

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

Annual Financial Report
For the Years Ended June 30, 2012 and 2011

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**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the business-type activities of Parkland Community College, Community College District #505 (the "College") and its discretely presented component unit (Parkland College Foundation) as of and for the years ended June 30, 2012 and 2011 as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and, for the College, the standards applicable to financial audits contained in *Governmental 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 *Governmental Auditing Standards*. 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. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, based the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Parkland Community College, Community College District #505 and of its discretely presented component unit as of June 30, 2012 and 2011 and the changes in financial position and cash flows for the years 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 a report dated October 4, 2012, on our consideration of the College'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.

Board of Trustees
Parkland Community College
Community College District #505

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the business-type activities of Parkland Community College, Community College District #505 and its discretely presented component unit as of and for the years ended June 30, 2012 and 2011. The financial information listed as supplemental information, except for Schedule 19 (student enrollment information), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (Schedule 40), is also presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information, except for Schedule 19 (student enrollment information), is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. As described in Note 18, Schedules 1 through 3, Schedules 6 through 9, Schedules 14 through 16, Schedule 20, and Schedules 22 through 24 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America for a special-purpose government engaged only in business-type activities. The 2012 and 2011 supplementary information, other than that for Schedule 19 (student enrollment information), has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 and 2011 supplementary information, except for Schedule 19 (student enrollment information), is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2012 and 2011, taken as a whole, except for differences between accounting principles generally accepted in the United States of America for a special-purpose government engaged only in business-type activities and the modified accrual basis of accounting used for the schedules noted above.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the business-type activities of Parkland Community College, Community College District #505 and its discretely presented component unit. The information included in Schedule 19 is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Oak Brook, Illinois
October 4, 2012

Baker Tilly Vercher Krause, LLP

Parkland Community College
Community College District #505
Management's Discussion and Analysis

This section of Parkland Community College's (the "College" or "Parkland") Annual Financial Report presents management's discussion and analysis of the College's financial activities, and its component unit, the Foundation, for the fiscal years ended June 30, 2010, 2011 and 2012. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and footnotes. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College.

The MD&A contains comparisons between fiscal years 2010, 2011 and 2012 only.

Using This Annual Report

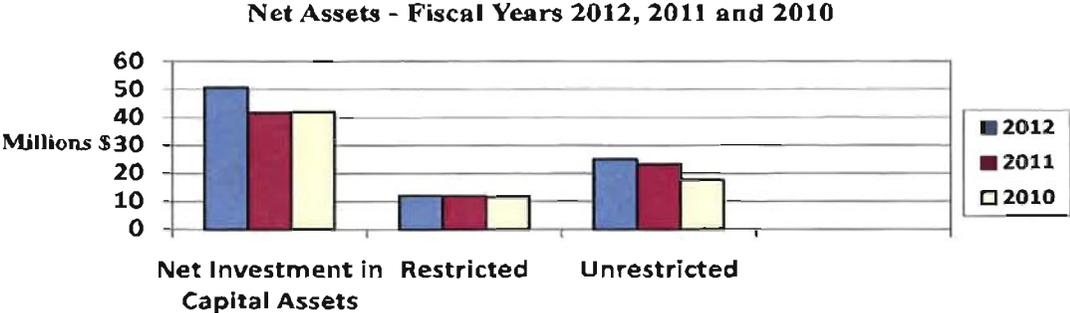
The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Assets is designed to be similar to bottom line results for the College. The Statements of Revenues, Expenses,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

The Management Discussion and Analysis contains financial activity of Parkland College. The College's component unit, the Foundation, has separately issued financial statements. These statements should be used for detailed information on the Foundation's financial activity for the year ending June 30, 2012. Copies of the Foundation's annual audit can be obtained from the Foundation office at 1806 Round Barn Road, Champaign, IL 61821.

**Parkland Community College
Community College District #505**
Management's Discussion and Analysis

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, or enabling legislation. The final category is unrestricted net assets. These assets are available for use by the College for any legal purpose.

Parkland Community College
Community College District #505
Management's Discussion and Analysis

Financial Analysis of the College as a Whole

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 94.9	\$ 100.9	\$ 101.7
Non-Current Assets:			
Capital Assets, Net of Depreciation	79.5	61.7	56.4
Total Assets	<u>174.4</u>	<u>162.6</u>	<u>158.1</u>
Current Liabilities	20.1	17.7	18.9
Non-Current Liabilities	66.6	68.2	68.5
Total Liabilities	<u>86.7</u>	<u>85.9</u>	<u>87.4</u>
Net Assets:			
Investment in Capital Assets	50.6	41.6	41.9
Restricted	12.0	11.9	11.5
Unrestricted	25.1	23.2	17.3
Total Net Assets	<u>\$ 87.7</u>	<u>\$ 76.7</u>	<u>\$ 70.7</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 2012 Compared to 2011

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

Total liabilities increased by \$0.8 million to \$86.7 million. Current liabilities increased by \$1.5 million while non-current liabilities decreased by \$1.7 million.

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

Fiscal Year 2011 Compared to 2010

Net assets increased \$6.0 million during fiscal year 2011. The majority of this increase was unrestricted net assets with a total increase of \$5.9 million. Restricted net assets increased \$0.4 million and investment in capital assets decreased \$0.3 million.

Total liabilities decreased by \$1.5 million to \$85.9 million. Current liabilities decreased by \$1.2 million while non-current liabilities decreased by \$0.3 million.

Parkland Community College
Community College District #505
Management's Discussion and Analysis

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

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

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the College, and the non-operating revenues and expenses. Annual State appropriations and local property taxes, while budgeted for operations, are considered non-operating revenues according to Generally Accepted Accounting Principles (GAAP). The Supplemental Information following the Financial Statements illustrates actual performance relative to the College's initial budget.

Operating Results			
For Year Ended June 30			
(in millions)			
	2012	2011	2010
Operating Revenue:			
Tuition and Fees	\$ 17.4	\$ 16.1	\$ 16.9
Auxiliary Enterprises	5.6	6.1	6.3
Other	2.0	1.7	2.3
Total	25.0	23.9	25.5
Less: Operating Expenses	94.2	91.2	84.7
Operating Loss	(69.2)	(67.3)	(59.2)
Non-Operating Revenue (Expenses):			
State Grants and Contracts	22.1	14.4	12.1
Local Property Taxes	24.6	24.4	24.2
Federal Grants and Contracts	26.4	28.6	24.0
On-Behalf Payments	8.5	6.8	5.9
Loss on Disposal of Fixed Assets	-	(0.3)	-
Interest Expense	(1.4)	(0.6)	(1.1)
Investment Income	-	0.1	0.1
Total	80.2	73.4	65.2
Income Before Capital Contributions	11.0	6.1	6.0
Capital Contributions	-	-	-
Increase in Net Assets	11.0	6.1	6.0
Net Assets, Beginning of Year	76.7	70.6	64.6
Net Assets, End of Year	\$ 87.7	\$ 76.7	\$ 70.6

Parkland Community College
Community College District #505
Management's Discussion and Analysis

Fiscal Year 2012 Compared to 2011

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

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

The non-operating revenues increased \$6.8 million. State grants and contracts revenue increase by \$7.7 million mainly due to increased revenues in the Operations and Maintenance Restricted fund. The on-behalf payments increased \$1.7 million. This represents increased contributions from the State of Illinois for the SURS pension plan (see Note 11). These revenue increases were offset by a decrease in Federal Grants and Contracts revenue of \$2.3 million. This is due to a decrease in both Pell and Direct loans distributed.

