

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2005 and 2004**

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Independent Auditor's Report

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

We have audited the accompanying basic financial statements of Parkland College Community College District #505 as of and for the years ended June 30, 2005 and 2004 and its discretely presented component unit as of and for the year ended June 30, 2005, as listed in the table of contents. These basic financial statements are the responsibility of Parkland College Community College District #505's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Parkland College Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Parkland College Community College District #505 as of and for the years ended June 30, 2005 and 2004 and of its discretely presented component unit as of June 30, 2005, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2005, on our consideration of Parkland College Community College District #505's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clifton Henderson LLP

Danville, Illinois
August 22, 2005

Management's Discussion and Analysis

This section of Parkland Community College's (the "College" or "Parkland") Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activities, and its component unit, the Foundation, for the fiscal years ended June 30, 2004 and June 30, 2005. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and footnotes. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College.

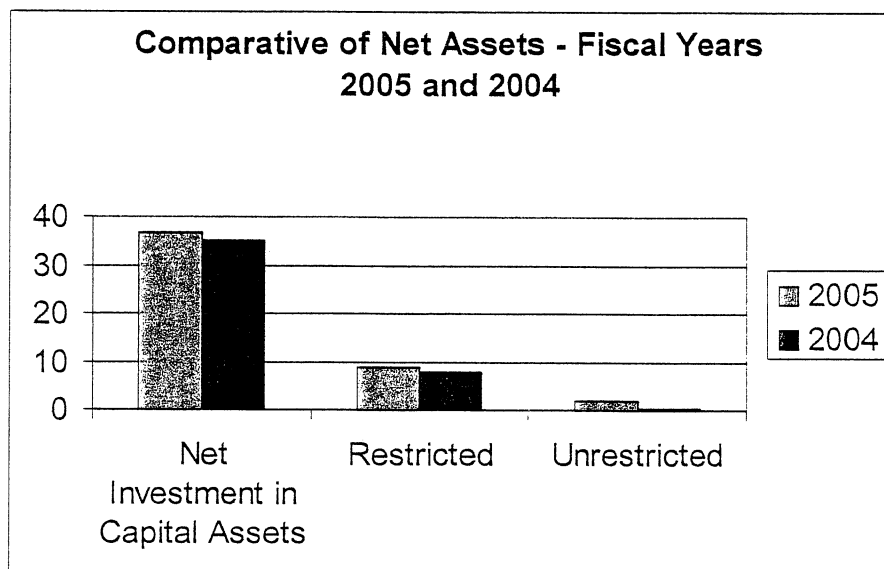
Using This Annual Report

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

The Management Discussion and Analysis contains financial activity of Parkland College. The College's component unit, the Foundation, has separately issued financial statements. These statements should be used for detailed information on the Foundation's financial activity for the year ending June 30, 2005.

Primary Institution Financial Highlights

Comparative Net Assets Chart



The Statement of Net Assets

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

Financial Analysis of the College as a Whole

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

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease) 2005-2004</u>
Current Assets	28.3	25.4	2.9
Non Current Assets			
Capital Assets, Net of Depreciation	<u>36.0</u>	<u>36.1</u>	<u>(0.1)</u>
Total Assets	<u>64.3</u>	<u>61.5</u>	<u>2.8</u>
Current Liabilities	12.8	12.2	0.6
Non Current Liabilities	<u>4.3</u>	<u>4.8</u>	<u>(0.5)</u>
Total Liabilities	<u>17.1</u>	<u>17.0</u>	<u>0.1</u>
Net Assets			
Investment in Capital Assets	35.5	35.2	0.3
Restricted for Expendable	8.7	8.0	0.7
Unrestricted	<u>3.1</u>	<u>1.3</u>	<u>1.8</u>
Total Net Assets	<u>47.3</u>	<u>44.5</u>	<u>2.8</u>

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

Fiscal Year 2004 Compared to 2003

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

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

Fiscal Year 2005 Compared to 2004

Total assets have increased nearly \$2.8 million from fiscal year 2004 compared to 2005. This increase included a nearly \$2.9 million increase current assets and a \$0.1 million decrease in non-current assets.

Total liabilities increased by \$.1 million due to an increase in current liabilities (primarily deferred revenues) in excess of the decrease in non-current liabilities including the retirement obligation and capital leases.

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

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

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

Operating results For Year Ended June30 (in millions)

	2005	2004	Increase (Decrease) 2005-2004
Operating Revenue			
Tuition & Fees	12.2	12.7	(0.5)
Auxiliary Enterprises	5.1	4.9	0.2
Other	<u>1.0</u>	<u>0.9</u>	<u>0.1</u>
Total	18.3	18.5	(0.2)
Less Operating Expenses	<u>63.6</u>	<u>73.4</u>	<u>(9.8)</u>
Net Operating Expenses	(45.3)	(54.9)	9.6
Non-Operating Revenue			
State Grants & Contracts	12.5	11.0	1.5
Local Property Taxes	17.3	16.5	0.8
Federal Grants & Contracts	15.7	14.1	1.6
On-Behalf Payments	2.3	15.1	(12.8)
Investment Income	<u>0.3</u>	<u>0.1</u>	<u>0.2</u>
Total	48.1	56.8	(8.7)
Increase in Net Assets	2.8	1.9	0.9
Net Assets, Beginning of Year	<u>44.5</u>	<u>42.6</u>	<u>1.9</u>
Net Assets, End of Year	<u>47.3</u>	<u>44.5</u>	<u>2.8</u>

Fiscal Year 2004 Compared to 2003

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

Operating expenses increased dramatically from fiscal year 2003 to fiscal year 2004 from \$61.5 million to \$73.4 million. This increase was primarily due to a \$12.8 million increase in the College's portion of the State Universities Retirement System (SURS) on-behalf payments. On July 2, 2003, SURS received a proportionate share of the proceeds from House Bill 3759 (PA 93-002), allocating an additional \$1.432 billion to be applied against the unfunded State liability. This payment was in addition to the regular State appropriation received each year. Spending on instruction, scholarships, and depreciation expenses all increased from last fiscal year. Spending was reduced in the public service and operations and maintenance of plant categories.

Fiscal Year 2005 Compared to 2004

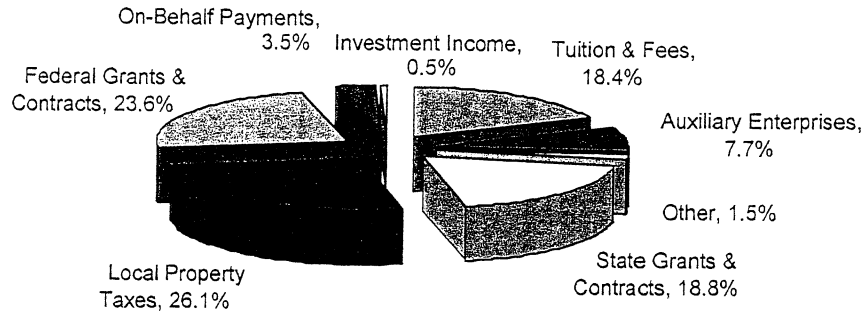
Operating revenues decreased \$0.2 million, which reflects a decrease in student tuition and fees, net of financial aid of \$0.5 million. Tuition rates increased for fiscal year 2005. However, these were offset for financial reporting purposes by increased financial aid applied to students' accounts. Auxiliary enterprises' revenues increased slightly for fiscal year 2005. Other revenues remained steady in 2005.

Operating expenses decreased dramatically from fiscal year 2004 to fiscal year 2005 from \$73.4 million to \$63.6 million. This decrease was primarily due to a \$12.8 million decrease in the College's portion of the State Universities Retirement System (SURS) on-behalf payments. The additional funding received in fiscal year 2004 (detailed above) was not recognized in 2005, thus showing a major decrease in on-behalf expenses. Spending on instruction and student services were up slightly (\$1.5 and \$.6 million respectively). Spending in all other areas remained fairly consistent, with slight increases due primarily to inflation.

Non-operating revenues also decreased greatly from fiscal year 2004. Again, like the operating expense increase, this is due primarily to the SURS on-behalf payments paid to the College. GASB 24 requires the College disclose these on-behalf payments as offsetting revenues and expenses. Local property taxes (\$.8 million), federal grants and contracts (\$1.6 million), and State grants and contracts (\$1.5 million) increased in fiscal year 2005 from fiscal year 2004. These increases were not enough to offset the SURS expense change.

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

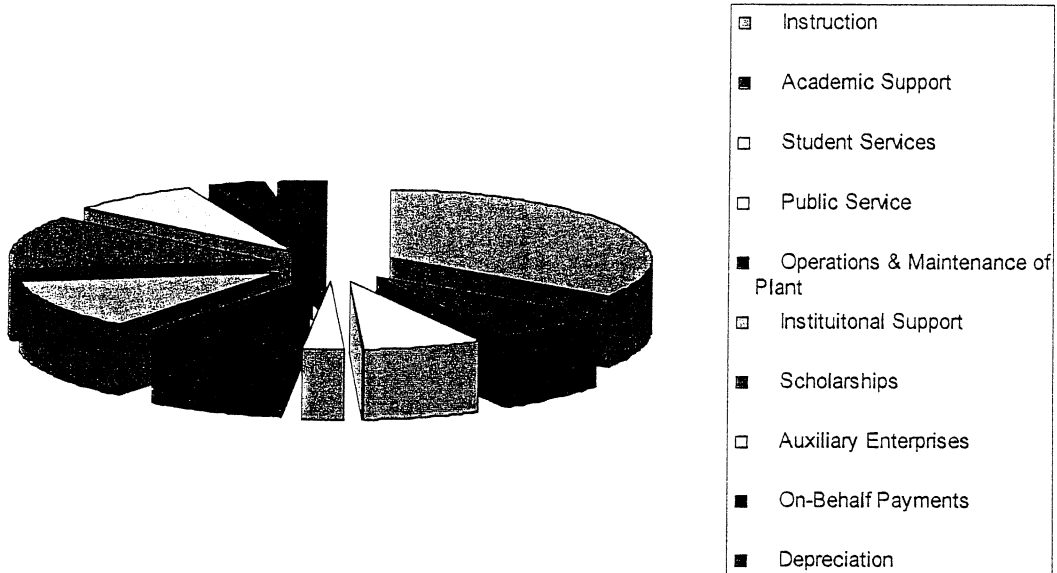
Revenue by Source



Operating Expenses For Year Ended June 30 (in millions)

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease) 2005-2004</u>
Operating Expense			
Instruction	21.7	20.2	1.5
Academic Support	5.0	4.7	0.3
Student Services	4.6	4.0	0.6
Public Service	1.5	1.7	(0.2)
Operations & Maintenance of Plant	5.5	5.2	0.3
Institutional Support	7.7	7.6	0.1
Scholarships	8.3	8.1	0.2
Auxiliary Enterprises	5.1	4.9	0.2
On-Behalf Payments	2.3	15.1	(12.8)
Depreciation	1.9	1.9	0.0
Total	<u>63.6</u>	<u>73.4</u>	<u>(9.8)</u>

Operating Expenses



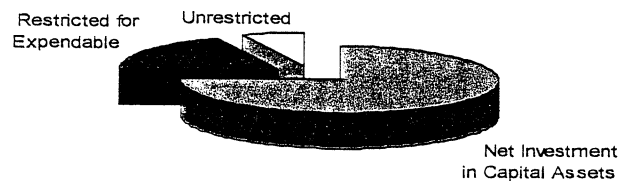
Analysis of Net Assets

June 30

(in Millions)

	2005	2004	Increase (Decrease) 2005-2004
Net Assets			
Net Investment in Capital Assets	35.5	35.2	0.3
Restricted for Expendable	8.7	8.0	0.7
Unrestricted	3.1	1.3	1.8
Total	<u>47.3</u>	<u>44.5</u>	<u>2.8</u>

Analysis of Net Assets



Fiscal Year 2004 Compared to 2003

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

Fiscal Year 2005 Compared to 2004

Total Net Assets increased by \$2.8 million from fiscal year 2004 to fiscal year 2005. This increase was split across the three Net Asset categories: investment in capital assets (\$0.3MIL), restricted for expendable assets (\$.7MIL), and unrestricted assets (\$1.7MIL). These increases can be attributed to revenues in excess of expenses in all but one fund (Restricted Purposes Fund). In the case of the Education, Operations & Maintenance (Operational and Restricted), and the Liability, Protection & Settlement Funds the surpluses were material.

The Statement of Cash Flows

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

Economic Factors That Will Effect the Future

For fiscal year 2006, the Parkland College Board of Trustees has authorized a fee increase of \$5 - \$20 per credit hour depending on a student's residency status. This equates to a reasonable increase in tuition and fee revenues assuming the residency mix stays constant for the upcoming fiscal year. The College also expects a modest increase in local property tax revenue. The College hopes that the slight decrease in ICCB State funding is offset by an increase in Corporate Personal Property Replacement Tax revenues in the Operating Funds.

