

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2006 and 2005**

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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, 2006 and 2005 and its discretely presented component unit as of and for the year ended June 30, 2006, 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, 2006 and 2005 and of its discretely presented component unit as of June 30, 2006, 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 10, 2006, 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 10 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 Gunderson LLP

Danville, Illinois
August 10, 2006

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, 2005 and June 30, 2006. 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.

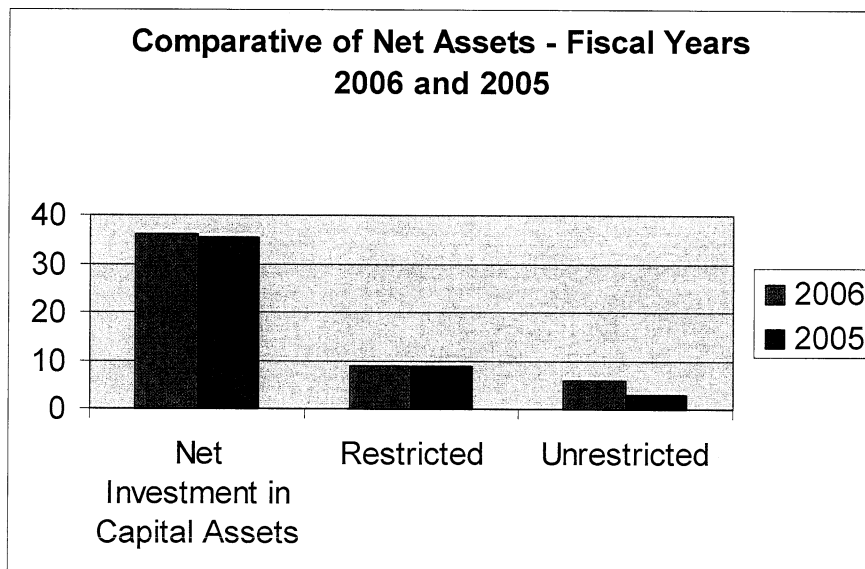
Using This Annual Report

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, 2006.

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>2006</u>	<u>2005</u>	<u>Increase (Decrease) 2005-2006</u>
Current Assets	31.7	28.3	3.4
Non Current Assets			
Capital Assets, Net of Depreciation	<u>36.2</u>	<u>36.0</u>	<u>0.2</u>
Total Assets	<u>67.9</u>	<u>64.3</u>	<u>3.6</u>
Current Liabilities	13.5	12.7	0.8
Non Current Liabilities	<u>3.6</u>	<u>4.3</u>	<u>(0.7)</u>
Total Liabilities	<u>17.1</u>	<u>17.0</u>	<u>0.1</u>
Net Assets			
Investment in Capital Assets	36.0	35.5	0.5
Restricted for Expendable	8.9	8.7	0.2
Unrestricted	<u>5.9</u>	<u>3.1</u>	<u>2.8</u>
Total Net Assets	<u>50.8</u>	<u>47.3</u>	<u>3.5</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 2006 Compared to 2005

Total net assets increased \$3.5 million during fiscal year 2006. The majority of this increase was in the unrestricted net assets with a total increase of \$2.8 million. The remaining increase was in investment in capital assets and restricted for expendable categories.

Total liabilities increased by \$.1 million to \$17.1 million. Current liabilities increased by \$.8 million while non-current liabilities decreased by \$.7 million.

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

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 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.

Operating Results For Year Ended June 30 (in millions)

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) 2006-2005</u>
Operating Revenue			
Tuition & Fees	13.4	12.2	1.2
Auxiliary Enterprises	5.2	5.1	0.1
Other	1.3	1.0	0.3
Total	<u>19.9</u>	<u>18.3</u>	<u>1.6</u>
Less Operating Expenses	<u>64.1</u>	<u>63.6</u>	<u>0.5</u>
Operating Loss	<u>(44.2)</u>	<u>(45.3)</u>	<u>1.1</u>
Non-Operating Revenue			
State Grants & Contracts	12.7	12.5	0.2
Local Property Taxes	18.0	17.3	0.7
Federal Grants & Contracts	15.1	15.7	(0.6)
On-Behalf Payments	1.3	2.3	(1.0)
Investment Income	0.6	0.3	0.3
Total	<u>47.7</u>	<u>48.1</u>	<u>(0.4)</u>
Increase in Net Assets	3.5	2.8	0.7
Net Assets, Beginning of Year	<u>47.3</u>	<u>44.5</u>	<u>2.8</u>
Net Assets, End of Year	<u>50.8</u>	<u>47.3</u>	<u>3.5</u>

Fiscal Year 2006 Compared to 2005

Operating revenues increased \$1.6 million from last year in total. The majority of this increase, \$1.2 million, was in student tuition and fees revenues. This increase reflects strong enrollment, a “good” residency mix, the increase in tuition rates, and the slight decrease in scholarships relative to total tuition. Auxiliary enterprises and other revenues also increased slightly during the year. The increase here would be attributable to increased Business Development Center revenues.

In total operating expenses increased slightly by \$.5 million on \$63.6 million, or under 1% in total. Every category of expense remained fairly consistent with the prior year’s expenses. General inflation and raises for personnel were generally offset by savings on health care, on-behalf (SURS) payments, and reduction in instruction costs.

The non-operating revenues also remained very level from 2005 to 2006 decreasing slightly by \$.4 million. State support in total increased by \$.2 million despite decreased funding from ICCB. This decrease was made up for by increased revenue from Corporate Personal Property Replacement Tax. Local property tax revenues were up \$.7 million mainly due to increased EAV for Champaign County. Parkland saw an increase in investment income due to increased interest rates on our money market account. The largest decrease in revenues was found in the on-behalf (SURS) revenues which are mirrored by a decrease in on-behalf expenses.

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

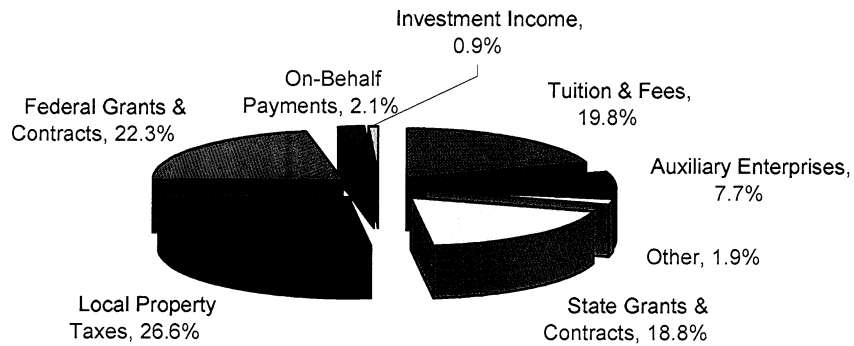
Fiscal Year 2005 Compared to 2004

Operating revenues decreased \$0.1 million, which reflects a decrease in student tuition and fees, net of financial aid of \$0.4 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.

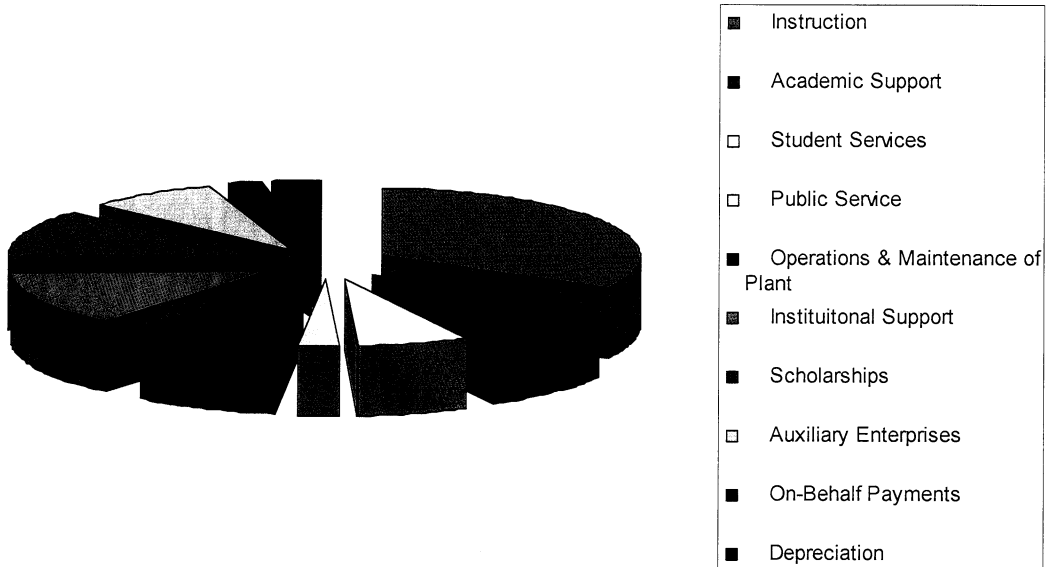
Revenue by Source



Operating Expenses For Year Ended June 30 (in millions)

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) 2006-2005</u>
Operating Expense			
Instruction	21.1	21.7	(0.6)
Academic Support	6.0	5.0	1.0
Student Services	4.4	4.6	(0.2)
Public Service	1.6	1.5	0.1
Operations & Maintenance of Plant	5.9	5.5	0.4
Institutional Support	8.5	7.7	0.8
Scholarships	8.0	8.3	(0.3)
Auxiliary Enterprises	5.2	5.1	0.1
On-Behalf Payments	1.4	2.3	(0.9)
Depreciation	2.0	1.9	0.1
Total	<u>64.1</u>	<u>63.6</u>	<u>0.5</u>

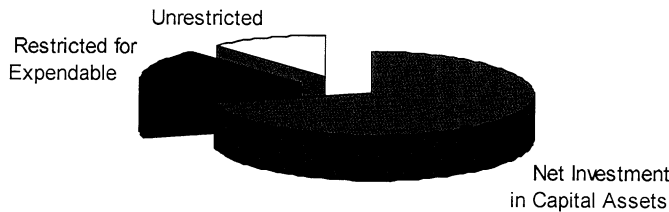
Operating Expenses



Analysis of Net Assets June 30 (in Millions)

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) 2006-2005</u>
Net Assets			
Net Investment in Capital Assets	36.0	35.5	0.5
Restricted for Expendable	8.9	8.7	0.2
Unrestricted	5.9	3.1	2.8
Total	<u>50.8</u>	<u>47.3</u>	<u>3.5</u>

Analysis of Net Assets



Fiscal Year 2006 Compared to 2005

Total net assets increased by \$3.5 million from fiscal year 2005 to fiscal year 2006. Increases were realized in all three asset categories: investment in capital assets, restricted for expendable assets, and unrestricted assets. The largest increase (\$2.8MIL) was in the unrestricted assets category. These increases, like the prior year, are attributable to significant surpluses in every fund except the auxiliary and restricted purposes fund which had slight deficits.

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 (\$.8MIL), 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 2007, 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 as it was last year.