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 2011 Compared to 2010

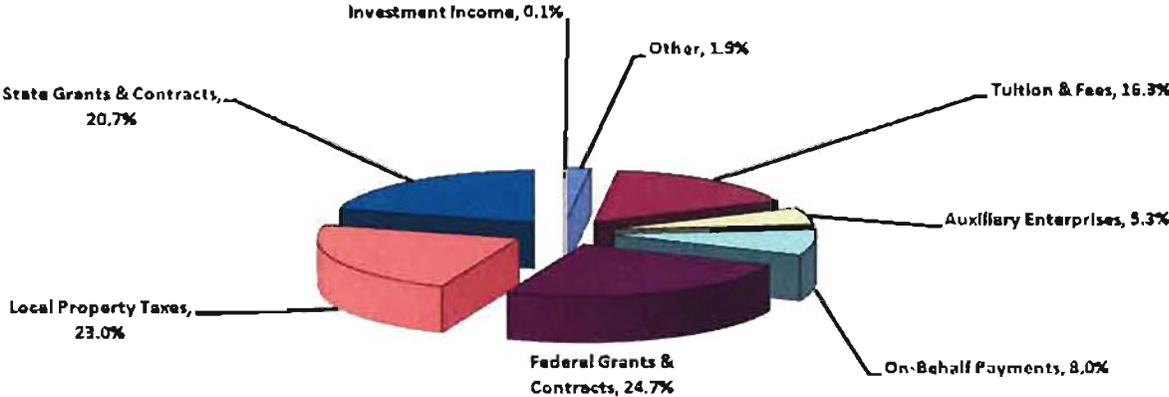
Operating revenues decreased \$1.6 million from last year. Operating revenue decreased by \$0.8 million in the tuition & fees category. The decrease in tuition and fees reflects an increase in enrollment, an increase in tuition rates from the prior year, and a increase in scholarships.

In total operating expenses increased by \$6.5 million. Increases in total operating expenses are generally anticipated to accommodate raises for personnel as well as the rising costs associated with providing a quality education product to our student body.

The non-operating revenues increased \$8.1 million. Local property tax revenues were up \$0.2 million mainly due to increased Equalized Assessed Evaluation (EAV) for the college district. Federal grants and contracts which includes financial aid increased \$4.6 million along with grants and contracts increasing \$2.3 million.

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).

Revenue by Source Fiscal Year 2012

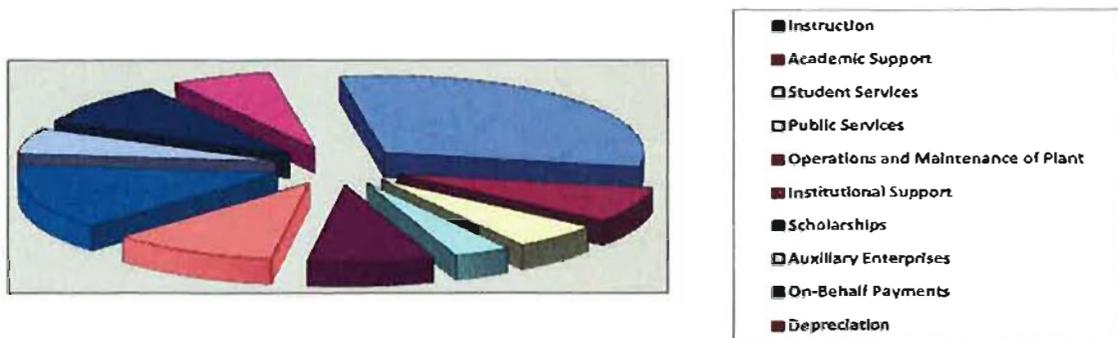


Parkland Community College
Community College District #505
 Management's Discussion and Analysis

Operating Expenses
For Year Ended June 30
 (in millions)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Expenses:			
Instruction	\$ 29.0	\$ 27.1	\$ 26.7
Academic Support	7.0	5.8	6.7
Student Services	5.2	5.1	5.1
Public Service	3.3	3.8	2.5
Operations and Maintenance of Plant	7.4	7.4	6.3
Institutional Support	9.8	10.2	10.2
Scholarships	13.0	14.6	11.6
Auxiliary Enterprises	5.1	5.3	5.4
On-Behalf Payments	8.5	6.8	6.0
Depreciation	5.9	5.1	4.2
Total	<u>\$ 94.2</u>	<u>\$ 91.2</u>	<u>\$ 84.7</u>

Operating Expenses Fiscal Year 2012

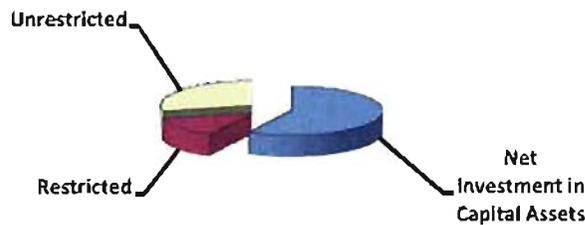


**Parkland Community College
Community College District #505
Management's Discussion and Analysis**

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Assets:			
Net Investment in Capital Assets	\$ 50.6	\$ 41.6	\$ 41.9
Restricted	12.0	11.9	11.5
Unrestricted	25.1	23.3	17.3
Total	<u>\$ 87.7</u>	<u>\$ 76.7</u>	<u>\$ 70.7</u>

Analysis of Net Assets Fiscal Year 2012



Fiscal Year 2012 Compared to 2011

Total net assets increased by \$11.0 million from fiscal year 2011 to fiscal year 2012. Increases were realized in all net assets categories. The net investment in capital assets increased \$9.0 million or 21.6% over the previous year. This was due to the additions of property and equipment less annual depreciation (see Note 5) adjusted for outstanding bonds related to capital assets. The majority of the property and equipment additions are to the construction in progress category as noted on page 12. Unrestricted net assets increased by \$1.8 million or 7.7% over the previous year. The majority of this increase (\$1.2 million) was due to a surplus in the operating funds. The surplus was realized by several line items being under budget including benefits and utilities. The restricted net assets also increased by \$0.1 million during fiscal year 2012.

Parkland Community College
Community College District #505
Management's Discussion and Analysis

Fiscal Year 2011 Compared to 2010

Total net assets increased by \$6.0 million from fiscal year 2010 to fiscal year 2011. Increases were realized in all net assets restricted for expendable assets and unrestricted assets. The net investments in capital assets decreased \$0.3 million. Unrestricted net assets increased by \$5.9 million or 34.1% over the previous year. This was due to the annual surplus. The restricted net assets also increased by \$0.4 million during fiscal year 2011.

