
Loss on Disposal of Property and Equipment	-	(124,800)
Interest Expense	(2,828,405)	(2,390,809)
Total Non-Operating Revenues (Expenses)	69,160,517	71,044,421
Income (Loss) Before Other Revenue	(7,425,850)	(6,364,887)
Other Revenue		
Capital Contributed	-	958,623
Increase (Decrease) in Net Position	(7,425,850)	(5,406,264)
Net Position, Beginning of Year	85,848,559	91,254,823
Net Position, End of Year	\$ 78,422,709	\$ 85,848,559

See Accompanying Notes

PARKLAND COLLEGE DISTRICT #505
 Statements of Activities - Component Unit
 For the Years Ended June 30, 2016 and 2015

	2016	2015
Change in Unrestricted Net Assets		
Support and Revenue:		
Contributions	\$ 182,869	\$ 454,802
In-Kind Contributions	732,738	614,309
Special Events, Net of Direct Costs	59,126	40,564
Net Increase (Decrease) in Cash Surrender Value of Life Insurance	818	-
Net Assets Released from Restrictions	1,056,869	458,239
Total Support and Revenue	2,032,420	1,567,914
Expenses:		
<i>Program Services</i>		
Scholarships	262,006	216,390
Institutional Support	1,342,229	517,756
Total Program Services	1,604,235	734,146
<i>Supporting Services</i>		
Management and General	197,335	300,485
Fundraising	242,520	344,312
Total Supporting Services	439,855	644,797
Total Expenses	2,044,090	1,378,943
Reclassification of Net Assets	(8,341)	154,973
Change in Unrestricted Net Assets	(20,011)	343,944
 Change in Temporarily Restricted Net Assets		
Support and Revenue:		
Contributions	615,954	892,402
Special Events, Net of Direct Costs	39,273	74,829
Interest and Dividends, Net of Fees	86,446	50,724
Net Realized and Unrealized Gain (Loss) on Investments	163,465	(23,643)
Net Unrealized Gain (Loss) on Land Investment	(109,339)	442,947
Change in Land Investment Use Obligation	20,457	(69,179)
Net Assets Released from Restrictions	(1,056,869)	(458,239)
Total Support and Revenue	(240,613)	909,841
Reclassification of Net Assets	18,341	500,000
Change in Temporarily Restricted Assets	(222,272)	1,409,841
 Change in Permanently Restricted Net Assets		
Support and Revenue:		
Contributions	133,244	97,117
Net Increase (Decrease) in Cash Surrender Value of Life Insurance	-	2,427
Total Support and Revenue	133,244	99,544
Reclassification of Net Assets	(10,000)	(654,973)
Change in Permanently Restricted Net Assets	123,244	(555,429)
 Change in Net Assets	(119,039)	1,198,356
 Net Assets, Beginning of Year	9,693,678	8,495,322
 Net Assets, End of Year	\$ 9,574,639	\$ 9,693,678

See Accompanying Notes

PARKLAND COLLEGE DISTRICT #505
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Student Tuition and Fees	\$ 19,174,996	\$ 19,068,337
Payments to Suppliers	(15,793,442)	(20,280,003)
Payments to Employees and Benefits Paid	(51,784,192)	(50,216,550)
Payments for Financial Aid and Scholarships	(8,050,124)	(9,618,593)
Auxiliary Enterprise Charges	4,414,042	4,830,089
Net Receipts from (Disbursements to) Parkland Foundation	(327,682)	717,848
Other Receipts	2,059,288	1,063,751
	(50,307,114)	(54,435,121)
Net Cash Provided by (Used in) Operating Activities		
Cash Flows from Non-Capital Financing Activities		
Local Property Taxes	28,601,550	25,713,456
State Grants and Contracts	5,042,034	12,047,868
Federal Grants and Contracts	19,722,532	20,916,161
	53,366,116	58,677,485
Net Cash Provided by (Used in) Non-Capital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Purchase of Property and Equipment	(3,694,742)	(6,973,261)
Principal Paid on Capital Lease Obligations	(41,483)	-
Principal Paid on Bonds	(1,840,000)	(1,570,000)
Interest Paid on Bonds	(2,755,895)	(2,803,620)
	(8,332,120)	(11,346,881)
Net Cash Provided by (Used in) Capital and Related Financing Activities		
Cash Flows from Investing Activities		
Purchase of Investments	(2,757,201)	(5,746,534)
Proceeds from Maturing of Investments	2,482,804	-
Interest on Cash and Cash Equivalents	146,277	96,894
	(128,120)	(5,649,640)
Net Cash Provided by (Used in) Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(5,401,238)	(12,754,157)
Cash and Cash Equivalents, Beginning of Year	37,994,741	50,748,898
Cash and Cash Equivalents, End of Year	\$ 32,593,503	\$ 37,994,741
On the Statement of Net Position as Follows:		
Unrestricted - Cash and Cash Equivalents	\$ 17,834,688	\$ 21,937,621
Restricted - Cash and Cash Equivalents	14,758,815	16,057,120
Cash and Cash Equivalents, End of Year	\$ 32,593,503	\$ 37,994,741

See Accompanying Notes

PARKLAND COLLEGE DISTRICT #505
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ (76,586,367)	\$ (77,409,308)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization Expense	7,599,123	7,035,420
On-Behalf Payments	18,602,246	15,505,504
Changes in Assets, Deferred Outflows, and Liabilities:		
Accounts Receivable, Net	(201,993)	(47,501)
Inventories	131,696	48,628
Deferred Retirement Plan Contributions		
Subsequent to Measurement Date	(4,043)	(49,760)
Accounts Payable	64,961	(1,986,167)
Accrued Liabilities	36,360	63,411
Due to Student Groups	229,861	47,897
Due to Parkland Foundation	(327,682)	717,848
Unearned Revenue	(236,373)	(300,020)
Retirement Obligations	411,062	1,847,166
Accrued Compensated Absences	(25,965)	91,761
	\$ (50,307,114)	\$ (54,435,121)
 Supplemental Disclosure of Non-Cash Capital and Related Financing Activity		
Property and Equipment Contributed	\$ -	\$ 958,623
Property and Equipment Additions from Capitalized Interest	\$ -	\$ 487,437
Property and Equipment Additions from Capital Lease	\$ 80,140	\$ -

See Accompanying Notes

PARKLAND COLLEGE DISTRICT #505
Notes to Basic Financial Statements
June 30, 2016 and 2015

Parkland 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 (GAAP), 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 the 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 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 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.
- b. Effective in fiscal year 2015, the College implemented GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*. The adoption of this standard did not cause the College to record a prior period adjustment. The College has disclosed pension information in this fiscal year based on the requirements of GASB Statement Number 68.

- c. 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.
- d. 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.
- e. 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.
- f. 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. The investments consist of negotiable and non-negotiable certificates of deposit with initial maturity terms in excess of three months, which are held at cost. The difference between the cost and fair value of the negotiable certificates of deposit is insignificant.
- g. 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 past due. Collection costs may be applied to account balances still outstanding 30 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, 2016 and 2015 was \$3,851,037 and \$3,574,496, 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.

- h. 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 2015 tax levy was passed by the Board of Trustees on December 16, 2015. 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 2015 tax levy be allocated and recognized 55 percent in fiscal year 2016 and 45 percent in fiscal year 2017. Property tax revenue for the years ended June 30, 2016 and 2015 were from the 2015 and 2014 levies and the 2014 and 2013 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, 2016 and 2015, the College has recorded an allowance of \$1,978,547 and \$1,503,174, 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.

- i. 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.
- j. 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.
- k. Inventories are stated at the lower of average cost or market. Cost is determined on a first-in, first-out (FIFO) basis.
- l. 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 50 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.

- m. The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has two items that qualify for reporting in this category. These items, deferred charge on refunding and deferred retirement plan contributions subsequent to measurement date, are reported in the Statements of Net Position. The deferred charge on refunding represents the excess of cash paid to the refunded bond escrow agent over the amount of refunded principal payments. The amount is deferred and recognized as an outflow of resources (expense) over the shorter of the remaining life of the refunded debt or the life of the refunding debt. The retirement plan contributions subsequent to measurement date deferred outflow item is the amount of contributions made by the College to the State Universities Retirement System (SURS or the System) for retirement benefits on grant funded salaries during the years ended June 30, 2016 and 2015. These contributions occurred after the SURS measurement dates of June 30, 2015 and 2014 for the net pension liability and will be included in the net pension liability measurement at June 30, 2016 and 2015, and pension expense in fiscal years 2017 and 2016, respectively.

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has no item that qualifies for reporting in this category at June 30, 2016.

- n. Unearned 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 unexpended grant funds and tuition and fee charges for a portion of the in progress Summer semester and all of the upcoming Fall semester. The tuition and fee charges are prorated according to the timing of the semester.
- o. Accrued compensated absences consist of accumulated unused vacation days up to a maximum of 56 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 Statement of Net Position date.

- p. 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 that has been used as of the statement of net position date to finance capital additions.
- 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 resources exist, it is the College's policy to first apply restricted resources to such expenses.

- q. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deduction from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

- r. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- s. Certain reclassifications have been made to the statement of net position for June 30, 2015, and to the statement of cash flows for fiscal year 2015, to conform to the presentation for June 30, 2016 and fiscal year 2016, respectively. Certain certificates of deposit with initial maturities in excess of three months, which were reported in Cash and Cash Equivalent in 2015, have been reclassified to Investments to conform to 2016's presentation.

Certain reclassifications have been made to the statement of revenues, expenses, and changes in net position for fiscal year 2015 to conform to the presentation for fiscal year 2016. The operating expenses for one program were reclassified from Academic Support to Instruction and corporate personal property replacement tax revenue has been moved from State Grants and Contracts to Local Property Tax Revenues.

These reclassifications had no impact on the change in net position as previously reported for the year ended June 30, 2015

3. Overexpenditure of Legal Budgets

The College overexpended its legally adopted budget for the following funds in fiscal year 2016. Even though the funds were overexpended, each fund still resulted in either a surplus or a lesser deficit than was budgeted.

- The Operations and Maintenance Fund budget was overexpended by \$21,651. The overexpenditure was due to employee benefit expenses being higher than expected.
- The Audit Fund budget was overexpended by \$3,195. The overexpenditure was due to audit expenses being higher than expected.
- The LPS Fund budget was overexpended by \$10,539. The overexpenditure was due to insurance and employee benefit expenses being higher than expected.

4. Deposits and Investments

Investments

At June 30, 2016 and 2015, the College held the following investments:

	2016	2015
Certificates of Deposit		
Non-Negotiable	\$ 4,213,101	\$ 2,944,200
Negotiable	1,807,830	2,802,334
Total Investments	\$ 6,020,931	\$ 5,746,534

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, 2016, \$24,353,390 of the College's \$30,882,113 bank balance, including certificates of deposit, 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, 2016 and 2015, the College held \$8,837,222 and \$6,780,609, respectively, in the Illinois Funds Money Market Fund. The value of the College's position in this fund is equal to

the value of the College’s fund shares, which maintain a \$1 net asset value. 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 and valued at amortized cost. 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. The College has no restrictions on withdrawing funds from this external investment pool.

At June 30, 2016 and 2015, the College held a total of \$1,794 and \$162,857, respectively, in the Illinois School District Liquid Asset Fund Plus. The reported value of the College’s position in this fund is equal to the value of the College’s fund shares, which maintain a \$1 net asset value. 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 and are valued at amortized cost. Assets of the fund are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year. The College has no restrictions on withdrawing funds from this external investment pool.

Interest Rate Risk – Investments

Interest rate risk is the risk that a change in the market rate of interest for a category of debt securities will negatively impact the market value of a debt security. Interest rate risk is not directly addressed by the College’s investment policy except for the general goal to “provide sufficient liquidity to pay obligations as they come due”.

At June 30, 2016, the District held the following investments subject to interest rate risk:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable Certificates of Deposit	\$ 1,807,830	1.12

5. Accounts Receivable, Net

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

	2016	2015
Tuition Receivables from Students, Net	\$ 587,652	\$ 550,649
State Replacement Tax	388,694	387,098
Tuition Receivables from Agencies	704,407	539,334
Grants from Federal and State Sources	755,381	688,771
Unrestricted State Funding	-	748,223
Other Receivables	199,048	172,173
	<u>2,635,182</u>	<u>3,086,248</u>
Total Accounts Receivable, Net	<u>\$ 2,635,182</u>	<u>\$ 3,086,248</u>
Unrestricted	\$ 1,789,722	\$ 2,302,651
Restricted	845,460	783,597
	<u>2,635,182</u>	<u>3,086,248</u>
Total Accounts Receivable, Net	<u>\$ 2,635,182</u>	<u>\$ 3,086,248</u>

6. Property and Equipment, Net

The following is a summary of changes in property and equipment for the year ended June 30, 2016:

	June 30, 2015	Additions	Disposals	June 30, 2016
Assets Not Being Depreciated:				
Land	\$ 1,841,745	\$ -	\$ -	\$ 1,841,745
Construction in Progress	9,544,618	2,866,499	11,259,067	1,152,050
Assets Being Depreciated:				
Buildings	108,746,416	8,407,237	-	117,153,653
Land Improvements	41,263,061	2,851,859	-	44,114,920
Equipment	20,667,891	908,353	-	21,576,244
Total Property and Equipment	<u>182,063,731</u>	<u>15,033,948</u>	<u>11,259,067</u>	<u>185,838,612</u>
Less: Accumulated Depreciation				
Buildings	(32,061,606)	(2,172,928)	-	(34,234,534)
Land Improvements	(18,186,485)	(3,622,370)	-	(21,808,855)
Equipment	(15,923,812)	(1,803,825)	-	(17,727,637)
Total Accumulated	<u>(66,171,903)</u>	<u>(7,599,123)</u>	<u>-</u>	<u>(73,771,026)</u>
Depreciation and Amortization	<u>(66,171,903)</u>	<u>(7,599,123)</u>	<u>-</u>	<u>(73,771,026)</u>
Property and				
Equipment, Net	<u>\$ 115,891,828</u>	<u>\$ 7,434,825</u>	<u>\$ 11,259,067</u>	<u>\$ 112,067,586</u>