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 2006 in order to qualify for discounts at a widely used local health providers. We are hopeful this change will continue to help offset any general increase in the cost of healthcare and limit our 2007 expenses to the budgeted amount. The administration plans to monitor this situation in an attempt to keep health insurance related benefit costs under control.

The College's Administration and its Board continue to monitor other major factors related to its financial state including student enrollment and utilities costs (deregulation).

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, 2006 and 2005

ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 16,910,940	\$ 14,372,506
Property taxes receivable, net	10,768,124	9,981,617
Accounts receivable, net	3,336,749	2,898,608
Due from Parkland Foundation	45,000	395,000
Inventories	571,765	629,283
Other	<u>78,099</u>	<u>69,019</u>
Total current assets	<u>31,710,677</u>	<u>28,346,033</u>
NONCURRENT ASSETS		
Capital assets, net	<u>36,227,214</u>	<u>36,019,013</u>
 TOTAL ASSETS	 <u>\$ 67,937,891</u>	 <u>\$ 64,365,046</u>

LIABILITIES

	<u>2006</u>	<u>2005</u>
CURRENT LIABILITIES		
Accounts payable	\$ 193,903	\$ 323,178
Accrued liabilities	1,122,237	1,122,201
Due to student groups	704,124	500,451
Deferred revenue	10,235,389	9,364,048
Retirement obligation	1,014,366	1,184,627
Capital lease obligations	<u>201,164</u>	<u>287,476</u>
Total current liabilities	<u>13,471,183</u>	<u>12,781,981</u>
NONCURRENT LIABILITIES		
Retirement obligation	2,321,062	2,987,339
Capital lease obligations	64,362	265,526
Accrued compensated absences	<u>1,238,020</u>	<u>1,060,768</u>
Total noncurrent liabilities	<u>3,623,444</u>	<u>4,313,633</u>
Total liabilities	<u>17,094,627</u>	<u>17,095,614</u>
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	35,961,688	35,466,011
Restricted and expendable:		
Trust	7,599,358	7,599,358
Capital projects	52,363	(49,723)
Grants and scholarships	70,893	82,387
Other	1,206,490	1,099,651
Unrestricted	<u>5,952,472</u>	<u>3,071,748</u>
TOTAL NET ASSETS	<u>\$ 50,843,264</u>	<u>\$ 47,269,432</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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowance of \$5,364,731 and \$5,704,681	\$ 13,360,997	\$ 12,138,002
Auxiliary enterprises revenues	5,252,881	5,118,159
Other operating revenues	<u>1,274,175</u>	<u>1,032,177</u>
Total operating revenues	<u>19,888,053</u>	<u>18,288,338</u>
OPERATING EXPENSES		
Instruction	21,068,816	21,729,348
Academic support	5,980,656	5,027,910
Student services	4,451,770	4,646,133
Public service	1,576,838	1,468,959
Operation and maintenance of plant	5,916,529	5,458,057
Institutional support	8,473,571	7,695,431
Scholarships	8,036,863	8,331,350
Auxiliary expenses	5,247,591	5,060,736
On-behalf payments	1,354,365	2,254,261
Depreciation	<u>1,951,482</u>	<u>1,908,911</u>
Total operating expenses	<u>64,058,481</u>	<u>63,581,096</u>
Operating loss	<u>(44,170,428)</u>	<u>(45,292,758)</u>
NONOPERATING REVENUES (EXPENSES)		
State grants and contracts	12,637,803	12,532,184
Local property tax revenues	17,997,664	17,348,142
Federal grants and contracts	15,140,448	15,689,635
On-behalf payments	1,354,365	2,254,261
Investment income earned	646,600	308,564
Interest expense	<u>(32,620)</u>	<u>(37,931)</u>
Total nonoperating revenues	<u>47,744,260</u>	<u>48,094,855</u>
INCREASE IN NET ASSETS	3,573,832	2,802,097
NET ASSETS, BEGINNING OF YEAR	<u>47,269,432</u>	<u>44,467,335</u>
NET ASSETS, END OF YEAR	<u>\$ 50,843,264</u>	<u>\$ 47,269,432</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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	\$ 14,199,655	\$ 12,675,406
Payments to suppliers	(15,479,123)	(13,706,717)
Payments to employees and benefits paid	(38,714,998)	(37,597,237)
Payments for financial aid and scholarships	(8,036,863)	(8,331,350)
Auxiliary enterprise charges	5,252,881	5,118,159
Other receipts	<u>1,876,424</u>	<u>903,230</u>
Net cash used in operating activities	<u>(40,902,024)</u>	<u>(40,938,509)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	17,196,104	17,492,683
State grants and contracts	12,598,836	12,215,592
Federal grants and contracts	14,592,975	15,500,536
Other receipts	<u>535,722</u>	<u>691,313</u>
Net cash provided by noncapital financing activities	<u>44,923,637</u>	<u>45,900,124</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,159,683)	(1,869,137)
Principal paid on capital lease obligations	(287,476)	(293,283)
Interest paid on capital debt	(32,620)	(37,931)
Receipts (disbursements) from Parkland Foundation	<u>350,000</u>	<u>(95,000)</u>
Net cash used in capital and related financing activities	<u>(2,129,779)</u>	<u>(2,295,351)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>646,600</u>	<u>308,564</u>
NET INCREASE IN CASH	2,538,434	2,974,828
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>14,372,506</u>	<u>11,397,678</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 16,910,940</u></u>	<u><u>\$ 14,372,506</u></u>

	<u>2006</u>	<u>2005</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$(44,170,428)	\$(45,292,758)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,951,482	1,908,911
On-behalf payments	1,354,365	2,254,261
Changes in assets and liabilities:		
Receivables	(113,838)	253,400
Inventories	57,518	(45,003)
Other assets	(9,080)	(35,541)
Accounts payable	(129,275)	170,257
Accrued liabilities	(455,577)	(436,040)
Deferred revenue	<u>612,809</u>	<u>284,004</u>
Net cash used in operating activities	<u>\$(40,902,024)</u>	<u>\$(40,938,509)</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, 2006

ASSETS

Cash and cash equivalents	\$ 445,901
Investments	3,496,982
Pledges receivable, net of discount of \$122,250	1,131,288
Other assets	17,500
Property and equipment, net of accumulated depreciation of \$29,091	<u>517,772</u>

TOTAL ASSETS \$ 5,609,443

LIABILITIES

Due to Parkland College	\$ 45,000
Annuity payable	13,426
Accounts payable	21,005
Accrued expenses	<u>30,628</u>

Total liabilities 110,059

NET ASSETS

Unrestricted – general operating	113,058
Unrestricted – board designated	<u>179,125</u>
Total unrestricted	292,183
Temporarily restricted	2,531,466
Permanently restricted	<u>2,675,735</u>

Total net assets 5,499,384

TOTAL LIABILITIES AND NET ASSETS \$ 5,609,443

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, 2006

CHANGES IN UNRESTRICTED NET ASSETS

Revenues, gains, and other support:	
Contributions	\$ 409,084
Net assets released from prior year's restrictions	<u>553,714</u>
Total unrestricted revenue, gains, and other support	<u>962,798</u>
Expenses and losses:	
Program services expenses:	
Scholarships	234,638
Automotive Technology	120,175
Other program services	<u>176,187</u>
Total program services expenses	531,000
Management and general	287,861
Fundraising	333,567
Other	<u>1,296</u>
Total expenses and losses	<u>1,153,724</u>
Decrease in unrestricted net assets	<u>(190,926)</u>

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions	649,377
Investment income	175,729
Net assets released from prior year's restrictions	<u>(553,714)</u>
Increase in temporarily restricted net assets	<u>271,392</u>

CHANGES IN PERMANENTLY RESTRICTED NET ASSETS

Contributions	<u>235,730</u>
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INCREASE IN NET ASSETS 316,196

NET ASSETS, BEGINNING OF YEAR 5,183,188

NET ASSETS, END OF YEAR \$ 5,499,384

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, 2006 and 2005

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, 2006 and 2005

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, 2006 and 2005

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 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, 2006 and 2005

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, 2006 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 2005 tax levy be allocated and recognized 55% in fiscal year 2006 and 45% in fiscal year 2007.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006 and 2005

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, 2006 and 2005

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 \$12,873,538 and \$11,733,036, as of June 30, 2006 and 2005, respectively. Not included in that number was cash on hand of \$7,614 and \$12,989 as of June 30, 2006 and 2005, 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, 2006 and 2005 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, 2006 and 2005, the District had \$4,029,788 and \$2,626,481, respectively in the Pool, which approximates fair value.

All funds deposited in the Pool are classified as cash equivalents since 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, 2006 and 2005

NOTE 1 – DEPOSITS AND INVESTMENTS (CONTINUED)

The Foundation's investments are as follows at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Government securities	\$ 1,446,413	\$ 1,424,429
Municipal bonds	15,024	14,891
Corporate bonds	192,220	188,666
Mutual funds	244,465	316,903
Common stocks	1,189,502	1,309,015
Other	<u>241,732</u>	<u>243,078</u>
Total investments	<u>\$ 3,329,356</u>	<u>\$ 3,496,982</u>

NOTE 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes were levied on November 16, 2005, 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, 2006 are summarized below:

	<u>Balance, June 30, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2006</u>
Land	\$ 721,745	\$ -	\$ -	\$ 721,745
Land improvements	5,039,364	2,033,067	-	7,072,431
Buildings	50,422,000	-	-	50,422,000
Equipment	4,024,507	197,560	-	4,222,067
Construction in progress	<u>690,904</u>	<u>535,034</u>	<u>(605,978)</u>	<u>619,960</u>
Total	<u>60,898,520</u>	<u>2,765,661</u>	<u>(605,978)</u>	<u>63,058,203</u>
Less accumulated depreciation:				
Land improvements	652,464	393,937	-	1,046,401
Buildings	21,360,660	1,006,440	-	22,367,100
Equipment	<u>2,866,383</u>	<u>551,105</u>	<u>-</u>	<u>3,417,488</u>
Total accumulated depreciation	<u>24,879,507</u>	<u>1,951,482</u>	<u>-</u>	<u>26,830,989</u>
Capital assets, net	<u>\$ 36,019,013</u>	<u>\$ 814,179</u>	<u>\$ (605,978)</u>	<u>\$ 36,227,214</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 3 - CAPITAL ASSETS (CONTINUED)

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>

NOTE 4 - LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2006 are as follows:

	<u>Capital Lease Obligation</u>	<u>Early Retirement Benefits</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance, July 1, 2005	\$ 553,002	\$ 4,171,966	\$ 1,060,768	\$ 5,785,736
Increases	-	348,089	177,252	525,341
Debt matured/reclassified	<u>(287,476)</u>	<u>(1,184,627)</u>	<u>-</u>	<u>(1,472,103)</u>
Balance, June 30, 2006	<u>\$ 265,526</u>	<u>\$ 3,335,428</u>	<u>\$ 1,238,020</u>	<u>\$ 4,838,974</u>

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>Compensated Absences</u>	<u>Total</u>
Balance, July 1, 2004	\$ 846,285	\$ 4,624,588	\$ 960,042	\$ 6,430,915
Increases	-	898,726	100,726	999,452
Debt matured/reclassified	<u>(293,283)</u>	<u>(1,351,348)</u>	<u>-</u>	<u>(1,644,631)</u>
Balance, June 30, 2005	<u>\$ 553,002</u>	<u>\$ 4,171,966</u>	<u>\$ 1,060,768</u>	<u>\$ 5,785,736</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

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 December, 2006 through December, 2007. The equipment is capitalized and is depreciated over its estimated productive life. Depreciation expense for 2006 and 2005 was \$54,830 and \$72,227, respectively. Accumulated depreciation on the equipment as of June 30, 2006 and 2005 is \$274,481 and \$219,621, respectively. The interest rates on these items range from 4.25% to 8.21%.