The Statement of Cash Flows

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

Capital Asset Administration

At the end of fiscal year 2012, the College had \$79.5 million invested in a broad range of capital assets (see table below). This amount represents a net increase (including additions and depreciation) of \$17.8 million. More detailed information about capital assets can be found in Note 5 to the Basic Financial Statements.

Parkland Community College
Community College District #505
Management's Discussion and Analysis

As of June 30
(Net of Depreciation in Millions)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Land	\$ 1.8	\$ 1.4	\$ 1.4
Construction in Progress	26.9	10.7	7.6
Buildings	27.6	26.2	27.4
Land Improvements	17.5	18.6	14.2
Equipment	5.7	4.8	5.7
Total	<u>\$ 79.5</u>	<u>\$ 61.7</u>	<u>\$ 56.3</u>

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

Engineering Science Complex	\$ 10.6
Fitness Center Addition	2.9
Student Services Building	2.0
Roof Repair Phase I & II	1.7
C Wing Remodel	0.5
Phase XII Drainage	0.4
Theater Planet HVAC	0.3
Maintenance Facility	0.1
Total	<u>\$ 18.5</u>

The College's fiscal year 2013 operating capital budget is \$51.9 million. This capital budget will be used to begin the campus construction projects outlined in the facility master plan. The entire master plan calls for both upgrades and new buildings of about \$62 million over the next several years.

Long-Term Debt Activity

The College's long-term debt decreased during 2012 from \$68.5 million to \$68.1 million. The general obligation bonds payable decreased \$0.9 million during the year. The decrease in bond obligations was due to the annual bond principal payments made during the fiscal year. More detailed information about long-term debt can be found in Note 7 to the Basic Financial Statements.

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

Parkland Community College
Community College District #505
Management's Discussion and Analysis

Economic Factors That Will Affect the Future

For fiscal year 2013, the Parkland College Board of Trustees has authorized a fee increase of \$5 - \$20.50 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 very slight increase in local property tax revenue due to anticipated EAV growth. The College hopes that the ICCB State funding as well as Corporate Personal Property Replacement Tax revenues remain stable.

Parkland College continues to face the financial consequences of inflation. This includes the rising cost of quality personnel and health care costs. These costs may increase at rates previously unexpected due to a variety of State and Federal legislation. This includes potential SURS pension cost being passed on to the College and the economic impact of the Federal health care reform legislation. The College will continue to be proactive in monitoring these areas which make up the bulk of its operating budget. The College hopes to continue the trend of keeping health care costs under control via a closely monitored self insured plan. This plan qualifies for discounts from many of its highly used local service providers. Other potential volatile expense areas such as utilities will also be watched closely. Parkland currently realizes savings on gas and electric use through guaranteed contracts with suppliers. The College's Administration and its Board continue to monitor other major factors related to its financial state including student enrollment and State funding.

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

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

The College's approved operating budget for fiscal year 2013 is \$57.3 million. The total College budget is \$123 million.

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

The College is completing its required Higher Learning Commission accreditation visit in October 2012. The results of which will be received in early 2013.

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.

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**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Statements of Net Assets
June 30, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Unrestricted:		
Cash and Cash Equivalents	\$ 27,055,386	\$ 24,574,777
Investments	-	4,757,778
Property Taxes Receivable, Net	10,753,179	10,868,005
Accounts Receivable, Net	4,540,797	3,307,238
Inventories	700,272	764,759
Restricted:		
Cash and Cash Equivalents	48,627,532	53,401,609
Property Taxes Receivable, Net	2,084,964	2,062,228
Accounts Receivable, Net	1,140,218	1,218,747
Total Current Assets	<u>94,902,348</u>	<u>100,955,141</u>
Non-current Assets		
Land	1,841,745	1,441,745
Construction in Progress	26,947,016	10,702,881
Depreciable Property and Equipment, Net	50,732,377	49,545,001
Total Non-current Assets	<u>79,521,138</u>	<u>61,689,627</u>
Total Assets	<u>174,423,486</u>	<u>162,644,768</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	1,033,487	1,263,683
Accrued Liabilities	2,398,127	2,176,254
Due to Student Groups	1,177,274	1,037,126
Due to Parkland Foundation	409,879	190,997
Unearned Revenue	13,581,604	12,716,943
Retirement Obligation	348,305	251,678
Current Portion of G.O. Bonds Payable	1,105,000	895,000
Capital Lease Obligations	31,512	33,267
Total Current Liabilities	<u>20,085,188</u>	<u>18,564,948</u>
Long-Term Liabilities		
Retirement Obligation, Net of Current Portion	533,204	274,250
Capital Lease Obligations, Net of Current Portion	-	31,512
Accrued Compensated Absences	1,593,718	1,551,661
G.O. Bonds Payable Net of Current Portion and Issue Costs and Refunding Expense	64,489,369	65,496,679
Total Long-Term Liabilities	<u>66,616,291</u>	<u>67,354,102</u>
Total Liabilities	<u>86,701,479</u>	<u>85,919,050</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	50,562,150	41,615,359
Restricted for:		
Expendable Trust	7,599,358	7,599,358
Debt Service	2,849,884	2,458,513
Purposes Allowed by Property Tax Levies	1,607,143	1,833,326
Unrestricted	25,103,472	23,219,162
Total Net Assets	<u>\$ 87,722,007</u>	<u>\$ 76,725,718</u>

The accompanying notes are an integral part of this statement.

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**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Statements of Financial Position - Component Unit
June 30, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Due from Parkland College	\$ 409,878	\$ 190,997
Pledges Receivable, Net of Allowance of \$116,332 and \$105,974, respectively	<u>204,224</u>	<u>224,088</u>
Total Current Assets	<u>614,102</u>	<u>415,085</u>
Property & Equipment, Net	<u>1,388</u>	<u>402,777</u>
Other Assets		
Investments	5,913,565	5,730,049
Pledges Receivable, Net of Current Portion, Discount of \$88,097 and \$7,537, and Allowance of \$0 and \$0, respectively	555,903	216,821
Other Assets	<u>17,500</u>	<u>17,500</u>
Total Other Assets	<u>6,486,968</u>	<u>5,964,370</u>
Total Assets	<u>\$ 7,102,458</u>	<u>\$ 6,782,232</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ -	\$ 24,712
Accrued Vacation Payable	<u>45,341</u>	<u>38,862</u>
Total Current Liabilities	<u>45,341</u>	<u>63,574</u>
Net Assets		
Undesignated (Deficit)	(1,709,951)	(998,321)
Board Designated	<u>102,839</u>	<u>102,839</u>
Total Unrestricted (Deficit)	<u>(1,607,112)</u>	<u>(895,482)</u>
Temporarily Restricted	3,686,059	3,445,194
Permanently Restricted	<u>4,978,170</u>	<u>4,168,946</u>
Total Net Assets	<u>7,057,117</u>	<u>6,718,658</u>
Total Liabilities and Net Assets	<u>\$ 7,102,458</u>	<u>\$ 6,782,232</u>