The following is a summary of changes in property and equipment for the year ended June 30, 2015:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2015</u>
Assets Not Being Depreciated:				
Land	\$ 1,841,745	\$ -	\$ -	\$ 1,841,745
Construction in Progress	43,816,566	7,325,899	41,597,847	9,544,618
Assets Being Depreciated:				
Buildings	77,207,562	32,058,854	520,000	108,746,416
Land Improvements	31,724,068	9,538,993	-	41,263,061
Equipment	19,574,469	1,093,422	-	20,667,891
Total Property and Equipment	<u>174,164,410</u>	<u>50,017,168</u>	<u>42,117,847</u>	<u>182,063,731</u>
Less: Accumulated Depreciation				
Buildings	(30,889,265)	(1,567,541)	(395,200)	(32,061,606)
Land Improvements	(15,229,129)	(2,957,356)	-	(18,186,485)
Equipment	(13,413,289)	(2,510,523)	-	(15,923,812)
Total Accumulated Depreciation	<u>(59,531,683)</u>	<u>(7,035,420)</u>	<u>(395,200)</u>	<u>(66,171,903)</u>
Property and Equipment, Net	<u>\$ 114,632,727</u>	<u>\$ 42,981,748</u>	<u>\$ 41,722,647</u>	<u>\$ 115,891,828</u>

7. Unearned Revenue

Unearned revenue consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Unearned Student Tuition and Fees	\$ 2,165,373	\$ 2,360,273
Other Unearned Revenue	310,941	352,414
Total Unearned Revenue	<u>\$ 2,476,314</u>	<u>\$ 2,712,687</u>

8. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Retired</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 1,744,275	\$ 1,520,000	\$ 1,545,965	\$ 1,718,310	\$ -
Bonds	62,545,000	-	1,840,000	60,705,000	2,130,000
Retirement Obligation	4,526,713	1,589,256	1,178,194	4,937,775	1,513,715
Capital Lease Obligations	-	80,140	41,483	38,657	18,940
Total Long-Term Debt	<u>\$ 68,815,988</u>	<u>\$ 3,189,396</u>	<u>\$ 4,605,642</u>	<u>\$ 67,399,742</u>	<u>\$ 3,662,655</u>

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	June 30, 2014	Additions	Retired	June 30, 2015	Due Within One Year
Compensated Absences	\$ 1,652,514	\$ 1,520,000	\$ 1,428,239	\$ 1,744,275	\$ -
Bonds	64,115,000	-	1,570,000	62,545,000	1,840,000
Retirement Obligation	2,679,547	2,759,133	911,967	4,526,713	952,297
Total Long-Term Debt	<u>\$ 68,447,061</u>	<u>\$ 4,279,133</u>	<u>\$ 3,910,206</u>	<u>\$ 68,815,988</u>	<u>\$ 2,792,297</u>

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, 2016 was \$32,290,000.

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 semiannually on June 1 and December 1 beginning December 1, 2010. The balance outstanding at June 30, 2016, was \$20,630,000.

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, 2016 was \$7,785,000.

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 3.73 percent of such revenues. The principal and interest payments for fiscal years 2016 and 2015 were \$744,584 and \$739,790, respectively. The College's pledged revenues totaled \$20,052,248 and \$19,492,289 for fiscal years 2016 and 2015, respectively. At June 30, 2016, pledged future revenues totaled \$10,383,460, 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
2017	\$ 2,130,000	\$ 2,693,795	\$ 4,823,795
2018	2,495,000	2,611,408	5,106,408
2019	2,830,000	2,507,708	5,337,708
2020	3,225,000	2,387,333	5,612,333
2021	3,665,000	2,244,189	5,909,189
2022-2026	26,455,000	8,073,018	34,528,018
2027-2030	19,905,000	1,417,411	21,322,411
	<u>\$ 60,705,000</u>	<u>\$ 21,934,862</u>	<u>\$ 82,639,862</u>

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 deferred refunding expense, which is included in deferred outflows of resources on the statement of net position, will be amortized as follows:

Fiscal Year Ending June 30	
2017	\$ 77,170
2018	77,170
2019	77,170
2020	65,220
2021	22,030
	<u>\$ 318,760</u>

Total amortization for the year ended June 30, 2016 and 2015 was \$77,170. This amount is included in interest expense.

Total interest incurred for all long term debt for the year ended June 30, 2016 and 2015 was \$2,828,405 and \$2,878,246, respectively, including the amortization of the refunding expense. Of this amount, \$0 and \$487,437, respectively, was capitalized as part of the cost of multiple capital projects that were in progress during the fiscal year. The remaining \$2,828,405 and \$2,390,809, 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, 2016 and 2015, \$3,820,000 and \$4,435,000 of debt principal is considered defeased.

9. Lease Revenue

The College is the lessor of office and rooftop space under five operating leases. One office lease expires on June 30, 2018, two expire on September 30, 2018, and one expires on June 30, 2019. The rooftop space lease expires in August 2019. 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, 2016 and 2015. The carrying value was \$3,139,200 and \$3,196,800 at June 30, 2016 and 2015, respectively. The College also has a lease for a radio frequency license expiring in November 2025 with options to renew for up to an additional twenty years.

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

Fiscal Year Ending June 30,	
2017	\$ 390,019
2018	390,019
2019	123,196
2020	29,660
2021	26,760
Thereafter	118,190
Total	<u>\$ 1,077,844</u>

10. Lease Commitments

The College is obligated under various non-cancellable operating leases for office equipment with terms expiring at various dates from June 2017 through June 2021. The College is obligated under one non-cancellable lease for a communications tower running through July 2018. Additionally, the College is obligated for one cancellable operating lease for the airplanes used in its aviation program, with terms running through August 2017. An operating lease does not give rise to property rights or purchase obligations and, therefore these lease agreements are not reflected in the college's capital assets.

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

Fiscal Year Ending June 30,	
2017	\$ 101,713
2018	90,116
2019	78,623
2020	76,764
2021	76,468
Total	<u>\$ 423,684</u>

Total rental expense for leased equipment and facilities for the years ending June 30, 2016 and June 30, 2015, was \$137,989 and \$158,379, respectively.

11. 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 the College on a full-time basis for at least 15 years and be at least 55 years old at retirement, or employed on a full-time basis for at least 25 years with no age requirement. 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 one and half contract years preceding the retirement date. For professional support staff, the employee must declare six months prior to the desired retirement date. 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 69 percent, readjusted annually according to the new yearly rate. The rate was \$5,304 for each of the years ended June 30, 2016 and 2015. The initial stipend will be based on the July 1 rate closest to the retiree's retirement date.

At June 30, 2016 and 2015, the early retirement plan had 61 and 55 active participants, respectively. Early retirement plan expense was \$1,589,256 and \$2,759,133 for fiscal years 2016 and 2015, respectively. At June 30, 2016 and 2015, the College had accrued a liability of \$4,937,775 and \$4,526,713, 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 3.50 and 3.25 percent at June 30, 2016 and 2015, 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 includes 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. As of June 30, 2016, and 2015, the early retirement plan had 13 and 11 active participants, respectively.

12. Pension Plan

Plan Description

The College contributes to 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 Chapter 40, Act 5, Article 15 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.

Benefits Provided

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2015 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90 percent of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The College normal cost for fiscal year 2015 and 2016 respectively, was 11.71 percent and 12.69 percent of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0 percent of their annual covered salary with the exception of Public Safety employees, which are required to contribute 9.5 percent. The contribution requirements of plan members and the College are established and may be amended by the Illinois General Assembly.

The College makes contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6 percent during the final rate of earnings period). The College makes these contributions once billed by SURS.

Net Pension Liability

At June 30, 2015, SURS reported a net pension liability (NPL) of \$23,756,361,087. The net pension liability was measured as of June 30, 2015.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the College is \$0. The proportionate share of the State's net pension liability associated with the College is \$219,570,648 or 0.9243 percent. This amount should not be recognized in the financial statements. The net pension liability was measured as of June 30, 2015, and the total pension used to calculate the net pension liability was determined based on the June 30, 2014

actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2015.

Pension Expense

At June 30, 2015, SURS reported a collective net pension expense of \$1,994,587,170.

Employer Proportionate Share of Pension Expense

The College proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2015. As a result, the College recognized on-behalf revenue and pension expense of \$18,435,180 for the fiscal year ended June 30, 2016.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Deferred Outflows of Resources are the consumption of net position by the system that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$27,312,043	\$0
Changes in assumption	609,393,909	0
Net difference between projected and actual earnings on pension plan investments	593,840,642	953,329,464
Total	\$1,230,546,594	\$953,329,464

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

<u>Fiscal Year Ending June 30</u>	
2016	\$ 154,951,326
2017	118,957,720
2018	(145,152,075)
2019	148,460,159
Total	<u>\$ 277,217,130</u>

Employer Deferral of Fiscal Year 2016 Pension Expense

The College paid \$53,803 in federal, trust or grant contributions for the fiscal year ended June 30, 2016. These contributions were made subsequent to the pension liability measurement date of June 30, 2015, and are recognized as Deferred Outflows of Resources as of June 30, 2016.

Assumptions and Other Inputs

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.75 percent
- Salary increases 3.75 to 12.00 percent, including inflation
- Investment rate of return 7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.77%
Private Equity	6%	9.23%
Non-U.S. Equity	19%	6.69%
Global Equity	8%	6.51%
Fixed Income	19%	1.12%
Treasury-Inflation Protected Securities	4%	1.22%
Emerging Market Debt	3%	4.61%
Real Estate REITS	4%	5.85%
Direct Real Estate	6%	4.37%
Commodities	2%	4.06%
Hedged Strategies	5%	3.99%
Opportunity Fund	1%	6.80%
Total	100%	5.02%
Inflation		3.00%
Expected Geometrical Normal Return		8.02%

Discount Rate

A single discount rate of 7.12 percent was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.80 percent (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.12 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.12%	Current Single Discount Rate Assumption 7.12%	1% Increase 8.12%
\$28,929,333,917	\$23,756,361,087	\$19,470,982,362

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

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

13. On-Behalf Payments for Fringe Benefits

For the years ending June 30, 2016 and 2015, payments for fringe benefits made to SURS by the State of Illinois on behalf of the College were \$18,435,180 and \$15,342,198 for pensions and \$167,066 and \$163,306 for health insurance program payments, respectively.

14. Related Party Transactions

The 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, 2016 and 2015, the net amount owed to the Foundation was \$719,835 and \$1,047,517, respectively.
- During the years ended June 30, 2016 and 2015, the College incurred costs for the Foundation in the form of donated in-kind services in the amount of \$174,005 and \$187,962, respectively.
- The Foundation donates scholarships as well as certain in-kind items to the College to support the students and programs of the College. The total value of these items, as calculated by the Foundation, for the years ended June 30, 2016 and 2015, was \$1,342,229 and \$517,756, respectively. Included in these in-kind items is the annual lease value of agricultural equipment used by the College through the Foundation. The annual value of this lease was \$350,000 for each fiscal year. The College has not recorded revenue or equivalent expense for this lease in fiscal years 2016 or 2015.

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 GASB 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, 2016 and 2015, the accrued claims were \$1,050,000, and are included in the accrued liabilities on the Statement of Net Position.

The stop-loss limit for the health insurance plan at June 30, 2016 and 2015 was \$200,000. 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 fiscal years was as follows:

	2016	2015
Accrued Claims, Beginning of Year	\$ 1,050,000	\$ 1,050,000
Incurred Claims	5,597,850	7,145,545
Claim Payments	(5,597,850)	(7,145,545)
Accrued Claims, End of Year	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>

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, 2016.

	Due to	Due from
Education Fund	\$ -	\$ 764,119
Restricted Purposes Fund	764,119	-
Total Inter-Sub-Fund Balances	<u>\$ 764,119</u>	<u>\$ 764,119</u>
	Transfer in	Transfer out
Education Fund	\$ 8,640	\$ 704,460
Bond and Interest Fund	782,522	-
Operations and Maintenance Fund - Restricted	-	782,522
Working Cash Fund	-	8,640
Auxiliary Athletics Fund	525,000	-
Auxiliary Reprographics	50,000	-
Auxiliary Business Development Center Fund	9,460	-
Auxiliary Child Care Services Fund	120,000	-
Total Transfers	<u>\$ 1,495,622</u>	<u>\$ 1,495,622</u>

Following is a summary of the balances and transactions among these sub-funds as of and for the year ended June 30, 2015.

	Due to	Due from
Education Fund	\$ -	\$ 639,214
Restricted Purposes Fund	639,214	-
Total Inter-Sub-Fund Balances	\$ 639,214	\$ 639,214
	Transfer in	Transfer out
Education Fund	\$ 8,258	\$ 737,880
Bond and Interest Fund	827,222	-
Operations and Maintenance Fund - Restricted	-	827,222
Working Cash Fund	-	8,258
Auxiliary Athletics Fund	525,000	-
Auxiliary Business Development Center Fund	62,880	-
Auxiliary Child Care Services Fund	150,000	-
Total Transfers	\$ 1,573,360	\$ 1,573,360

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 three uncompleted major construction contracts and one equipment contract in progress through the date of the Independent Auditor's Report. The remaining commitment on the four contracts was approximately \$1,004,000 at June 30, 2016.

The College has entered into a contract in March 2016 for the purchase of electricity through December 2017. The contract contains a set rate of \$.04354 per kilowatt hours. Total electricity charges for the fiscal year ending June 30, 2016, including the previous electric contract, were \$1,132,206.

19. Discretely Presented Component Unit

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

A. Nature of Organization

The 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 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 GAAP. 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 index funds, equity securities, fixed income investments, and cash equivalents. These investments are stated at fair market value based on quoted markets prices. Investment securities are exposed to various risks such as interest rate, market, and credit risks.
- 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.
- d. Promises to give consist of unconditional promises to give to the Foundation for operating and restricted activities. Long-term promises to give are discounted to present value based on expected payment schedules and interest rates. The effective interest rate used to discount promises to give at June 30, 2016 and 2015, was 3.50 and 3.25 percent, respectively. Effective for the year ending June 30, 2016, promises to give of ten years or more are discounted at an effective rate of 6.22 percent, which is equal to a ten-year average of the prime rate. The carrying amount of promises to give is reduced by a valuation allowance based on management's assessment of the collectability of specific promise to give balances.
- 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. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Foundation has estimated the fair market value of the land investment. 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.

The Foundation has estimated the value of net promises to give. Due to the estimation of future collection of promises to give, it is at least reasonable that the value of promises to give, the discounted present value, and the related allowance, will be revised.

- h. 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.
- i. 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.
- j. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As of June 30, 2016, 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 14, 2016, the date which the financial statements were available to be issued.