Parkland College continues to face the financial consequences of rising health care costs. Parkland College changed third party administrators of its self-funded health insurance plan in order to qualify for discounts at a widely used local health providers. We are hopeful this change will help offset any general increase in the cost of healthcare and limit our 2006 expenses to an amount no larger than the actual expenses in 2005. The administration plans to monitor this situation in an attempt to keep health insurance related benefit costs under control.

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

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

FINANCIAL SECTION

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENTS OF NET ASSETS
June 30, 2005 and 2004

ASSETS

	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,372,506	\$ 11,397,678
Property taxes receivable, net	9,981,617	10,314,094
Accounts receivable, net	2,898,608	2,819,699
Due from Parkland Foundation	395,000	300,000
Inventories	629,283	584,280
Other	<u>69,019</u>	<u>33,478</u>
Total current assets	<u>28,346,033</u>	<u>25,449,229</u>
NONCURRENT ASSETS		
Capital assets, net	<u>36,019,013</u>	<u>36,049,681</u>
 TOTAL ASSETS	 <u>\$ 64,365,046</u>	 <u>\$ 61,498,910</u>

LIABILITIES

	<u>2005</u>	<u>2004</u>
CURRENT LIABILITIES		
Accounts payable	\$ 323,178	\$ 152,921
Accrued liabilities	1,122,201	1,281,055
Due to student groups	500,451	425,741
Deferred revenue	9,364,048	8,740,943
Retirement obligation	1,184,627	1,344,403
Capital lease obligations	<u>287,476</u>	<u>293,282</u>
Total current liabilities	<u>12,781,981</u>	<u>12,238,345</u>
NONCURRENT LIABILITIES		
Retirement obligation	2,987,339	3,280,185
Capital lease obligations	265,526	553,003
Accrued compensated absences	<u>1,060,768</u>	<u>960,042</u>
Total noncurrent liabilities	<u>4,313,633</u>	<u>4,793,230</u>
Total liabilities	<u>17,095,614</u>	<u>17,031,575</u>
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	35,466,011	35,203,396
Restricted and expendable:		
Trust	7,599,358	7,599,358
Capital projects	(49,723)	(327,094)
Grants and scholarships	82,387	100,756
Other	1,099,651	585,235
Unrestricted	<u>3,071,748</u>	<u>1,305,684</u>
TOTAL NET ASSETS	<u>\$ 47,269,432</u>	<u>\$ 44,467,335</u>

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowance of \$5,704,681 and \$4,507,684	\$ 12,138,002	\$ 12,691,972
Auxiliary enterprises revenues	5,118,159	4,862,378
Other operating revenues	<u>1,032,177</u>	<u>916,424</u>
Total operating revenues	<u>18,288,338</u>	<u>18,470,774</u>
OPERATING EXPENSES		
Instruction	21,729,348	20,280,268
Academic support	5,027,910	4,722,785
Student services	4,646,133	3,956,489
Public service	1,468,959	1,676,175
Operation and maintenance of plant	5,458,057	5,265,570
Institutional support	7,695,431	7,554,441
Scholarships	8,331,350	8,097,030
Auxiliary expenses	5,060,736	4,861,899
On-behalf payments	2,254,261	15,138,937
Depreciation	<u>1,908,911</u>	<u>1,863,627</u>
Total operating expenses	<u>63,581,096</u>	<u>73,417,221</u>
Operating loss	<u>(45,292,758)</u>	<u>(54,946,447)</u>
NONOPERATING REVENUES (EXPENSES)		
State grants and contracts	12,532,184	10,972,640
Local property tax revenues	17,348,142	16,492,501
Federal grants and contracts	15,689,635	14,080,143
On-behalf payments	2,254,261	15,138,937
Investment income earned	308,564	168,335
Interest expense	<u>(37,931)</u>	<u>(50,919)</u>
Total nonoperating revenues	<u>48,094,855</u>	<u>56,801,637</u>
INCREASE IN NET ASSETS	2,802,097	1,855,190
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>44,467,335</u>	<u>42,612,145</u>
NET ASSETS, END OF YEAR	<u>\$ 47,269,432</u>	<u>\$ 44,467,335</u>

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	\$ 12,675,406	\$ 12,563,514
Payments to suppliers	(13,706,717)	(13,104,815)
Payments to employees and benefits paid	(37,597,237)	(35,414,838)
Payments for financial aid and scholarships	(8,331,350)	(8,097,030)
Auxiliary enterprise charges	5,118,159	4,862,378
Other receipts	<u>903,230</u>	<u>1,175,011</u>
Net cash used in operating activities	<u>(40,938,509)</u>	<u>(38,015,780)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	17,492,683	15,378,720
State grants and contracts	12,215,592	10,863,411
Federal grants and contracts	15,500,536	14,218,042
Other receipts	<u>691,313</u>	<u>1,391,408</u>
Net cash provided by noncapital financing activities	<u>45,900,124</u>	<u>41,851,581</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(1,869,137)	(2,158,129)
Principal paid on capital lease obligations	(293,283)	(286,102)
Interest paid on bonds payable/capital debt	(37,931)	(50,919)
Receipts (disbursements) from Parkland Foundation	<u>(95,000)</u>	<u>730,000</u>
Net cash used in capital and related financing activities	<u>(2,295,351)</u>	<u>(1,765,150)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>308,564</u>	<u>168,335</u>
NET INCREASE IN CASH	2,974,828	2,238,986
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>11,397,678</u>	<u>9,158,692</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,372,506</u>	<u>\$ 11,397,678</u>

	<u>2005</u>	<u>2004</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$(45,292,758)	\$(54,946,447)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,908,911	1,863,627
On-behalf payments	2,254,261	15,138,937
Changes in assets and liabilities:		
Receivables	253,400	299,483
Inventories	(45,003)	(75,163)
Other assets	(35,541)	143,873
Accounts payable	170,257	(466,551)
Accrued liabilities	(436,040)	(304,136)
Deferred revenue	<u>284,004</u>	<u>330,597</u>
Net cash used in operating activities	<u>\$(40,938,509)</u>	<u>\$(38,015,780)</u>
NON-CASH INVESTING, CAPITAL AND FINANCIAL		
Acquisition of equipment through capital lease	<u>\$ -</u>	<u>\$ 85,900</u>

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
June 30, 2005

ASSETS

Cash and cash equivalents	\$ 664,883
Investments	3,795,528
Pledges receivable, net of discount of \$80,090	1,108,235
Other assets	17,500
Property and equipment, net of accumulated depreciation of \$28,405	<u>48,028</u>

TOTAL ASSETS	<u>\$ 5,634,174</u>
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LIABILITIES

Due to Parkland College	\$ 395,000
Annuity payable	16,307
Accounts payable	14,242
Accrued expenses	<u>25,437</u>
Total liabilities	<u>450,986</u>

NET ASSETS

Unrestricted – general operating	183,109
Unrestricted – board designated	<u>300,000</u>
Total unrestricted	483,109
Temporarily restricted	2,260,074
Permanently restricted	<u>2,440,005</u>
Total net assets	<u>5,183,188</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,634,174</u>
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These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMPONENT UNIT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2005**

CHANGES IN UNRESTRICTED NET ASSETS

Revenues, gains, and other support:	
Contributions	\$ 937,913
Net assets released from prior year's restrictions	<u>564,655</u>
Total unrestricted revenue, gains, and other support	<u>1,502,568</u>
Expenses and losses:	
Program services expenses:	
Scholarships	171,854
Athletics	5,359
Automotive Technology	6,520
Engineering science and technologies	8,267
Other program services	<u>255,864</u>
Total program services expenses	447,864
Management and general	255,247
Fundraising	325,777
Other	<u>1,528</u>
Total expenses and losses	<u>1,030,416</u>
Increase in unrestricted net assets	<u>472,152</u>

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions	341,710
Investment income	218,689
Net assets released from prior year's restrictions	<u>(564,655)</u>
Decrease in temporarily restricted net assets	<u>(4,256)</u>

CHANGES IN PERMANENTLY RESTRICTED NET ASSETS

Contributions	<u>319,357</u>
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INCREASE IN NET ASSETS	787,253
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NET ASSETS, BEGINNING OF YEAR	<u>4,395,935</u>
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NET ASSETS, END OF YEAR	<u>\$ 5,183,188</u>
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These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2005 and 2004

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

FINANCIAL REPORTING ENTITY

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

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

BASIS OF ACCOUNTING

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2005 and 2004

BASIS OF ACCOUNTING (CONTINUED)

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

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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

CASH EQUIVALENTS

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

INVESTMENTS

Investments of the Foundation consist of mutual funds, debt and equity securities and are stated at fair value with fair value determined by reference to quoted prices on national exchanges.

PLEDGES RECEIVABLE

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

ACCOUNTS RECEIVABLE

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

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2005 and 2004

ACCOUNTS RECEIVABLE (CONTINUED)

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

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

INVENTORIES

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

CAPITAL ASSETS

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

DEFERRED REVENUE

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

ACCRUED COMPENSATED ABSENCES

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2005 and 2004

NET ASSETS

The College's net assets are classified as follows:

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

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

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

NET ASSETS – COMPONENT UNIT

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

Unrestricted net assets

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

Temporarily restricted net assets

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

Permanently restricted net assets

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

PROPERTY TAXES

Revenue is accrued in the year of the tax levy to the extent that it is expected to be collected soon enough after June 30, 2005 to be used to pay liabilities of the current period. The uncollected portion of the tax levy is recorded as a receivable. The amounts accrued from year to year will vary based upon the tax collections of the respective counties. The Board of Trustees resolved that the 2004 tax levy be allocated and recognized 55% in fiscal year 2005 and 45% in fiscal year 2006.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2005 and 2004

CLASSIFICATION OF REVENUES

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

REVENUE – COMPONENT UNIT

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

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 1 - DEPOSITS AND INVESTMENTS

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

The Board of Trustees has authorized the District to invest funds in accordance with the Illinois Community College Act and the Public Funds Investment Act. In general, the District may invest in obligations of the United States of America or its agencies (or guaranteed by the full faith and credit of same) and certain time deposits and short-term obligations as defined in the Public Fund Investment Act. The carrying amount of the District's cash and deposits was \$11,733,036 and \$8,587,007, respectively. Not included in that number was cash on hand of \$12,989 and \$10,332 as of June 30, 2005 and 2004, respectively.

Interest Rate Risk. The District does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District's investment policy is to apply the prudent person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to conform with legal requirements, seek reasonable income, preserve capital, maintain liquidity and, in general, avoid speculative instruments.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the District. As of June 30, 2005 and 2004 none of the District's bank balance was exposed to custodial risk.

The State Treasurer maintains the Illinois Treasurer's Investment Pool (Pool) at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The relationship between the District and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship. At June 30, 2005 and 2004, the District had \$2,626,481 and \$2,800,339, respectively in the Pool, which approximates fair value.

All funds deposited in the Pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 1 – DEPOSITS AND INVESTMENTS (CONTINUED)

The Foundation's investments are as follows at June 30, 2005:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Government securities	\$ 514,831	\$ 506,319
Municipal bonds	15,038	15,312
Corporate bonds	158,855	160,381
Mutual funds	552,878	688,922
Common stocks	1,414,838	1,565,349
Other	<u>859,245</u>	<u>859,245</u>
Total investments	<u>\$ 3,515,685</u>	<u>\$ 3,795,528</u>

NOTE 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes were levied on November 17, 2004, and are payable in two installments on the following June 1 and September 1.

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

NOTE 3 - CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2005 are summarized below:

	<u>Balance, June 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2005</u>
Land	\$ 721,745	\$ -	\$ -	\$ 721,745
Land improvements	3,171,845	1,867,519	-	5,039,364
Buildings	50,422,000	-	-	50,422,000
Equipment	3,792,007	232,500	-	4,024,507
Construction in progress	<u>912,680</u>	<u>683,340</u>	<u>(905,116)</u>	<u>690,904</u>
Total	<u>59,020,277</u>	<u>2,783,359</u>	<u>(905,116)</u>	<u>60,898,520</u>
Less accumulated depreciation:				
Land improvements	335,279	317,185	-	652,464
Buildings	20,354,220	1,006,440	-	21,360,660
Equipment	<u>2,281,097</u>	<u>585,286</u>	<u>-</u>	<u>2,866,383</u>
Total accumulated depreciation	<u>22,970,596</u>	<u>1,908,911</u>	<u>-</u>	<u>24,879,507</u>
Capital assets, net	<u>\$ 36,049,681</u>	<u>\$ 874,448</u>	<u>\$ (905,116)</u>	<u>\$ 36,019,013</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 3 - CAPITAL ASSETS (CONTINUED)

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

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

NOTE 4 - LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2005 are as follows:

	<u>Capital Lease Obligation</u>	<u>Early Retirement Benefits</u>	<u>Total</u>
Balance, July 1, 2004	\$ 846,285	\$ 4,624,588	\$ 5,470,873
Increases	-	898,726	898,726
Debt matured/reclassified	(293,283)	(1,351,348)	(1,644,631)
Balance, June 30, 2005	<u>\$ 553,002</u>	<u>\$ 4,171,966</u>	<u>\$ 4,724,968</u>

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

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

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 4 - LONG-TERM DEBT (CONTINUED)

Capital lease obligations

The College is leasing computer hardware, software, a visual information system, and tractors under capital leases which expire from June, 2005 through December, 2007. The equipment is capitalized and is depreciated over its estimated productive life. Depreciation expense for 2005 and 2004 was \$72,227 and \$73,890, respectively. Accumulated depreciation on the equipment as of June 30, 2005 and 2004 is \$219,621 and \$147,394, respectively. The interest rates on these items range from 4.25% to 8.94%.