The accompanying notes are an integral part of this financial statement.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Statements of Revenues, Expenses, and Changes in Net Assets
For the years ended June 30, 2012 and 2011

	2012	2011
Operating Revenues		
Student Tuition and Fees, Net of Scholarship		
Allowance of \$11,592,035 and \$12,479,681	\$ 17,381,897	\$ 16,131,025
Auxiliary Enterprises Revenue	5,577,834	6,065,463
Other Operating Revenues	2,066,286	1,733,182
Total Operating Revenues	<u>25,026,017</u>	<u>23,929,670</u>
Operating Expenses		
Instruction	28,962,989	27,117,091
Academic Support	7,024,215	5,757,069
Student Services	5,196,884	5,078,316
Public Service	3,331,193	3,869,106
Operation and Maintenance of Plant	7,333,571	7,418,600
Institutional Support	9,810,547	10,214,003
Scholarships	12,942,970	14,567,999
Auxiliary Expenses	5,113,748	5,281,358
On-Behalf Payments	8,584,170	6,780,427
Depreciation	5,907,015	5,112,412
Total Operating Expenses	<u>94,207,302</u>	<u>91,196,381</u>
Operating Loss	<u>(69,181,285)</u>	<u>(67,266,711)</u>
Non-Operating Revenues (Expenses)		
State Grants and Contracts	22,061,754	14,358,106
Local Property Tax Revenues	24,601,444	24,431,571
Federal Grants and Contracts	26,354,249	28,634,890
On-Behalf Payments	8,584,170	6,780,427
Gain (Loss) on Disposal of Fixed Assets	-	(256,000)
Investment Income Earned	21,111	76,419
Interest Expense	(1,445,154)	(649,816)
Total Non-Operating Revenues (Expenses)	<u>80,177,574</u>	<u>73,375,597</u>
Change in Net Assets	10,996,289	6,108,886
Net Assets, Beginning of Year	<u>76,725,718</u>	<u>70,616,832</u>
Net Assets, End of Year	<u>\$ 87,722,007</u>	<u>\$ 76,725,718</u>

The accompanying notes are an integral part of this financial statement.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Statements of Activities - Component Unit
For the years ended June 30, 2012 and 2011

	2012	2011
Change in Unrestricted Net Assets		
Support and Revenue:		
Contributions	\$ 186,253	\$ 122,391
Net Unrealized Loss on Investments	-	35,107
Net Assets Released from Restrictions	878,706	850,398
Total Support and Revenue	1,064,959	1,007,896
Expenses:		
<i>Program Services</i>		
Scholarships	269,350	207,552
Institutional Support	683,133	279,011
Total Program Services	952,483	486,563
<i>Supporting Services</i>		
Management and General	318,789	351,698
Fund Raising	453,903	430,067
Total Supporting Services	772,692	781,765
Total Expenses	1,725,175	1,268,328
Decrease in Unrestricted Net Assets	(660,216)	(260,432)
Change in Temporarily Restricted Net Assets		
Contributions	648,991	745,414
In-Kind Contributions	451,274	433,518
Interest and Dividends	57,428	47,383
Net Realized and Unrealized Gain (Loss) on Investments	(89,536)	497,549
Net Assets Released from Restrictions	(878,706)	(850,398)
Decrease in Temporarily Restricted Assets	189,451	873,466
Change in Permanently Restricted Net Assets		
Contributions	809,224	219,725
Increase in Permanently Restricted Net Assets	809,224	219,725
Change In Net Assets	338,459	832,759
Net Assets, Beginning of Year	6,718,658	5,885,899
Net Assets, End of Year	\$ 7,057,117	\$ 6,718,658

The accompanying notes are an integral part of this financial statement.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Statements of Cash Flows
For the years ended June 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Student Tuition and Fees	\$ 17,759,402	\$ 16,515,722
Payments to Suppliers	(16,982,859)	(18,266,978)
Payments to Employees and Benefits Paid	(49,195,330)	(46,762,011)
Payments for Financial Aid and Scholarships	(12,942,970)	(14,567,999)
Auxiliary Enterprise Charges	5,577,834	6,065,463
Other Receipts	<u>2,066,286</u>	<u>1,733,182</u>
Net Cash Used in Operating Activities	<u>(53,717,637)</u>	<u>(55,282,621)</u>
Cash Flows from Non-Capital Financing Activities		
Local Property Taxes	24,812,393	24,756,617
State Grants and Contracts	21,352,289	14,042,118
Federal Grants and Contracts	<u>26,276,981</u>	<u>29,597,881</u>
Net Cash Provided by Non-Capital Financing Activities	<u>72,441,663</u>	<u>68,396,616</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(22,192,827)	(8,654,728)
Interest Paid on G.O Bonds	(2,891,039)	(3,331,837)
Principal Paid on G.O. Bonds	(895,000)	(295,000)
Principal Paid on Capital Lease Obligations	(33,267)	(51,340)
Interest Paid on Capital Lease Obligations	(3,132)	(4,936)
Net Receipts from (Disbursements to) Parkland Foundation	<u>218,882</u>	<u>102,046</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(25,796,383)</u>	<u>(12,235,795)</u>
Cash Flows from Investing Activities		
Disposition of Investments	4,757,778	12,880,776
Interest on Investments	<u>21,111</u>	<u>159,262</u>
Net Cash Provided by (Used in) Investing Activities	<u>4,778,889</u>	<u>13,040,038</u>
Net Increase (Decrease) in Cash	<u>(2,293,468)</u>	<u>13,918,238</u>
Cash and Cash Equivalents, Beginning of Year	<u>77,976,386</u>	<u>64,058,148</u>
Cash and Cash Equivalents, End of Year	<u>\$ 75,682,918</u>	<u>\$ 77,976,386</u>

The accompanying notes are an integral part of this financial statement.

	2012	2011
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities		
Operating Loss	\$ (69,181,285)	\$ (67,266,711)
Adjustments to Reconcile Operating Loss to Net Cash		
Used in Operating Activities:		
Depreciation Expense	5,907,015	5,112,412
On-Behalf Payments	8,584,170	6,780,427
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(368,297)	930,165
Inventories	64,487	(49,982)
Accounts Payable	(230,196)	(329,146)
Accrued Liabilities	222,881	(48,055)
Due to Student Groups	140,148	116,511
Unearned Revenue	745,802	(545,468)
Retirement Obligations	355,581	(406,542)
Accrued Compensated Absences	42,057	167,768
Net Cash Used in Operating Activities	<u>\$ (53,717,637)</u>	<u>\$ (55,282,621)</u>

The accompanying notes are an integral part of this financial statement.

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PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The College is a community college governed by an elected eight-member Board of Trustees. The College's district includes the counties of Champaign, Coles, DeWitt, Douglas, Edgar, Ford, Iroquois, Livingston, McLean, Moultrie, Piatt and Vermilion. The College's mission is to provide affordable vocational, technical, and academic education. As required by accounting principles generally accepted in the United States of America, these financial statements present the financial reporting entity of the College, which consists of the College (the primary government of the reporting entity) and Parkland College Foundation (the Foundation), a discretely presented component unit of the College. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the College, the College has the ability to access those resources through common Board members, and those resources are significant to the College.