C. Promises to Give

Promises to give at June 30, 2016, consist of amounts due in:

Less than One Year	\$ 45,860
One to Five Years	170,000
More than Five Years	571,674
Gross Promises to Give	<u>787,534</u>
Less: Allowance for Doubtful Accounts	(49,240)
Less: Discount on Long Term Promises to Give	(347,951)
Total Promises to Give, Net	<u><u>\$ 390,343</u></u>

Promises to give at June 30, 2015, consist of amounts due in:

Less than One Year	\$ 87,696
One to Five Years	84,251
More than Five Years	530,173
Gross Promises to Give	<u>702,120</u>
Less: Allowance for Doubtful Accounts	(72,870)
Less: Discount on Long Term Promises to Give	(344,403)
Total Promises to Give, Net	<u><u>\$ 284,847</u></u>

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, 2016.

*Cash and Cash Equivalent*s – Valued at the cash balance available to the Foundation as of June 30, 2016

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 June 30, 2016:

	Cost	Market	Fair Value Level
Cash and Cash Equivalent	\$ 466,503	\$ 466,503	1
Mutual Funds	5,725,226	6,062,659	1
Total	\$ 6,191,729	\$ 6,529,162	

The following table sets forth by level within the fair value hierarchy, the Foundation’s investments at fair value as of June 30, 2015:

	Cost	Market	Fair Value Level
Cash and Cash Equivalent	\$ 3,304,265	\$ 3,304,265	1
Common Stock	990,944	1,103,866	1
Mutual Funds	1,228,860	1,285,940	1
Index Funds	436,390	484,410	1
Real Estate Investment Trust	14,690	14,311	1
Municipal Bonds	50,000	55,274	1
Total	\$ 6,025,149	\$ 6,248,066	

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 sale prices of similar land sales in Champaign County.

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, department funds, and management fees. 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 60 percent equity and 40 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.

During the years ended June 30, 2016 and 2015, the Foundation did not liquidate investments for the purpose of appropriation for spending and instead funded this appropriation with current year cash receipts. In addition, the current donor 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, from investment income. 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 years ended June 30, 2016 and 2015, the Board elected not to charge such a fee.

Endowment investment composition and changes in investments as of and for the year ended June 30, 2016, by type of fund, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Restated - Beginning of Year, July 1, 2015	\$ -	\$ 2,315,517	\$ 3,932,550	\$ 6,248,067
Contributions	-	1,184	30,000	31,184
Interest and Dividends	-	107,134	-	107,134
Net Realized and Unrealized Gain	-	163,465	-	163,465
Fees	-	(20,688)	-	(20,688)
Net Transfers Between Funds	-	(82,000)	82,000	-
End of Year, June 30, 2016	<u>\$ -</u>	<u>\$ 2,484,612</u>	<u>\$ 4,044,550</u>	<u>\$ 6,529,162</u>

Endowment investment composition and changes in investments as of and for the year ended June 30, 2015, by type of fund, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of Year, July 1, 2014	\$ -	\$ 1,747,182	\$ 4,346,500	\$ 6,093,682
Contributions	-	127,304	-	127,304
Interest and Dividends	-	75,143	-	75,143
Net Realized and Unrealized Loss	-	(23,643)	-	(23,643)
Fees	-	(24,419)	-	(24,419)
Restated - Net Transfers Between Funds	-	413,950	(413,950)	-
Restated -End of Year, July 1, 2015	<u>\$ -</u>	<u>\$ 2,315,517</u>	<u>\$ 3,932,550</u>	<u>\$ 6,248,067</u>

The July 1, 2015 balances presented include prior period reclassifications to reflect changes to the Foundation's investment totals by type of donor restrictions. The aggregate difference in total investments at June 30, 2015 is \$0.

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, 2016, the Foundation has investments in financial institutions in excess of the amounts insured by the SIPC in the amount of \$6,063,099. The full amount of the uninsured balance is held in a trust management company. In the event of failure of a trust management company, the Foundation retains all rights to the held investments, which are transferred to an acceptable alternative company.

F. Property and Equipment

Property and equipment at June 30, 2016, consist of the following:

Furniture & Fixtures	\$ 32,431
Equipment	12,013
Less: Accumulated Depreciation	(44,444)
Property and Equipment, Net	\$ -

Property and equipment at June 30, 2015, consist of the following:

Furniture & Fixtures	\$ 32,431
Equipment	12,013
Less: Accumulated Depreciation	(43,594)
Property and Equipment, Net	\$ 850

G. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 are available for the following purposes:

Institutional Programs and Support	\$ 2,518,192
Land Investment	2,213,608
Unallocated Cumulative Investment Income	1,603,464
Scholarships	1,075,522
Promises to Give, Net Allowance and Discount	79,624
Land Investment Use Obligation	(328,722)
Other	45,662
Total	\$ 7,207,350

Temporarily restricted net assets at June 30, 2015 are available for the following purposes:

Institutional Programs and Support	\$ 2,963,579
Land Investment	2,322,947
Unallocated Cumulative Investment Income	1,404,203
Scholarships	945,830
Promises to Give, Net Allowance and Discount	88,700
Land Investment Use Obligation	(349,179)
Other	53,542
Total	<u><u>\$ 7,429,622</u></u>

H. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2016, are restricted with earnings to be used for the following purposes:

Scholarships	\$ 3,074,802
Institutional Programs and Support	944,499
Promises to Give, Net Allowance and Discount	181,820
Other	25,249
Total	<u><u>\$ 4,226,370</u></u>

Permanently restricted net assets at June 30, 2015, are restricted with earnings to be used for the following purposes:

Scholarships	\$ 2,972,802
Institutional Programs and Support	934,499
Promises to Give, Net Allowance and Discount	170,576
Other	25,249
Total	<u><u>\$ 4,103,126</u></u>

I. Related Party Transactions

The Foundation's cash balance is automatically swept to a cash account owned by 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 years ended June 30, 2016 and 2015, the amount contributed and included as in-kind revenues totaled \$174,005: \$132,426 in salaries, \$21,435 in benefits, \$16,606 in facility space and utilities, and \$3,538 in materials, and \$187,962: \$130,660 in salaries, \$26,655 in benefits, \$16,606 in facility space and utilities, \$5,119 in materials, and \$8,922 in consulting service fees, respectively.

During the years the Foundation donated certain in-kind items to the College totaling \$539,080 and \$415,915, respectively, including the annual lease value of agricultural equipment of \$350,000. In addition, for 2016 and 2015, respectively, the Foundation paid for certain items on behalf of the College, totaling \$803,149 and \$101,841. These items are classified as Institutional Support in the Statement of Changes in Net Assets.

J. Concentration of Revenue

The Foundation received approximately \$610,500 or 32 percent, of its total support and revenue from two donors, and \$1,270,724 or 49 percent, of its total support and revenue from four donors for the years ended June 30, 2016 and 2015, respectively, of which \$350,000 was the in-kind use of agricultural equipment.

K. Negative Unrestricted Net Assets

The Foundation receives a substantial number 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, 2016. 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 \$2.2 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.

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.

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 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 are 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.
- Property taxes receivable and unearned revenue in the schedules include property taxes not yet earned and not yet received as of June 30.
- Expenditures in the schedules include SURS payments made by the College in fiscal year 2016, which are subsequent to the SURS net pension liability measurement date of June 30, 2015.

PARKLAND COLLEGE DISTRICT #505
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability - SURS
For the Year Ended June 30, 2016
(Unaudited)

	Fiscal Year 2014	Fiscal Year 2015
a) Parkland's Proportionate Percentage of the Collective Net Pension Liability	0%	0%
b) Parkland's Proportionate Amount of the Collective Net Pension Liability	\$ -	\$ -
c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability Associated with Parkland	202,577,602	202,577,602
Total b) + c)	202,577,602	202,577,602
Parkland Covered-employee Payroll	34,018,600	33,932,629
Parkland's Proportionate Share of Collective Net Pension Liability as a Percentage of Covered-employee Payroll	0%	0%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%

Required Supplementary Information
Schedule of Contributions - SURS
For the Year Ended June 30, 2016
(Unaudited)

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Parkland's Federal, Trust, and Other Contribution	\$ 35,613	\$ 49,760	\$ 53,803
Parkland's Contribution in relation to required contribution	35,613	49,760	53,803
Contribution Deficiency (Excess)	-	-	-
Parkland's Covered-employee Payroll	299,018	424,936	423,980
Contributions as a Percentage of Covered-employee Payroll	11.91%	11.71%	12.69%

NOTE: The system implemented GASB No. 68 in fiscal year 2015. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

PARKLAND COLLEGE DISTRICT #505
Notes to Required Supplementary Information – Pension Liability
For the Year Ended June 30, 2016
(Unaudited)

Changes of Benefit Terms

There were no benefit changes in the Total Pension Liability as of June 30, 2015.

Changes of Assumptions

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- Mortality Rates – Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary Increase – Change assumption to service-based rates, ranging from 3.75 percent to 15 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal Retirement Rates – Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early Retirement Rates – Change to a slight increase to the rates at ages 55 and 56.
- Turnover Rates – Change to produce lower expected turnover for members with less than 10 years of service than the currently assumed rates.
- Disability Rates – Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent Assumption – Main the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

PARKLAND 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, 2016

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects Fund - Operation and Maintenance Restricted	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
ASSETS									
Cash and Cash Equivalents	\$ 11,750,377	\$ 1,141,459	\$ 3,668,045	\$ 4,926,549	\$ 2,999,408	\$ 8,107,665	\$ -	\$ -	\$ 32,593,503
Investments	6,020,931	-	-	-	-	-	-	-	6,020,931
Receivables:									
Property Taxes, Net	8,694,561	1,572,982	2,110,813	984,981	-	-	-	-	13,363,337
Replacement Taxes	388,694	-	-	-	-	-	-	-	388,694
Agency Tuition, Net	704,407	-	-	-	-	-	-	-	704,407
Student Tuition and Fees, Net of Allowance for Uncollectible Accounts of \$3,851,037	587,652	-	-	-	-	-	-	-	587,652
Governmental Grants	-	-	-	-	-	-	-	-	-
Business and Industry Training	-	-	-	-	34,948	-	-	-	34,948
Student Loans	-	90,079	-	-	-	-	-	-	90,079
Other	74,021	755,381	-	-	-	-	-	-	829,402
Due from Parkland Foundation	4,000	17,564	-	260,000	-	1,084,398	-	-	1,365,962
Due from Other Funds	764,119	-	-	-	-	-	-	-	764,119
Inventory	-	-	-	-	410,044	-	-	-	410,044
Property and Equipment, Net	-	-	-	-	60,787	-	112,006,799	-	112,067,586
OTHER DEBITS									
Amount Available to Retire Debt	-	-	-	-	-	-	-	3,933,535	3,933,535
Amount to be Provided to Retire Debt	-	-	-	-	-	-	-	60,195,525	60,195,525
Total Assets and Other Debits	\$ 28,988,762	\$ 3,577,465	\$ 5,778,858	\$ 6,171,530	\$ 3,505,187	\$ 9,192,063	\$ 112,006,799	\$ 64,129,060	\$ 233,349,724

PARKLAND 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, 2016

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects Fund-Operation and Maintenance Restricted	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
LIABILITIES									
Accounts Payable	\$ 385,021	\$ 10,747	\$ -	\$ 1,111,658	\$ 33	\$ -	\$ -	\$ -	\$ 1,507,459
Vacation Payable	1,489,422	104,376	-	-	124,512	-	-	-	1,718,310
Retirement Payable	1,513,715	-	-	-	-	-	-	3,424,060	4,937,775
Accrued Liabilities	2,888,045	-	-	-	1,508	-	-	-	2,889,553
Unearned Revenue	11,917,493	1,735,459	1,845,323	995,298	89,603	-	-	-	16,583,176
Due to Other Funds	-	764,119	-	-	-	-	-	-	764,119
Due to Parkland Foundation	2,067,040	-	-	-	18,757	-	-	-	2,085,797
Due to Student Groups	-	-	-	-	-	1,592,705	-	-	1,592,705
G. O. Bonds	-	-	-	-	-	-	-	60,705,000	60,705,000
Total Liabilities	20,260,736	2,614,701	1,845,323	2,106,956	234,413	1,592,705	-	64,129,060	92,783,894
COLLEGE EQUITY									
Investment in General Fixed Assets	-	-	-	-	-	-	112,006,799	-	112,006,799
Fund Balance:									
Reserved For:									
Student Loans	-	90,079	-	-	-	-	-	-	90,079
Trust and Agency Assets	-	-	-	-	-	7,599,358	-	-	7,599,358
Unreserved, Undesignated	8,728,026	872,685	3,933,535	4,064,574	-	-	-	-	17,598,820
Retained Earnings	-	-	-	-	3,270,774	-	-	-	3,270,774
Total College Equity	8,728,026	962,764	3,933,535	4,064,574	3,270,774	7,599,358	112,006,799	-	140,565,830
Total Liabilities and College Equity	\$ 28,988,762	\$ 3,577,465	\$ 5,778,858	\$ 6,171,530	\$ 3,505,187	\$ 9,192,063	\$ 112,006,799	\$ 64,129,060	\$ 233,349,724