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 2006 and 2005 was \$212,502 and \$212,502, respectively, and is included in other operating expenses. Accumulated depreciation on capital lease equipment totaled \$842,220 and \$629,718 at June 30, 2006 and 2005, 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:

2007	\$ 209,407
2008	<u>65,623</u>
Present value of minimum lease payments	275,030
Less: Amount representing interest	<u>9,504</u>
Capital lease obligations at June 30, 2006	<u>\$ 265,526</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 \$588,388 and \$625,840 for the years ended June 30, 2006 and 2005, respectively.

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

2007	\$ 1,014,366
2008	574,616
2009	629,937
2010	630,842
2011	321,012
2012	133,616
2013	<u>31,039</u>
Total obligation	3,335,428
Less retirement liability included as a current liability	<u>(1,014,366)</u>
Total general long-term benefit obligation	<u>\$ 2,321,062</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

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 10.18 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, 2006, 2005 and 2004, were \$1,423,614, \$2,322,297, and \$15,175,762, 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 \$69,249, \$68,036, and \$36,825, for the years ending June 30, 2006, 2005, and 2004, respectively. For the year ended June 30, 2006 the College recorded revenue and an equivalent expenditure of \$1,354,365 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, 2006, 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-five retirees, respectively, were participating in this program at June 30, 2006 and 2005. 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 fourteen employees were participants in this program at June 30, 2006. Effective July 1, 2005, no additional employees were allowed to participate in this program. The total liability at June 30, 2006 and 2005 under this program was \$3,335,428 and \$4,171,966, respectively.

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

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, 2006 and 2005, the accrued claims were \$491,496 and \$449,009, 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, 2006 and 2005, the College incurred costs of \$124,834 and \$120,899 for the Foundation. In addition, the College has an outstanding loan due from the Foundation of \$45,000 and \$395,000 as of June 30, 2006 and 2005.

NOTE 8 - CONSTRUCTION COMMITMENTS

As of June 30, 2006, the College had the following construction commitments:

Drainage improvements	\$ 1,300,000
Campus computer monitoring system	98,600
PHS chemical containment	50,000
Restroom remodeling	<u>300,000</u>
Total	<u>\$ 1,748,600</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

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 \$487,850 and \$484,790 for the years ended June 30, 2006 and 2005, respectively.

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

2007	\$ 490,290
2008	179,250
2009	116,063
2010	22,800
2011	23,300
Thereafter	<u>194,977</u>
Total	<u>\$ 1,026,680</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	\$ 17,022,783	\$ 17,991,527

NOTE 11 - INTERFUND RECEIVABLES/PAYABLES

The interfund receivables/payables as of June 30, 2006 consisted of the following:

The Student Government Fund owed the Education Fund \$580,000
The Restricted Purposes Fund owed the Education Fund \$822,805
The Operations and Maintenance Restricted Fund owed the Education Fund \$315,000
The Child Care Services Fund owed the Education Fund \$141,303
The Reprographics Fund owed the Education Fund \$227,545
The Athletics Fund owed the Education Fund \$48,041
The Business Development Center owed the Education Fund \$1,010,766

The interfund operating transfers consisted of the following:

The Education Fund transferred \$350,000 to the Athletics Fund
The Working Cash Fund transferred \$273,361 to the Education Fund
The Education Fund transferred \$300,000 to the Reprographics Fund
The Education Fund transferred \$100,000 to the Child Care Services Fund

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 12 – COMPONENT UNIT NET ASSETS

The following details unrestricted board designated net assets as of June 30, 2006:

Community scholarships	\$ 100,000
Automotive Lab	<u>79,125</u>
Total	<u>\$ 179,125</u>

The following details temporarily restricted net assets as of June 30, 2006:

Alumni Association	\$ 8,190
Planetarium Fund	29,748
Equine Fund	45,386
Fine and Applied Arts Department	18,639
Art Gallery	88,377
Dr. Harris Gala Event	139,946
Agricultural Technology Center	18,195
Carle Foundation Grants	304,092
Scholarships and other	<u>1,878,893</u>
Total	<u>\$ 2,531,466</u>

The following details permanently restricted net assets as of June 30, 2006:

Planetarium Fund	\$ 82,154
Agricultural Technology Center	473,325
Scholarships and other	<u>2,120,256</u>
Total	<u>\$ 2,675,735</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, 2006

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups			
	Capital Projects			Enterprise			Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
	General	Special Revenue	Operation and Maintenance Restricted							
ASSETS										
Cash and cash equivalents	\$ 5,913,956	\$ 864,568	\$ 259,970	\$ 1,610,978	\$ 8,261,468	\$ -	\$ -	\$ -	\$ 16,910,940	
Receivables:										
Property taxes	8,084,708	1,560,301	1,123,115	-	-	-	-	-	10,768,124	
Replacement taxes	496,203	-	-	-	-	-	-	-	496,203	
Agency tuition	346,414	-	-	-	-	-	-	-	346,414	
Student tuition and fees, net of allowance for uncollectible accounts of \$963,211	204,560	-	-	140,452	42,014	-	-	-	387,026	
Governmental grants	-	836,267	-	-	-	-	-	-	836,267	
Business and industry training	-	-	-	42,085	-	-	-	-	42,085	
Student loans	-	221,753	-	-	-	-	-	-	221,753	
Due from other funds	3,145,460	-	-	-	-	-	-	-	3,145,460	
Due from Parkland Foundation	45,000	-	-	-	-	-	-	-	45,000	
Other	967,926	7,821	-	31,254	-	-	-	-	1,007,001	
Prepaid items and deferred charges	33,316	44,522	-	261	-	-	-	-	78,099	
Bookstore inventories	-	-	-	571,765	-	-	-	-	571,765	
Property and equipment, net	-	-	-	324,172	-	35,903,042	-	-	36,227,214	
OTHER DEBITS										
Amount to be provided to retire debt	-	-	-	-	-	-	2,356,103	-	2,356,103	
TOTAL ASSETS AND OTHER DEBITS	\$ 19,237,543	\$ 3,535,232	\$ 1,383,085	\$ 2,720,967	\$ 8,303,482	\$ 35,903,042	\$ 2,356,103	\$ -	\$ 73,439,454	

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2006

	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	23,846	-	170,024	33	-	-	-	-	193,903
Vacation payable	1,047,606	105,184	-	85,230	-	-	-	-	1,238,020
Other payables	886,013	1,353	-	36,858	-	-	-	-	924,224
Accrued expenses	1,210,872	-	-	1,507	-	-	-	-	1,212,379
Deferred revenue	9,151,030	1,328,507	845,698	99,160	-	-	-	-	11,424,395
Due to other funds	-	822,805	315,000	2,007,655	-	-	-	-	3,145,460
Other liabilities	-	-	-	-	-	-	-	2,356,103	2,356,103
Lease and equipment obligations	-	-	-	230,485	-	-	-	-	230,485
Deposits held for others	-	-	-	-	704,124	-	-	-	704,124
Total liabilities	12,319,367	2,257,849	1,330,722	2,460,928	704,124	-	-	2,356,103	21,429,093
COLLEGE EQUITY									
Investment in general fixed assets	-	-	-	-	-	-	-	-	35,903,042
Fund balance:									
Designated by state statute for liability, protection, and settlement coverage	-	1,150,992	-	-	-	-	-	-	1,150,992
Unreserved, undesignated	6,918,176	-	52,363	-	7,599,358	-	-	-	14,569,897
Restricted	-	126,391	-	-	-	-	-	-	126,391
Retained earnings	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	260,039	-	-	-	-	260,039
Total College equity	6,918,176	1,277,383	52,363	260,039	7,599,358	35,903,042	-	-	52,010,361
TOTAL LIABILITIES AND COLLEGE EQUITY	\$ 19,237,543	\$ 3,535,232	\$ 1,383,085	\$ 2,720,967	\$ 8,303,482	\$ 35,903,042	\$ 2,356,103		\$ 73,439,454

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, 2006

	General	Special Revenue	Capital Projects Fund - Operation and Maintenance Restricted	Total (Memorandum Only)
REVENUE				
Local sources	\$ 13,536,354	\$ 2,632,363	\$ 1,828,947	\$ 17,997,664
State sources	10,250,073	2,387,731	-	12,637,804
Federal sources	106,497	15,033,951	-	15,140,448
Tuition and fees	18,618,718	-	-	18,618,718
Facilities	635,739	474,596	-	1,110,335
Interest	367,667	3,624	1,948	373,239
Other revenue	393,459	74,239	233,315	701,013
On-behalf payments	1,354,365	-	-	1,354,365
Total revenue	45,262,872	20,606,504	2,064,210	67,933,586
EXPENDITURES				
Instruction	21,123,347	611,746	-	21,735,093
Academic support	3,916,131	2,064,525	-	5,980,656
Student services	3,458,413	993,357	-	4,451,770
Public service	679,275	897,563	-	1,576,838
Auxiliary services	-	6,060	-	6,060
Operation and maintenance of plant	4,801,473	1,179,530	1,962,124	7,943,127
Scholarships and grants	-	13,401,594	-	13,401,594
Institutional support	7,657,170	1,356,784	-	9,013,954
On-behalf payments	1,354,365	-	-	1,354,365
Total expenditures	42,990,174	20,511,159	1,962,124	65,463,457
Revenue over expenditures	2,272,698	95,345	102,086	2,470,129
OTHER FINANCING USES				
Operating transfers, net	(476,639)	-	-	(476,639)
Revenue and other financing sources over expenditures and other financing uses	1,796,059	95,345	102,086	1,993,490
FUND BALANCE (DEFICIT), JULY 1, 2005	5,122,117	1,182,038	(49,723)	6,254,432
FUND BALANCE, JUNE 30, 2006	\$ 6,918,176	\$ 1,277,383	\$ 52,363	\$ 8,247,922