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

2. Basis of Accounting and Significant Accounting Policies

- a. The financial statements of the College are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*. The College also applies pronouncements issued on or before November 30, 1989 by the Financial Accounting Standards Board and the Accounting Principles Board, unless those pronouncements conflict with or contradict GASB pronouncements.
- b. For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.
- c. Certain assets are classified as restricted on the statement of net assets because their use is limited by tax levies, grant agreements, or other contractual agreements.
- d. For purposes of preparing the statements of cash flows, restricted and unrestricted currency, demand deposits, money market accounts, and highly-liquid investments with a maturity of three months or less at issuance are considered cash and cash equivalents.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Investments consist of certificates of deposit carried at cost and securities of U.S. Government Sponsored Enterprises that are carried at fair market value.
- f. Accounts receivable include uncollateralized student obligations, which generally require payment by the first day of classes. Accounts receivable are stated at the invoice amount.

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

The carrying amount of accounts receivable for student tuition is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of accounts based on the aging of the accounts receivable by semesters. If the actual defaults are higher than the historical experience, management's estimates of recoverability of amounts due could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The total allowance as of June 30, 2012 and 2011 was \$2,726,226 and \$2,484,565, respectively.

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

- g. The College levies property taxes each year, on all taxable real property located within the College's district, on or before the last Tuesday in December. The 2011 tax levy was passed by the Board of Trustees on November 16, 2011. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The College receives significant distributions of tax receipts approximately one month after these due dates. Revenue from property taxes is recognized in the period for which they are intended to finance. The Board of Trustees resolved that the 2011 tax levy be allocated and recognized 55 percent in fiscal year 2012 and 45 percent in fiscal year 2013. Property tax revenue for the years ended June 30, 2012 and 2011 were from the 2011 and 2010 levies and the 2010 and 2009 levies, respectively. Property tax receivables have not been reduced for an allowance as the College's historical collection experience indicates this amount is insignificant. However, at June 30, 2012 and 2011, the College has recorded an allowance of \$1,129,370 and \$973,951 for a potential property tax refund identified by the Champaign County Treasurer.

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

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- h. Operating revenues include all activities that have the characteristics of exchange transactions, such as student tuition and fees, and sales and services of auxiliary enterprises, net of scholarship discounts and allowances. All other revenues are considered non-operating or other revenues.
- i. Non-operating revenues include non-exchange transactions, in which the College receives value without directly giving equal value in return; this includes property taxes, federal, state, and local grants, state appropriations, and other contributions. On an accrual basis, the revenues from property taxes are recognized in the period for which they are intended to finance. Revenues from grants, state appropriations, and other contributions are recognized in the year which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, or expenditure requirements, in which the resources are provided to the College on a reimbursement basis.
- j. Inventories are stated at the lower of average cost or market. Cost is determined on a first-in, first-out (FIFO) basis.
- k. Capital assets consist of property and equipment, which are recorded at cost. Major additions and those expenditures that substantially increase the useful life of a capital asset are capitalized. The College's capitalization threshold for property and equipment is \$2,500 per unit and an estimated useful life that is greater than 1 year. Maintenance, repairs, and minor additions and expenditures are expensed when incurred. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

- l. Unearned revenue includes amounts received which represent payments for services to be provided in future periods for which asset recognition criteria has been met, but for which revenue recognition criteria have not been met. These amounts consist of property taxes, unexpended grant funds, and tuition and fee charges for a portion of the respective Summer semester and all of the Fall semester at June 30, 2012 and 2011. The tuition and fee charges are prorated according to the timing of the semester.
- m. Accrued compensated absences consist of accumulated unused vacation days up to a maximum of fifty-six days that employees are allowed to accumulate. Those days are guaranteed to be paid to employees upon termination of employment. The rate of accrued compensated absence is calculated based on the employee's equivalent hourly rate on the statement of net assets date.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- n. The College's net assets are classified as follows:
1. Invested in Capital Assets – This represents the College's total investment in capital assets net of accumulated depreciation and related debt.
 2. Restricted Net Assets – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or enabling legislation. 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.
 3. 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 may be used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended June 30, 2012, the Audit Fund and the Liability, Protection & Settlement Fund budgets were over-expended by \$2,340 and \$169,298, respectively.

The Audit Fund over-expenditure was due to an excess of audit services expenditures.

The Liability, Protection and Settlement Fund over-expenditure was due to an excess of public safety and occupational health expenditures.

For the year ended June 30, 2011, the Restricted Purpose Fund, the Auxiliary Enterprises Fund and the Liability, Protection & Settlement Fund budgets were over-expended by \$4,177,120, \$19,693 and \$9,835, respectively.

The Restricted Purpose Fund over-expenditure was due to scholarships greatly exceeding the budgeted amount.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The Auxiliary Enterprises Fund over-expenditure was due to increased expenditures related to public services offered and depreciation. The College does not budget for depreciation and the budget for purchases of general materials and supplies was well below actual expenditures.

The Liability, Protection and Settlement Fund over-expenditure was due to an excess of public safety and occupational health expenditures.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's deposit policy requires that funds on deposit in excess of federal deposit insurance limits must be secured by collateral pledged by the financial institution. As of June 30, 2012 and 2011, the bank balance of the District's deposits with financial institutions totaled \$36,979,061 and \$31,999,843, respectively; all of which was collateralized and/or insured.

Credit Risk and Interest Rate Risk – External Investment Pools

At June 30, 2012 and 2011, the College held \$16,440,140 and \$17,037,830, respectively, in the Illinois Funds Money Market Fund. The fair value of the College's position in this fund is equal to the value of the College's fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has an AAAM rating from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund that are not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

At June 30, 2012 and 2011, the College held a total of \$23,786,219 and \$30,521,257, respectively, in the Illinois School District Liquid Asset Fund Plus. The fair value of the College's position in this fund is equal to the value of the College's fund shares. The Illinois School District Liquid Asset Fund Plus is regulated by private rating agencies. The portfolio has an AAAM rating from Standard and Poor's. The assets of the fund are mainly invested in money market instruments having maximum remaining maturities of one year or less, except investments in U.S. Government securities, which may have up to two years remaining to maturity. The time to maturity of the investments in this external investment pool averages less than one year.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk and Interest Rate Risk – Investments

At June 30, 2012, the College held no investments.

At June 30, 2011, the College held the following investments:

	Carrying Value	Credit Rate	Weighted Average Maturity (Years)
U.S. Government Sponsored Enterprises			
Federal Home Loan Mortgage Corp Note	\$ 1,499,123	Aaa	0.1
Certificates of Deposit	3,258,655	N/A	N/A
Total Investments	\$ 4,757,778		

U.S. Government sponsored enterprises are corporations created by the U.S. Congress but these enterprises are not secured by an explicit guarantee of the U.S. Government.