PARKLAND 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, 2016

	General	Special Revenue	Debt Service - Bond and Interest	Capital Projects Fund-Operation and Maintenance Restricted	Total (Memorandum Only)
Revenue					
Local Sources	\$ 20,325,736	\$ 3,078,567	\$ 4,031,431	\$ 1,693,158	\$ 29,128,892
State Sources	1,292,951	1,586,048	-	-	2,878,999
Federal Sources	48,799	19,735,596	-	-	19,784,395
Tuition and Fees	27,887,761	-	-	-	27,887,761
Facilities	788,254	-	-	782,522	1,570,776
Interest	130,521	-	-	3,437	133,958
Other Revenue	1,174,197	119,620	-	-	1,293,817
On-Behalf Payments	18,602,246	-	-	-	18,602,246
Total Revenue	<u>70,250,465</u>	<u>24,519,831</u>	<u>4,031,431</u>	<u>2,479,117</u>	<u>101,280,844</u>
Expenditures					
Instruction	27,430,663	304,020	-	-	27,734,683
Academic Support	4,978,341	1,884,019	-	7,358	6,869,718
Student Services	5,002,026	599,434	-	-	5,601,460
Public Service	837,915	584,329	-	-	1,422,244
Auxiliary Services	-	-	-	-	-
Operation and Maintenance of Plant	5,541,155	1,634,149	-	3,163,587	10,338,891
Scholarships and Grants	-	17,978,609	-	-	17,978,609
Institutional Support	12,265,099	1,476,591	-	-	13,741,690
Principal	-	-	1,840,000	-	1,840,000
Interest	-	-	2,755,895	-	2,755,895
On-Behalf Payments	18,602,246	-	-	-	18,602,246
Total Expenditures	<u>74,657,445</u>	<u>24,461,151</u>	<u>4,595,895</u>	<u>3,170,945</u>	<u>106,885,436</u>
Revenue Over (Under) Expenditures	<u>(4,406,980)</u>	<u>58,680</u>	<u>(564,464)</u>	<u>(691,828)</u>	<u>(5,604,592)</u>
Other Financing Sources (Uses)					
Operating Transfers, Net	(695,820)	-	782,522	(782,522)	(695,820)
Total Other Financing Sources (Uses)	<u>(695,820)</u>	<u>-</u>	<u>782,522</u>	<u>(782,522)</u>	<u>(695,820)</u>
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(5,102,800)</u>	<u>58,680</u>	<u>218,058</u>	<u>(1,474,350)</u>	<u>(6,300,412)</u>
Fund Balance, July 1, 2015	<u>13,830,826</u>	<u>904,084</u>	<u>3,715,477</u>	<u>5,538,924</u>	<u>23,989,311</u>
Fund Balance, June 30, 2016	<u>\$ 8,728,026</u>	<u>\$ 962,764</u>	<u>\$ 3,933,535</u>	<u>\$ 4,064,574</u>	<u>\$ 17,688,899</u>

PARKLAND 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, 2016

	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	\$ 20,405,468	\$ 20,325,736	\$ 2,962,158	\$ 3,078,567	\$ 3,930,363	\$ 4,031,431	\$ 1,322,897	\$ 1,693,158	\$ 28,620,886	\$ 29,128,892
State Sources	5,119,509	1,292,951	2,079,876	1,586,048	-	-	-	-	7,199,385	2,878,999
Federal Sources	75,000	48,799	21,847,504	19,735,596	-	-	-	-	21,922,504	19,784,395
Tuition and Fees	29,548,825	27,887,761	-	-	-	-	-	-	29,548,825	27,887,761
Facilities	905,000	788,254	-	-	-	-	825,000	782,522	1,730,000	1,570,776
Interest	90,000	130,521	5,250	-	-	-	-	3,437	95,250	133,958
Other Revenue	1,164,010	1,174,197	180,105	119,620	-	-	-	-	1,344,115	1,293,817
Total Revenue	<u>57,307,812</u>	<u>51,648,219</u>	<u>27,074,893</u>	<u>24,519,831</u>	<u>3,930,363</u>	<u>4,031,431</u>	<u>2,147,897</u>	<u>2,479,117</u>	<u>90,460,965</u>	<u>82,678,598</u>
Expenditures										
Instruction	27,631,513	27,430,663	310,214	304,020	-	-	-	-	27,941,727	27,734,683
Academic Support	5,064,880	4,978,341	2,343,052	1,884,019	-	-	-	7,358	7,407,932	6,869,718
Student Services	5,167,176	5,002,026	1,033,105	599,434	-	-	-	-	6,200,281	5,601,460
Public Service	909,698	837,915	873,510	584,329	-	-	-	-	1,783,208	1,422,244
Auxiliary Services	-	-	-	-	-	-	-	-	-	-
Operation and Maintenance of Plant	5,519,504	5,541,155	1,685,923	1,634,149	-	-	6,338,400	3,163,587	13,543,827	10,338,891
Scholarships and Grants	-	-	19,363,000	17,978,609	-	-	-	-	19,363,000	17,978,609
Institutional Support	12,265,950	12,265,099	1,495,683	1,476,591	-	-	-	-	13,761,633	13,741,690
Principal	-	-	-	-	1,840,000	1,840,000	-	-	1,840,000	1,840,000
Interest	-	-	-	-	2,755,895	2,755,895	-	-	2,755,895	2,755,895
Total Expenditures	<u>56,558,721</u>	<u>56,055,199</u>	<u>27,104,487</u>	<u>24,461,151</u>	<u>4,595,895</u>	<u>4,595,895</u>	<u>6,338,400</u>	<u>3,170,945</u>	<u>94,597,503</u>	<u>88,283,190</u>
Revenue Over (Under) Expenditures	<u>749,091</u>	<u>(4,406,980)</u>	<u>(29,594)</u>	<u>58,680</u>	<u>(665,532)</u>	<u>(564,464)</u>	<u>(4,190,503)</u>	<u>(691,828)</u>	<u>(4,136,538)</u>	<u>(5,604,592)</u>
Other Financing Sources (Uses)										
Operating Transfers, Net	<u>(747,200)</u>	<u>(695,820)</u>	<u>-</u>	<u>-</u>	<u>825,000</u>	<u>782,522</u>	<u>(825,000)</u>	<u>(782,522)</u>	<u>(747,200)</u>	<u>(695,820)</u>
Total Other Financing Sources (Uses)	<u>(747,200)</u>	<u>(695,820)</u>	<u>-</u>	<u>-</u>	<u>825,000</u>	<u>782,522</u>	<u>(825,000)</u>	<u>(782,522)</u>	<u>(747,200)</u>	<u>(695,820)</u>
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 1,891</u>	<u>(5,102,800)</u>	<u>\$ (29,594)</u>	<u>58,680</u>	<u>\$ 159,468</u>	<u>218,058</u>	<u>\$ (5,015,503)</u>	<u>(1,474,350)</u>	<u>\$ (4,883,738)</u>	<u>(6,300,412)</u>
Fund Balance, July 1, 2015		<u>13,830,826</u>		<u>904,084</u>		<u>3,715,477</u>		<u>5,538,924</u>		<u>23,989,311</u>
Fund Balance, June 30, 2016		<u>\$ 8,728,026</u>		<u>\$ 962,764</u>		<u>\$ 3,933,535</u>		<u>\$ 4,064,574</u>		<u>\$ 17,688,899</u>

PARKLAND 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, 2016

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
Operating Revenue				
Student and Community Services	\$ -	\$ -	\$ 5,705,680	\$ 4,146,369
Student Tuition and Fees	-	-	1,654,139	1,645,631
State Sources	-	-	1,587,000	1,448,113
Other Revenue	-	-	52,700	76,763
Investment Revenue	10,000	8,640	3,000	3,679
Total Operating Revenue	<u>10,000</u>	<u>8,640</u>	<u>9,002,519</u>	<u>7,320,555</u>
Operating Expenses				
Salaries	-	-	2,075,487	2,036,069
Employee Benefits	-	-	485,663	457,557
Contractual Services	-	-	819,682	793,242
General Materials and Supplies	-	-	3,685,093	2,721,775
Conference and Meeting	-	-	185,233	199,722
Fixed Charges	-	-	1,026,393	669,680
Utilities	-	-	1,680	1,412
Capital Outlay	-	-	-	914
Depreciation	-	-	12,150	39,911
Other	-	-	310,976	295,712
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>8,602,357</u>	<u>7,215,994</u>
Operating Income (Loss)	10,000	8,640	400,162	104,561
Other Financing Sources (Uses)				
Operating Transfers, Net	<u>(10,000)</u>	<u>(8,640)</u>	<u>757,200</u>	<u>704,460</u>
Net Income	<u>\$ -</u>	<u>-</u>	<u>\$ 1,157,362</u>	<u>809,021</u>
College Equity, July 1, 2015		<u>7,600,000</u>		<u>2,461,753</u>
College Equity, June 30, 2016		<u>\$ 7,600,000</u>		<u>\$ 3,270,774</u>

PARKLAND COLLEGE DISTRICT #505
 Combined Statement of Cash Flows
 Proprietary Fund Types and Similar Trust Funds
 For the Year Ended June 30, 2016

	Fiduciary Fund Type <u>Working Cash Fund</u>	Proprietary Fund Type <u>Enterprise Funds</u>
Cash Flows from Operating Activities		
Auxiliary Enterprise Charges	\$ -	\$ 4,146,369
Student Tuition and Fees	-	1,576,694
Payments to Suppliers	-	(4,573,553)
Payments to Employees and Benefits Paid	-	(2,493,932)
Payments from Third Party per Intergovernmental Agreement	-	1,448,113
Net Receipts from (Disbursements to) Parkland Foundation	-	(80)
Receipts of Miscellaneous Revenue	-	76,763
Interest on Investments	8,640	3,679
Net Cash Provided by (Used in) Operating Activities	<u>8,640</u>	<u>184,053</u>
Capital and Related Financing Activities		
Purchase of Equipment	-	(39,872)
Non-Capital Financing Activities		
Operating Transfers In (Out)	<u>(8,640)</u>	<u>704,460</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	848,641
Cash and Cash Equivalents, July 1, 2015	<u>7,600,000</u>	<u>2,150,767</u>
Cash and Cash Equivalents, June 30, 2016	<u>\$ 7,600,000</u>	<u>\$ 2,999,408</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ 8,640	\$ 104,561
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	-	39,911
Changes in Assets and Liabilities:		
Receivables	-	12,356
Inventories	-	131,696
Accounts Payable	-	(22,792)
Vacation Payable	-	(306)
Unearned Revenue	-	(81,293)
Due To Parkland Foundation	-	(80)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 8,640</u>	<u>\$ 184,053</u>

PARKLAND COLLEGE DISTRICT #505
Combining Balance Sheet - Modified Accrual Basis
General Funds
June 30, 2016

	Education Fund	Operation and Maintenance Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,642,074	\$ 4,108,303	\$ 11,750,377
Investments	6,020,931	-	6,020,931
Receivables:			
Property Taxes, Net	6,279,411	2,415,150	8,694,561
Replacement Taxes	388,694	-	388,694
Agency Tuition, Net	704,407	-	704,407
Student Tuition and Fees, Net	587,652	-	587,652
Governmental Grants	-	-	-
Other	62,292	11,729	74,021
Due From Parkland Foundation	-	4,000	4,000
Due From Other Funds	764,119	-	764,119
	<u>\$ 22,449,580</u>	<u>\$ 6,539,182</u>	<u>\$ 28,988,762</u>
LIABILITIES			
Accounts Payable	\$ 219,815	\$ 165,206	\$ 385,021
Vacation Payable	1,355,849	133,573	1,489,422
Retirement Payable	1,513,715	-	1,513,715
Due to Parkland Foundation	2,067,040	-	2,067,040
Accrued Liabilities	2,888,045	-	2,888,045
Unearned Revenue	9,678,023	2,239,470	11,917,493
Total Liabilities	<u>17,722,487</u>	<u>2,538,249</u>	<u>20,260,736</u>
FUND BALANCE			
Unreserved	4,727,093	4,000,933	8,728,026
Total Fund Balance	<u>4,727,093</u>	<u>4,000,933</u>	<u>8,728,026</u>
	<u>\$ 22,449,580</u>	<u>\$ 6,539,182</u>	<u>\$ 28,988,762</u>

PARKLAND COLLEGE DISTRICT #505
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances - Modified Accrual Basis
General Funds
For the Year Ended June 30, 2016

	Education Fund	Operation and Maintenance Fund	Total
Revenue			
Local Sources	\$ 15,352,117	\$ 4,973,619	\$ 20,325,736
State Sources	1,292,951	-	1,292,951
Federal Sources	48,799	-	48,799
Tuition and Fees	27,887,761	-	27,887,761
Facilities	-	788,254	788,254
Interest	126,427	4,094	130,521
Other Revenue	1,174,197	-	1,174,197
On-Behalf Payments	18,602,246	-	18,602,246
Total Revenue	<u>64,484,498</u>	<u>5,765,967</u>	<u>70,250,465</u>
Expenditures			
Instruction	27,430,663	-	27,430,663
Academic Support	4,978,341	-	4,978,341
Student Services	5,002,026	-	5,002,026
Public Service	837,915	-	837,915
Operation and Maintenance of Plant	-	5,541,155	5,541,155
Institutional Support	12,265,099	-	12,265,099
On-Behalf Payments	18,602,246	-	18,602,246
Total Expenditures	<u>69,116,290</u>	<u>5,541,155</u>	<u>74,657,445</u>
Revenue Over (Under) Expenditures	<u>(4,631,792)</u>	<u>224,812</u>	<u>(4,406,980)</u>
Other Financing Sources (Uses)			
Operating Transfers, Net	(695,820)	-	(695,820)
Total Other Financing Sources (Uses)	<u>(695,820)</u>	<u>-</u>	<u>(695,820)</u>
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(5,327,612)</u>	<u>224,812</u>	<u>(5,102,800)</u>
Fund Balance, July 1, 2015	<u>10,054,705</u>	<u>3,776,121</u>	<u>13,830,826</u>
Fund Balance, June 30, 2016	<u>\$ 4,727,093</u>	<u>\$ 4,000,933</u>	<u>\$ 8,728,026</u>

PARKLAND COLLEGE DISTRICT #505
Combining Balance Sheet - Modified Accrual Basis
Special Revenue Funds
June 30, 2016

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 140,100	\$ 1,001,359	\$ 1,141,459
Receivables:				
Property Taxes, Net	-	36,739	1,536,243	1,572,982
Student Loans	90,079	-	-	90,079
Due from Parkland Foundation	10,866	-	6,698	17,564
Other Receivable	755,381	-	-	755,381
	<u>856,326</u>	<u>176,839</u>	<u>2,544,300</u>	<u>3,577,465</u>
Total Assets	<u>\$ 856,326</u>	<u>\$ 176,839</u>	<u>\$ 2,544,300</u>	<u>\$ 3,577,465</u>
LIABILITIES				
Accounts Payable	\$ 3,315	\$ 6,500	\$ 932	\$ 10,747
Vacation Payable	28,163	-	76,213	104,376
Unearned Revenue	311,156	33,592	1,390,711	1,735,459
Due to Other Funds	764,119	-	-	764,119
Total Liabilities	<u>1,106,753</u>	<u>40,092</u>	<u>1,467,856</u>	<u>2,614,701</u>
FUND BALANCE				
Reserved For:				
Student Loans	90,079	-	-	90,079
Unreserved, Undesignated	(340,506)	136,747	1,076,444	872,685
Total Fund Balance	<u>(250,427)</u>	<u>136,747</u>	<u>1,076,444</u>	<u>962,764</u>
Total Liabilities and Fund Balance	<u>\$ 856,326</u>	<u>\$ 176,839</u>	<u>\$ 2,544,300</u>	<u>\$ 3,577,465</u>