The College is also the lessee of reprographics equipment under capital leases expiring in December 2006 and October 2007. The assets and liability related to the capital leases are recorded at the fair value of the equipment. The assets are being depreciated over the term of the related lease. Depreciation expense for 2005 and 2004 was \$212,502 and \$212,502, respectively, and is included in other operating expenses. Accumulated depreciation on capital lease equipment totaled \$629,718 and \$417,216 at June 30, 2005 and 2004, respectively. The interest rate on the capital leases is 5.00 percent and is imputed using the lessor's implicit rate of return.

Future minimum lease payments under these leases are as follows:

2006	\$ 309,242
2007	209,407
2008	<u>65,623</u>
Present value of minimum lease payments	584,272
Less: Amount representing interest	<u>31,270</u>
Capital lease obligations at June 30, 2005	<u>\$ 553,002</u>

Retirement obligation

As noted in Footnote 5, the College supports an early retirement benefit program. The adjustment to discount the liability to its net present value was \$625,840 and \$481,636 for the years ended June 30, 2005 and 2004, respectively.

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

2006	\$ 1,184,627
2007	697,985
2008	697,488
2009	630,689
2010	626,053
2011-2013	<u>335,124</u>
Total obligation	4,171,966
Less retirement liability included as a current liability	<u>(1,184,627)</u>
Total general long-term benefit obligation	<u>\$ 2,987,339</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 5 - PENSION PLAN

Plan Description

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

Funding Policy

Plan members are required to contribute 8.0 percent of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 11.12 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ended June 30, 2005, 2004 and 2003, were \$2,322,297, \$15,175,762, and \$2,335,238, respectively, and were equal to the required contributions for each year. The required employer contributions described in the foregoing sentence include amounts contributed by the District for employee salaries paid from federal and state grant funds, which were \$68,036, \$36,825, and \$24,233, for the years ending June 30, 2005, 2004, and 2003, respectively. For the year ended June 30, 2005 the College recorded revenue and an equivalent expenditure of \$2,254,261 in its Education Fund for the SURS contribution made by the State of Illinois on behalf of the College.

The Illinois legislature passed an Early Retirement Option window for certain active members of the system. For the year ended June 30, 2005, the College will pay both the employee and the employer share of the early retirement option. The College will make these payments out of the supplement discussed in the following paragraph.

The College provides supplements to SURS through retirement incentive programs for all employees under contract and all administrative and clerical support staff. The programs cover full-time employees that have been with the College for at least 15 years and that have attained a minimum age of 55 or at any age with 25 years of service. The benefits under this program included payment of the employee's last base salary over a four-year period plus an additional 10 percent of the last base salary and health insurance benefits for four years after retirement. Forty-five and forty-six retirees, respectively, were participating in this program at June 30, 2005 and 2004. The second program, which began in fiscal year 2001, provides for a participant to receive an amount equal to his/her last contractual base salary through scheduled pay increases over their remaining years of employment (with a maximum of four years) and a two-year period after retirement. This program also includes health insurance benefits for four years after retirement. One hundred twelve employees were participants in this program at June 30, 2005. The total liability at June 30, 2005 and 2004 under this program was \$4,171,966 and \$4,624,588, respectively.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 6 - EMPLOYEE INSURANCE

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

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

Claim liabilities are based on the requirements of Governmental Accounting Standards Board Statements which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At June 30, 2005 and 2004, the accrued claims were \$449,009 and \$400,000, respectively, and are included in accrued liabilities on the Statement of Net Assets.

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

NOTE 7 - RELATED PARTY

Parkland College Foundation (the Foundation) is a nonprofit corporation organized for the purpose of furthering the excellence of education at Parkland College. The Foundation is considered a component unit of the College and the College and the Foundation have common board members. During the year ended June 30, 2005 and 2004, the College incurred costs of \$120,899 and \$116,121 for the Foundation. In addition, the College has an outstanding loan due from the Foundation of \$395,000 and \$300,000 as of June 30, 2005 and 2004.

NOTE 8 - CONSTRUCTION COMMITMENTS

As of June 30, 2005, the College had the following construction commitments:

Drainage improvements	\$ 1,650,000
Library remodel	150,000
Campus computer monitoring system	80,000
Exterior remodel	200,000
Fuel containment	50,000
Vet Tech surgical suite	50,000
Cadaver lab remodel	<u>95,000</u>
Total	<u>\$ 2,275,000</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 9 - LEASES

The College is obligated under two non-cancelable operating leases and two sub-leases for facilities located in Champaign, Illinois with initial terms running through May 2009 and January 2019. All leases provide for renewals at the option of the College. An operating lease does not give rise to property rights or purchase obligations, and, therefore, these lease agreements are not reflected in the College's account groups. Total lease payments under these agreements were \$484,790 and \$468,028 for the years ended June 30, 2005 and 2004, respectively.

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

2006	\$ 487,850
2007	490,290
2008	179,250
2009	116,063
2010	22,800
Thereafter	<u>218,277</u>
Total	<u>\$ 1,514,530</u>

NOTE 10 – DISBURSEMENTS IN EXCESS OF BUDGET

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

	<u>Budget</u>	<u>Expenditures</u>
Restricted Purposes Fund	\$ 15,912,616	18,203,083

NOTE 11 - INTERFUND RECEIVABLES/PAYABLES

The interfund receivables/payables as of June 30, 2005 consisted of the following:

The Student Government Fund owed the Education Fund \$1,090,000
The Restricted Purposes Fund owed the Education Fund \$555,000
The Operations and Maintenance Fund owed the Education Fund \$610,000
The Operations and Maintenance Restricted Fund owed the Education Fund \$295,000
The Child Care Services Fund owed the Education Fund \$172,551
The Reprographics Fund owed the Education Fund \$391,522
The Athletics Fund owed the Education Fund \$57,776
The Business Development Center owed the Education Fund \$1,116,455

The interfund operating transfers consisted of the following:

The Education Fund transferred \$300,000 to the Athletic Fund
The Working Cash Fund transferred \$125,974 to the Education Fund
The Education Fund transferred \$100,000 to the Reprographics Fund
The Education Fund transferred \$300,000 to the Child Development Fund

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 12 – COMPONENT UNIT NET ASSETS

The following details unrestricted board designated net assets as of June 30, 2005:

Community scholarships	\$ 100,000
Auto lab remodeling expenses	<u>200,000</u>
Total	<u>\$ 300,000</u>

The following details temporarily restricted net assets as of June 30, 2005:

Alumni Association	\$ 10,153
Planetarium Fund	25,052
Equine Fund	33,715
Fine and Applied Arts Department	18,411
Art Gallery	98,167
Parkland Gala Event	30,000
Agricultural Technology Center	34,023
Carle Foundation Grants	356,134
Greenhouse	187,132
Scholarships and other	<u>1,467,287</u>
Total	<u>\$ 2,260,074</u>

The following details permanently restricted net assets as of June 30, 2005:

Planetarium Fund	\$ 82,154
Agricultural Technology Center	301,216
Scholarships and other	<u>2,056,635</u>
Total	<u>\$ 2,440,005</u>

NOTE 13 – PRIOR PERIOD ADJUSTMENT

An adjustment was made to restate net assets as of July 1, 2003 to correct an error in the reporting of summer school deferred revenues. The adjustment resulted in an increase to tuition revenues and a decrease to deferred revenues for the year ended June 30, 2004. The following schedule summarizes the adjustment made to restate net assets:

Net assets, July 1, 2003, as previously reported	\$41,646,807
Adjustment to correct reporting of deferred revenues	<u>965,338</u>
Net assets, July 1, 2003, as restated	<u>\$42,612,145</u>

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

SUPPLEMENTAL INFORMATION

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2005

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups			
	Capital Projects Fund -			Trust and Agency Funds			General Fixed Assets	General Long-Term Debt	Total Memorandum (Memorandum Only)	
	General	Special Revenue	Operation and Maintenance Restricted							
ASSETS										
Cash and cash equivalents	\$ 3,082,128	\$ 864,084	\$ 312,290	\$ 2,028,007	\$ 8,085,997	\$ -	-	\$ -	-	\$ 14,372,506
Receivables:										
Property taxes	7,413,348	1,538,167	1,030,102	-	-	-	-	-	-	9,981,617
Replacement taxes	539,999	-	-	-	-	-	-	-	-	539,999
Agency tuition	366,750	-	-	-	-	-	-	-	-	366,750
Student tuition and fees, net of allowance for uncollectible accounts of \$970,258	107,501	-	-	119,135	13,812	-	-	-	-	240,448
Governmental grants	-	477,211	-	-	-	-	-	-	-	477,211
Business and industry training	-	-	-	54,488	-	-	-	-	-	54,488
Student loans	-	244,833	-	-	-	-	-	-	-	244,833
Due from other funds	4,288,304	-	-	-	-	-	-	-	-	4,288,304
Due from Parkland Foundation	395,000	-	-	-	-	-	-	-	-	395,000
Other	917,889	-	-	56,990	-	-	-	-	-	974,879
Prepaid items and deferred charges	14,416	54,342	-	261	-	-	-	-	-	69,019
Bookstore inventories	-	-	-	629,283	-	-	-	-	-	629,283
Property and equipment, net	-	-	-	528,883	-	-	-	35,490,130	-	36,019,013
OTHER DEBITS										
Amount to be provided to retire debt	-	-	-	-	-	-	-	3,086,855	-	3,086,855
TOTAL ASSETS AND OTHER DEBITS	\$ 17,125,335	\$ 3,178,637	\$ 1,342,392	\$ 3,417,047	\$ 8,099,809	\$ 35,490,130	\$ 3,086,855	\$ -	\$ -	\$ 71,740,205

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2005

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		
	Capital Projects Fund -			Trust and Agency Funds			General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
	General	Special Revenue	Operation and Maintenance Restricted						
LIABILITIES									
Accounts payable	\$ 23,469	\$ -	\$ 299,709	\$ -			\$ -	\$ -	\$ 323,178
Vacation payable	895,900	79,956	-	84,912			-	-	1,060,768
Other payables	1,104,654	1,353	-	22,671			-	-	1,128,678
Accrued expenses	1,176,642	-	-	1,508			-	-	1,178,150
Deferred revenue	8,192,553	1,360,290	797,406	95,795			-	-	10,446,044
Due to other funds	610,000	555,000	295,000	2,828,304			-	-	4,288,304
Other liabilities	-	-	-	-			-	-	3,086,855
Lease and equipment obligations	-	-	-	453,486			-	-	453,486
Deposits held for others	-	-	-	-			500,451	-	500,451
Total liabilities	12,003,218	1,996,599	1,392,115	3,486,676			500,451	3,086,855	22,465,914
COLLEGE EQUITY									
Investment in general fixed assets	-	-	-	-			-	-	35,490,130
Fund balance:									
Designated by state statute for liability, protection, and settlement coverage	-	1,062,164	-	-			-	-	1,062,164
Unreserved, undesignated	5,122,117	-	(49,723)	-			7,599,358	-	12,671,752
Restricted	-	119,874	-	-			-	-	119,874
Retained earnings (accumulated deficit):									
Accumulated deficit	-	-	-	(69,629)			-	-	(69,629)
Total College equity (deficit)	5,122,117	1,182,038	(49,723)	(69,629)			7,599,358	35,490,130	49,274,291
TOTAL LIABILITIES AND COLLEGE EQUITY	\$ 17,125,335	\$ 3,178,637	\$ 1,342,392	\$ 3,417,047			\$ 8,099,809	\$ 35,490,130	\$ 71,740,205

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT)
ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 2005