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, 2006

	General		Special Revenue		Capital Projects Fund - Operation and Maintenance		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUE								
Local sources	\$ 13,370,161	\$ 13,536,354	\$ 2,699,391	\$ 2,632,363	\$ 1,808,321	\$ 1,828,947	\$ 17,877,873	\$ 17,997,664
State sources	9,491,934	10,250,073	2,812,783	2,387,731	-	-	12,304,717	12,637,804
Federal sources	115,000	106,497	13,560,000	15,033,951	-	-	13,675,000	15,140,448
Tuition and fees	18,442,555	18,618,718	-	-	-	-	18,442,555	18,618,718
Facilities	553,500	635,739	450,000	474,596	-	-	1,003,500	1,110,335
Interest	180,000	367,667	2,050	3,624	1,000	1,948	183,050	373,239
Other revenue	309,500	393,459	200,000	74,239	-	233,315	509,500	701,013
On-behalf payments	-	1,354,365	-	-	-	-	-	1,354,365
Total revenue	42,462,650	45,262,872	19,724,224	20,606,504	1,809,321	2,064,210	63,996,195	67,933,586
EXPENDITURES								
Instruction	20,588,222	21,123,347	735,000	611,746	-	-	21,323,222	21,735,093
Academic support	3,851,433	3,916,131	1,705,000	2,064,525	-	-	5,556,433	5,980,656
Student services	3,577,251	3,458,413	967,500	993,357	-	-	4,544,751	4,451,770
Public service	773,105	679,275	1,090,283	897,563	-	-	1,863,388	1,576,838
Auxiliary services	-	-	-	6,060	-	-	-	6,060
Operation and maintenance of plant	4,703,766	4,801,473	1,090,914	1,179,530	1,809,321	1,962,124	7,604,001	7,943,127
Grants and scholarships	-	-	12,525,000	13,401,594	-	-	12,525,000	13,401,594
Institutional support	8,355,505	7,657,170	1,528,696	1,356,784	-	-	9,884,201	9,013,954
On-behalf payments	-	1,354,365	-	-	-	-	-	1,354,365
Total expenditures	41,849,282	42,990,174	19,642,393	20,511,159	1,809,321	1,962,124	63,300,996	65,463,457
Revenue over expenditures	613,368	2,272,698	81,831	95,345	-	102,086	695,199	2,470,129
OTHER FINANCING USES								
Operating transfers, net	(700,000)	(476,639)	-	-	-	-	(700,000)	(476,639)
Revenue and other financing sources over expenditures and other financing uses	\$ (86,632)	1,796,059	\$ 81,831	95,345	\$ -	102,086	\$ (4,801)	1,993,490
FUND BALANCE (DEFICIT), JULY 1, 2005		5,122,117		1,182,038		(49,723)		6,254,432
FUND BALANCE, JUNE 30, 2006		\$ 6,918,176		\$ 1,277,383		\$ 52,363		\$ 8,247,922

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, 2006

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
OPERATING REVENUE				
Student and community services	\$ -	\$ -	\$ 5,128,000	\$ 5,019,801
Student tuition and fees	-	-	542,000	546,492
State sources	-	-	-	78,211
Other revenue	-	-	61,000	4,605
Investment revenue	100,000	273,361	1,000	-
Total operating revenue	100,000	273,361	5,732,000	5,649,109
OPERATING EXPENSES				
Salaries	-	-	1,263,301	1,234,677
Employee benefits	-	-	282,436	289,490
Contractual services	-	-	187,558	349,676
General materials and supplies	-	-	3,014,431	3,075,648
Conference and meeting	-	-	144,808	151,319
Fixed charges	-	-	821,500	639,857
Utilities	-	-	21,086	1,030
Capital outlay	-	-	5,000	17,934
Other	-	-	170,380	309,810
Total operating expenses	-	-	5,910,500	6,069,441
Operating income (loss)	100,000	273,361	(178,500)	(420,332)
OTHER FINANCING SOURCES (USES)				
Operating transfers, net	(100,000)	(273,361)	700,000	750,000
NET INCOME	<u>\$ -</u>	<u>-</u>	<u>\$ 521,500</u>	<u>329,668</u>
COLLEGE EQUITY (DEFICIT), JULY 1, 2005		<u>7,600,000</u>		<u>(69,629)</u>
COLLEGE EQUITY, JUNE 30, 2006		<u>\$ 7,600,000</u>		<u>\$ 260,039</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
Year Ended June 30, 2006

	Fiduciary Fund Type Working Cash Fund	Proprietary Fund Type Enterprise Funds
OPERATING ACTIVITIES		
Operating income (loss)	\$ 273,361	\$ (420,332)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	-	255,680
Changes in assets and liabilities:		
Inventories	-	57,564
Receivables	-	16,776
Prepaid	-	-
Vacation payable	-	318
Other payables	-	14,220
Deferred revenue	-	3,365
	<u>273,361</u>	<u>(72,409)</u>
Net cash provided by (used in) operating activities		
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital lease payments	-	(223,001)
Acquisitions of equipment	-	(50,969)
	<u>-</u>	<u>(273,970)</u>
Net cash provided by (used in) capital and related financing activities		
NONCAPITAL FINANCING ACTIVITIES		
Due to (from) other funds	-	(820,650)
Operating transfers in (out)	(273,361)	750,000
	<u>(273,361)</u>	<u>(70,650)</u>
Net cash used in noncapital financing activities		
Net increase (decrease) in cash and cash equivalents	-	(417,029)
CASH AND CASH EQUIVALENTS, JULY 1, 2005	<u>7,600,000</u>	<u>2,028,007</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	<u><u>\$ 7,600,000</u></u>	<u><u>\$ 1,610,978</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
GENERAL FUNDS
June 30, 2006

	Education Fund	Operation and Maintenance Fund	Total
ASSETS			
Cash and cash equivalents	\$ 5,520,503	\$ 393,453	\$ 5,913,956
Receivables:			
Property taxes, net	5,841,707	2,243,001	8,084,708
Replacement taxes, net	496,203	-	496,203
Agency tuition, net	346,414	-	346,414
Student tuition and fees, net	204,560	-	204,560
Due from other funds	3,145,460	-	3,145,460
Due from Parkland Foundation	45,000	-	45,000
Other	964,581	3,345	967,926
Prepaid items and deferred charges	33,316	-	33,316
TOTAL ASSETS	\$ 16,597,744	\$ 2,639,799	\$ 19,237,543
LIABILITIES			
Accounts payable	\$ 18,060	\$ 5,786	\$ 23,846
Vacation payable	956,805	90,801	1,047,606
Other payables	886,013	-	886,013
Accrued expenses	1,210,872	-	1,210,872
Deferred revenue	7,462,067	1,688,963	9,151,030
 Total liabilities	 10,533,817	 1,785,550	 12,319,367
FUND BALANCE			
Unreserved, undesignated	6,063,927	854,249	6,918,176
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,597,744	\$ 2,639,799	\$ 19,237,543

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GENERAL FUNDS
Year Ended June 30, 2006

	Education Fund	Operation and Maintenance Fund	Total
REVENUE			
Local sources	\$ 9,882,205	\$ 3,654,149	\$ 13,536,354
State sources	9,626,058	624,015	10,250,073
Federal sources	106,497	-	106,497
Tuition and fees	18,618,718	-	18,618,718
Facilities	-	635,739	635,739
Interest	340,377	27,290	367,667
Other revenue	393,082	377	393,459
On-behalf payments	1,354,365	-	1,354,365
	<hr/>	<hr/>	<hr/>
Total revenue	40,321,302	4,941,570	45,262,872
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Instruction	21,123,347	-	21,123,347
Academic support	3,916,131	-	3,916,131
Student services	3,458,413	-	3,458,413
Public service	679,275	-	679,275
Operation and maintenance of plant	-	4,801,473	4,801,473
Institutional support	7,657,170	-	7,657,170
On-behalf payments	1,354,365	-	1,354,365
	<hr/>	<hr/>	<hr/>
Total expenditures	38,188,701	4,801,473	42,990,174
	<hr/>	<hr/>	<hr/>
Revenue over expenditures	2,132,601	140,097	2,272,698
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES			
Operating transfers, net	(476,639)	-	(476,639)
	<hr/>	<hr/>	<hr/>
Revenue over expenditures and other financing uses	1,655,962	140,097	1,796,059
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JULY 1, 2005	4,407,965	714,152	5,122,117
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30, 2006	<u>\$ 6,063,927</u>	<u>\$ 854,249</u>	<u>\$ 6,918,176</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
SPECIAL REVENUE FUNDS
June 30, 2006

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 44,327	\$ 820,241	\$ 864,568
Receivables:				
Property taxes, net	-	45,226	1,515,075	1,560,301
Governmental grants	836,267	-	-	836,267
Student loans	221,753	-	-	221,753
Other receivable	-	-	7,821	7,821
Prepaid items and deferred charges	44,522	-	-	44,522
TOTAL ASSETS	\$ 1,102,542	\$ 89,553	\$ 2,343,137	\$ 3,535,232
LIABILITIES				
Vacation payable	\$ 55,232	\$ -	\$ 49,952	\$ 105,184
Other payable	-	-	1,353	1,353
Deferred revenue	153,612	34,055	1,140,840	1,328,507
Due to other funds	822,805	-	-	822,805
Total liabilities	1,031,649	34,055	1,192,145	2,257,849
FUND BALANCE				
Designated by state statute for liability, protection, and settlement coverage	-	-	1,150,992	1,150,992
Restricted	70,893	55,498	-	126,391
Total fund balance	70,893	55,498	1,150,992	1,277,383
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,102,542	\$ 89,553	\$ 2,343,137	\$ 3,535,232

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
SPECIAL REVENUE FUNDS
Year Ended June 30, 2006

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
REVENUE				
Local sources	\$ 8,800	\$ 74,761	\$ 2,548,802	\$ 2,632,363
State sources	2,387,731	-	-	2,387,731
Federal sources	15,033,951	-	-	15,033,951
Facilities	474,596	-	-	474,596
Interest	716	81	2,827	3,624
Other	74,239	-	-	74,239
Total revenue	<u>17,980,033</u>	<u>74,842</u>	<u>2,551,629</u>	<u>20,606,504</u>
EXPENDITURES				
Instruction	611,746	-	-	611,746
Academic support	2,064,525	-	-	2,064,525
Student services	993,357	-	-	993,357
Public service	897,563	-	-	897,563
Auxiliary services	6,060	-	-	6,060
Operations and maintenance of plant	-	-	1,179,530	1,179,530
Scholarships and grants	13,401,594	-	-	13,401,594
Institutional support	16,682	56,830	1,283,272	1,356,784
Total expenditures	<u>17,991,527</u>	<u>56,830</u>	<u>2,462,802</u>	<u>20,511,159</u>
Revenue over (under) expenditures	(11,494)	18,012	88,827	95,345
FUND BALANCE, JULY 1, 2005	<u>82,387</u>	<u>37,487</u>	<u>1,062,164</u>	<u>1,182,038</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 70,893</u>	<u>\$ 55,499</u>	<u>\$ 1,150,991</u>	<u>\$ 1,277,383</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2006