PARKLAND 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, 2016

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Revenue				
Local Sources	\$ -	\$ 63,465	\$ 3,015,102	\$ 3,078,567
State Sources	1,586,048	-	-	1,586,048
Federal Sources	19,735,596	-	-	19,735,596
Facilities	-	-	-	-
Interest	-	-	-	-
Other	119,620	-	-	119,620
Total Revenue	<u>21,441,264</u>	<u>63,465</u>	<u>3,015,102</u>	<u>24,519,831</u>
Expenditures				
Instruction	304,020	-	-	304,020
Academic Support	1,884,019	-	-	1,884,019
Student Services	599,434	-	-	599,434
Public Service	584,329	-	-	584,329
Auxiliary Services	-	-	-	-
Operations and Maintenance of Plant	100,000	-	1,534,149	1,634,149
Institutional Support	-	66,195	1,410,396	1,476,591
Scholarships and Grants	17,978,609	-	-	17,978,609
Total Expenditures	<u>21,450,411</u>	<u>66,195</u>	<u>2,944,545</u>	<u>24,461,151</u>
Revenue Over (Under) Expenditures	(9,147)	(2,730)	70,557	58,680
Other Financing Sources (Uses)				
Operating Transfers (Net)	-	-	-	-
Revenue Over (Under) Expenditures and Other Financing Uses	(9,147)	(2,730)	70,557	58,680
Fund Balance, July 1, 2015	<u>(241,280)</u>	<u>139,477</u>	<u>1,005,887</u>	<u>904,084</u>
Fund Balance, June 30, 2016	<u>\$ (250,427)</u>	<u>\$ 136,747</u>	<u>\$ 1,076,444</u>	<u>\$ 962,764</u>

PARKLAND COLLEGE DISTRICT #505
 Combining Balance Sheet
 Enterprise Funds
 June 30, 2016

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Aviation	Total
ASSETS									
Cash and Cash Equivalents	\$ 180,101	\$ (15,266)	\$ (43,546)	\$ (420,894)	\$ 113,729	\$ 1,473,774	\$ 2,728	\$ 1,708,782	\$ 2,999,408
Receivables:									
Student Tuition and Fees, Net	-	-	-	-	-	-	-	-	-
Business and Industry Training	-	-	-	-	34,948	-	-	-	34,948
Other	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-
Due from Parkland Foundation	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	410,044	-	-	410,044
Property and Equipment, Net of Accumulated Depreciation	-	2	17,308	5,621	8,269	29,587	-	-	60,787
Total Assets	\$ 180,101	\$ (15,264)	\$ (26,238)	\$ (415,273)	\$ 156,946	\$ 1,913,405	\$ 2,728	\$ 1,708,782	\$ 3,505,187
LIABILITIES									
Account Payable	\$ -	\$ -	\$ -	\$ -	\$ 33	\$ -	\$ -	\$ -	\$ 33
Vacation Payable	29,761	8,032	26,686	-	31,127	22,419	-	6,487	124,512
Accrued Liabilities	-	-	1,508	-	-	-	-	-	1,508
Due to Other Funds	-	-	-	-	-	-	-	-	-
Due to Parkland Foundation	-	-	-	-	-	-	18,757	-	18,757
Unearned Revenue	-	-	34,874	-	-	(217)	-	54,946	89,603
Capital Lease Obligations	-	-	-	-	-	-	-	-	-
Total Liabilities	29,761	8,032	63,068	-	31,160	22,202	18,757	61,433	234,413
RETAINED EARNINGS (ACCUMULATED DEFICIT)	150,340	(23,296)	(89,306)	(415,273)	125,786	1,891,203	(16,029)	1,647,349	3,270,774
Total Liabilities and Retained Earnings (Accumulated Deficit)	\$ 180,101	\$ (15,264)	\$ (26,238)	\$ (415,273)	\$ 156,946	\$ 1,913,405	\$ 2,728	\$ 1,708,782	\$ 3,505,187

PARKLAND COLLEGE DISTRICT #505
Combining Statement of Revenue, Expenses,
and Changes in Retained Earnings (Deficit)
Enterprise Funds
For the Year Ended June 30, 2016

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Aviation	Total
Operating Revenue									
Student and Community Services	\$ 463,065	\$ 242,664	\$ 32,403	\$ -	\$ 406,462	\$ 2,985,610	\$ 16,165	\$ -	\$ 4,146,369
Student Tuition and Fees	-	-	274,074	72,449	739,045	-	23,729	536,334	1,645,631
State Sources	-	-	-	-	-	-	-	1,448,113	1,448,113
Other Revenue	-	-	16	-	40,194	-	-	40,232	80,442
Total Operating Revenue	<u>463,065</u>	<u>242,664</u>	<u>306,493</u>	<u>72,449</u>	<u>1,185,701</u>	<u>2,985,610</u>	<u>39,894</u>	<u>2,024,679</u>	<u>7,320,555</u>
Operating Expenses									
Salaries	370,154	76,268	70,500	379,279	421,088	263,616	20,858	434,306	2,036,069
Employee Benefits	129,875	12,102	11,045	61,306	96,155	57,780	-	89,294	457,557
Contractual Services	400	-	46,339	66,389	410,443	10,233	-	259,438	793,242
General Materials and Supplies	45,493	56,533	1,299	40,052	129,594	2,120,486	23,240	305,078	2,721,775
Conference and Meeting	64	227	43,600	119,497	7,517	-	-	28,817	199,722
Fixed Charges	-	147,712	-	-	10,200	408,406	-	103,362	669,680
Utilities	-	-	-	-	1,412	-	-	-	1,412
Capital Outlay	-	-	-	-	2	912	-	-	914
Interest	-	-	-	-	-	-	-	-	-
Depreciation	2,084	-	8,654	2,810	9,664	16,699	-	-	39,911
Other	1,407	-	134,120	31,353	128,832	-	-	-	295,712
Total Operating Expenses	<u>549,477</u>	<u>292,842</u>	<u>315,557</u>	<u>700,686</u>	<u>1,214,907</u>	<u>2,878,132</u>	<u>44,098</u>	<u>1,220,295</u>	<u>7,215,994</u>
Operating Income (Loss)	(86,412)	(50,178)	(9,064)	(628,237)	(29,206)	107,478	(4,204)	804,384	104,561
Other Financing Sources									
Operating Transfers, Net	<u>120,000</u>	<u>50,000</u>	<u>-</u>	<u>525,000</u>	<u>9,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>704,460</u>
Net Income (Loss)	33,588	(178)	(9,064)	(103,237)	(19,746)	107,478	(4,204)	804,384	809,021
Retained Earnings (Deficit), July 1, 2015	<u>116,752</u>	<u>(23,118)</u>	<u>(80,242)</u>	<u>(312,036)</u>	<u>145,532</u>	<u>1,783,725</u>	<u>(11,825)</u>	<u>842,965</u>	<u>2,461,753</u>
Retained Earnings (Deficit), June 30, 2016	<u>\$ 150,340</u>	<u>\$ (23,296)</u>	<u>\$ (89,306)</u>	<u>\$ (415,273)</u>	<u>\$ 125,786</u>	<u>\$ 1,891,203</u>	<u>\$ (16,029)</u>	<u>\$ 1,647,349</u>	<u>\$ 3,270,774</u>

PARKLAND COLLEGE DISTRICT #505
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2016

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Aviation	Total
Cash Flows from Operating Activities									
Auxiliary Enterprise Charges	\$ 463,065	\$ 242,664	\$ 32,403	\$ -	\$ 406,462	\$ 2,985,610	\$ 16,165	\$ -	\$ 4,146,369
Student Tuition and Fees	-	-	191,064	72,449	751,401	-	23,729	538,051	1,576,694
Payments to Suppliers	(47,364)	(204,472)	(225,358)	(257,291)	(688,000)	(2,408,341)	(23,240)	(719,487)	(4,573,553)
Payments to Employees and Benefits Paid	(505,429)	(87,258)	(78,552)	(440,585)	(512,467)	(327,327)	(20,858)	(521,456)	(2,493,932)
Net Receipts from (Disbursements to) Parkland Foundation	-	-	-	-	-	-	(80)	-	(80)
Other Receipts	-	-	16	-	40,194	-	-	1,488,345	1,528,555
Net Cash Provided by (Used in) Operating Activities	(89,728)	(49,066)	(80,427)	(625,427)	(2,410)	249,942	(4,284)	785,453	184,053
Capital and Related Financing Activities									
Purchase of Equipment	-	-	-	(8,431)	(2,872)	(28,569)	-	-	(39,872)
Non-Capital Financing Activities									
Change in Due To (From) Other Funds	-	-	-	-	-	-	-	-	-
Operating Transfers In	120,000	50,000	-	525,000	9,460	-	-	-	704,460
Net Cash Provided by (Used in) Non- Capital Financing Activities	120,000	50,000	-	525,000	9,460	-	-	-	704,460
Net Increase (Decrease) in Cash and Cash Equivalents	30,272	934	(80,427)	(108,858)	4,178	221,373	(4,284)	785,453	848,641
Cash and Cash Equivalents, July 1, 2015	149,829	(16,200)	36,881	(312,036)	109,551	1,252,401	7,012	923,329	2,150,767
Cash and Cash Equivalents, June 30, 2016	\$ 180,101	\$ (15,266)	\$ (43,546)	\$ (420,894)	\$ 113,729	\$ 1,473,774	\$ 2,728	\$ 1,708,782	\$ 2,999,408
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities									
Operating Income (Loss)	\$ (86,412)	\$ (50,178)	\$ (9,064)	\$ (628,237)	\$ (29,206)	\$ 107,478	\$ (4,204)	\$ 804,384	\$ 104,561
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:									
Depreciation Expense	2,084	-	8,654	2,810	9,664	16,699	-	-	39,911
Changes in Assets and Liabilities:									
Receivables	-	-	-	-	12,356	-	-	-	12,356
Inventories	-	-	-	-	-	131,696	-	-	131,696
Accounts Payable	-	-	-	-	-	-	-	(22,792)	(22,792)
Vacation Payable	(5,400)	1,112	2,993	-	4,776	(5,931)	-	2,144	(306)
Unearned Revenue	-	-	(83,010)	-	-	-	-	1,717	(81,293)
Due To Parkland Foundation	-	-	-	-	-	-	(80)	-	(80)
Net Cash Provided By (Used in) Operating Activities	\$ (89,728)	\$ (49,066)	\$ (80,427)	\$ (625,427)	\$ (2,410)	\$ 249,942	\$ (4,284)	\$ 785,453	\$ 184,053

PARKLAND COLLEGE DISTRICT #505
Combining Balance Sheet
Fiduciary Funds
June 30, 2016

	Non-Expendable Trust		
	<u>Working</u>	Trust and	
	Cash Fund	Agency Fund	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,600,000	\$ 507,665	\$ 8,107,665
Receivables:			
Due from Parkland Foundation	-	1,084,398	1,084,398
	<u>7,600,000</u>	<u>1,592,063</u>	<u>9,192,063</u>
Total Assets	<u>\$ 7,600,000</u>	<u>\$ 1,592,063</u>	<u>\$ 9,192,063</u>
LIABILITIES			
Due to Student Groups	\$ -	\$ 1,592,705	\$ 1,592,705
FUND BALANCE			
Reserved for Trust and Agency Assets	<u>7,600,000</u>	<u>(642)</u>	<u>7,599,358</u>
Total Liabilities and Fund Balance	<u>\$ 7,600,000</u>	<u>\$ 1,592,063</u>	<u>\$ 9,192,063</u>

PARKLAND 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, 2016
(With Comparative Totals as of June 30, 2015)

	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, 2016	June 30, 2015
ASSETS														
Cash and Cash Equivalents	\$ 7,642,074	\$ 4,108,303	\$ 4,926,549	\$ 2,999,408	\$ -	\$ 7,600,000	\$ 507,665	\$ 3,668,045	\$ 140,100	\$ 1,001,359	\$ -	\$ -	\$ 32,593,503	\$ 38,741,741
Investments	6,020,931	-	-	-	-	-	-	-	-	-	-	-	6,020,931	4,999,534
Receivables:														
Property Taxes, Net	6,279,411	2,415,150	984,981	-	-	-	-	2,110,813	36,739	1,536,243	-	-	13,363,337	12,152,087
Replacement Taxes	388,694	-	-	-	-	-	-	-	-	-	-	-	388,694	387,098
Agency Tuition, Net	704,407	-	-	-	-	-	-	-	-	-	-	-	704,407	539,334
Student Tuition and Fees, Net	587,652	-	-	-	-	-	-	-	-	-	-	-	587,652	550,649
Governmental Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	748,223
Business and Industry Training	-	-	-	34,948	-	-	-	-	-	-	-	-	34,948	47,304
Student Loans	-	-	-	-	90,079	-	-	-	-	-	-	-	90,079	94,826
Other	62,292	11,729	-	-	755,381	-	-	-	-	-	-	-	829,402	718,814
Due from Parkland Foundation	-	4,000	260,000	-	10,866	-	1,084,398	-	-	6,698	-	-	1,365,962	1,126,817
Due from Other Funds	764,119	-	-	-	-	-	-	-	-	-	-	-	764,119	639,214
Prepaid Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	410,044	-	-	-	-	-	-	-	-	410,044	541,740
Property and Equipment at Cost, Net	-	-	-	60,787	-	-	-	-	-	-	112,006,799	-	112,067,586	115,891,828
Amounts Available to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	3,933,535	3,933,535	3,715,477
Amounts to be Provided to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	60,195,525	60,195,525	62,403,939
Total Assets	\$ 22,449,580	\$ 6,539,182	\$ 6,171,530	\$ 3,505,187	\$ 856,326	\$ 7,600,000	\$ 1,592,063	\$ 5,778,858	\$ 176,839	\$ 2,544,300	\$ 112,006,799	\$ 64,129,060	\$ 233,349,724	\$ 243,298,625
LIABILITIES														
Accounts Payable	\$ 219,815	\$ 165,206	\$ 1,111,658	\$ 33	\$ 3,315	\$ -	\$ -	\$ -	\$ 6,500	\$ 932	\$ -	\$ -	\$ 1,507,459	\$ 1,442,498
Vacation Payable	1,355,849	133,573	-	124,512	28,163	-	-	-	-	76,213	-	-	1,718,310	1,744,275
Retirement Payable	1,513,715	-	-	-	-	-	-	-	-	-	-	3,424,060	4,937,775	4,526,713
Accrued Liabilities	2,888,045	-	-	1,508	-	-	-	-	-	-	-	-	2,889,553	2,853,193
Due to Other Funds	-	-	-	-	764,119	-	-	-	-	-	-	-	764,119	639,214
Due to Parkland Foundation	2,067,040	-	-	18,757	-	-	-	-	-	-	-	-	2,085,797	2,174,334
Unearned Revenue	9,678,023	2,239,470	995,298	89,603	311,156	-	-	1,845,323	33,592	1,390,711	-	-	16,583,176	16,129,130
Due to Student Groups	-	-	-	-	-	-	1,592,705	-	-	-	-	-	1,592,705	1,362,844
Bonds	-	-	-	-	-	-	-	-	-	-	-	60,705,000	60,705,000	62,545,000
Total Liabilities	17,722,487	2,538,249	2,106,956	234,413	1,106,753	-	1,592,705	1,845,323	40,092	1,467,856	-	64,129,060	92,783,894	93,417,201
COLLEGE EQUITY														
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	112,006,799	-	112,006,799	115,831,002
Fund Balance:														
Reserved For:														
Student Loans	-	-	-	-	90,079	-	-	-	-	-	-	-	90,079	94,826
Trust and Agency Assets	-	-	-	-	-	7,600,000	(642)	-	-	-	-	-	7,599,358	7,599,358
Unreserved, Undesignated	4,727,093	4,000,933	4,064,574	-	(340,506)	-	-	3,933,535	136,747	1,076,444	-	-	17,598,820	23,894,485
Retained Earnings (Accumulated Deficit)	-	-	-	3,270,774	-	-	-	-	-	-	-	-	3,270,774	2,461,753
Total College Equity (Deficit)	4,727,093	4,000,933	4,064,574	3,270,774	(250,427)	7,600,000	(642)	3,933,535	136,747	1,076,444	112,006,799	-	140,565,830	149,881,424
Total Liabilities and College Equity	\$ 22,449,580	\$ 6,539,182	\$ 6,171,530	\$ 3,505,187	\$ 856,326	\$ 7,600,000	\$ 1,592,063	\$ 5,778,858	\$ 176,839	\$ 2,544,300	\$ 112,006,799	\$ 64,129,060	\$ 233,349,724	\$ 243,298,625