	General	Special Revenue	Capital Projects Fund - Operation and Maintenance Restricted	Total (Memorandum Only)
REVENUE				
Local sources	\$ 12,981,499	\$ 2,614,835	\$ 1,751,808	\$ 17,348,142
State sources	10,381,104	1,980,837	170,243	12,532,184
Federal sources	91,393	15,598,242	-	15,689,635
Tuition and fees	17,774,697	-	-	17,774,697
Facilities	620,142	439,837	-	1,059,979
Interest	178,546	2,981	-	181,527
Other revenue	351,385	152,885	1,063	505,333
On-behalf payments	2,254,261	-	-	2,254,261
Total revenue	44,633,027	20,789,617	1,923,114	67,345,758
EXPENDITURES				
Instruction	21,382,341	639,853	-	22,022,194
Academic support	3,343,541	1,684,369	-	5,027,910
Student services	3,659,076	987,057	-	4,646,133
Public service	666,411	802,548	-	1,468,959
Auxiliary services	-	22,927	-	22,927
Operation and maintenance of plant	4,402,678	1,136,514	1,645,743	7,184,935
Scholarships and grants	-	14,036,031	-	14,036,031
Institutional support	7,343,437	984,271	-	8,327,708
On-behalf payments	2,254,261	-	-	2,254,261
Total expenditures	43,051,745	20,293,570	1,645,743	64,991,058
Revenue over expenditures	1,581,282	496,047	277,371	2,354,700
OTHER FINANCING USES				
Operating transfers, net	(574,026)	-	-	(574,026)
Revenue and other financing sources over expenditures and other financing uses	1,007,256	496,047	277,371	1,780,674
FUND BALANCE (DEFICIT), JULY 1, 2004	4,114,861	685,991	(327,094)	4,473,758
FUND BALANCE (DEFICIT), JUNE 30, 2005	\$ 5,122,117	\$ 1,182,038	\$ (49,723)	\$ 6,254,432

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL -
ALL BUDGETED GOVERNMENTAL FUND TYPES
Year Ended June 30, 2005

	General		Special Revenue		Capital Projects Fund - Operation and Maintenance Restricted		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUE								
Local sources	\$ 13,112,455	\$ 12,981,499	\$ 2,594,556	\$ 2,614,835	\$ 1,759,169	\$ 1,751,808	\$ 17,466,180	\$ 17,348,142
State sources	9,800,083	10,381,104	2,512,616	1,980,837	-	170,243	12,312,699	12,532,184
Federal sources	115,000	91,393	12,950,000	15,598,242	-	-	13,065,000	15,689,635
Tuition and fees	18,087,218	17,774,697	-	-	-	-	18,087,218	17,774,697
Facilities	532,500	620,142	20,000	439,837	-	-	552,500	1,059,979
Interest	102,000	178,546	3,600	2,981	3,000	1,063	108,600	182,590
Other revenue	336,500	351,385	430,000	152,885	-	-	766,500	504,270
On-behalf payments	-	2,254,261	-	-	-	-	-	2,254,261
Total revenue	42,085,756	44,633,027	18,510,772	20,789,617	1,762,169	1,923,114	62,358,697	67,345,758
EXPENDITURES								
Instruction	20,722,304	21,382,341	535,000	639,853	-	-	21,257,304	22,022,194
Academic support	3,347,821	3,343,541	1,660,000	1,684,369	-	-	5,007,821	5,027,910
Student services	3,512,084	3,659,076	875,000	987,057	-	-	4,387,084	4,646,133
Public service	740,222	666,411	767,616	802,548	-	-	1,507,838	1,468,959
Auxiliary services	-	-	-	22,927	-	-	-	22,927
Operation and maintenance of plant	4,414,882	4,402,678	1,093,139	1,136,514	1,762,169	1,645,743	7,270,190	7,184,935
Grants and scholarships	-	-	12,075,000	14,036,031	-	-	12,075,000	14,036,031
Institutional support	8,239,655	7,343,437	1,191,833	984,271	-	-	9,431,488	8,327,708
On-behalf payments	-	2,254,261	-	-	-	-	-	2,254,261
Total expenditures	40,976,968	43,051,745	18,197,588	20,293,570	1,762,169	1,645,743	60,936,725	64,991,058
Revenue over expenditures	1,108,788	1,581,282	313,184	496,047	-	277,371	1,421,972	2,354,700
OTHER FINANCING USES								
Operating transfers, net	(700,000)	(574,026)	-	-	-	-	(700,000)	(574,026)
Revenue and other financing sources over expenditures and other financing uses	\$ 408,788	1,007,256	\$ 313,184	496,047	\$ -	277,371	\$ 721,972	1,780,674
FUND BALANCE (DEFICIT), JULY 1, 2004		4,114,861		685,991		(327,094)		4,473,758
FUND BALANCE (DEFICIT), JUNE 30, 2005		\$ 5,122,117		\$ 1,182,038		\$ (49,723)		\$ 6,254,432

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
Year Ended June 30, 2005

	<u>Fiduciary Fund Type</u>		<u>Proprietary Fund Type</u>	
	<u>Working Cash Fund</u>		<u>Enterprise Funds</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
OPERATING REVENUE				
Student and community services	\$ -	\$ -	\$ 5,033,000	\$ 5,159,459
Student tuition and fees	-	-	487,000	298,571
State sources	-	-	85,000	55,693
Other revenue	-	-	-	3,852
Investment revenue	55,000	125,974	1,000	-
Total operating revenue	<u>55,000</u>	<u>125,974</u>	<u>5,606,000</u>	<u>5,517,575</u>
OPERATING EXPENSES				
Salaries	-	-	1,262,470	1,276,460
Employee benefits	-	-	248,881	274,103
Contractual services	-	-	158,183	297,335
General materials and supplies	-	-	2,979,523	3,363,666
Conference and meeting	-	-	137,338	145,950
Fixed charges	-	-	818,500	180,499
Utilities	-	-	20,400	18,434
Capital outlay	-	-	5,000	5,528
Other	-	-	156,864	295,888
Total operating expenses	<u>-</u>	<u>-</u>	<u>5,787,159</u>	<u>5,857,863</u>
Operating income (loss)	55,000	125,974	(181,159)	(340,288)
OTHER FINANCING SOURCES (USES)				
Operating transfers, net	<u>(55,000)</u>	<u>(125,974)</u>	<u>700,000</u>	<u>700,000</u>
NET INCOME	<u>\$ -</u>	<u>-</u>	<u>\$ 518,841</u>	<u>359,712</u>
COLLEGE EQUITY (DEFICIT), JULY 1, 2004		<u>7,600,000</u>		<u>(429,341)</u>
COLLEGE EQUITY (DEFICIT), JUNE 30, 2005		<u>\$ 7,600,000</u>		<u>\$ (69,629)</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
Year Ended June 30, 2005

	<u>Fiduciary Fund Type Working Cash Fund</u>	<u>Proprietary Fund Type Enterprise Funds</u>
OPERATING ACTIVITIES		
Operating income (loss)	\$ 125,974	\$ (340,288)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	-	259,518
Changes in assets and liabilities:		
Inventories	-	(44,662)
Receivables	-	(35,917)
Prepaid	-	(261)
Vacation payable	-	610
Other payables	-	4,416
Deferred revenue	-	(677)
	<u>125,974</u>	<u>(157,261)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital lease payments	-	(212,148)
Acquisitions of equipment	-	(9,106)
	<u>-</u>	<u>(221,254)</u>
NONCAPITAL FINANCING ACTIVITIES		
Due to (from) other funds	500,000	(536,152)
Operating transfers in (out)	(125,974)	700,000
	<u>374,026</u>	<u>163,848</u>
Net cash provided by noncapital financing activities		
	<u>374,026</u>	<u>163,848</u>
Net increase (decrease) in cash and cash equivalents	500,000	(214,667)
CASH AND CASH EQUIVALENTS, JULY 1, 2004	<u>7,100,000</u>	<u>2,242,674</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2005	<u><u>\$ 7,600,000</u></u>	<u><u>\$ 2,028,007</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
GENERAL FUNDS
June 30, 2005

	Education Fund	Operation and Maintenance Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,151,769	\$ 930,359	\$ 3,082,128
Receivables:			
Property taxes, net	5,354,140	2,059,208	7,413,348
Replacement taxes, net	539,999	-	539,999
Agency tuition, net	366,750	-	366,750
Student tuition and fees, net	107,501	-	107,501
Due from other funds	4,288,304	-	4,288,304
Due from Parkland Foundation	395,000	-	395,000
Other	914,019	3,870	917,889
Prepaid items and deferred charges	14,416	-	14,416
TOTAL ASSETS	\$ 14,131,898	\$ 2,993,437	\$ 17,125,335
LIABILITIES			
Accounts payable	\$ 22,970	\$ 499	\$ 23,469
Vacation payable	821,152	74,748	895,900
Other payables	1,104,654	-	1,104,654
Accrued expenses	1,176,642	-	1,176,642
Deferred revenue	6,598,515	1,594,038	8,192,553
Due to other funds	-	610,000	610,000
Total liabilities	9,723,933	2,279,285	12,003,218
FUND BALANCE			
Unreserved, undesignated	4,407,965	714,152	5,122,117
TOTAL LIABILITIES AND FUND BALANCE	\$ 14,131,898	\$ 2,993,437	\$ 17,125,335

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GENERAL FUNDS
Year Ended June 30, 2005

	Education Fund	Operation and Maintenance Fund	Total
REVENUE			
Local sources	\$ 9,479,580	\$ 3,501,919	\$ 12,981,499
State sources	9,815,970	565,134	10,381,104
Federal sources	91,393	-	91,393
Tuition and fees	17,774,697	-	17,774,697
Facilities	-	620,142	620,142
Interest	168,411	10,135	178,546
Other revenue	340,656	10,729	351,385
On-behalf payments	2,254,261	-	2,254,261
	<hr/>	<hr/>	<hr/>
Total revenue	39,924,968	4,708,059	44,633,027
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Instruction	21,382,341	-	21,382,341
Academic support	3,343,541	-	3,343,541
Student services	3,659,076	-	3,659,076
Public service	666,411	-	666,411
Operation and maintenance of plant	-	4,402,678	4,402,678
Institutional support	7,343,437	-	7,343,437
On-behalf payments	2,254,261	-	2,254,261
	<hr/>	<hr/>	<hr/>
Total expenditures	38,649,067	4,402,678	43,051,745
	<hr/>	<hr/>	<hr/>
Revenue over expenditures	1,275,901	305,381	1,581,282
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES			
Operating transfers, net	(574,026)	-	(574,026)
	<hr/>	<hr/>	<hr/>
Revenue over expenditures and other financing uses	701,875	305,381	1,007,256
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JULY 1, 2004	3,706,090	408,771	4,114,861
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30, 2005	\$ 4,407,965	\$ 714,152	\$ 5,122,117
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
SPECIAL REVENUE FUNDS
June 30, 2005

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
ASSETS				
Cash and cash equivalents	\$ 61,969	\$ 27,791	\$ 774,324	\$ 864,084
Receivables:				
Property taxes, net	-	42,921	1,495,246	1,538,167
Governmental grants	477,211	-	-	477,211
Student loans	244,833	-	-	244,833
Prepaid items and deferred charges	54,342	-	-	54,342
TOTAL ASSETS	<u>\$ 838,355</u>	<u>\$ 70,712</u>	<u>\$ 2,269,570</u>	<u>\$ 3,178,637</u>
LIABILITIES				
Vacation payable	\$ 31,377	\$ -	\$ 48,579	\$ 79,956
Other payable	-	-	1,353	1,353
Deferred revenue	169,591	33,225	1,157,474	1,360,290
Due to other funds	555,000	-	-	555,000
 Total liabilities	<u>755,968</u>	<u>33,225</u>	<u>1,207,406</u>	<u>1,996,599</u>
FUND BALANCE				
Designated by state statute for liability, protection, and settlement coverage	-	-	1,062,164	1,062,164
Restricted	82,387	37,487	-	119,874
 Total fund balance	<u>82,387</u>	<u>37,487</u>	<u>1,062,164</u>	<u>1,182,038</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 838,355</u>	<u>\$ 70,712</u>	<u>\$ 2,269,570</u>	<u>\$ 3,178,637</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
SPECIAL REVENUE FUNDS
Year Ended June 30, 2005

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
REVENUE				
Local sources	\$ 13,275	\$ 72,930	\$ 2,528,630	\$ 2,614,835
State sources	1,980,837	-	-	1,980,837
Federal sources	15,598,242	-	-	15,598,242
Facilities	439,837	-	-	439,837
Interest	990	44	1,947	2,981
Other	151,533	-	1,352	152,885
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Total revenue	18,184,714	72,974	2,531,929	20,789,617
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Instruction	639,853	-	-	639,853
Academic support	1,684,369	-	-	1,684,369
Student services	987,057	-	-	987,057
Public service	802,548	-	-	802,548
Auxiliary services	22,927	-	-	22,927
Operations and maintenance of plant	-	-	1,136,514	1,136,514
Scholarships and grants	14,036,031	-	-	14,036,031
Institutional support	30,298	50,500	903,473	984,271
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	18,203,083	50,500	2,039,987	20,293,570
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(18,369)	22,474	491,942	496,047
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, JULY 1, 2004	100,756	15,013	570,222	685,991
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30, 2005	<u>\$ 82,387</u>	<u>\$ 37,487</u>	<u>\$ 1,062,164</u>	<u>\$ 1,182,038</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2005