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 583,170	\$ -	\$ -	\$ 966,990	\$ 60,818	\$ 1,610,978
Receivables:								
Student tuition and fees, net	10,392	-	78,204	-	1,973	49,883	-	140,452
Business and industry training	-	-	-	-	42,085	-	-	42,085
Other	828	-	76	-	-	30,350	-	31,254
Prepaid items and deferred charges	261	-	-	-	-	-	-	261
Bookstore inventories	-	-	-	-	-	571,765	-	571,765
Property and equipment, net of accumulated depreciation	1,922	236,207	79,357	-	5,813	805	68	324,172
TOTAL ASSETS	<u>\$ 13,403</u>	<u>\$ 236,207</u>	<u>\$ 740,807</u>	<u>\$ -</u>	<u>\$ 49,871</u>	<u>\$ 1,619,793</u>	<u>\$ 60,886</u>	<u>\$ 2,720,967</u>
LIABILITIES								
Vacation payable	\$ 20,195	\$ 14,974	\$ 21,755	\$ -	\$ 10,131	\$ 18,175	\$ -	\$ 85,230
Other payables	-	-	-	-	-	36,858	-	36,858
Accrued expenses	-	-	1,507	-	-	-	-	1,507
Due to other funds	141,303	227,545	580,000	48,041	1,010,766	-	-	2,007,655
Account payable	-	-	-	-	33	-	-	33
Deferred revenue	-	-	99,160	-	-	-	-	99,160
Lease and equipment obligations	-	230,485	-	-	-	-	-	230,485
Total liabilities	161,498	473,004	702,422	48,041	1,020,930	55,033	-	2,460,928
RETAINED EARNINGS (ACCUMULATED DEFICIT)	<u>(148,095)</u>	<u>(236,797)</u>	<u>38,385</u>	<u>(48,041)</u>	<u>(971,059)</u>	<u>1,564,760</u>	<u>60,886</u>	<u>260,039</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 13,403</u>	<u>\$ 236,207</u>	<u>\$ 740,807</u>	<u>\$ -</u>	<u>\$ 49,871</u>	<u>\$ 1,619,793</u>	<u>\$ 60,886</u>	<u>\$ 2,720,967</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
OPERATING REVENUE								
Student and community services	\$ 393,734	\$ 396,228	\$ 165,930	\$ -	\$ 339,495	\$ 3,724,414	\$ -	\$ 5,019,801
Student tuition and fees	-	-	-	72,000	426,729	-	47,763	546,492
State sources	-	-	-	-	78,211	-	-	78,211
Other revenue	-	-	-	-	4,605	-	-	4,605
Total operating revenue	393,734	396,228	165,930	72,000	849,040	3,724,414	47,763	5,649,109
OPERATING EXPENSES								
Salaries	290,199	142,994	49,394	198,399	297,709	243,016	12,966	1,234,677
Employee benefits	138,082	23,089	6,490	19,011	47,951	54,200	667	289,490
Contractual services	-	-	21,178	38,473	288,525	-	1,500	349,676
General materials and supplies	32,102	88,551	12,554	42,865	101,626	2,776,377	21,573	3,075,648
Conference and meeting	131	-	31,880	112,868	3,466	2,722	252	151,319
Fixed charges	-	56,109	73	-	-	583,675	-	639,857
Utilities	-	-	-	-	1,030	-	-	1,030
Capital outlay	-	-	-	-	17,834	100	-	17,934
Other	976	220,052	86,638	715	-	1,129	300	309,810
Total operating expenses	461,490	530,795	208,207	412,331	758,141	3,661,219	37,258	6,069,441
Operating income (loss)	(67,756)	(134,567)	(42,277)	(340,331)	90,899	63,195	10,505	(420,332)
OTHER FINANCING SOURCES								
Operating transfers, net	100,000	300,000	-	350,000	-	-	-	750,000
Net income (loss)	32,244	165,433	(42,277)	9,669	90,899	63,195	10,505	329,668
RETAINED EARNINGS (DEFICIT), JULY 1, 2005	(180,339)	(402,230)	80,662	(57,710)	(1,061,958)	1,501,565	50,381	(69,629)
RETAINED EARNINGS (DEFICIT), JUNE 30, 2006	\$ (148,095)	\$ (236,797)	\$ 38,385	\$ (48,041)	\$ (971,059)	\$ 1,564,760	\$ 60,886	\$ 260,039

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
COMBINING STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
OPERATING ACTIVITIES								
Operating income (loss)	\$ (67,756)	\$ (134,567)	\$ (42,277)	\$ (340,331)	\$ 90,899	\$ 63,195	\$ 10,505	\$ (420,332)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	961	220,052	21,482	67	12,026	792	300	255,680
Changes in assets and liabilities:								
Inventories	-	-	46	-	-	57,518	-	57,564
Receivables	(4,055)	-	(1,755)	-	14,496	8,090	-	16,776
Vacation payable	4,981	1,493	2,704	-	(4,625)	(4,235)	-	318
Deferred revenue	-	-	3,365	-	-	-	-	3,365
Other payables	-	-	-	-	(1,985)	16,205	-	14,220
Net cash provided by (used in) operating activities	(65,869)	86,978	(16,435)	(340,264)	110,811	141,565	10,805	(72,409)
CAPITAL AND RELATED FINANCING ACTIVITY								
Capital lease payments	-	(223,001)	-	-	-	-	-	(223,001)
Acquisitions of equipment	(2,883)	-	(42,964)	-	(5,122)	-	-	(50,969)
Net cash used in capital and related financing activity	(2,883)	(223,001)	(42,964)	-	(5,122)	-	-	(273,970)
NONCAPITAL FINANCING ACTIVITY								
Due to (from) other funds	(31,248)	(163,977)	(510,000)	(9,736)	(105,689)	-	-	(820,650)
Operating transfers in	100,000	300,000	-	350,000	-	-	-	750,000
Net cash provided by (used in) noncapital financing activity	68,752	136,023	(510,000)	340,264	(105,689)	-	-	(70,650)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	(569,399)	-	-	141,565	10,805	(417,029)
CASH AND CASH EQUIVALENTS, JULY 1, 2005	-	-	1,152,569	-	-	825,425	50,013	2,028,007
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ -	\$ -	\$ 583,170	\$ -	\$ -	\$ 966,990	\$ 60,818	\$ 1,610,978

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
BALANCE SHEET -
ALL FUNDS AND ACCOUNT GROUPS
June 30, 2006
(With Comparative Totals for June 30, 2005)

	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	
	Education Fund	Operational		Restricted		General Fixed Assets							Long-Term Debt	June 30, 2006	June 30, 2005	
ASSETS																
Cash and cash equivalents	\$ 5,520,503	\$ 393,453	\$ 259,970	\$ 1,610,978	\$ -	\$ 7,600,000	\$ 661,468	\$ 44,327	\$ 820,241	\$ -	\$ -	\$ -	\$ 16,910,940	\$ 14,372,506		
Receivables:																
Property taxes, net	5,841,707	2,243,001	1,123,115	-	-	-	-	45,226	1,515,075	-	-	-	10,768,124	9,981,617		
Replacement taxes, net	496,203	-	-	-	-	-	-	-	-	-	-	-	496,203	539,999		
Agency tuition, net	346,414	-	-	-	-	-	-	-	-	-	-	-	346,414	366,750		
Student tuition and fees, net	204,560	-	-	140,452	-	-	42,014	-	-	-	-	-	387,026	240,448		
Governmental grants	-	-	-	-	-	-	-	-	836,267	-	-	-	836,267	477,211		
Business and industry training	-	-	-	42,085	-	-	-	-	-	-	-	-	42,085	54,488		
Student loans	-	-	-	-	-	221,753	-	-	-	-	-	-	221,753	244,833		
Due from other funds	3,145,460	-	-	-	-	-	-	-	-	-	-	-	3,145,460	4,288,304		
Due from Parkland Foundation	45,000	-	-	-	-	-	-	-	-	-	-	-	45,000	395,000		
Other	964,581	3,345	-	31,254	-	-	-	-	7,821	-	-	-	1,007,001	974,879		
Prepaid items and deferred charges	33,316	-	-	261	44,522	-	-	-	-	-	-	-	78,099	69,019		
Bookstore inventories	-	-	-	571,765	-	-	-	-	-	-	-	-	571,765	629,283		
Property and equipment at cost, net	-	-	-	324,172	-	-	-	-	-	-	-	-	36,227,214	36,019,013		
Amount to be provided to retire debt	-	-	-	-	-	-	-	-	-	-	-	-	2,356,103	3,086,855		
TOTAL ASSETS																
	\$ 16,597,744	\$ 2,639,799	\$ 1,383,085	\$ 2,720,967	\$ 1,102,542	\$ 7,600,000	\$ 703,482	\$ 89,553	\$ 2,343,137	\$ 35,903,042	\$ 2,356,103	\$ 73,439,454	\$ 71,740,205			

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
BALANCE SHEET -
ALL FUNDS AND ACCOUNT GROUPS
June 30, 2006
(With Comparative Totals for June 30, 2005)

	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	
	Education Fund	Operational		Restricted	General Fixed Assets	General Long-Term Debt							June 30, 2006	June 30, 2005		
LIABILITIES																
Accounts payable	\$ 18,060	\$ 5,786	\$ 170,024	\$ 33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,903	\$ 323,178		
Vacation payable	956,805	90,801	-	85,230	-	-	-	-	-	-	-	49,952	1,238,020	1,060,768		
Other payables	886,013	-	-	36,858	-	-	-	-	-	-	-	1,353	924,224	1,128,678		
Accrued expenses	1,210,872	-	-	1,507	-	-	-	-	-	-	-	-	1,212,379	1,178,150		
Due to other funds	-	-	315,000	2,007,655	-	-	-	-	-	-	-	-	3,145,460	4,288,304		
Deferred revenue	7,462,067	1,688,963	845,698	99,160	-	-	-	-	-	-	34,055	1,140,840	11,424,395	10,446,044		
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	2,356,103	3,086,855		
Lease and equipment obligations	-	-	-	230,485	-	-	-	-	-	-	-	-	230,485	453,486		
Deposits held for others	-	-	-	-	-	-	704,124	-	-	-	-	-	704,124	500,451		
Total liabilities	10,533,817	1,785,550	1,330,722	2,460,928	-	-	704,124	-	-	-	34,055	1,192,145	21,429,093	22,465,914		
COLLEGE EQUITY																
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	35,903,042	35,490,130		
Fund balance:																
Designated by state statute for liability, protection, and settlement coverage	-	-	-	-	-	-	-	-	-	-	-	1,150,992	-	1,150,992		
Unreserved, undesignated	6,063,927	854,249	52,363	-	-	7,600,000	(642)	-	-	-	-	-	14,569,897	12,671,752		
Restricted	-	-	-	-	-	-	-	-	-	-	55,498	-	126,391	119,874		
Retained earnings (accumulated deficit)	-	-	-	-	-	-	-	-	-	-	-	-	-	(69,629)		
Retained earnings (accumulated deficit)	-	-	-	260,039	-	-	-	-	-	-	-	-	260,039	(69,629)		
Total college equity (deficit)	6,063,927	854,249	52,363	260,039	70,893	7,600,000	(642)	55,498	1,150,992	-	-	-	52,010,361	49,274,291		
TOTAL LIABILITIES AND COLLEGE EQUITY																
	\$ 16,597,744	\$ 2,639,799	\$ 1,383,085	\$ 2,720,967	\$ 1,102,542	\$ 7,600,000	\$ 703,482	\$ 89,553	\$ 2,343,137	\$ 35,903,042	\$ 2,356,103	\$ 73,439,454	\$ 71,740,205			