The credit risk of investments is addressed by the College's investment policy by limiting investments to instruments outlined under Chapter 30, Section 235 of the Illinois Compiled Statutes as noted above.

Interest rate risk is not directly addressed by the College's investment policy other than the policy's general guidelines to "provide sufficient liquidity" and "attain a market-average rate of return".

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments

At June 30, 2012, the College held no certificates of deposit. At June 30, 2011, \$3,008,655 of the College's \$3,258,655 certificates of deposit balance was exposed to custodial credit risk. The entire exposed amount was collateralized in the name of the College.

Concentration of Credit Risk – Investments

At June 30, 2012, the College held no investments.

At June 30, 2011, the College held more than five percent of its investments subject to concentration of credit risk totaling \$1,499,123 in the following instruments:

<u>Investment:</u>	<u>Percent of Percentage</u>
Federal Home Loan Mortgage Corporation	100.00%

The College's investment policy addresses the concentration of credit risk by requiring diversification in maturities, issuer, and class of investment security. However, the policy does not provide specific percentage limits by maturities, issuers, or class of investment.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 4 – ACCOUNTS RECEIVABLE

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

	<u>2012</u>	<u>2011</u>
Tuition Receivables from Students, Net	\$ 1,242,563	\$ 606,581
State Replacement Tax	386,914	283,834
Tuition Receivables from Agencies	744,445	880,493
Grants from Federal and State Sources	990,559	913,291
Unrestricted State Funding	2,080,303	1,370,932
Other Receivables	<u>236,231</u>	<u>470,854</u>
Total Accounts Receivable, Net	<u>\$ 5,681,015</u>	<u>\$ 4,525,985</u>
Unrestricted	\$ 4,540,797	\$ 3,307,238
Restricted	<u>1,140,218</u>	<u>1,218,747</u>
Total Accounts Receivable, Net	<u>\$ 5,681,015</u>	<u>\$ 4,525,985</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 5 – PROPERTY AND EQUIPMENT

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

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

The following is a summary of changes in property and equipment for the year ended June 30, 2011:

	June 30, 2010	Additions	Disposals	June 30, 2011
Assets Not Being Depreciated:				
Land	\$ 1,441,745	\$ -	\$ -	\$ 1,441,745
Construction in Progress	7,556,098	7,489,208	4,342,425	10,702,881
Assets Being Depreciated:				
Buildings	54,061,531	-	400,000	53,661,531
Land Improvements	19,512,793	6,402,927	-	25,915,720
Equipment	10,431,010	1,120,822	-	11,551,832
Total Property and Equipment	<u>93,003,177</u>	<u>15,012,957</u>	<u>4,742,425</u>	<u>103,273,709</u>
Less: Accumulated Depreciation				
Buildings	(26,555,501)	(1,071,231)	(144,000)	(27,482,732)
Land Improvements	(5,316,519)	(1,951,279)	-	(7,267,798)
Equipment	(4,743,650)	(2,089,902)	-	(6,833,552)
Total Accumulated Depreciation	<u>(36,615,670)</u>	<u>(5,112,412)</u>	<u>(144,000)</u>	<u>(41,584,082)</u>
Property and Equipment, Net	<u>\$ 56,387,507</u>	<u>\$ 9,900,545</u>	<u>\$ 4,598,425</u>	<u>\$ 61,689,627</u>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 6 – UNEARNED REVENUE

Unearned revenue consists of the following at June 30:

	2012	2011
Unearned Property Taxes	\$ 11,051,846	\$ 10,932,987
Unearned Student Tuition	1,822,076	1,692,165
Unearned Student Fees	88,706	73,041
Other Unearned Revenue	618,976	18,750
Total Unearned Revenue	<u>\$ 13,581,604</u>	<u>\$ 12,716,943</u>

NOTE 7 – LONG-TERM DEBT

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

	June 30, 2011	Additions	Retired	June 30, 2012	Due Within One Year
Compensated Absences	\$ 1,551,661	\$ 1,303,636	\$ 1,261,581	\$ 1,593,716	\$ -
Capital Lease Obligations	64,779	-	33,267	31,512	31,512
General Obligation					
Bonds	67,440,000	-	895,000	66,545,000	1,105,000
Retirement Obligation	525,928	591,883	236,302	881,509	348,305
Total Long-Term Debt	<u>\$ 69,582,368</u>	<u>\$ 1,895,519</u>	<u>\$ 2,426,150</u>	<u>\$ 69,051,737</u>	<u>\$ 1,484,817</u>

The following is a summary of changes in long-term debt for the year ended June 30, 2011:

	June 30, 2010	Additions	Retired	June 30, 2011	Due Within One Year
Compensated Absences	\$ 1,383,893	\$ 1,485,628	\$ 1,317,860	\$ 1,551,661	\$ -
Capital Lease Obligations	116,119	-	51,340	64,779	33,267
General Obligation					
Bonds	67,735,000	-	295,000	67,440,000	895,000
Retirement Obligation	932,470	74,992	481,534	525,928	251,678
Total Long-Term Debt	<u>\$ 70,167,482</u>	<u>\$ 1,560,620</u>	<u>\$ 2,145,734</u>	<u>\$ 69,582,368</u>	<u>\$ 1,179,945</u>

**PARKLAND COMMUNITY COLLEGE
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 7 – LONG-TERM DEBT (CONTINUED)

The College issued 2010A general obligation community college bonds in February 2010 to refund the College's outstanding debt certificate. The bonds mature annually on December 1, beginning December 1, 2011 and run through December 1, 2027. Interest rates on the bonds range from 1.00 percent to 4.05 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2010.

The College issued 2010B general obligation community college bonds (alternative revenue source) in February 2010 to fund building construction projects. The bonds mature annually on December 1, beginning December 1, 2010 and run through December 1, 2029. Interest rates on the bonds range from 1.00 percent to 4.20 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2010. Principal and interest payments on the bonds will be supported through building fees charged to students during registration.

Maturities of the general obligation bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2013	\$ 1,105,000	\$ 2,870,626	\$ 3,975,626
2014	1,325,000	2,839,820	4,164,820
2015	1,570,000	2,803,620	4,373,620
2016	1,840,000	2,755,895	4,595,895
2017	2,130,000	2,693,795	4,823,795
2018-2022	16,360,000	11,821,151	28,181,151
2023-2027	29,590,000	6,784,054	36,374,054
2028-2030	12,625,000	635,860	13,260,860
	<u>\$ 66,545,000</u>	<u>\$ 33,204,821</u>	<u>\$ 99,749,821</u>

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

**PARKLAND COMMUNITY COLLEGE
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 7 – LONG-TERM DEBT (CONTINUED)

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

Fiscal Year Ending June 30	Bond Issue Costs	Refunding Expense	Total
2013	\$ 20,520	\$ 77,170	\$ 97,690
2014	20,520	77,170	97,690
2015	20,520	77,170	97,690
2016	20,520	77,170	97,690
2017	20,520	77,170	97,690
2018-2022	102,600	241,590	344,190
2023-2027	102,600	-	102,600
2028-2030	15,391	-	15,391
	<u>\$ 323,191</u>	<u>\$ 627,440</u>	<u>\$ 950,631</u>

Total amortization for the years ended June 30, 2012 and 2011 was \$97,690 in each year. This amount is included in interest expense.