	Child Care		Reprographics	Student		Athletics	Business		Bookstore	Prospectus	Total
	Services			Government			Development	Center			
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,152,569	\$ -	\$ -	\$ -	\$ -	\$ 825,425	\$ 50,013	\$ 2,028,007
Receivables:											
Student tuition and fees, net	6,852	-	-	76,525	-	-	4,066	-	31,692	-	119,135
Business and industry training	-	-	-	-	-	-	54,488	-	-	-	54,488
Other	313	-	-	46	-	-	-	-	56,631	-	56,990
Prepaid items and deferred charges	261	-	-	-	-	-	-	-	-	-	261
Bookstore inventories	-	-	-	-	-	-	-	-	629,283	-	629,283
Property and equipment, net of accumulated depreciation	-	-	456,259	57,876	-	66	12,717	-	1,597	368	528,883
TOTAL ASSETS	\$ 7,426	\$ 456,259	\$ 456,259	\$ 1,287,016	\$ 66	\$ 66	\$ 71,271	\$ 1,544,628	\$ 50,381	\$ 3,417,047	
LIABILITIES											
Vacation payable	\$ 15,214	\$ 13,481	\$ 19,051	\$ -	\$ -	\$ 14,756	\$ 22,410	\$ -	\$ -	\$ -	\$ 84,912
Other payables	-	-	-	-	-	2,018	20,653	-	-	-	22,671
Accrued expenses	-	-	1,508	-	-	-	-	-	-	-	1,508
Due to other funds	172,551	391,522	1,090,000	57,776	1,116,455	-	-	-	-	-	2,828,304
Deferred revenue	-	-	95,795	-	-	-	-	-	-	-	95,795
Lease and equipment obligations	-	453,486	-	-	-	-	-	-	-	-	453,486
Total liabilities	187,765	858,489	1,206,354	57,776	1,133,229	43,063	-	-	-	-	3,486,676
RETAINED EARNINGS (ACCUMULATED DEFICIT)	(180,339)	(402,230)	80,662	(57,710)	(1,061,958)	1,501,565	50,381	(69,629)			
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 7,426	\$ 456,259	\$ 1,287,016	\$ 66	\$ 71,271	\$ 1,544,628	\$ 50,381	\$ 3,417,047			

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUNDS
Year Ended June 30, 2005

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
OPERATING REVENUE								
Student and community services	\$ 375,273	\$ 399,416	\$ 164,868	\$ -	\$ 515,219	\$ 3,704,683	\$ -	\$ 5,159,459
Student tuition and fees	-	-	-	72,000	178,108	-	48,463	298,571
State sources	-	-	-	-	55,693	-	-	55,693
Other revenue	-	-	-	-	3,852	-	-	3,852
Total operating revenue	375,273	399,416	164,868	72,000	752,872	3,704,683	48,463	5,517,575
OPERATING EXPENSES								
Salaries	271,330	131,401	48,050	227,518	353,622	232,571	11,968	1,276,460
Employee benefits	116,376	19,172	5,481	31,476	54,861	46,149	588	274,103
Contractual services	880	109,161	20,943	46,473	119,157	-	721	297,335
General materials and supplies	29,579	-	16,571	47,058	118,049	3,133,105	19,304	3,363,666
Conference and meeting	8	-	31,904	103,751	7,127	3,037	123	145,950
Fixed charges	-	71,442	-	-	66,000	43,057	-	180,499
Utilities	-	-	-	-	18,434	-	-	18,434
Capital outlay	-	5,376	-	-	-	152	-	5,528
Other	-	221,254	43,694	2,973	25,027	904	2,036	295,888
Total operating expenses	418,173	557,806	166,643	459,249	762,277	3,458,975	34,740	5,857,863
Operating income (loss)	(42,900)	(158,390)	(1,775)	(387,249)	(9,405)	245,708	13,723	(340,288)
OTHER FINANCING SOURCES								
Operating transfers, net	300,000	100,000	-	300,000	-	-	-	700,000
Net income (loss)	257,100	(58,390)	(1,775)	(87,249)	(9,405)	245,708	13,723	359,712
RETAINED EARNINGS (DEFICIT), JULY 1, 2004	(437,439)	(343,840)	82,437	29,539	(1,052,553)	1,255,857	36,658	(429,341)
RETAINED EARNINGS (DEFICIT), JUNE 30, 2005	\$ (180,339)	\$ (402,230)	\$ 80,662	\$ (57,710)	\$ (1,061,958)	\$ 1,501,565	\$ 50,381	\$ (69,629)

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2005

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
OPERATING ACTIVITIES								
Operating income (loss)	\$ (42,900)	\$ (158,390)	\$ (1,775)	\$ (387,249)	\$ (9,405)	\$ 245,708	\$ 13,723	\$ (340,288)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	221,255	18,193	47	17,282	904	1,837	259,518
Changes in assets and liabilities:								
Inventories	-	-	340	-	-	(45,002)	-	(44,662)
Receivables	(1,293)	-	4,703	-	(12,074)	(27,253)	-	(35,917)
Prepaid	(261)	-	-	-	-	-	-	(261)
Vacation payable	1,565	(781)	17,091	(17,598)	(1,441)	1,774	-	610
Deferred revenue	-	-	(677)	-	-	-	-	(677)
Other payables	(360)	-	-	-	1,985	2,791	-	4,416
Net cash provided by (used in) operating activities	(43,249)	62,084	37,875	(404,800)	(3,653)	178,922	15,560	(157,261)
CAPITAL AND RELATED FINANCING ACTIVITY								
Capital lease payments	-	(212,148)	-	-	-	-	-	(212,148)
Acquisitions of equipment	-	(1,910)	-	-	(7,196)	-	-	(9,106)
Net cash used in capital and related financing activity	-	(214,058)	-	-	(7,196)	-	-	(221,254)
NONCAPITAL FINANCING ACTIVITY								
Due to (from) other funds	(256,751)	51,974	(400,000)	57,776	10,849	-	-	(536,152)
Operating transfers in	300,000	100,000	-	300,000	-	-	-	700,000
Net cash provided by (used in) noncapital financing activity	43,249	151,974	(400,000)	357,776	10,849	-	-	163,848
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	(362,125)	(47,024)	-	178,922	15,560	(214,667)
CASH AND CASH EQUIVALENTS, JULY 1, 2004	-	-	1,514,694	47,024	-	646,503	34,453	2,242,674
CASH AND CASH EQUIVALENTS, JUNE 30, 2005	\$ -	\$ -	\$ 1,152,569	\$ -	\$ -	\$ 825,425	\$ 50,013	\$ 2,028,007

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
BALANCE SHEET -
ALL FUNDS AND ACCOUNT GROUPS
June 30, 2005
(With Comparative Totals for June 30, 2004)

	Operations and Maintenance Funds				Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Trust and Agency Fund	Liability, Protection & Settlement Fund	Account Groups		Totals (Memorandum Only)	
	Education Fund	Operational		Restricted						General Fixed Assets	Long-Term Debt	June 30, 2005	June 30, 2004
ASSETS													
Cash and cash equivalents	\$ 2,151,769	\$ 930,359	\$ 312,290	\$ 2,028,007	\$ 61,969	\$ 7,600,000	\$ 485,997	\$ 27,791	\$ 774,324	\$ -	\$ 14,372,506	\$ 11,397,678	
Receivables:													
Property taxes, net	5,354,140	2,059,208	1,030,102	-	-	-	-	42,921	1,495,246	-	9,981,617	10,314,094	
Replacement taxes, net	539,999	-	-	-	-	-	-	-	-	-	539,999	322,082	
Agency tuition, net	366,750	-	-	-	-	-	-	-	-	-	366,750	347,310	
Student tuition and fees, net	107,501	-	-	119,135	-	-	13,812	-	-	-	240,448	528,058	
Governmental grants	-	-	-	-	477,211	-	-	-	-	-	477,211	516,142	
Business and industry training	-	-	-	54,488	-	-	-	-	-	-	54,488	39,718	
Student loans	-	-	-	-	244,833	-	-	-	-	-	244,833	275,480	
Due from other funds	4,288,304	-	-	-	-	-	-	-	-	-	4,288,304	5,479,456	
Due from Parkland Foundation	395,000	-	-	-	-	-	-	-	-	-	395,000	300,000	
Other	914,019	3,870	-	56,990	-	-	-	-	-	-	974,879	790,909	
Prepaid items and deferred charges	14,416	-	-	261	54,342	-	-	-	-	-	69,019	33,478	
Bookstore inventories	-	-	-	629,283	-	-	-	-	-	-	629,283	584,280	
Property and equipment at cost, net	-	-	-	528,883	-	-	-	-	-	-	35,490,130	36,049,681	
Amount to be provided to retire debt	-	-	-	-	-	-	-	-	-	-	3,086,855	3,460,836	
TOTAL ASSETS	\$ 14,131,898	\$ 2,993,437	\$ 1,342,392	\$ 3,417,047	\$ 838,355	\$ 7,600,000	\$ 499,809	\$ 70,712	\$ 2,269,570	\$ 35,490,130	\$ 71,740,205	\$ 70,439,202	

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
BALANCE SHEET -
ALL FUNDS AND ACCOUNT GROUPS
June 30, 2005
(With Comparative Totals for June 30, 2004)

	Operations and Maintenance Funds					Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Trust and Agency Fund	Audit Fund	Liability, Protection & Settlement Fund	Account Groups		Totals (Memorandum Only)	
	Education Fund		General Fixed Assets	Long-Term Debt	June 30, 2005							June 30, 2004			
	Operational	Restricted													
LIABILITIES															
Accounts payable	\$ 22,970	\$ 499	\$ 299,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,178	\$ 152,921		
Vacation payable	821,152	74,748	-	84,912	-	-	31,377	-	-	-	48,579	1,060,768	960,042		
Other payables	1,104,654	-	-	22,671	-	-	1,353	-	-	-	1,353	1,128,678	1,501,138		
Accrued expenses	1,176,642	-	-	1,508	-	-	-	-	-	-	-	1,178,150	1,124,320		
Due to other funds	-	610,000	295,000	2,828,304	-	-	555,000	-	-	-	-	4,288,304	5,479,456		
Deferred revenue	6,598,515	-	797,406	95,795	-	-	169,591	-	-	33,225	1,157,474	10,446,044	9,754,953		
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	3,086,855	3,460,836		
Lease and equipment obligations	-	-	-	453,486	-	-	-	-	-	-	-	453,486	665,634		
Deposits held for others	-	-	-	-	-	-	-	-	500,451	-	-	500,451	425,741		
Total liabilities	9,723,933	2,279,285	1,392,115	3,486,676	-	-	755,968	-	500,451	33,225	1,207,406	22,465,914	23,525,041		
COLLEGE EQUITY															
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	35,490,130	35,270,386		
Fund balance:															
Designated by state statute for liability, protection, and settlement coverage	-	-	-	-	-	-	-	-	-	-	1,062,164	1,062,164	570,222		
Unreserved, undesignated	4,407,965	714,152	(49,723)	-	7,600,000	(642)	-	-	-	-	-	12,671,752	11,387,125		
Restricted	-	-	-	-	-	-	82,387	-	-	37,487	-	119,874	115,769		
Retained earnings (accumulated deficit):	-	-	-	-	-	-	-	-	-	-	-	(69,629)	(429,341)		
Accumulated deficit	-	-	-	(69,629)	-	-	-	-	-	-	-	-	-		
Total college equity (deficit)	4,407,965	714,152	(49,723)	(69,629)	7,600,000	(642)	82,387	7,600,000	(642)	37,487	1,062,164	35,490,130	46,914,161		
TOTAL LIABILITIES AND COLLEGE EQUITY	\$ 14,131,898	\$ 2,993,437	\$ 1,342,392	\$ 3,417,047	\$ 838,355	\$ 7,600,000	\$ 499,809	\$ 70,712	\$ 2,269,570	\$ 35,490,130	\$ 3,086,855	\$ 71,740,205	\$ 70,439,202		

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

ALL FUNDS

Year Ended June 30, 2005

(With Comparative Totals for Year Ended June 30, 2004)