PARKLAND 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, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	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							2016	2015
Revenue											
Local Sources	\$ 15,352,117	\$ 4,973,619	\$ 1,693,158	\$ -	\$ -	\$ -	\$ 4,031,431	\$ 63,465	\$ 3,015,102	\$ 29,128,892	\$ 28,281,883
State Sources	1,292,951	-	-	1,448,113	1,586,048	-	-	-	-	4,327,112	9,612,508
Federal Sources	48,799	-	-	-	19,735,596	-	-	-	-	19,784,395	21,021,864
Tuition and Fees	27,887,761	-	-	1,647,575	-	-	-	-	-	29,535,336	29,229,460
Facilities	-	788,254	782,522	-	-	-	-	-	-	1,570,776	1,655,444
Other Revenue	1,300,624	4,094	3,437	4,224,867	119,620	8,640	-	-	-	5,661,282	5,054,828
On-Behalf Payments	18,602,246	-	-	-	-	-	-	-	-	18,602,246	15,505,504
Total Revenue	64,484,498	5,765,967	2,479,117	7,320,555	21,441,264	8,640	4,031,431	63,465	3,015,102	108,610,039	110,361,491
Expenditures											
Instruction	27,430,663	-	-	1,220,295	304,020	-	-	-	-	28,954,978	29,766,004
Academic Support	4,978,341	-	7,358	292,842	1,884,019	-	-	-	-	7,162,560	7,144,231
Student Services	5,002,026	-	-	-	599,434	-	-	-	-	5,601,460	5,582,952
Public Service	837,915	-	-	1,205,243	584,329	-	-	-	-	2,627,487	2,677,593
Auxiliary Services	-	-	-	4,457,703	-	-	-	-	-	4,457,703	4,989,093
Operation and Maintenance of Plant	-	5,541,155	3,163,587	-	100,000	-	-	-	1,534,149	10,338,891	14,494,796
Institutional Support	12,265,099	-	-	-	-	-	-	66,195	1,410,396	13,741,690	12,926,945
Scholarships and Grants	-	-	-	-	17,978,609	-	-	-	-	17,978,609	19,396,654
Principal	-	-	-	-	-	-	1,840,000	-	-	1,840,000	1,570,000
Interest	-	-	-	-	-	-	2,755,895	-	-	2,755,895	2,803,620
Depreciation	-	-	-	39,911	-	-	-	-	-	39,911	40,361
On-Behalf Payments	18,602,246	-	-	-	-	-	-	-	-	18,602,246	15,505,504
Total Expenditures	69,116,290	5,541,155	3,170,945	7,215,994	21,450,411	-	4,595,895	66,195	2,944,545	114,101,430	116,897,753
Revenue Over (Under) Expenditures	(4,631,792)	224,812	(691,828)	104,561	(9,147)	8,640	(564,464)	(2,730)	70,557	(5,491,391)	(6,536,262)
Other Financing Sources (Uses)											
Operating Transfers, Net	(695,820)	-	(782,522)	704,460	-	(8,640)	782,522	-	-	-	-
Total Other Financing Sources (Uses)	(695,820)	-	(782,522)	704,460	-	(8,640)	782,522	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,327,612)	224,812	(1,474,350)	809,021	(9,147)	-	218,058	(2,730)	70,557	(5,491,391)	(6,536,262)
College Equity, Beginning of Year	10,054,705	3,776,121	5,538,924	2,461,753	(241,280)	7,600,000	3,715,477	139,477	1,005,887	34,051,064	40,587,326
College Equity, End of Year	\$ 4,727,093	\$ 4,000,933	\$ 4,064,574	\$ 3,270,774	\$ (250,427)	\$ 7,600,000	\$ 3,933,535	\$ 136,747	\$ 1,076,444	\$ 28,559,673	\$ 34,051,064

PARKLAND 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, 2016 and 2015

	2016	2015
College Equity	\$ 140,565,830	\$ 149,881,424
Reconciling Items:		
Recognition of Summer School Revenues	1,879,359	1,872,848
Deferred Revenue for Property Taxes Not Received	12,227,503	11,543,595
Property Taxes Receivable Not Earned and Not Received	(12,227,503)	(11,543,595)
Reclassification of Long Term Debt	(64,167,717)	(66,119,416)
Deferred Refunding Expense	318,760	395,930
Deferred Retirement Plan Contributions	53,803	49,760
Recognition of Interest Payable on Long Term Debt	(227,326)	(231,987)
	<u>78,422,709</u>	<u>85,848,559</u>
Net Position	<u>\$ 78,422,709</u>	<u>\$ 85,848,559</u>

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, 2016 and 2015

	2016	2015
Change in College Equity	\$ (5,491,391)	\$ (6,536,262)
Reconciling Items:		
Remove Rent Revenue Paid by the Bookstore to O&M Fund	(369,787)	(463,855)
Remove Rent Expense from the Bookstore	369,787	463,855
Remove Revenue Paid by the Education Fund to Reprographics	(242,664)	(255,683)
Remove Expenditures from the Education Fund	242,664	255,683
Remove Student Aid and Scholarship Payments from Revenue	(9,924,442)	(9,705,153)
Remove Student Aid and Scholarship Payments from Expense	9,924,442	9,705,153
Change in Recognition of Summer School Revenues	6,511	(108,449)
General Obligation Debt Retired	1,840,000	1,570,000
Change in Retirement Obligations	150,356	(1,599,812)
Remove Capital Expenditures and Interest Expenditures Related to Capitalized Assets	3,654,869	8,412,984
Record Depreciation on the Capital Assets	(7,559,212)	(6,995,059)
Remove Rent Expense Related to Capital Leases	41,483	-
Loss on Disposal of Property and Equipment	-	(124,800)
Change in Deferred Refunding Expense	(77,170)	(77,170)
Change in Deferred Retirement Plan Contributions	4,043	49,760
Change in Accrued Interest on Long Term Debt	4,661	2,544
	<u>4,661</u>	<u>2,544</u>
Change in Net Position	<u>\$ (7,425,850)</u>	<u>\$ (5,406,264)</u>

PARKLAND COLLEGE DISTRICT #505
 Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections
 June 30, 2016

Assessed Valuations	2015 Levy	2014 Levy	2013 Levy	2012 Levy	2011 Levy	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy
County:										
Champaign	\$ 3,603,466,479	\$ 3,542,030,898	\$ 3,495,210,920	\$ 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
Coles	9,507,569	9,227,401	8,632,210	8,080,907	7,575,377	7,072,734	6,114,626	5,758,277	5,306,338	5,573,540
DeWitt	88,198,381	86,559,619	79,976,784	77,636,422	76,496,177	72,965,141	74,274,090	62,936,083	60,557,367	56,796,370
Douglas	283,012,820	266,599,451	262,791,029	254,139,581	251,636,058	248,720,699	240,503,383	229,699,701	218,607,217	208,085,929
Edgar	4,392,900	4,288,109	3,965,329	3,667,574	3,188,000	3,188,451	2,976,360	2,543,065	2,434,071	2,250,000
Ford	234,112,035	230,561,166	226,771,001	221,216,880	200,698,988	195,027,444	186,970,466	183,254,673	177,019,659	171,232,142
Iroquois	92,391,706	89,349,950	88,933,502	88,876,028	85,460,933	87,283,023	86,148,726	84,852,171	74,346,304	74,346,304
Livingston	67,152,175	64,861,050	64,336,230	61,960,581	61,241,000	60,031,221	58,537,786	55,516,475	52,968,851	51,744,154
McLean	191,864,392	189,414,822	185,142,499	171,336,846	168,439,009	165,055,933	161,123,775	156,650,468	124,928,450	112,103,188
Moultrie	4,475,862	4,345,549	3,983,482	3,640,875	3,377,000	3,136,292	2,868,600	2,711,561	2,544,048	2,828,750
Piatt	379,243,657	373,852,737	361,541,176	354,597,431	348,165,000	340,014,568	333,049,928	317,723,113	295,752,213	276,109,518
Vermilion	17,621,449	17,101,096	15,910,293	15,016,004	13,294,313	13,038,583	12,408,340	12,118,874	11,310,925	10,303,236
TOTAL	\$ 4,975,439,425	\$ 4,878,191,848	\$ 4,797,194,455	\$ 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

Tax Rates (Per \$100 Assessed Valuations)	2015 Levy	2014 Levy	2013 Levy	2012 Levy	2011 Levy	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy
Education Fund	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600
Operations and Maintenance:										
Operational Fund	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Bond	0.0824	0.0794	0.0770	0.0715	0.0678	0.0639	0.0610	0.0439	0.0000	0.0000
Tort and Immunity	0.0372	0.0369	0.0375	0.0374	0.0354	0.0344	0.0389	0.0376	0.0341	0.0352
Audit	0.0015	0.0010	0.0010	0.0010	0.0010	0.0019	0.0019	0.0019	0.0019	0.0020
Worker's Compensation	0.0015	0.0014	0.0019	0.0019	0.0019	0.0018	0.0016	0.0010	0.0056	0.0061
Unemployment Insurance	0.0008	0.0010	0.0010	0.0010	0.0002	0.0002	0.0002	0.0004	0.0004	0.0005
Protection, Health, and Safety	0.0400	0.0267	0.0271	0.0263	0.0264	0.0264	0.0266	0.0500	0.0500	0.0500
Medicare Insurance	0.0126	0.0113	0.0115	0.0117	0.0125	0.0115	0.0117	0.0097	0.0093	0.0101
Property Insurance	0.0100	0.0082	0.0083	0.0083	0.0068	0.0063	0.0063	0.0070	0.0075	0.0081
TOTAL	0.5460	0.5259	0.5253	0.5191	0.5120	0.5064	0.5082	0.5115	0.4688	0.4720

PARKLAND COLLEGE DISTRICT #505
Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections
June 30, 2016