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

Total interest incurred for all long term debt for the year ended June 30, 2011 was \$3,004,463, including the amortization of bond issue costs and the refunding expense. Of this amount, \$2,354,647 was capitalized as part of the cost of three capital projects that were in progress during the fiscal year. The remaining \$649,816 of interest has been expensed on the statement of revenues, expenses, and changes in net assets.

In prior years, the District defeased debt certificates by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2012, \$6,125,000 of debt principal is considered defeased.

**PARKLAND COMMUNITY COLLEGE
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 8 – OPERATING LEASES REVENUE

The College is the lessor of office and rooftop space under five operating leases. One lease expired on June 30, 2012. The remaining leases expire as follows: two on July 31, 2013, one on June 30, 2014, and one on August 31, 2014. Each lease has an early termination clause at the option of the lessee. The cost of the office facility leased was \$3,600,000 at June 30, 2012 and 2011. The carrying value was \$3,196,800 and \$3,427,200 at June 30, 2012 and 2011, respectively.

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

<u>Fiscal Year Ending June 30,</u>	
2013	\$ 307,984
2014	42,826
2015	2,000
Total	<u>\$ 352,810</u>

NOTE 9 – LEASE COMMITMENTS

Operating Leases

The College is obligated under two non-cancellable operating leases for office equipment, with terms running through September 2013 and December 2014. Additionally, the College is obligated under one non-cancellable operating lease for a copiers and printers, with terms running through June 2013. Lastly, the College was obligated under one non-cancellable operating lease for office building space; however, the lease ended on June 30, 2012 and was not extended by the College. An operating lease does not give rise to property rights or purchase obligations and, therefore, this lease agreement is not reflected in the College's capital assets. Future minimum lease payments under these operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	
2013	\$ 149,103
2014	11,392
2015	4,165
Total	<u>\$ 164,660</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 9 – LEASE COMMITMENTS (CONTINUED)

Total rental expense for operating leases for years ending June 30, 2012 and June 30, 2011 was \$220,417 and \$463,675, respectively.

Capital Lease Obligations

The College also leases copiers and construction equipment under capital leases expiring in December 2012 and January 2013. Interest rates on these capital leases range from 4.69 percent to 8 percent.

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

<u>Fiscal Year Ending June 30,</u>		
2013	\$	32,910
Present Value of Minimum Lease Payments		32,910
Less: Amount Representing Interest		(1,398)
Total	\$	<u>31,512</u>

The capitalized cost of equipment under capital leases included in the property and equipment on the schedule of net assets is \$128,565.

NOTE 10 – EARLY RETIREMENT PLAN

The College offers an early retirement incentive program to its employees. For an employee to be eligible, the employee must have been employed at Parkland on a full-time basis for at least 15 years and be at least 55 years old at retirement. For the health safety and security officers and the professional academic staff, upon reaching eligibility, the bargaining unit member has five years following the date in which he/she achieved eligibility to retire under the plan and must declare by November 15 at least two full contract years preceding the retirement date. For professional support staff, the employee must declare by December 31 for a July 1 retirement or by July 1 for a December 31 retirement. When an employee declares retirement as specified above, he/she will receive a one-time stipend of 10 percent of their final base salary, which is paid on the retirement date. An amount equal to the final base salary will be paid in equal monthly payments over the four-year period beginning the month following the retirement date. The employee will also receive a stipend at retirement equal to four annual installments of the College Insurance Plan indemnity plan annual rate divided by sixty-nine percent, readjusted annually according to the new yearly rate. The rates were \$4,517 and \$4,225 the years ended June 30, 2012 and 2011, respectively. The initial stipend will be based on the July 1 rate closest to the retiree's retirement date.

**PARKLAND COMMUNITY COLLEGE
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 10 – EARLY RETIREMENT PLAN (CONTINUED)

At June 30, 2012 and 2011, the early retirement plan had 61 and 78 active participants, respectively. Early retirement plan expense was \$236,302 and \$481,534 for fiscal years 2012 and 2011, respectively. At June 30, 2012 and 2011, the College had accrued a liability of \$881,509 and \$525,928, respectively, for future required payments for the College's declared retirees under the Plan described above and earlier plans (for which enrollment is now closed). The liability was calculated based on the present value of future payments discounted at the Wall Street Journal Prime Rate, which was 3.25 percent and 5.00 percent at June 30, 2012 and 2011, respectively. A static College Insurance Plan indemnity plan annual rate was used in calculating the liability.

NOTE 11 – PENSION PLAN

Plan Description

The College contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org or calling 1-800-275-7877.

Funding Policy

Plan members are required to contribute 8.0 percent of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate (for fiscal year 2013) is 34.51 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ending June 30, 2012, and 2011, and 2010, and 2009 were \$8,434,197, \$6,631,338, \$5,817,506, and \$3,591,398, respectively, equal to the required contributions for each year.

For the years June 30, 2012 and 2011, the College recorded on-behalf revenue and on-behalf expense in the amount of \$8,584,170 and \$6,780,427, respectively, for the contributions made by the State of Illinois on behalf of the College to SURS. This includes on-behalf revenue and on-behalf expense of \$149,973 and \$149,089 in fiscal years 2012 and 2011, respectively, for contributions made by the State of Illinois to the Community College Health Insurance Program for the College.

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

PARKLAND COMMUNITY COLLEGE
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 12 – RELATED PARTY TRANSACTIONS

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

- > The College holds the Foundation's cash in a College bank account and records a liability equal to the cash balance held. In addition, the College advances operating funds to the Foundation under a non-interest bearing working-cash loan agreement. Any receivable balance for this working-cash loan is netted against the cash balance held for the Foundation. At June 30, 2012 and 2011, the net amount owed to the Foundation was \$409,879 and \$190,997, respectively.
- > During the years ended June 30, 2012 and 2011, the College incurred costs for the Foundation in the form of donated in-kind services in the amount of \$150,366 and \$152,947, respectively.
- > The Foundation donates certain in-kind items to the College to support the programs of the College. The total fair value of these items, as calculated by the Foundation, for the years ended June 30, 2012 and 2011 was \$400,000 and \$280,571, respectively.

NOTE 13 – SELF INSURANCE

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

Claim liabilities are based on the requirements of Governmental Accounting Standards Board Statements which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At June 30, 2012 and 2011, the accrued claims were \$497,021 and are included in the accrued liabilities on the Statement of Net Assets.

The stop-loss limits for the health insurance plan at June 30, 2012 and 2011 were \$175,000 and \$150,000, respectively.