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection & Settlement Fund	Totals (Memorandum Only)	
		Operational	Restricted						June 30, 2005	June 30, 2004
REVENUE										
Local sources	\$ 9,479,580	\$ 3,501,919	\$ 1,751,808	\$ -	\$ 13,275	\$ -	\$ 72,930	\$ 2,528,630	\$ 17,348,142	\$ 16,492,501
State sources	9,815,970	565,134	170,243	55,693	1,980,837	-	-	-	12,587,877	11,026,732
Federal sources	91,393	-	-	-	15,598,242	-	-	-	15,689,635	14,080,143
Tuition and fees	17,774,697	-	-	298,571	-	-	-	-	18,073,268	17,384,464
Facilities	-	620,142	-	-	439,837	-	-	-	1,059,979	936,108
All other revenue	509,067	20,864	1,063	5,163,311	152,523	125,974	44	3,299	5,976,145	5,636,423
On-behalf payments	2,254,261	-	-	-	-	-	-	-	2,254,261	15,138,937
Total revenue	39,924,968	4,708,059	1,923,114	5,517,575	18,184,714	125,974	72,974	2,531,929	72,989,307	80,695,308
EXPENDITURES										
Instruction	21,382,341	-	-	-	639,853	-	-	-	22,022,194	20,366,351
Academic support	3,343,541	-	-	-	1,684,369	-	-	-	5,027,910	4,722,785
Student services	3,659,076	-	-	-	987,057	-	-	-	4,646,133	3,956,489
Public service	666,411	-	-	-	802,548	-	-	-	1,468,959	1,676,175
Auxiliary services	-	-	-	5,857,863	22,927	-	-	-	5,880,790	5,705,061
Operation and maintenance of plant	-	4,402,678	1,645,743	-	-	-	-	1,136,514	7,184,935	7,259,265
Institutional support	7,343,437	-	-	-	30,298	-	50,500	903,473	8,327,708	8,203,921
Financial aid	-	-	-	-	14,036,031	-	-	-	14,036,031	12,604,714
On-behalf payments	2,254,261	-	-	-	-	-	-	-	2,254,261	15,138,937
Total expenditures	38,649,067	4,402,678	1,645,743	5,857,863	18,203,083	-	50,500	2,039,987	70,848,921	79,633,698
Revenue over (under) expenditures	1,275,901	305,381	277,371	(340,288)	(18,369)	125,974	22,474	491,942	2,140,386	1,061,610
OTHER FINANCING SOURCES (USES)										
Operating transfers, net	(574,026)	-	-	700,000	-	(125,974)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	701,875	305,381	277,371	359,712	(18,369)	-	22,474	491,942	2,140,386	1,061,610
FUND BALANCE (DEFICIT), JULY 1, 2004	3,706,090	408,771	(327,094)	(429,341)	100,756	7,600,000	15,013	570,222	11,644,417	10,582,807
FUND BALANCE (DEFICIT), JUNE 30, 2005	\$ 4,407,965	\$ 714,152	\$ (49,723)	\$ (69,629)	\$ 82,387	\$ 7,600,000	\$ 37,487	\$ 1,062,164	\$ 13,784,803	\$ 11,644,417

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENTS OF NET ASSETS
Years Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Fund balances – all fund types	\$ 49,274,291	\$ 46,914,161
Reconciling item – recognition of summer school revenues	1,081,996	1,014,010
Reconciling item – reclassification of long-term debt	<u>(3,086,855)</u>	<u>(3,460,836)</u>
NET ASSETS OF STATEMENTS OF NET ASSETS	<u><u>\$ 47,269,432</u></u>	<u><u>\$ 44,467,335</u></u>

**RECONCILIATION OF THE STATEMENTS OF CHANGES
IN FUND BALANCES – ALL FUND TYPES TO THE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS
Years Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Net increase in fund balances	\$ 2,140,386	\$ 1,061,610
Internal charges removed for auxiliary revenues	(532,072)	(524,331)
Internal charges removed for auxiliary expenditures	<u>(532,072)</u>	<u>(524,331)</u>
Net effect	<u>-</u>	<u>-</u>
Internal charges removed for General Fund revenues	(399,416)	(388,635)
Internal charges removed for auxiliary expenditures	<u>(399,416)</u>	<u>(388,635)</u>
Net effect	<u>-</u>	<u>-</u>
Expenditures for capital assets deleted	<u>1,869,137</u>	<u>2,158,129</u>
Depreciation on GFAAG assets	<u>(1,649,393)</u>	<u>(1,583,585)</u>
Student waivers removed from revenue	(5,704,681)	(4,507,684)
Student waivers removed from expenditures	<u>(5,704,681)</u>	<u>(4,507,684)</u>
Net effect	<u>-</u>	<u>-</u>
Retirement of indebtedness expenditures deleted	<u>81,135</u>	<u>84,281</u>
Payment of accrued retirement obligations	<u>292,846</u>	<u>86,083</u>
Change in recognition of summer school revenues	<u>67,986</u>	<u>48,672</u>
Increase in net assets	<u><u>\$ 2,802,097</u></u>	<u><u>\$ 1,855,190</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ASSESSED VALUES, TAX RATES, EXTENSIONS,
AND COLLECTIONS
June 30, 2005

ASSESSED VALUATIONS		2004	2003	2002	2001	2000	1999	1998	1997							
County:																
Champaign	\$	2,610,703,920	\$	2,485,411,067	\$	2,356,567,402	\$	2,249,225,082	\$	2,019,228,331	\$	1,899,554,792	\$	1,795,990,090		
Coles		6,416,722		6,225,361		6,757,851		7,900,000		7,963,010		7,667,234		6,410,387		
DeWitt		58,542,203		61,241,631		62,963,494		63,263,081		64,509,268		63,062,951		59,695,524		
Douglas		205,222,157		211,719,753		212,081,194		213,873,061		214,230,703		202,275,115		190,835,906		
Edgar		2,550,230		2,750,598		2,975,138		3,229,642		3,506,564		3,399,762		2,938,704		
Ford		163,136,913		169,817,255		170,518,292		170,049,562		169,740,151		168,626,119		157,904,560		
Iroquois		70,068,302		68,855,261		70,121,443		69,704,262		68,916,644		68,860,914		63,716,161		
Livingston		48,636,918		49,889,515		51,161,150		52,434,825		54,830,620		54,196,144		52,878,805		
McLean		112,013,505		111,964,618		112,238,854		110,717,051		112,612,138		110,775,037		103,641,091		
Moultrie		3,058,323		3,302,506		3,570,168		3,821,243		4,120,557		3,908,900		3,582,893		
Piatt		252,425,217		258,267,102		247,128,738		243,761,308		241,106,057		227,915,274		214,489,669		
Vermilion		9,759,669		10,463,662		10,628,076		11,153,861		11,755,423		11,335,316		10,413,979		
TOTAL	\$	3,542,534,079	\$	3,439,908,329	\$	3,306,711,800	\$	3,199,132,978	\$	3,099,928,505	\$	2,941,251,097	\$	2,766,954,205	\$	2,597,605,899
TAX RATES (PER \$100 ASSESSED VALUATION)																
Education Fund		0.2600		0.2600		0.2600		0.2600		0.2617		0.2600		0.2600		0.2600
Operations and Maintenance - Operational Fund		0.1000		0.1000		0.1000		0.1000		0.1007		0.1000		0.1000		0.1000
Tort and Immunity		0.0450		0.0436		0.0287		0.0250		0.0219		0.0365		0.0434		0.0488
Audit		0.0022		0.0021		0.0014		0.0012		0.0008		0.0012		0.0013		0.0014
Worker's Compensation		0.0069		0.0056		0.0030		0.0022		0.0008		0.0017		0.0045		0.0000
Unemployment Insurance		0.0006		0.0022		0.0009		0.0009		0.0008		0.0012		0.0013		0.0000
Protection, Health and Safety		0.0500		0.0500		0.0500		0.0500		0.0469		0.0500		0.0479		0.0500
Medicare Insurance		0.0119		0.0116		0.0121		0.0101		0.0086		0.0102		0.0054		0.0000
Property Insurance		0.0085		0.0087		0.0091		0.0062		0.0047		0.0051		0.0054		0.0000
TOTAL		0.4851		0.4838		0.4652		0.4556		0.4469		0.4659		0.4692		0.4602

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ASSESSED VALUES, TAX RATES, EXTENSIONS,
AND COLLECTIONS
June 30, 2005

	2004	2003	2002	2001	2000	1999	1998	1997
TAX EXTENSIONS								
Education Fund	\$ 9,210,343	\$ 8,943,762	\$ 8,597,450	\$ 8,317,746	\$ 8,022,554	\$ 7,647,806	\$ 7,166,839	\$ 6,753,775
Operations and Maintenance - Operational Fund	3,542,308	3,439,908	3,306,712	3,199,133	3,086,022	2,940,726	2,755,481	2,597,606
Tort and Immunity	1,583,798	1,499,800	949,026	799,783	1,165,187	1,608,766	1,655,876	1,267,632
Audit	73,834	72,238	46,294	38,390	24,821	35,629	38,810	36,366
Worker's Compensation	244,435	192,635	99,201	70,381	-	-	-	-
Unemployment Insurance	21,255	75,678	29,760	28,792	-	-	-	-
Protection, Health and Safety	1,772,012	1,719,954	1,653,356	1,599,566	1,490,612	1,470,363	1,319,526	1,298,803
Medicare Insurance	421,562	399,029	400,112	323,112	-	-	-	-
Property Insurance	301,115	299,272	300,911	198,346	-	-	-	-
	17,170,662	16,642,276	15,382,822	14,575,249	13,789,196	13,703,290	12,936,532	11,954,182
Tax collections prior to year end	(7,189,045)	(6,328,182)	(6,281,676)	(5,799,158)	(4,794,172)	(4,840,746)	(4,543,428)	(4,459,209)
	9,981,617	10,314,094	9,101,146	8,776,091	8,995,024	8,862,544	8,393,104	7,494,973
Allowance for uncollectible taxes	-	-	-	-	(27,812)	(27,404)	(44,244)	(63,357)
	<u>\$ 9,981,617</u>	<u>\$ 10,314,094</u>	<u>\$ 9,101,146</u>	<u>\$ 8,776,091</u>	<u>\$ 8,967,212</u>	<u>\$ 8,835,140</u>	<u>\$ 8,348,860</u>	<u>\$ 7,431,616</u>
PROPERTY TAXES RECEIVABLE								
	\$ 5,354,140	\$ 5,542,794	\$ 5,086,631	\$ 5,008,516	\$ 5,217,124	\$ 4,930,891	\$ 4,625,180	\$ 4,198,487
PROPERTY TAXES RECEIVABLE BY FUND								
Education Fund								
Operations and Maintenance:								
Operational Fund	2,059,208	2,131,924	1,956,746	1,926,352	2,006,863	1,896,021	1,778,307	1,615,484
Restricted Fund	1,030,102	1,066,477	978,373	963,614	969,355	948,010	851,628	807,104
Audit Fund	42,921	44,351	27,304	22,818	16,140	22,972	25,046	22,766
Liability, Protection and Settlement Fund	1,495,246	1,528,548	1,052,092	854,791	757,730	1,037,246	1,068,699	787,775
	<u>\$ 9,981,617</u>	<u>\$ 10,314,094</u>	<u>\$ 9,101,146</u>	<u>\$ 8,776,091</u>	<u>\$ 8,967,212</u>	<u>\$ 8,835,140</u>	<u>\$ 8,348,860</u>	<u>\$ 7,431,616</u>
TOTAL								

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF LEGAL DEBT MARGIN
Year Ended June 30, 2005

ASSESSED VALUATION - 2004 LEVY	<u><u>\$ 3,542,534,079</u></u>
Debt limit, 2.875% of assessed valuation	\$ 101,847,855
Indebtedness	<u>-</u>
LEGAL DEBT MARGIN	<u><u>\$ 101,847,855</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STUDENT ENROLLMENT AND FULL-TIME EQUIVALENCY
AT TENTH DAY
Year Ended June 30, 2005
(Unaudited)

SCHOOL QUARTER	Student	Full-Time
	Enrollment	Equivalency
	<u> </u>	<u> </u>
Summer 2004	4,952	1,631
Fall 2004	9,536	5,993
Spring 2005	<u>9,286</u>	<u>5,586</u>
SEMESTER AVERAGE (EXCLUSIVE OF SUMMER SCHOOL)	<u><u>9,411</u></u>	<u><u>5,790</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 1
Year Ended June 30, 2005