	2015 Levy	2014 Levy	2013 Levy	2012 Levy	2011 Levy	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy
Tax Extensions										
Education Fund	\$ 12,936,143	\$ 12,683,299	\$ 12,472,706	\$ 12,521,726	\$ 12,471,700	\$ 12,474,005	\$ 12,335,181	\$ 12,061,998	\$ 11,315,677	\$ 10,501,816
Operations and Maintenance:										
Operational Fund	4,975,439	4,878,192	4,797,194	4,816,048	4,796,808	4,797,695	4,743,149	4,639,208	4,352,026	4,040,187
Bond	4,099,762	3,873,284	3,693,840	3,443,475	3,252,236	3,065,727	2,893,321	2,036,612	-	-
Tort and Immunity	1,850,863	1,800,053	1,798,948	1,801,202	1,698,070	1,650,407	1,845,085	1,744,342	1,484,651	1,422,819
Audit	74,632	48,782	47,972	48,160	47,968	91,156	90,120	88,145	83,654	80,079
Worker's Compensation	74,632	68,295	91,147	91,505	91,139	86,359	75,890	46,392	243,726	246,568
Unemployment Insurance	39,804	48,782	47,972	48,160	9,594	9,595	9,486	18,557	17,409	20,210
Protection, Health, and Safety	1,990,176	1,302,477	1,300,040	1,266,621	1,266,357	1,266,591	1,261,678	2,319,604	2,174,993	2,019,140
Medicare Insurance	626,905	551,236	551,677	563,478	599,601	551,735	554,948	450,003	404,759	408,251
Property Insurance	497,544	400,012	398,167	399,732	326,183	302,255	298,818	324,745	326,418	327,410
	<u>27,165,900</u>	<u>25,654,412</u>	<u>25,199,663</u>	<u>25,000,107</u>	<u>24,559,656</u>	<u>24,295,525</u>	<u>24,107,676</u>	<u>23,729,606</u>	<u>20,403,312</u>	<u>19,066,480</u>
Tax Collections Prior to Year End	(11,824,016)	(11,999,151)	(11,963,533)	(10,459,197)	(10,592,143)	(10,391,341)	(10,146,060)	(9,957,110)	(8,069,866)	(7,652,368)
	<u>15,341,884</u>	<u>13,655,261</u>	<u>13,236,130</u>	<u>14,540,910</u>	<u>13,967,513</u>	<u>13,904,184</u>	<u>13,961,616</u>	<u>13,772,496</u>	<u>12,333,446</u>	<u>11,414,112</u>
Taxes Not Collectible Due to Taxpayer Exemption	-	-	-	(358,909)	-	-	-	-	-	-
Allowance for Uncollectible Taxes and Potential Refunds	(1,978,547)	(1,503,174)	(1,503,174)	(1,129,370)	(1,129,370)	(973,951)	(793,426)	(613,073)	(448,759)	-
Property Taxes Receivable	<u>\$ 13,363,337</u>	<u>\$ 12,152,087</u>	<u>\$ 11,732,956</u>	<u>\$ 13,052,631</u>	<u>\$ 12,838,143</u>	<u>\$ 12,930,233</u>	<u>\$ 13,168,190</u>	<u>\$ 13,159,423</u>	<u>\$ 11,884,687</u>	<u>\$ 11,414,112</u>
Property Taxes Receivable by Fund										
Education Fund	\$ 6,279,411	\$ 5,959,804	\$ 5,760,065	\$ 6,499,483	\$ 6,486,665	\$ 6,621,915	\$ 6,714,309	\$ 6,668,314	\$ 6,591,248	\$ 6,286,892
Operations and Maintenance:										
Operational Fund	2,415,150	2,292,225	2,215,402	2,499,794	2,494,864	2,546,881	2,582,425	2,564,747	2,535,003	2,418,650
Restricted Fund	984,981	578,447	568,014	623,221	624,652	638,385	656,048	1,282,096	1,266,907	1,208,755
Bond Fund	2,110,813	1,928,913	1,807,442	1,871,385	1,771,650	1,699,209	1,644,595	1,168,107	-	-
Audit Fund	36,739	21,461	20,692	23,470	23,487	48,374	49,052	48,804	48,728	47,940
Liability, Protection, and Settlement Fund	1,536,243	1,371,237	1,361,341	1,535,278	1,436,825	1,375,469	1,521,761	1,427,355	1,442,801	1,451,875
	<u>\$ 13,363,337</u>	<u>\$ 12,152,087</u>	<u>\$ 11,732,956</u>	<u>\$ 13,052,631</u>	<u>\$ 12,838,143</u>	<u>\$ 12,930,233</u>	<u>\$ 13,168,190</u>	<u>\$ 13,159,423</u>	<u>\$ 11,884,687</u>	<u>\$ 11,414,112</u>
TOTAL	<u>\$ 13,363,337</u>	<u>\$ 12,152,087</u>	<u>\$ 11,732,956</u>	<u>\$ 13,052,631</u>	<u>\$ 12,838,143</u>	<u>\$ 12,930,233</u>	<u>\$ 13,168,190</u>	<u>\$ 13,159,423</u>	<u>\$ 11,884,687</u>	<u>\$ 11,414,112</u>

PARKLAND COLLEGE DISTRICT #505
 Schedule of Legal Debt Margin
 June 30, 2016

Assessed Valuations - 2015 Levy	\$ 4,975,439,425
	<hr style="border-top: 3px double black;"/>
Debt Limit, 2.875 Percent of Assessed Valuation	\$ 143,043,883
Indebtedness:	
G. O. Bonds	52,920,000
	<hr style="border-top: 1px solid black;"/>
Legal Debt Margin	\$ 90,123,883
	<hr style="border-top: 3px double black;"/>

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

PARKLAND COLLEGE DISTRICT #505
Student Enrollment and Full-Time Equivalency
At Tenth Day
For the Year Ended June 30, 2016
(Unaudited)

School Quarter	Student Enrollment	Full-Time Equivalency
	<u> </u>	<u> </u>
Summer 2015	4,512	1,530
Fall 2015	7,709	4,817
Spring 2016	<u>7,369</u>	<u>4,538</u>
Semester Average (Exclusive of Summer School)	<u><u>7,539</u></u>	<u><u>4,678</u></u>

PARKLAND COLLEGE DISTRICT #505
All Funds Summary - Modified Accrual Basis
Uniform Financial Statement No. 1
For the Year Ended June 30, 2016

	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, 2015	\$ 10,054,705	\$ 3,776,121	\$ 5,538,924	\$ 3,715,477	\$ 2,461,753	\$ (241,280)	\$ 7,600,000	\$ 139,477	\$ 1,005,887	\$ 34,051,064
Revenues:										
Local Tax Revenue	12,931,412	4,973,619	1,684,935	4,010,173	-	-	-	63,184	2,999,265	26,662,588
All Other Local Revenue	2,420,705	-	8,223	21,258	-	-	-	281	15,837	2,466,304
ICCB Grants	1,255,540	-	-	-	-	78,246	-	-	-	1,333,786
All Other State Revenue	37,411	-	-	-	1,448,113	1,507,802	-	-	-	2,993,326
Federal Revenue	48,799	-	-	-	-	19,735,596	-	-	-	19,784,395
Student Tuition and Fees	27,887,761	-	-	-	1,647,575	-	-	-	-	29,535,336
All Other Revenue	1,300,624	792,348	785,959	-	4,224,867	119,620	8,640	-	-	7,232,058
Total Revenue	45,882,252	5,765,967	2,479,117	4,031,431	7,320,555	21,441,264	8,640	63,465	3,015,102	90,007,793
Expenditures:										
Instruction	27,430,663	-	-	-	1,220,295	304,020	-	-	-	28,954,978
Academic Support	4,978,341	-	7,358	-	292,842	1,884,019	-	-	-	7,162,560
Student Services	5,002,026	-	-	-	-	599,434	-	-	-	5,601,460
Public Service/Continuing Education	837,915	-	-	-	1,205,243	584,329	-	-	-	2,627,487
Organized Research	-	-	-	-	-	-	-	-	-	-
Auxiliary Services	-	-	-	-	4,497,614	-	-	-	-	4,497,614
Operations and Maintenance	-	5,541,155	3,163,587	-	-	100,000	-	-	1,534,149	10,338,891
Institutional Support	12,265,099	-	-	4,595,895	-	-	-	66,195	1,410,396	18,337,585
Scholarships, Student Grants, & Waivers	-	-	-	-	-	17,978,609	-	-	-	17,978,609
Total Expenditures	50,514,044	5,541,155	3,170,945	4,595,895	7,215,994	21,450,411	-	66,195	2,944,545	95,499,184
Net Transfers	(695,820)	-	(782,522)	782,522	704,460	-	(8,640)	-	-	-
Fund Balance, June 30, 2016	\$ 4,727,093	\$ 4,000,933	\$ 4,064,574	\$ 3,933,535	\$ 3,270,774	\$ (250,427)	\$ 7,600,000	\$ 136,747	\$ 1,076,444	\$ 28,559,673

PARKLAND COLLEGE DISTRICT #505
 Summary of Fixed Assets and Debt
 Uniform Financial Statement No. 2
 For the Year Ended June 30, 2016

	Capital Assets / Long Term Debt			
	July 1, 2015	Additions	Deletions	June 30, 2016
Fixed Assets:				
Land	\$ 1,841,745	\$ -	\$ -	\$ 1,841,745
Land Improvements	41,263,061	2,851,859	-	44,114,920
Buildings, Additions, and Improvements	108,746,416	8,407,237	-	117,153,653
Equipment	18,379,362	868,481	-	19,247,843
Other Fixed Assets	9,544,618	2,866,499	(11,259,067)	1,152,050
Accumulated Depreciation	(63,944,200)	(7,559,212)	-	(71,503,412)
Net Fixed Assets	\$ 115,831,002	\$ 7,434,864	\$ (11,259,067)	\$ 112,006,799
Fixed Debt:				
Bonds	\$ 62,545,000	\$ -	\$ (1,840,000)	\$ 60,705,000
Early Retirement Benefits	3,574,416	472,466	(622,822)	3,424,060
Capital Lease Obligations	-	80,140	(41,483)	38,657
Total Fixed Debt	\$ 66,119,416	\$ 472,466	\$ (2,462,822)	\$ 64,129,060
Outstanding				
	July 1, 2015	Issued	Redeemed	June 30, 2016
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 COLLEGE DISTRICT #505
 Operating Funds Revenues and Expenditures - Modified Accrual Basis
 Uniform Financial Statement No. 3
 For the Year Ended June 30, 2016

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Revenues by Source:			
<i>Local Government</i>			
Local Taxes	\$ 12,931,412	\$ 4,973,619	\$ 17,905,031
Chargeback Revenue	261,877	-	261,877
CPPRT	2,158,828	-	2,158,828
Total Local Government	<u>15,352,117</u>	<u>4,973,619</u>	<u>20,325,736</u>
<i>State Government</i>			
ICCB Base Operating Grant	1,205,540	-	1,205,540
ICCB Equalization Grant	50,000	-	50,000
ICCB Performance Grant	-	-	-
Other State	37,411	-	37,411
Total State Government	<u>1,292,951</u>	<u>-</u>	<u>1,292,951</u>
<i>Federal Government</i>			
Department of Education	48,799	-	48,799
Total Federal Government	<u>48,799</u>	<u>-</u>	<u>48,799</u>
<i>Student Tuition and Fees</i>			
Tuition	25,006,895	-	25,006,895
Fees	2,880,866	-	2,880,866
Total Student Tuition and Fees	<u>27,887,761</u>	<u>-</u>	<u>27,887,761</u>
<i>Other Sources</i>			
Sales and Service Fees	510,337	-	510,337
Facilities Revenue	-	788,254	788,254
Investment Revenue	126,427	4,094	130,521
Other	663,860	-	663,860
Total Other Sources	<u>1,300,624</u>	<u>792,348</u>	<u>2,092,972</u>
Total Operating Revenues	45,882,252	5,765,967	51,648,219
<i>Less: Non-Operating Items</i>			
Tuition Chargeback Revenue	(261,877)	-	(261,877)
Adjusted Operating Revenue	<u>\$ 45,620,375</u>	<u>\$ 5,765,967</u>	<u>\$ 51,386,342</u>

PARKLAND COLLEGE DISTRICT #505
Operating Funds Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 3
For the Year Ended June 30, 2016

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Expenditures by Program:			
Instruction	\$ 27,430,663	\$ -	\$ 27,430,663
Academic Support	4,978,341	-	4,978,341
Student Services	5,002,026	-	5,002,026
Public Service/Continuing Education	837,915	-	837,915
Organized Research	-	-	-
Auxiliary Services	-	-	-
Operations and Maintenance	-	5,541,155	5,541,155
Institutional Support	12,265,099	-	12,265,099
Scholarships, Grants, Waivers	-	-	-
Total Operating Expenditures by Program	50,514,044	5,541,155	56,055,199
 Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Program	\$ 50,514,044	\$ 5,541,155	\$ 56,055,199
 Operating Expenditures by Object:			
Salaries	\$ 36,194,238	\$ 1,932,478	\$ 38,126,716
Employee Benefits	7,291,935	837,419	8,129,354
Contractual Services	1,303,418	361,254	1,664,672
General Materials and Supplies	2,416,120	351,336	2,767,456
Conference and Meeting Expenses	280,386	678	281,064
Fixed Charges	312,868	60,707	373,575
Utilities	18,039	1,984,783	2,002,822
Capital Outlay	425,424	12,500	437,924
Other	2,271,616	-	2,271,616
Total Operating Expenditures by Object	50,514,044	5,541,155	56,055,199
 Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Object	\$ 50,514,044	\$ 5,541,155	\$ 56,055,199

PARKLAND COLLEGE DISTRICT #505
 Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis
 Uniform Financial Statement No. 4
 For the Year Ended June 30, 2016

	Restricted Purposes Fund
Revenue by Source:	
<i>State Government</i>	
ICCB - Adult Education	\$ 78,246
Illinois State Board of Education	1,495,082
Other	12,720
Total State Government	1,586,048
 <i>Federal Government</i>	
Department of Education	19,330,937
Department of Labor	23,341
Department of Transportation	370,874
Other	10,444
Total Federal Government	19,735,596
 <i>Other Sources</i>	
Other	119,620
Total Other Sources	119,620
 Total Restricted Purposes Fund Revenues	 \$ 21,441,264

PARKLAND COLLEGE DISTRICT #505
 Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis
 Uniform Financial Statement No. 4
 For the Year Ended June 30, 2016

	<u>Restricted Purposes Fund</u>
Expenditures by Program:	
Instruction	\$ 304,020
Academic Support	1,884,019
Student Services	599,434
Public Service/Continuing Education	584,329
Auxiliary Services	-
Operations and Maintenance	100,000
Institutional Support	-
Scholarships, Student Grants, and Waivers	17,978,609
Total Restricted Purposes Fund Expenditures by Program	<u>\$ 21,450,411</u>
Expenditures by Object:	
Salaries	\$ 1,075,557
Employee Benefits	175,042
Contractual Services	1,502,255
General Materials and Supplies	234,298
Travel & Conference/Meeting Expenses	178,186
Fixed Charges	40,776
Utilities	12,967
Capital Outlay	227,883
Scholarships, Grants, Waivers	17,978,609
Other	24,838
Total Restricted Purposes Fund Expenditures by Object	<u>\$ 21,450,411</u>

PARKLAND COLLEGE DISTRICT #505
 Current Funds Expenditures by Activity - Modified Accrual Basis
 Uniform Financial Statement No. 5
 For the Year Ended June 30, 2016

Instruction:	
Instructional Programs	<u>\$ 28,954,978</u>
Academic Support:	
Library Center	1,283,859
Academic Computing Support	1,326,374
Other	4,544,969
Total Academic Support	<u>7,155,202</u>
Student Services Support:	
Admissions and Records	806,269
Counseling and Career Services	1,337,922
Financial Aid Administration	729,266
Other	2,728,003
Total Student Services Support	<u>5,601,460</u>
Public Service/Continuing Education:	
Community Education	282,831
Customized Training (Instructional)	1,576,118
Community Services	510,390
Other	258,148
Total Public Service/Continuing Education	<u>2,627,487</u>

PARKLAND COLLEGE DISTRICT #505
Current Funds Expenditures by Activity - Modified Accrual Basis
Uniform Financial Statement No. 5
For the Year Ended June 30, 2016