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICIT) -
ALL FUNDS
Year Ended June 30, 2006
(With Comparative Totals for Year Ended June 30, 2005)

	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, 2006	June 30, 2005
REVENUE													
Local sources	\$ 9,882,205	\$ 3,654,149	\$ 1,828,947	\$ -	\$ 8,800	\$ -	\$ 74,761	\$ 2,548,802	\$ 17,997,664	\$ 17,348,142			
State sources	9,626,058	624,015	-	78,211	2,387,731	-	-	-	12,716,015	12,587,877			
Federal sources	106,497	-	-	-	15,033,951	-	-	-	15,140,448	15,689,635			
Tuition and fees	18,618,718	-	-	546,492	-	-	-	-	19,165,210	18,073,268			
Facilities	-	635,739	-	-	474,596	-	-	-	1,110,335	1,059,979			
All other revenue	733,459	27,667	235,263	5,024,406	74,955	273,361	81	2,827	6,372,019	5,976,145			
On-behalf payments	1,354,365	-	-	-	-	-	-	-	1,354,365	2,254,261			
Total revenue	40,321,302	4,941,570	2,064,210	5,649,109	17,980,033	273,361	74,842	2,551,629	73,856,056	72,989,307			
EXPENDITURES													
Instruction	21,123,347	-	-	-	611,746	-	-	-	21,735,093	22,022,194			
Academic support	3,916,131	-	-	-	2,064,525	-	-	-	5,980,656	5,027,910			
Student services	3,458,413	-	-	-	993,357	-	-	-	4,451,770	4,646,133			
Public service	679,275	-	-	-	897,563	-	-	-	1,576,838	1,468,959			
Auxiliary services	-	-	-	6,069,441	6,060	-	-	-	6,075,501	5,880,790			
Operation and maintenance of plant	-	4,801,473	1,962,124	-	-	-	-	1,179,530	7,943,127	7,184,935			
Institutional support	7,657,170	-	-	-	16,682	-	56,830	1,283,272	9,013,954	8,327,708			
Financial aid	-	-	-	-	13,401,594	-	-	-	13,401,594	14,036,031			
On-behalf payments	1,354,365	-	-	-	-	-	-	-	1,354,365	2,254,261			
Total expenditures	38,188,701	4,801,473	1,962,124	6,069,441	17,991,527	-	56,830	2,462,802	71,532,898	70,848,921			
Revenue over (under) expenditures	2,132,601	140,097	102,086	(420,332)	(11,494)	273,361	18,012	88,827	2,323,158	2,140,386			
OTHER FINANCING SOURCES (USES)													
Operating transfers, net	(476,639)	-	-	750,000	-	(273,361)	-	-	-	-			
Revenues and other financing sources over (under) expenditures and other financing uses	1,655,962	140,097	102,086	329,668	(11,494)	-	18,012	88,827	2,323,158	2,140,386			
FUND BALANCE (DEFICIT), JULY 1, 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			
FUND BALANCE, JUNE 30, 2006	\$ 6,063,927	\$ 854,249	\$ 52,363	\$ 260,039	\$ 70,893	\$ 7,600,000	\$ 55,499	\$ 1,150,991	\$ 16,107,961	\$ 13,784,803			

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENTS OF NET ASSETS
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Fund balances – all fund types	\$ 52,010,361	\$ 49,274,291
Reconciling item – recognition of summer school revenues	1,189,006	1,081,996
Reconciling item – reclassification of long-term debt	<u>(2,356,103)</u>	<u>(3,086,855)</u>
NET ASSETS OF STATEMENTS OF NET ASSETS	<u>\$ 50,843,264</u>	<u>\$ 47,269,432</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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Net increase in fund balances	\$ 2,323,158	\$ 2,140,386
Internal charges removed for auxiliary revenues	(537,174)	(532,072)
Internal charges removed for auxiliary expenditures	<u>(537,174)</u>	<u>(532,072)</u>
Net effect	<u>-</u>	<u>-</u>
Internal charges removed for General Fund revenues	(396,228)	(399,416)
Internal charges removed for auxiliary expenditures	<u>(396,228)</u>	<u>(399,416)</u>
Net effect	<u>-</u>	<u>-</u>
Expenditures for capital assets deleted	<u>2,102,122</u>	<u>1,869,137</u>
Depreciation on GFAAG assets	<u>(1,689,210)</u>	<u>(1,649,393)</u>
Student waivers removed from revenue	(5,364,731)	(5,704,681)
Student waivers removed from expenditures	<u>(5,364,731)</u>	<u>(5,704,681)</u>
Net effect	<u>-</u>	<u>-</u>
Retirement of indebtedness expenditures deleted	<u>64,475</u>	<u>81,135</u>
Payment of accrued retirement obligations	<u>666,277</u>	<u>292,846</u>
Change in recognition of summer school revenues	<u>107,010</u>	<u>67,986</u>
Increase in net assets	<u>\$ 3,573,832</u>	<u>\$ 2,802,097</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ASSESSED VALUES, TAX RATES, EXTENSIONS,
AND COLLECTIONS
June 30, 2006

ASSESSED VALUATIONS

County:	2005	2004	2003	2002	2001	2000	1999	1998	1997
Champaign	\$ 2,827,890,748	\$ 2,610,703,920	\$ 2,485,411,067	\$ 2,356,567,402	\$ 2,249,225,082	\$ 2,146,637,370	\$ 2,019,228,331	\$ 1,899,554,792	\$ 1,795,990,090
Coles	5,963,210	6,416,722	6,225,361	6,757,851	7,900,000	7,963,010	7,667,234	7,065,637	6,410,387
DeWitt	57,235,909	58,542,203	61,241,631	62,963,494	63,263,081	64,509,268	63,062,951	59,695,524	56,105,237
Douglas	208,085,929	205,222,157	211,719,753	212,081,194	213,873,061	214,230,703	202,275,115	190,835,906	174,777,350
Edgar	2,359,397	2,550,230	2,750,598	2,975,138	3,229,642	3,506,564	3,399,762	3,175,188	2,938,704
Ford	166,210,215	163,136,913	169,817,255	170,518,292	170,049,562	169,740,151	168,626,119	157,904,560	145,909,804
Iroquois	70,565,997	70,068,302	68,855,261	70,121,443	69,704,262	68,916,644	68,860,914	63,716,161	58,741,423
Livingston	50,467,263	48,636,918	49,889,515	51,161,150	52,434,825	54,830,620	54,196,144	52,878,805	48,684,866
McLean	111,280,992	112,013,505	111,964,618	112,238,854	110,717,051	112,612,138	110,775,037	103,641,091	97,148,570
Moultrie	2,828,750	3,058,323	3,302,506	3,570,168	3,821,243	4,120,557	3,908,900	3,582,893	3,323,893
Piatt	260,426,679	252,425,217	258,267,102	247,128,738	243,761,308	241,106,057	227,915,274	214,489,669	197,913,628
Vermilion	9,376,245	9,759,669	10,463,662	10,628,076	11,153,861	11,755,423	11,335,316	10,413,979	9,661,947
TOTAL	\$ 3,772,691,334	\$ 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	0.2592	0.2600	0.2600	0.2600	0.2600	0.2617	0.2600	0.2600	0.2600
Operations and Maintenance - Operational Fund	0.0994	0.1000	0.1000	0.1000	0.1000	0.1007	0.1000	0.1000	0.1000
Tort and Immunity	0.0406	0.0450	0.0436	0.0287	0.0250	0.0219	0.0365	0.0434	0.0488
Audit	0.0019	0.0022	0.0021	0.0014	0.0012	0.0008	0.0012	0.0013	0.0014
Worker's Compensation	0.0062	0.0069	0.0056	0.0030	0.0022	0.0008	0.0017	0.0045	0.0000
Unemployment Insurance	0.0002	0.0006	0.0022	0.0009	0.0009	0.0008	0.0012	0.0013	0.0000
Protection, Health and Safety	0.0496	0.0500	0.0500	0.0500	0.0500	0.0469	0.0500	0.0479	0.0500
Medicare Insurance	0.0099	0.0119	0.0116	0.0121	0.0101	0.0086	0.0102	0.0054	0.0000
Property Insurance	0.0083	0.0085	0.0087	0.0091	0.0062	0.0047	0.0051	0.0054	0.0000
TOTAL	0.4753	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, 2006

	2005	2004	2003	2002	2001	2000	1999	1998	1997
TAX EXTENSIONS									
Education Fund	\$ 9,775,029	\$ 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	3,753,251	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	1,531,713	1,583,798	1,499,800	949,026	799,783	1,165,187	1,608,766	1,655,876	1,267,632
Audit	75,678	73,834	72,238	46,294	38,390	24,821	35,629	38,810	36,366
Worker's Compensation	233,907	244,435	192,635	99,201	70,381	-	-	-	-
Unemployment Insurance	7,545	21,255	75,678	29,760	28,792	-	-	-	-
Protection, Health and Safety	1,879,328	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	373,496	421,562	399,029	400,112	323,112	-	-	-	-
Property Insurance	313,133	301,115	299,272	300,911	198,346	-	-	-	-
	17,943,080	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	(7,174,956)	(7,189,045)	(6,328,182)	(6,281,676)	(5,799,158)	(4,794,172)	(4,840,746)	(4,543,428)	(4,459,209)
	10,768,124	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)
	\$ 10,768,124	\$ 9,981,617	\$ 10,314,094	\$ 9,101,146	\$ 8,776,091	\$ 8,967,212	\$ 8,835,140	\$ 8,348,860	\$ 7,431,616
PROPERTY TAXES RECEIVABLE									
PROPERTY TAXES RECEIVABLE BY FUND									
Education Fund	\$ 5,841,707	\$ 5,354,140	\$ 5,542,794	\$ 5,086,631	\$ 5,008,516	\$ 5,217,124	\$ 4,930,891	\$ 4,625,180	\$ 4,198,487
Operations and Maintenance:									
Operational Fund	2,243,001	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	1,123,115	1,030,102	1,066,477	978,373	963,614	969,355	948,010	851,628	807,104
Audit Fund	45,226	42,921	44,351	27,304	22,818	16,140	22,972	25,046	22,766
Liability, Protection and Settlement Fund	1,515,075	1,495,246	1,528,548	1,052,092	854,791	757,730	1,037,246	1,068,699	787,775
	\$ 10,768,124	\$ 9,981,617	\$ 10,314,094	\$ 9,101,146	\$ 8,776,091	\$ 8,967,212	\$ 8,835,140	\$ 8,348,860	\$ 7,431,616
TOTAL									

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF LEGAL DEBT MARGIN
Year Ended June 30, 2006