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection & Settlement Fund	Total
		Operational	Restricted						
FUND BALANCE (DEFICIT), JULY 1, 2004	\$ 3,706,090	\$ 408,771	\$ (327,094)	\$ (429,341)	\$ 100,756	\$ 7,600,000	\$ 15,013	\$ 570,222	\$ 11,644,417
REVENUE									
Local tax revenue	9,110,044	3,501,919	1,751,808	-	-	-	72,930	2,528,630	16,965,331
All other local revenue	369,537	-	-	-	13,275	-	-	-	382,812
ICCB grants	8,331,962	-	170,243	55,693	411,765	-	-	-	8,969,663
All other state revenue	1,484,007	565,134	-	-	1,569,072	-	-	-	3,618,213
Federal revenue	91,393	-	-	-	15,598,242	-	-	-	15,689,635
Student tuition and fees	17,774,697	-	-	298,571	-	-	-	-	18,073,268
All other revenue	509,067	641,006	1,063	5,163,311	592,360	125,974	44	3,299	7,036,124
Total revenue	37,670,707	4,708,059	1,923,114	5,517,575	18,184,714	125,974	72,974	2,531,929	70,735,046
EXPENDITURES									
Instruction	21,382,341	-	-	-	639,853	-	-	-	22,022,194
Academic support	3,343,541	-	-	-	1,684,369	-	-	-	5,027,910
Student services	3,659,076	-	-	-	987,057	-	-	-	4,646,133
Public service	666,411	-	-	-	802,548	-	-	-	1,468,959
Independent operations	-	-	-	5,857,863	22,927	-	-	-	5,880,790
Operation and maintenance of plant	-	4,402,678	1,645,743	-	-	-	-	1,136,514	7,184,935
Scholarships and grants	-	-	-	-	14,036,031	-	-	-	14,036,031
Institutional support	7,343,437	-	-	-	30,298	-	50,500	903,473	8,327,708
Total expenditures	36,394,806	4,402,678	1,645,743	5,857,863	18,203,083	-	50,500	2,039,987	68,594,660
OTHER FINANCING SOURCES (USES)									
Operating transfers, net	(574,026)	-	-	700,000	-	(125,974)	-	-	-
FUND BALANCE (DEFICIT), JUNE 30, 2005	\$ 4,407,965	\$ 714,152	\$ (49,723)	\$ (69,629)	\$ 82,387	\$ 7,600,000	\$ 37,487	\$ 1,062,164	\$ 13,784,803

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF FIXED ASSETS AND DEBT
UNIFORM FINANCIAL STATEMENT NO. 2
June 30, 2005

	Fixed Asset/Debt Account Groups <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Fixed Asset/Debt Account Groups <u>June 30, 2005</u>
FIXED ASSETS				
Land	\$ 721,745	\$ -	\$ -	\$ 721,745
Land improvements	3,171,847	1,867,519	-	5,039,366
Buildings	50,422,000	-	-	50,422,000
Equipment	1,897,496	223,394	-	2,120,890
Construction in progress	<u>912,680</u>	<u>683,340</u>	<u>(905,116)</u>	<u>690,904</u>
	57,125,768	2,774,253	(905,116)	58,994,905
Accumulated depreciation	<u>21,855,382</u>	<u>1,649,393</u>	<u>-</u>	<u>23,504,775</u>
NET FIXED ASSETS	<u>\$ 35,270,386</u>	<u>\$ 1,124,860</u>	<u>\$ (905,116)</u>	<u>\$ 35,490,130</u>
FIXED DEBT				
Early retirement benefits	\$ 3,280,185	\$ 898,726	\$ 1,191,572	\$ 2,987,339
Capital lease obligations	<u>180,651</u>	<u>-</u>	<u>81,135</u>	<u>99,516</u>
TOTAL FIXED DEBT	<u>\$ 3,460,836</u>	<u>\$ 898,726</u>	<u>\$ 1,272,707</u>	<u>\$ 3,086,855</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 3 -
OPERATING FUNDS
Year Ended June 30, 2005

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUE BY SOURCE			
Local Government			
Current taxes	\$ 9,110,044	\$ 3,501,919	\$ 12,611,963
Chargeback revenue	369,537	-	369,537
Total local government	<u>9,479,581</u>	<u>3,501,919</u>	<u>12,981,500</u>
State Government			
ICCB credit hour grants	5,423,578	-	5,423,578
ICCB equalization grants	2,908,384	-	2,908,384
SBE - vocational education	211,125	-	211,125
CPPRT	1,272,882	565,134	1,838,016
Total state government	<u>9,815,969</u>	<u>565,134</u>	<u>10,381,103</u>
Federal Government			
Grant indirect costs	<u>91,393</u>	<u>-</u>	<u>91,393</u>
Student Tuition and Fees			
Tuition	16,318,103	-	16,318,103
Fees	1,456,594	-	1,456,594
Total student tuition and fees	<u>17,774,697</u>	<u>-</u>	<u>17,774,697</u>
Other Sources			
Sales and service fees	285,564	-	285,564
Facilities revenue	-	620,142	620,142
Investment revenue	168,412	10,135	178,547
Other	55,091	10,729	65,820
Total other sources	<u>509,067</u>	<u>641,006</u>	<u>1,150,073</u>
Total revenue	37,670,707	4,708,059	42,378,766
Tuition chargeback revenue	<u>(369,537)</u>	<u>-</u>	<u>(369,537)</u>
ADJUSTED REVENUE	<u><u>\$ 37,301,170</u></u>	<u><u>\$ 4,708,059</u></u>	<u><u>\$ 42,009,229</u></u>

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES			
By program:			
Instruction	\$ 21,382,341	\$ -	\$ 21,382,341
Academic support	3,343,541	-	3,343,541
Student services	3,659,076	-	3,659,076
Public service	666,411	-	666,411
Operation and maintenance of plant	-	4,402,678	4,402,678
Institutional support	7,343,437	-	7,343,437
Total expenditures	36,394,806	4,402,678	40,797,484
Tuition chargeback	(21,095)	-	(21,095)
ADJUSTED EXPENDITURES	<u>\$ 36,373,711</u>	<u>\$ 4,402,678</u>	<u>\$ 40,776,389</u>

By object:			
Salaries	\$ 26,061,634	\$ 1,333,040	\$ 27,394,674
Employee benefits	4,595,884	427,225	5,023,109
Contractual services	521,415	405,419	926,834
General materials and supplies	1,907,359	422,386	2,329,745
Conference and meeting expenses	363,122	1,411	364,533
Fixed charges	400,949	127,243	528,192
Utilities	10,397	1,682,879	1,693,276
Capital outlay	576,484	3,075	579,559
Other	1,954,058	-	1,954,058
Contingency	3,504	-	3,504
Total expenditures	36,394,806	4,402,678	40,797,484
Tuition chargeback	(21,095)	-	(21,095)
ADJUSTED EXPENDITURES	<u>\$ 36,373,711</u>	<u>\$ 4,402,678</u>	<u>\$ 40,776,389</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 4 -
RESTRICTED PURPOSES FUND
Year Ended June 30, 2005

REVENUE BY SOURCE

State Government:	
ICCB - Workforce Business & Industry Grant	\$ 87,448
ICCB - P-16 Initiative Grant	25,168
ICCB- Career and Technical Education Program Improvement Grant	28,665
ICCB - Adult Education	240,186
ICCB- Program Review	30,298
SBE - Vocational Education	1,109,218
Other - State Sources	459,854
Total State Government	<u>1,980,837</u>
Federal Government - Other	15,598,242
Other Local Sources	13,275
Other Sources - Other Revenue	<u>592,360</u>

TOTAL RESTRICTED PURPOSES FUND REVENUE	<u>\$ 18,184,714</u>
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EXPENDITURES BY PROGRAM

Instruction	\$ 639,853
Academic services	1,684,369
Student services	987,057
Public service	802,548
Auxiliary services	22,927
Institutional support	30,298
Financial aid	<u>14,036,031</u>

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u>\$ 18,203,083</u>
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EXPENDITURES BY OBJECT

Salaries	\$ 1,418,383
Employee benefits	292,253
Contractual services	991,009
General materials and supplies	410,312
Conference and meeting expenses	217,496
Fixed charges	489,223
Utilities	70,540
Capital outlay	255,886
Other	<u>14,057,981</u>

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u>\$ 18,203,083</u>
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PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 5
CURRENT FUNDS EXPENDITURES BY ACTIVITY
Year Ended June 30, 2005

INSTRUCTION

Instructional programs	\$ 22,022,194
Other	-
Total instruction	<u>22,022,194</u>

ACADEMIC SUPPORT

Library center	916,058
Instructional materials center	-
Educational media services	-
Academic computing support	1,242,815
Academic administration and planning	43,692
Other	<u>2,825,345</u>
Total academic support	<u>5,027,910</u>

STUDENT SERVICES

Admissions and records	870,769
Counseling and career guidance	1,497,311
Financial aid administration	489,911
Other	<u>1,788,142</u>
Total student services	<u>4,646,133</u>

PUBLIC SERVICE/CONTINUING EDUCATION

Community education	-
Customized training (Instructional)	87,448
Community services	-
Other	<u>1,381,511</u>
Total public service/continuing education	<u>1,468,959</u>

AUXILIARY SERVICES

5,880,790

OPERATIONS AND MAINTENANCE OF PLANT

Maintenance	821,557
Custodial services	1,236,531
Grounds	366,492
Campus security	1,048,187
Transportation	42,114
Utilities	1,661,676
Administration	263,837
Other	<u>98,798</u>
Total operations and maintenance of plant	<u>5,539,192</u>

INSTITUTIONAL SUPPORT

Executive management	418,410
Fiscal operations	793,692
Community relations	55,451
Board of trustees	93,667
General institution	1,317,602
Institutional research	164,375
Administrative data processing	1,060,323
Other	<u>4,424,188</u>
Total institutional support	<u>8,327,708</u>

SCHOLARSHIPS, STUDENT GRANTS, AND WAIVERS

14,036,031

TOTAL CURRENT FUNDS EXPENDITURES

\$ 66,948,917

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
CERTIFICATE OF CHARGEBACK
Year Ended June 30, 2005

**ALL FISCAL 2005 NON-CAPITAL AUDITED OPERATING
EXPENDITURES FROM THE FOLLOWING FUNDS:**

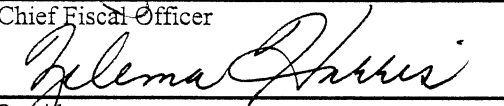
Education	\$ 35,818,322
Operations and maintenance fund	4,399,603
Restricted purposes fund	17,947,197
Audit fund	50,500
Liability, protection and settlement fund	<u>2,016,401</u>
 Total non-capital expenditures	 <u>60,232,023</u>
 Depreciation on capital outlay expenditures from sources other than state and federal funds	 <u>2,447,920</u>
 Total costs included	 <u>62,679,943</u>
 Total certified semester credit hours for FY 2005	 <u>178,849.0</u>
 Per capita cost	 <u>350.46</u>
 All FY 2005 state and federal operating grants for non-capital expenditures, except ICCB grants	 19,584,573
 Fiscal year state and federal grants per semester credit hour	 <u>109.50</u>
 District's average ICCB grant rate for fiscal year 2006	 <u>30.95</u>
 District's student tuition and fee rate per semester credit hour for fiscal year 2006	 <u>72</u>
 Chargeback reimbursement per semester credit hour	 <u>\$ 138.01</u>

Approved:



Chief Fiscal Officer

Approved:



President

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

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

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

We have audited the balance sheets of Parkland College Community College District #505's Workforce Development Component, P-16 Initiative, Career and Technical Education - Program Improvement, and Adult Education and Family Literacy Component Grant Programs as of June 30, 2005, and the related statements of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, such financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of Workforce Development Component, P-16 Initiative, Career and Technical Education - Program Improvement, and Adult Education and Family Literacy Component Grant Programs as of June 30, 2005, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic grant program financial statements taken as a whole. The supplementary ICCB compliance schedules for the Workforce Development Component Grant (page 74) and Adult Education and Family Literacy Grant (page 75) for the year ended June 30, 2005, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the District's management. These schedules have been subjected to the auditing procedures applied in our audits of the basic grant program financial statements and, in our opinion, are fairly stated, in all material respects when considered in relation to the basic grant program financial statements taken as a whole.