Auxiliary Services	4,497,614
<hr/>	
Operations and Maintenance of Plant:	
Maintenance	897,221
Custodial Services	1,896,240
Grounds	520,545
Campus Security	1,421,132
Transportation	53,458
Utilities	1,984,783
Administration	188,908
Other	213,017
Total Operations and Maintenance of Plant	<u>7,175,304</u>
Institutional Support:	
Executive Management	427,333
Fiscal Operations	1,329,240
Community Relations	56,062
Board of Trustees	36,030
General Institutional	3,421,494
Institutional Research	430,671
Administrative Data Processing	1,743,155
Other	10,893,600
Total Institutional Support	<u>18,337,585</u>
Scholarships, Student Grants, and Waivers	<u>17,978,609</u>
Total Current Funds Expenditures	<u><u>\$ 92,328,239</u></u>

PARKLAND COLLEGE DISTRICT #505
Certificate of Chargeback Reimbursement
For the Year Ended June 30, 2016

All Fiscal Year 2016 Non-Capital Audited Operating Expenditures
from the Following Funds:

Education	\$ 50,088,620
Operations and Maintenance Fund	5,528,655
Restricted Purposes Fund	21,222,528
Audit Fund	66,195
Liability, Protection and Settlement Fund	<u>2,933,608</u>
Total Non-Capital Expenditures	79,839,606

Depreciation on Capital Outlay Expenditures from Sources

Other than State and Federal Funds	<u>4,331,047</u>
Total Costs Included	84,170,653

Total Certified Semester Credit Hours for Year 2016

157,240

Per Capita Cost

535.30

All Fiscal Year 2016 State and Federal Operating Grants
for Non-Capital Expenditures, Except ICCB Grants

22,777,721

Fiscal Year 2016 State and Federal Grants Per Semester Credit Hour

144.86

District's Average ICCB Grant Rate for Fiscal Year 2017

NOT AVAILABLE

District's Student Tuition and Fee Rate Per Semester
Credit Hour for Fiscal Year 2017

157.00

Chargeback Reimbursement Per Semester Credit Hour

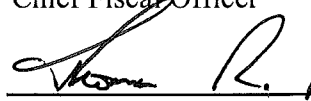
\$ 233.44

Approved:



Chief Fiscal Officer

Approved:



Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE
REQUIREMENTS FOR ADULT EDUCATION
AND FAMILY LITERACY GRANTS

Board of Trustees
Parkland College District #505
Champaign, Illinois

Report on the Financial Statements

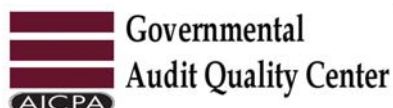
We have audited the accompanying balance sheets of the Adult Education and Family Literacy Grants of Parkland College District #505 (the College) as of June 30, 2016, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended.

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 (ICCB). 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 ICCB.

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 ICCB'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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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. 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 the ICCB. We believe that our audit provides a reasonable basis for our opinion on the financial statements and for our report on compliance.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Adult Education and Family Literacy grants of the College at June 30, 2016, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Information

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

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 ICCB and is not a required part of the basic grant program financial statements. This schedule is the responsibility of the College's management and was derived from and relates directly to the underlying accounting and other records used to prepare 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.

Report on Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the College failed to comply with terms, covenants, provisions, or conditions of the Adult Education and Family Literacy grants as presented in the policy guidelines of the ICCB's *Fiscal Management Manual*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the College's noncompliance.

Marta; Hood, Friese & Associates, LLC

Champaign, Illinois
September 27, 2016

PARKLAND COLLEGE DISTRICT #505
State Adult Education Restricted Funds
(State Basic and Performance)
Balance Sheet
June 30, 2016

ASSETS

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
Cash	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ -	\$ -	\$ -
Due to College	-	-	-
Total Liabilities	<u> </u>	<u> </u>	<u> </u>
	-	-	-
Fund Balance	<u> </u>	<u> </u>	<u> </u>
	-	-	-
Total Liabilities and Fund Balance	<u> </u>	<u> </u>	<u> </u>
	\$ -	\$ -	\$ -

PARKLAND COLLEGE DISTRICT #505
 State Adult Education Restricted Funds
 (State Basic and Performance)
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 For the Year Ended June 30, 2016

	State Basic	Performance	Total
Revenues			
ICCB Grant	\$ 30,612	\$ 47,634	\$ 78,246
Expenditures			
Instructional Student Services:			
Instruction	17,808	20,993	38,801
Social Work Services	-	2,512	2,512
Guidance Services	-	2,512	2,512
Assistive and Adaptive Equipment	-	-	-
Assessment and Testing	6,402	6,402	12,804
Student Transportation Services	-	-	-
Literacy Services	-	-	-
Childcare Services	-	-	-
Total Instructional Student Services	<u>24,210</u>	<u>32,419</u>	<u>56,629</u>
Program Support:			
Improvement of Instructional Services	-	-	-
General Administration	-	7,932	7,932
Operation and Maintenance of Plant Services	-	-	-
Workforce Coordination	-	-	-
Data and Information Services	6,402	7,283	13,685
Approved Indirect Costs	-	-	-
Total Program Support	<u>6,402</u>	<u>15,215</u>	<u>21,617</u>
Total Expenditures	<u>30,612</u>	<u>47,634</u>	<u>78,246</u>
Excess of Revenue Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2015	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PARKLAND 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, 2016

	<u>Audited Expenditure (Dollars)</u>	<u>Actual Expenditure (Percentage)</u>
State Basic		
Instruction (45 Percent Minimum Required)	\$ 17,808	58.17%
General Administration (15 Percent Maximum Allowed)	-	0.00%

PARKLAND COLLEGE DISTRICT #505
Notes to the ICCB Grant Financial Statements
June 30, 2016

The Adult Education and Family Literacy Grant Programs were established as special revenue sub-funds of Parkland 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, 2016. 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.

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

Board of Trustees
Parkland College District #505
Champaign, Illinois

We have audited the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Parkland College District #505 (the College) for the year ended June 30, 2016.

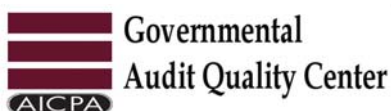
Management's Responsibility for the Financial Statement

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 statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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 accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of the College for the year ended June 30, 2016 is fairly presented in accordance with the aforementioned guidelines.

Other Information

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 are the responsibility of the College's management and were derived from and relate directly to the underlying accounting and other records used to prepare 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.

Marta, Hood, Frieze & Associates, LLC

Champaign, Illinois
September 27, 2016

PARKLAND COLLEGE DISTRICT #505
 Schedule of Enrollment Data and Other Bases
 Upon Which Claims are Filed
 For the Year Ended June 30, 2016

Categories	Total Reimbursable Semester Credit Hours by Term							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	12,755.0	39.0	38,843.0	229.0	37,762.0	43.0	89,360.0	311.0
Business Occupational	430.0	2,355.5	1,979.0	4,227.0	1,987.0	4,512.5	4,396.0	11,095.0
Technical Occupational	1,706.0	1,396.0	9,222.5	1,603.0	8,568.5	1,957.0	19,497.0	4,956.0
Health Occupational	1,089.5	48.0	5,013.5	144.0	5,125.5	171.0	11,228.5	363.0
Remedial Developmental	761.0	-	6,806.0	-	4,353.0	-	11,920.0	-
Adult Basic/Secondary Education	148.0	377.0	480.0	1,638.0	458.0	1,012.0	1,086.0	3,027.0
TOTAL CREDIT HOURS CERTIFIED	16,889.5	4,215.5	62,344.0	7,841.0	58,254.0	7,695.5	137,487.5	19,752.0


	Attending In-District	Attending Out-of-District on Chargeback	Total
Reimbursable Semester Credit Hours (All Terms)	112,606.0	122.0	112,728.0

	Dual Credit	Dual Enrollment
Reimbursable Semester Credit Hours (All Terms)	7,766.0	41.0

District 2015 Equalized Assessed Valuation \$ 4,975,439,425

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:


 Chief Executive Officer (CEO)


 Chief Financial Officer (CFO)

PARKLAND COLLEGE DISTRICT #505
For the Year Ended June 30, 2016

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	89,360.0	89,360.0	-	311	311	-
Business Occupational	4,396.0	4,396.0	-	11,095.0	11,095.0	-
Technical Occupational	19,497.0	19,497.0	-	4,956	4,956	-
Health Occupational	11,228.5	11,228.5	-	363	363	-
Remedial Developmental	11,920.0	11,920.0	-	-	-	-
Adult Basic / Secondary Education	1,086.0	1,086.0	-	3,027.0	3,027.0	-
Total Credit Hours Certified	<u>137,487.5</u>	<u>137,487.5</u>	<u>-</u>	<u>19,752.0</u>	<u>19,752.0</u>	<u>-</u>

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

Categories	Total Attending	Total Attending as Certified to the ICCB	Difference
In-District Residents	112,606.0	112,606.0	-
Out-of-District on Chargeback or Contractual Agreement	122.0	122.0	-
Total	<u>112,728.0</u>	<u>112,728.0</u>	<u>-</u>

Categories	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual Credit	7,766.0	7,766.0	-
Dual Enrollment	41.0	41.0	-
Total	<u>7,807.0</u>	<u>7,807.0</u>	<u>-</u>

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	<u>-</u>	<u>-</u>	<u>-</u>

PARKLAND COLLEGE DISTRICT #505
Documentation of Residency Verification Steps
For the Year Ended June 30, 2016

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

Applicants

The residency status on application forms is normally determined by the address the student uses on their 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 COLLEGE DISTRICT #505
Background Information on State Grant Activity
For the Year Ended June 30, 2016

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.

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.

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

PARKLAND COLLEGE DISTRICT #505
Schedule of Findings and Questioned Costs – ICCB Grant Compliance
For the Year Ended June 30, 2016

Findings – ICCB Grant Compliance

No findings noted in the current fiscal year.

PARKLAND COLLEGE DISTRICT #505
Schedule of Prior Audit Findings – ICCB Grant Compliance
For the Year Ended June 30, 2016

Findings – ICCB Grant Compliance

No findings were noted in the prior fiscal year.

PARKLAND COLLEGE DISTRICT #505
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal CFDA Number	Identifying Number	Federal Expenditures
Department of Labor			
<i>Passed through the Champaign Consortium</i>			
WIA Youth Activities	17.259	15-1Y-7050-YETP	\$ 23,341
Department of Transportation			
<i>Passed through the Illinois Community College Board (ICCB)</i>			
ICCB/IDOT HCCTP	20.205	HCCTP505	370,874
Department of Education			
<i>Direct</i>			
<i>Student Financial Aid Cluster</i>			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		170,800
Federal Work Study (FWS)	84.033		157,882
Pell Grant Program	84.063		9,150,661
Federal Direct Loans	84.268		8,489,528
Federal Perkins Loan - July 1, 2015 Outstanding	84.038		94,826
Total Student Financial Aid Cluster			* 18,063,697
<i>Other Direct Programs</i>			
Strengthening International Studies and Foreign Languages Title III	84.016 84.031A		6,994 332,777
Trio Student Support Services	84.042a		* 252,864
Total Other Direct Programs			592,635
<i>Passed through the Illinois Community College Board (ICCB)</i>			
Adult Education - Basic	84.002a	50501 Federal Basic	117,992
EL/Civics Program	84.002a	50501 EL/CIVICS	60,000
Total CFDA 84.002a			177,992
V.E. Perkins IIC Special Populations and Other	84.048	CTE50510	388,937
<i>Passed through the Illinois Board of Higher Education (IBHE) via the University of Illinois</i>			
Race to the Top - Early Learning Challenge	84.412A	S413A130011	10,444
<i>Passed through the Illinois State Board of Education (ISBE)</i>			
Title I - Migrant Education	84.011	None	202,502
Total Department of Education			19,436,207
Department of Health and Human Services			
<i>Passed through the Illinois Department of Human Services</i>			
Child Care and Development Block Grant	93.575	None	1,647
Total Expenditures of Federal Awards			\$ 19,832,069

* - Denotes a major program.

PARKLAND COLLEGE DISTRICT #505
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (Schedule 37) includes the federal grant activity of Parkland College District #505 (the College) for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The College did not use the 10% de minimis indirect cost rate. The indirect allocations allowable under TRIO Student Support Services was \$14,216 for the year ended June 30, 2016.

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, 2016.

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, 2016. This loan balance is not included in the federal expenditures presented in the schedule; however, the July 1, 2015 balance, and any additional loans made during the year ended June 30, 2016, are included in the schedule.

	CFDA Number	Outstanding Balance June 30, 2016
Perkins Loans	84.038	\$ 90,079

PARKLAND COLLEGE DISTRICT #505
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

1. Summary of Auditor's Results

- (i) Type of audit report issued on the financial statements: Unmodified
- (ii) The audit did not disclose a significant deficiency or a material weakness in internal control that is 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 a material weakness 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 2 CFR section 200.516a.
- (vii) Major Programs:
 - U.S. Department of Education:
 - Student Financial Aid Cluster
 - CFDA # 84.007
 - CFDA # 84.033
 - CFDA # 84.063
 - CFDA # 84.268
 - CFDA # 84.038
 - TRIO Student Support Services - CFDA # 84.042a
- (viii) The dollar threshold used to distinguish Type A and Type B programs was \$750,000.
- (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 Programs Audit

None noted

PARKLAND COLLEGE DISTRICT #505
Schedule of Prior Audit Findings for Federal Awards
For the Year Ended June 30, 2016

The College has no prior audit findings.

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

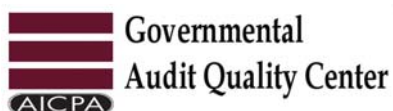
Board of Trustees
Parkland College District #505
Champaign, Illinois

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 Standards* issued by the Comptroller General of the United States, the financial statements of Parkland College District #505 (the College) and its discretely presented component unit as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated September 27, 2016.

The financial statements of the College's discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the College's discretely presented component unit.

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.



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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 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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marta Hood, Frieze & Associates, LLC

Champaign, Illinois
September 27, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Parkland College District #505
Champaign, Illinois

Report on Compliance for Each Major Federal Program

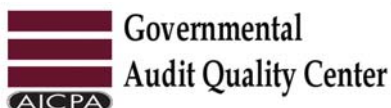
We have audited Parkland College District #505's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2016. The College's 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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, 2016.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marta; Hood, Friese & Associates, LLC

Champaign, Illinois
September 27, 2016