ASSESSED VALUATION - 2005 LEVY	<u><u>\$ 3,772,691,334</u></u>
Debt limit, 2.875% of assessed valuation	\$ 108,464,876
Indebtedness	<u>-</u>
LEGAL DEBT MARGIN	<u><u>\$ 108,464,876</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
STUDENT ENROLLMENT AND FULL-TIME EQUIVALENCY
AT TENTH DAY
Year Ended June 30, 2006
(Unaudited)

	<u>Student Enrollment</u>	<u>Full-Time Equivalency Semester</u>
SCHOOL QUARTER		
Summer 2005	5,338	1,698
Fall 2005	9,764	6,019
Spring 2006	<u>8,969</u>	<u>5,510</u>
SEMESTER AVERAGE (EXCLUSIVE OF SUMMER SCHOOL)	<u><u>9,367</u></u>	<u><u>5,765</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 1
Year Ended June 30, 2006

	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, 2005	\$ 4,407,965	\$ 714,152	\$ (49,723)	\$ (69,629)	\$ 82,387	\$ 7,600,000	\$ 37,487	\$ 1,062,164	\$ 13,784,803
REVENUE									
Local tax revenue	9,515,074	3,654,149	1,828,947	-	-	-	74,761	2,548,802	17,621,733
All other local revenue	367,131	-	-	-	8,800	-	-	-	375,931
ICCB grants	7,991,828	-	-	78,211	437,271	-	-	-	8,507,310
All other state revenue	1,634,230	624,015	-	-	1,950,460	-	-	-	4,208,705
Federal revenue	106,497	-	-	-	15,033,951	-	-	-	15,140,448
Student tuition and fees	18,618,718	-	-	546,492	-	-	-	-	19,165,210
All other revenue	733,459	663,406	235,263	5,024,406	669,726	273,361	81	2,827	7,602,529
Total revenue	38,966,937	4,941,570	2,064,210	5,649,109	18,100,208	273,361	74,842	2,551,629	72,621,866
EXPENDITURES									
Instruction	21,123,347	-	-	-	611,746	-	-	-	21,735,093
Academic support	3,916,131	-	-	-	2,064,525	-	-	-	5,980,656
Student services	3,458,413	-	-	-	993,357	-	-	-	4,451,770
Public service	679,275	-	-	-	897,563	-	-	-	1,576,838
Independent operations	-	-	-	6,069,441	6,060	-	-	-	6,075,501
Operation and maintenance of plant	-	4,801,473	1,962,124	-	13,401,594	-	-	1,179,530	7,943,127
Scholarships and grants	-	-	-	-	-	-	-	-	13,401,594
Institutional support	7,657,170	-	-	-	16,682	-	56,830	1,283,272	9,013,954
Total expenditures	36,834,336	4,801,473	1,962,124	6,069,441	17,991,527	-	56,830	2,462,802	70,178,533
OTHER FINANCING SOURCES (USES)									
Operating transfers, net	(476,639)	-	-	750,000	-	(273,361)	-	-	-
FUND BALANCE, JUNE 30, 2006	\$ 6,063,927	\$ 854,249	\$ 52,363	\$ 260,039	\$ 191,068	\$ 7,600,000	\$ 55,499	\$ 1,150,991	\$ 16,228,136

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SUMMARY OF FIXED ASSETS AND DEBT
UNIFORM FINANCIAL STATEMENT NO. 2
June 30, 2006

	Fixed Asset/Debt Account Groups <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	Fixed Asset/Debt Account Groups <u>June 30, 2006</u>
FIXED ASSETS				
Land	\$ 721,745	\$ -	\$ -	\$ 721,745
Land improvements	5,039,366	2,033,067	-	7,072,433
Buildings	50,422,000	-	-	50,422,000
Equipment	2,120,890	139,999	-	2,260,889
Construction in progress	690,904	535,034	(605,978)	619,960
	58,994,905	2,708,100	(605,978)	61,097,027
Accumulated depreciation	23,504,775	1,689,210	-	25,193,985
NET FIXED ASSETS	<u>\$ 35,490,130</u>	<u>\$ 1,018,890</u>	<u>\$ (605,978)</u>	<u>\$ 35,903,042</u>
FIXED DEBT				
Early retirement benefits	\$ 2,987,339	\$ 348,089	\$ 1,014,366	\$ 2,321,062
Capital lease obligations	99,516	-	64,475	35,041
TOTAL FIXED DEBT	<u>\$ 3,086,855</u>	<u>\$ 348,089</u>	<u>\$ 1,078,841</u>	<u>\$ 2,356,103</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 3 -
OPERATING FUNDS
Year Ended June 30, 2006

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUE BY SOURCE			
Local Government			
Current taxes	\$ 9,515,074	\$ 3,654,149	\$ 13,169,223
Chargeback revenue	367,131	-	367,131
Total local government	<u>9,882,205</u>	<u>3,654,149</u>	<u>13,536,354</u>
State Government			
ICCB credit hour grants	5,287,548	-	5,287,548
ICCB equalization grants	2,704,280	-	2,704,280
SBE - vocational education	221,992	-	221,992
CPPRT	1,412,238	624,015	2,036,253
Total state government	<u>9,626,058</u>	<u>624,015</u>	<u>10,250,073</u>
Federal Government			
Grant indirect costs	<u>106,497</u>	<u>-</u>	<u>106,497</u>
Student Tuition and Fees			
Tuition	17,332,219	-	17,332,219
Fees	1,286,499	-	1,286,499
Total student tuition and fees	<u>18,618,718</u>	<u>-</u>	<u>18,618,718</u>
Other Sources			
Sales and service fees	327,876	-	327,876
Facilities revenue	-	635,739	635,739
Investment revenue	340,377	27,290	367,667
Other	65,206	377	65,583
Total other sources	<u>733,459</u>	<u>663,406</u>	<u>1,396,865</u>
Total revenue	38,966,937	4,941,570	43,908,507
Tuition chargeback revenue	<u>(367,131)</u>	<u>-</u>	<u>(367,131)</u>
ADJUSTED REVENUE	<u>\$ 38,599,806</u>	<u>\$ 4,941,570</u>	<u>\$ 43,541,376</u>

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES			
By program:			
Instruction	\$ 21,123,347	\$ -	\$ 21,123,347
Academic support	3,916,131	-	3,916,131
Student services	3,458,413	-	3,458,413
Public service	679,275	-	679,275
Operation and maintenance of plant	-	4,801,473	4,801,473
Institutional support	7,657,170	-	7,657,170
Total expenditures	36,834,336	4,801,473	41,635,809
Tuition chargeback	(27,378)	-	(27,378)
ADJUSTED EXPENDITURES	\$ 36,806,958	\$ 4,801,473	\$ 41,608,431
By object:			
Salaries	\$ 26,704,927	\$ 1,401,010	\$ 28,105,937
Employee benefits	4,586,851	412,837	4,999,688
Contractual services	546,786	429,523	976,309
General materials and supplies	1,955,251	405,439	2,360,690
Conference and meeting expenses	389,068	1,363	390,431
Fixed charges	475,644	165,640	641,284
Utilities	10,430	1,771,731	1,782,161
Capital outlay	852,944	213,930	1,066,874
Other	1,312,435	-	1,312,435
Total expenditures	36,834,336	4,801,473	41,635,809
Tuition chargeback	(27,378)	-	(27,378)
ADJUSTED EXPENDITURES	\$ 36,806,958	\$ 4,801,473	\$ 41,608,431

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 4 -
RESTRICTED PURPOSES FUND
Year Ended June 30, 2006

REVENUE BY SOURCE

State Government:	
ICCB - Workforce Business & Industry Grant	\$ 87,921
ICCB - P-16 Initiative Grant	47,400
ICCB- Career and Technical Education Program Improvement Grant	30,335
ICCB - Adult Education	252,001
ICCB- Program Review	19,614
SBE - Vocational Education	1,463,999
Other - State Sources	486,461
Total State Government	2,387,731
Federal Government - Other	15,033,951
Other Local Sources	8,800
Other Sources - Other Revenue	669,726

TOTAL RESTRICTED PURPOSES FUND REVENUE	\$ 18,100,208
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EXPENDITURES BY PROGRAM

Instruction	\$ 611,746
Academic services	2,064,525
Student services	993,357
Public service	897,563
Auxiliary services	6,060
Institutional support	16,682
Financial aid	13,401,594

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$ 17,991,527
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EXPENDITURES BY OBJECT

Salaries	\$ 1,409,554
Employee benefits	301,124
Contractual services	1,298,012
General materials and supplies	384,411
Conference and meeting expenses	228,130
Fixed charges	567,435
Utilities	92,639
Capital outlay	400,168
Other	13,310,054

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$ 17,991,527
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PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
UNIFORM FINANCIAL STATEMENT NO. 5
CURRENT FUNDS EXPENDITURES BY ACTIVITY
Year Ended June 30, 2006

INSTRUCTION

Instructional programs	\$ 21,735,093
Other	-
Total instruction	<u>21,735,093</u>

ACADEMIC SUPPORT

Library center	959,308
Instructional materials center	-
Educational media services	-
Academic computing support	1,112,805
Academic administration and planning	134,034
Other	<u>3,774,509</u>
Total academic support	<u>5,980,656</u>

STUDENT SERVICES

Admissions and records	851,371
Counseling and career guidance	1,260,344
Financial aid administration	495,487
Other	<u>1,844,568</u>
Total student services	<u>4,451,770</u>

PUBLIC SERVICE/CONTINUING EDUCATION

Community education	-
Customized training (Instructional)	87,921
Community services	-
Other	<u>1,488,917</u>
Total public service/continuing education	<u>1,576,838</u>

AUXILIARY SERVICES

6,075,501

OPERATIONS AND MAINTENANCE OF PLANT

Maintenance	864,983
Custodial services	1,232,159
Grounds	435,877
Campus security	1,090,914
Transportation	17,439
Utilities	1,778,814
Administration	472,199
Other	<u>88,618</u>
Total operations and maintenance of plant	<u>5,981,003</u>

INSTITUTIONAL SUPPORT

Executive management	487,964
Fiscal operations	876,619
Community relations	88,465
Board of trustees	149,298
General institution	1,461,748
Institutional research	190,728
Administrative data processing	1,016,836
Other	<u>4,742,296</u>
Total institutional support	<u>9,013,954</u>

SCHOLARSHIPS, STUDENT GRANTS, AND WAIVERS

13,401,594

TOTAL CURRENT FUNDS EXPENDITURES

\$ 68,216,409

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
CERTIFICATE OF CHARGEBACK
Year Ended June 30, 2006