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

Clifton Henderson LLP

Danville, Illinois
August 22, 2005

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
WORKFORCE DEVELOPMENT (BUSINESS/INDUSTRY)
COMPONENT GRANT PROGRAM
BALANCE SHEET
June 30, 2005**

ASSETS

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

Accounts payable	\$ <u>-</u>
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PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
WORKFORCE DEVELOPMENT (BUSINESS/INDUSTRY)
COMPONENT GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2005

	<u>Actual Business & Industry</u>
REVENUES	
ICCB Grant	\$ 87,448
EXPENDITURES	
Current year's grant	
Salaries	69,970
Employee benefits	17,478
Contractual services	-
Materials and supplies	-
Conference and meeting expense	-
Fixed charges	-
Capital outlay	-
Other expenditures	-
	<hr/>
Total expenditures	87,448
	<hr/>
Excess of revenues over expenditures	-
OTHER FINANCING USES	
Operating transfers, net	-
	<hr/>
Excess of revenues over expenditures and other financing uses	-
FUND BALANCE, BEGINNING OF YEAR	-
	<hr/>
FUND BALANCE, END OF YEAR	\$ -
	<hr/>
ORIGINAL ALLOCATION	\$ 87,448
	<hr/>
MINIMUM EXPENDITURE REQUIREMENT	\$ 43,724
	<hr/>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
P-16 INITIATIVE GRANT PROGRAM
BALANCE SHEET
June 30, 2005

ASSETS

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

Accounts payable	<u>\$ -</u>
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**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
P-16 INITIATIVE GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2005**

	<u>Actual</u>
REVENUES	
ICCB Grant	\$ 25,168
EXPENDITURES	
Other expenditures- scholarships/waivers	<u>25,168</u>
Excess of revenues over expenditures	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
CAREER AND TECHNICAL EDUCATION-
PROGRAM IMPROVEMENT
BALANCE SHEET
June 30, 2005**

ASSETS

Cash	\$ -
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LIABILITIES

Accounts payable	\$ -
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**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
CAREER AND TECHNICAL EDUCATION- PROGRAM IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2005**

	<u>Actual</u>
REVENUES	
ICCB Grant	\$ 28,665
EXPENDITURES	
Instructional equipment	<u>28,665</u>
Excess of revenues over expenditures	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>

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

BALANCE SHEET

June 30, 2005

ASSETS

Cash	<u>\$ 5,683</u>
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LIABILITIES

Accounts payable	\$ 360
Accrued expenses	1,500
Deferred revenue	<u>3,823</u>

TOTAL LIABILITIES	<u><u>\$ 5,683</u></u>
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PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATE ADULT EDUCATION RESTRICTED FUNDS
(STATE BASIC, PUBLIC ASSISTANCE, AND PERFORMANCE)
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2005

	ACTUAL			
	<u>State Basic</u>	<u>Public Assistance</u>	<u>Performance</u>	<u>Total</u>
REVENUES				
ICCB Grant	\$ 136,140	\$ 30,356	\$ 73,690	\$ 240,186
EXPENDITURES				
Instruction	65,302	26,078	41,751	133,131
Guidance services	45,420	-	90	45,510
Assessment and testing	-	1,996	18,445	20,441
Literacy services	-	-	1,109	1,109
Child care services	-	-	1,012	1,012
Total instructional student services	<u>110,722</u>	<u>28,074</u>	<u>62,407</u>	<u>201,203</u>
Improvement of instructional services	-	-	4,779	4,779
General administration	5,047	2,282	4,728	12,057
Workforce coordination	-	-	1,776	1,776
Data and information services	<u>20,371</u>	<u>-</u>	<u>-</u>	<u>20,371</u>
Total program support	<u>25,418</u>	<u>2,282</u>	<u>11,283</u>	<u>38,983</u>
Total expenditures	<u>136,140</u>	<u>30,356</u>	<u>73,690</u>	<u>240,186</u>
Excess of revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-
FUND BALANCE, BEGINNING OF YEAR				<u>-</u>
FUND BALANCE, END OF YEAR				<u>\$ -</u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
WORKFORCE DEVELOPMENT COMPONENT,
P-16 INITIATIVE, CAREER AND TECHNICAL EDUCATION -
PROGRAM IMPROVEMENT, AND ADULT EDUCATION AND FAMILY LITERACY
COMPONENT GRANT PROGRAMS
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2005**

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

BASIS OF ACCOUNTING

The statements have been prepared on the accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2005. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

BUDGETS AND BUDGETARY ACCOUNTING

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

CAPITAL OUTLAY

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

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

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
WORKFORCE DEVELOPMENT COMPONENT,
P-16 INITIATIVE, CAREER AND TECHNICAL EDUCATION
PROGRAM IMPROVEMENT, AND ADULT EDUCATION AND FAMILY LITERACY
COMPONENT GRANT PROGRAMS
NOTE TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 1 - GRANT CONTINGENCY

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

**SUPPLEMENTAL ICCB
COMPLIANCE SCHEDULES**

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ICCB COMPLIANCE STATEMENT FOR
WORKFORCE DEVELOPMENT COMPONENT (BUSINESS/INDUSTRY) GRANT
Year Ended June 30, 2005**

	<u>General</u>	<u>Operation of Workforce Prep Office</u>	<u>Total</u>
EXPENDITURES			
Salaries	\$ -	\$ 69,970	\$ 69,970
Employee benefits	<u>-</u>	<u>17,478</u>	<u>17,478</u>
TOTAL EXPENDITURES	<u><u>\$ -</u></u>	<u><u>\$ 87,448</u></u>	<u><u>\$ 87,448</u></u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
ICCB COMPLIANCE STATEMENT FOR THE
ADULT EDUCATION AND FAMILY LITERACY GRANT
EXPENDITURE AMOUNTS AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY
Year Ended June 30, 2005**

	<u>Audited Expenditures (\$)</u>	<u>Actual Expenditure Percentage</u>
State Basic		
Instruction (45% Minimum Required)	\$ 110,722	81.33%
General Administration (9% Maximum Allowed)	\$ 5,047	3.71%
 State Public Assistance		
Instruction (45% Minimum Required)	\$ 28,074	92.48%
General Administration (9% Maximum Allowed)	\$ 2,282	7.52%
 State Performance		
General Administration (9% Maximum Allowed)	\$ 4,728	6.42%



**Clifton
Gunderson LLP**
Certified Public Accountants & Consultants

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

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

We have audited the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of Parkland College Community College District #505 for the year ended June 30, 2005. This schedule is the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the schedule referred to above presents fairly, in all material respects, the student enrollment and other bases upon which claims were filed of Parkland Community College District #505 for the year ended June 30, 2005 in conformity with the laws, regulations and rules of the Illinois Community College Board.

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

Clifton Gunderson LLP

Danville, Illinois
August 22, 2005

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES
UPON WHICH CLAIMS ARE FILED
Year Ended June 30, 2005

<u>Categories</u>	<u>Total Reimbursable Semester Credit Hours by Term</u>					
	<u>Summer</u>		<u>Fall</u>		<u>Spring</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>
Baccalaureate	15,516.0	45.0	50,048.0	39.0	48,171.0	46.0
Business Occupational	616.0	99.0	4,046.0	179.0	3,581.5	122.0
Technical Occupational	1,691.0	-	10,914.0	-	10,969.0	-
Health Occupational	1,490.5	-	4,710.5	-	4,604.0	-
Remedial Developmental	1,379.0	-	9,837.0	150.0	6,713.0	-
Adult Basic Education/ Adult						
Secondary Education	36.0	381.0	366.0	1,493.0	258.0	1,348.0
TOTAL CREDIT HOURS CERTIFIED	20,728.5	525.0	79,921.5	1,861.0	74,296.5	1,516.0

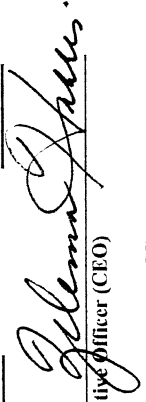
	<u>Attending In-District</u>	<u>Attending Out-of-District on Chargeback or Contractual Agreement</u>	<u>Total</u>
Semester Credit Hours	138,739.0	218.0	138,957.0

District 2004 Equalized Assessed Valuation

\$ 3,542,534,079

<u>Categories</u>	<u>Total Reimbursable Correctional Semester Credit Hours by Term</u>			
	<u>Summer</u>	<u>Fall</u>		<u>Spring</u>
Baccalaureate	-	-	-	-
Business Occupational	-	-	-	-
Technical Occupational	-	-	-	-
Health Occupational	-	-	-	-
Remedial Developmental	-	-	-	-
Adult Basic Education/ Adult				
Secondary Education	41.0	147.0	-	-
TOTAL CREDIT HOURS CERTIFIED	41.0	147.0	-	188.0

Signatures:


Glenn S. Davis
 Chief Executive Officer (CEO)


John Smith
 Chief Financial Officer (CFO)

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
RECONCILIATION OF TOTAL REIMBURSABLE
SEMESTER CREDIT HOURS
Year Ended June 30, 2005

<u>Categories</u>	<u>Total Reimbursable Credit Hours</u>	<u>Total Reim- bursable Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	113,865.0	113,865.0	-
Business Occupational	8,643.5	8,643.5	-
Technical Occupational	23,574.0	23,574.0	-
Health Occupational	10,805.0	10,805.0	-
Remedial Developmental	18,079.0	18,079.0	-
Adult Basic Education/ Adult Secondary Education	3,882.0	3,882.0	-
TOTAL CREDIT HOURS CERTIFIED	178,848.5	178,848.5	-

RECONCILIATION OF IN-DISTRICT/CHARGEBACK
REIMBURSABLE CREDIT HOURS

	<u>Total Attending</u>	<u>Total Attending as Certified to the ICCB</u>	<u>Difference</u>
Reimbursable In-District Residents	138,739.0	138,739.0	-
Reimbursable Out-of-District on Chargeback or Contractual Agreement	218.0	218.0	-
TOTAL	138,957.0	138,957.0	-

RECONCILIATION OF TOTAL REIMBURSABLE CORRECTIONAL SEMESTER
CREDIT HOURS

<u>Categories</u>	<u>Total Reimbursable Correctional Credit Hours</u>	<u>Total Reim- bursable Correc- tional Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupational	-	-	-
Health Occupational	-	-	-
Remedial Developmental	-	-	-
Adult Basic Education/ Adult Secondary Education	188.00	188.00	-
TOTAL CREDIT HOURS CERTIFIED	188.00	188.00	-

**PARKLAND COLLEGE
COMMUNITY COLLEGE DISTRICT #505
VERIFICATION OF STUDENT RESIDENCY
Year Ended June 30, 2005**

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

Applicants

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

However, there are some exceptions to the above mentioned 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 under 21 years of age the same procedures listed above must be followed.

Students

If a student 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 make 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 21, a notarized affidavit of non-support is also required.

Returned Mail

When any 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 and change the residency code to the proper code.

BACKGROUND INFORMATION ON STATE GRANT ACTIVITY

UNRESTRICTED GRANTS

Base Operating Grants

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

Equalization Grants

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

RESTRICTED GRANTS/SPECIAL INITIATIVES

Workforce Development Grant

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

P-16 Initiative Grants

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

Career and Technical Education – Program Improvement Grants

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

RESTRICTED ADULT EDUCATION GRANTS/STATE

State Basic

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

BACKGROUND INFORMATION ON STATE GRANT ACTIVITY

RESTRICTED ADULT EDUCATION GRANTS/STATE (CONTINUED)

Public Assistance

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

Performance

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

**ANNUAL FEDERAL FINANCIAL
COMPLIANCE SECTION**

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

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

We have audited the basic financial statements of Parkland College Community College District #505 as of and for the year ended June 30, 2005, and have issued our report thereon dated August 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Parkland College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of Parkland College Community College District #505 in a separate letter dated August 22, 2005.

Compliance and Other Matters

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

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

Clifton Henderson LLP

Danville, Illinois
August 22, 2005

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

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

Compliance

We have audited the compliance of Parkland College Community College District #505 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, Parkland College Community College District #505 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

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

Clifton Gundersen LLP

Danville, Illinois
August 22, 2005

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2005

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education			
<i>Student Financial Aid Cluster</i>			
Federal Work Study (FWS)	84.033	N/A	\$ 157,956
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	N/A	212,743
Federal Direct Loans	84.268	N/A	7,314,619
Pell Grant Program	84.063	N/A	6,152,382
Total Student Financial Aid			<u>13,837,700</u>
<i>Other Programs</i>			
Trio Student Support Services	84.042	N/A	228,651
Talent Search	84.044	N/A	258,849
CCAMPIS	84.335A	N/A	20,841
Title III	84.365	N/A	378,652
<i>Passed through Illinois Community College Board (ICCB)</i>			
Adult Education - Basic	84.002	N/A	142,547
EL/Civics Program	84.002	N/A	33,936
V.E. Perkins IIC Special Populations and Other	84.048	N/A	514,905
Total Department of Education			<u>15,416,081</u>
Department of Health & Human Services			
<i>Passed through Illinois Department of Children and Family Services (DCFS)</i>			
Foster Parent Training Grant	93.658	0629989011	<u>149,436</u>
National Science Foundation			
<i>Passed through the University of Illinois</i>			
NSF Grants	47.049	REC-9629932	<u>32,739</u>
Department of Agriculture			
AG-GIS Program	10.226	N/A	<u>1,586</u>
<i>Passed through Illinois State Board of Education (ISBE)</i>			
Child and Adult Care Food Program	10.558	02-4226-00	<u>22,297</u>
Total Expenditures of Federal Awards			<u>\$ 15,622,139</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Parkland College Community College District #505 for the year ended June 30, 2005, and is presented in conformity with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of, the basic financial statements.

BASIS OF ACCOUNTING

The schedule has been prepared on the accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2005.

FIXED ASSETS

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

LOANS OUTSTANDING

The College had the following loan balances at June 30, 2005. These loan balances are not included in the federal expenditures presented in the schedule.

	Federal CFDA <u>Number</u>	Outstanding Balance <u>at June 30, 2005</u>
Perkins Loans	84.038	\$ <u>244,832</u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: \$ 476,009
Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

None to report.

Section III – Federal Award Findings and Questioned Costs

None to report.

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ended June 30, 2005**

DEPARTMENT OF EDUCATION

Finding 04-01

Condition

An error was noted in the calculation for the return of Title IV funds which resulted in excess funds returned to the Department.

Status

Policies and procedures for the return of Title IV funds have been established. The College has implemented policies to coordinate duties between Academic Advisors, Student Financial Aid Staff, and Admissions Staff. No similar findings were noted in the 2005 audit for this item.