**ALL FISCAL 2006 NON-CAPITAL AUDITED OPERATING
EXPENDITURES FROM THE FOLLOWING FUNDS:**

Education	\$ 35,981,392
Operations and maintenance fund	4,587,543
Restricted purposes fund	17,591,359
Audit fund	56,830
Liability, protection and settlement fund	<u>2,099,979</u>
 Total non-capital expenditures	 <u>60,317,103</u>
 Depreciation on capital outlay expenditures from sources other than state and federal funds	 <u>2,618,477</u>
 Total costs included	 <u>62,935,580</u>
 Total certified semester credit hours for FY 2006	 <u>180,397.0</u>
 Per capita cost	 <u>348.87</u>
 All FY 2006 state and federal operating grants for non-capital expenditures, except ICCB grants	 19,272,460
 Fiscal year state and federal grants per semester credit hour	 <u>106.83</u>
 District's average ICCB grant rate for fiscal year 2007	 <u>30.97</u>
 District's student tuition and fee rate per semester credit hour for fiscal year 2007	 <u>77</u>
 Chargeback reimbursement per semester credit hour	 <u><u>\$ 134.07</u></u>

Approved: _____
Chief Fiscal Officer

Approved: _____
President

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

**Auditor's Report on Compliance with State Requirements
For 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, 2006, 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, 2006, 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, 2006, 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 Gundersen L L P

Danville, Illinois
August 10, 2006

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
WORKFORCE DEVELOPMENT (BUSINESS/INDUSTRY)
COMPONENT GRANT PROGRAM
BALANCE SHEET
June 30, 2006**

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, 2006**

	<u>Actual</u> <u>Business</u> <u>& Industry</u>
REVENUES	
ICCB Grant	\$ 87,921
EXPENDITURES	
Current year's grant	
Salaries	4,144
Employee benefits	-
Contractual services	-
Materials and supplies	-
Conference and meeting expense	-
Utilities	14,777
Rent	69,000
Other expenditures	-
Total expenditures	<u>87,921</u>
Excess of revenues over expenditures	-
OTHER FINANCING USES	
Operating transfers, net	<u>-</u>
Excess of revenues over expenditures and other financing uses	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>
ORIGINAL ALLOCATION	<u>\$ 87,921</u>
MINIMUM EXPENDITURE REQUIREMENT	<u>\$ 43,961</u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
P-16 INITIATIVE GRANT PROGRAM
BALANCE SHEET
June 30, 2006

ASSETS

Cash	<u>\$ 15,997</u>
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LIABILITIES

Accounts payable	\$ 15,905
Deferred revenue	<u>92</u>
	<u>\$ 15,997</u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
P-16 INITIATIVE GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2006**

	<u>Actual</u>
REVENUES	
ICCB Grant	\$ 47,492
EXPENDITURES	
Other expenditures- scholarships/waivers	<u>47,492</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, 2006**

ASSETS

Cash	\$ -
	<u> </u>

LIABILITIES

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

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
CAREER AND TECHNICAL EDUCATION- PROGRAM IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2006**

	<u>Actual</u>
REVENUES	
ICCB Grant	\$ 30,335
EXPENDITURES	
Instructional equipment	<u>30,335</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, 2006

ASSETS

Cash	<u>\$ 5,021</u>
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LIABILITIES

Accounts payable	\$ 1,198
Deferred revenue	<u>3,823</u>

TOTAL LIABILITIES	<u>\$ 5,021</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, 2006

	ACTUAL			
	<u>State Basic</u>	<u>Public Assistance</u>	<u>Performance</u>	<u>Total</u>
REVENUES				
ICCB Grant	\$ 128,947	\$ 25,356	\$ 97,698	\$ 252,001
EXPENDITURES				
Instruction	66,208	11,459	26,015	103,682
Guidance services	16,045	-	3,314	19,359
Assessment and testing	12,649	1,000	29,931	43,580
Literacy services	-	-	500	500
Social work services	-	10,615	-	10,615
Student transportation services	5,995	-	1,333	7,328
Child care services	-	-	1,194	1,194
Total instructional student services	<u>100,897</u>	<u>23,074</u>	<u>62,287</u>	<u>186,258</u>
Improvement of instructional services	-	-	7,570	7,570
General administration	11,580	2,282	7,620	21,482
Workforce coordination	16,470	-	5,137	21,607
Data and information services	-	-	15,084	15,084
Total program support	<u>28,050</u>	<u>2,282</u>	<u>35,411</u>	<u>65,743</u>
Total expenditures	<u>128,947</u>	<u>25,356</u>	<u>97,698</u>	<u>252,001</u>
Excess of revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-
FUND BALANCE, BEGINNING OF YEAR				-
FUND BALANCE, END OF YEAR				<u>\$ -</u>

**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, 2006**

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, 2006. 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, 2006**

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, 2006**

	<u>General</u>	<u>Operation of Workforce Prep Office</u>	<u>Total</u>
EXPENDITURES			
Salaries	\$ -	\$ 4,144	\$ 4,144
Rent	-	69,000	69,000
Utilities	-	14,777	14,777
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 87,921</u>	<u>\$ 87,921</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, 2006**

	<u>Audited Expenditures (\$)</u>	<u>Actual Expenditure Percentage</u>
State Basic		
Instruction (45% Minimum Required)	\$ 66,208	51.35%
General Administration (9% Maximum Allowed)	\$ 11,580	8.98%
 State Public Assistance		
Instruction (45% Minimum Required)	\$ 11,459	45.19%
General Administration (9% Maximum Allowed)	\$ 2,282	9.00%
 State Performance		
General Administration (9% Maximum Allowed)	\$ 7,620	7.80%

**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, 2006. 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, 2006 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 10, 2006

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES
UPON WHICH CLAIMS ARE FILED
Year Ended June 30, 2006

<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	15,797.0	20.0	49,042.0	50.0	48,492.0	164.0
Business Occupational	793.5	74.0	3,878.0	66.0	3,790.5	128.0
Technical Occupational	2,042.0	-	11,660.0	-	11,218.0	-
Health Occupational	1,438.5	-	5,114.5	-	4,763.5	-
Remedial Developmental	1,338.0	-	9,115.0	-	6,030.0	-
Adult Basic Education/ Adult						
Secondary Education	72.0	479.0	252.0	2,259.0	270.0	2,050.0
TOTAL CREDIT HOURS CERTIFIED	21,481.0	573.0	79,061.5	2,375.0	74,564.0	2,342.0

<u>Semester Credit Hours</u>	<u>Attending In-District</u>	<u>Attending Out-of-District on Chargeback or Contractual Agreement</u>	<u>Total</u>
	137,653.0	201.5	137,854.5

District 2005 Equalized Assessed Valuation

\$ 3,772,691,334

<u>Categories</u>	<u>Total Reimbursable Correctional Semester Credit Hours by Term</u>			
	<u>Summer</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
Baccalaureate	-	-	-	-
Business Occupational	-	-	-	-
Technical Occupational	-	-	-	-
Health Occupational	-	-	-	-
Remedial Developmental	-	-	-	-
Adult Basic Education/ Adult				
Secondary Education	-	95.0	12.0	107.0
TOTAL CREDIT HOURS CERTIFIED	-	95.0	12.0	107.0

Signatures:

Chief Executive Officer (CEO)

Chief Financial Officer (CFO)

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
RECONCILIATION OF TOTAL REIMBURSABLE
SEMESTER CREDIT HOURS
Year Ended June 30, 2006

<u>Categories</u>	<u>Total Reimbursable Credit Hours</u>	<u>Total Reim-bursable Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	113,565.0	113,565.0	-
Business Occupational	8,730.0	8,730.0	-
Technical Occupational	24,920.0	24,920.0	-
Health Occupational	11,316.5	11,316.5	-
Remedial Developmental	16,483.0	16,483.0	-
Adult Basic Education/ Adult Secondary Education	5,382.0	5,382.0	-
TOTAL CREDIT HOURS CERTIFIED	<u>180,396.5</u>	<u>180,396.5</u>	<u>-</u>

RECONCILIATION OF IN-DISTRICT/CHARGEBACK
REIMBURSABLE CREDIT HOURS

	<u>Total Attending</u>	<u>Total Attending as Certified to the ICCB</u>	<u>Difference</u>
Reimbursable In-District Residents	137,653.0	137,653.0	-
Reimbursable Out-of-District on Chargeback or Contractual Agreement	201.5	201.5	-
TOTAL	<u>137,854.5</u>	<u>137,854.5</u>	<u>-</u>

RECONCILIATION OF TOTAL REIMBURSABLE CORRECTIONAL SEMESTER CREDIT HOURS

<u>Categories</u>	<u>Total Reimbursable Correctional Credit Hours</u>	<u>Total Reim-bursable Correctional Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupational	-	-	-
Health Occupational	-	-	-
Remedial Developmental	-	-	-
Adult Basic Education/ Adult Secondary Education	107.00	107.00	-
TOTAL CREDIT HOURS CERTIFIED	<u>107.00</u>	<u>107.00</u>	<u>-</u>

**PARKLAND COLLEGE
COMMUNITY COLLEGE DISTRICT #505
VERIFICATION OF STUDENT RESIDENCY
Year Ended June 30, 2006**

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.

**PARKLAND COLLEGE
COMMUNITY COLLEGE DISTRICT #505
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.

**PARKLAND COLLEGE
COMMUNITY COLLEGE DISTRICT #505
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, 2006, and have issued our report thereon dated August 10, 2006. 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 10, 2006.

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 Gunderson LLP

Danville, Illinois
August 10, 2006

**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, 2006. 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, 2006.

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 caused by error or fraud 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 10, 2006

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006

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	\$ 204,230
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	N/A	199,296
Federal Direct Loans	84.268	N/A	7,309,284
Pell Grant Program	84.063	N/A	5,508,875
Total Student Financial Aid			<u>13,221,685</u>
<i>Other Programs</i>			
Trio Student Support Services	84.042	N/A	283,449
Talent Search	84.044	N/A	233,370
CCAMPIS	84.335a	N/A	3,920
Title III	84.365	N/A	368,973
<i>Passed through Illinois Community College Board (ICCB)</i>			
Adult Education - Basic	84.002	N/A	134,538
EL/Civics Program	84.002	N/A	60,000
C.A.L.L.	84.002A	N/A	3,725
V.E. Perkins IIC Special Populations and Other	84.048	N/A	526,197
Total Department of Education			<u>14,835,857</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	142,143
Scholarships for Disadvantaged Students	93.925	N/A	4,049
Total Department of Health & Human Services			<u>146,192</u>
National Science Foundation			
<i>Passed through the University of Illinois</i>			
NSF Grants	47.049	REC-9629932	36,553
Department of Agriculture			
AG-GIS Program	10.226	N/A	2,129
<i>Passed through Illinois State Board of Education (ISBE)</i>			
Child and Adult Care Food Program	10.558	02-4226-00	19,902
Department of State			
<i>Passed through NAFSA</i>			
Collaborative Training Grants	19.430	N/A	811
Total Expenditures of Federal Awards			<u><u>\$ 15,041,444</u></u>

PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2006

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, 2006, 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, 2006.

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, 2006. 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, 2006</u>
Perkins Loans	84.038	\$ <u>221,753</u>

**PARKLAND COLLEGE COMMUNITY COLLEGE DISTRICT #505
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

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
84.048	Perkins Career and Technical Education

Dollar threshold used to distinguish between type A and type B programs: \$ 457,896
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, 2006**

No findings were reported in the prior year.