PARKLAND COMMUNITY COLLEGE
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 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 13 – SELF INSURANCE (CONTINUED)

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 will be reflected in a future period.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Accrued Claims, Beginning of Year	\$ 497,021	\$ 497,021	\$ 497,021
Incurred Claims	6,359,260	5,242,871	6,571,740
Claim Payments	<u>(6,359,260)</u>	<u>(5,242,871)</u>	<u>(6,571,740)</u>
Accrued Claims, End of Year	<u>\$ 497,021</u>	<u>\$ 497,021</u>	<u>\$ 497,021</u>

NOTE 14 – OTHER RISK MANAGEMENT ISSUES

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

NOTE 15 – INTER-SUB-FUND BALANCES AND TRANSFERS

The College maintains various sub-funds to track the activity of the primary government. Following is a summary of the balances and transactions among these sub-funds as of and for the year ended June 30, 2012.

	<u>Due to</u>	<u>Due from</u>
Education Fund	\$ 115,710	\$ -
Restricted Purposes Fund	-	115,710
Total Inter-Sub-Fund Balances	<u>\$ 115,710</u>	<u>\$ 115,710</u>
	<u>Transfer in</u>	<u>Transfer out</u>
Education Fund	\$ 6,786	\$ 869,266
Bond and Interest Fund	1,022,188	-
Operations and Maintenance Fund - Restricted	-	1,022,188
Working Cash Fund	-	6,786
Auxiliary Athletics Fund	525,000	-
Auxiliary Business Development Center Fund	119,266	-
Auxiliary Reprographics Fund	50,000	-
Auxiliary Child Care Services Fund	175,000	-
Total Transfers	<u>\$ 1,898,240</u>	<u>\$ 1,898,240</u>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 15 – INTER-SUB-FUND BALANCES AND TRANSFERS (CONTINUED)

Following is a summary of the balances and transactions among these sub-funds as of and for the year ended June 30, 2011.

	<u>Due to</u>	<u>Due from</u>
Education Fund	\$ 734,817	\$ -
Restricted Purposes Fund	-	734,817
Total Inter-Sub-Fund Balances	<u>\$ 734,817</u>	<u>\$ 734,817</u>

	<u>Transfer in</u>	<u>Transfer out</u>
Education Fund	\$ -	\$ 1,337,908
Bond and Interest Fund	1,064,680	-
Operations and Maintenance Fund - Restricted	-	1,064,680
Working Cash Fund	-	12,092
Auxiliary Athletics Fund	725,000	-
Auxiliary Business Training Fund	400,000	-
Auxiliary Reprographics Fund	50,000	-
Auxiliary Child Care Services Fund	175,000	-
Total Transfers	<u>\$ 2,414,680</u>	<u>\$ 2,414,680</u>

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

NOTE 16 – COMMITMENTS

At June 30, 2012, the College had seven uncompleted major construction contracts in progress. The remaining commitment on the construction contracts was \$2,005,372.

The College has a contract for the purchase of electricity through March 2013. The contract contains set rates for summer, non-summer, peak, and off peak kilowatt hours. The approximate per fiscal year cost related to this contract is \$555,000. The contract allows for the use of rates outside the set rates in cases of material changes in capacity or usage by the College. The rates used in those circumstances may be the then applicable market rate or an alternative rate agreed upon between the College and the provider.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT

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

A. Nature of Organization

Parkland College Foundation (the Foundation) is a not-for-profit corporation organized under the laws of the State of Illinois for the purpose of furthering the excellence of education at Parkland Community College, Community College District #505 (the College). The Foundation is considered a component unit of the College under the accounting standards followed by the College; however, the Foundation is a separate legal entity.

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

B. Summary of Significant Accounting Policies

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

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

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

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

- b. Investments are carried at fair market value based on quoted market prices.
- c. Pledges receivable consists of unconditional promises to give the Foundation for operating and restricted activities. Certain long-term contributions are discounted to present value based on expected payment schedules and interest rates. The effective interest rate used to discount pledges receivable at June 30, 2012 and 2011 range from 1.0% to 3.25%.

The carrying amount of pledges receivable may be reduced by a valuation allowance based on management's assessment of the collectability of specific contribution balances.

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

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

- e. Contributions of services are recognized if the benefit received (a) creates or enhances non-financial assets or (b) requires specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.
- f. The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- g. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, any unrelated business income may be subject to taxation.

In accordance with the accounting standard on *Accounting for Uncertainty in Income Taxes*, the Foundation addresses the determination of whether tax benefits claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merit of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized tax benefits identified or recorded as liabilities during the fiscal years 2012 and 2011. Open tax years subject to examination by the U.S. and state taxing authorities are for the years 2009 to 2011, which statutes expire in 2012 to 2014, respectively.

- h. The Foundation has evaluated subsequent events through October 4, 2012, the date which the financial statements were available to be issued.
- i. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Foundation has calculated and determined the value of certain investment assets and related investment earnings based on appraisal results related to valuation of farmland and related cash rents, as well as estimated life expectancy of the holder of a life interest in the farmland. Due to uncertainties inherent in the estimation process and uncertainties related to the factors affecting valuation of farmland and life expectancy, it is at least reasonably possible that the estimated investment values and related investment earnings will be revised.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

The Foundation has calculated the allowance for doubtful accounts based on management's evaluation of collectability. Due to uncertainties inherent in the estimation process and uncertainties related to the factors affecting the collectability of receivables, it is at least reasonably possible that actual collections may be different than estimated.

- j. The carrying amounts of accounts payable and accrued vacation payable are reasonable estimates of fair value due to the short-term maturity of these financial instruments. The carrying amounts of pledges receivable are recorded using the applicable discount rates in effect at the date of the gifts.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Estimates of fair value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual results.

The fair values for investments and other financial instruments recorded at fair value on a recurring basis are included in disclosures below.

C. Pledges Receivable

Pledges receivable at June 30, 2012 and 2011, consist of amounts due in:

	2012	2011
Less than One Year	\$ 204,224	\$ 224,088
One to Five Years	200,803	209,821
More than Five Years	355,100	7,000
Total	\$ 760,127	\$ 440,909

D. Investments

Fair Value Measurements

The Foundation follows the accounting guidance on fair value measurements. Fair value is defined in the standard as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

PARKLAND COMMUNITY COLLEGE
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

In determining fair value, the Foundation uses various valuation methods including the market, income, and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be readily observable, market corroborated, or generally unobservable inputs. Whenever possible, the Foundation attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs.

The framework included in the Standard provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Quoted market prices in active markets for identical assets or liabilities.
- Level 2 Observable market based inputs (other than quoted prices included in Level 1) or unobservable outputs that are corroborated by market data.
- Level 3 Unobservable inputs that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. A description of the valuation techniques used for assets measured at fair value is included below. There have been no changes in the methodologies used at June 30, 2012 and 2011.

PARKLAND COMMUNITY COLLEGE
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June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth by level within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2012:

	Cost	Market	Fair Value Level
Cash and Cash Equivalents	\$ 2,438,605	\$ 2,438,605	1
Mutual Funds	562,404	573,927	1
Common Stock	854,077	906,088	1
Preferred Stock	8,528	9,828	2
Farmland	513,609	1,166,279	2
Unit Investment Trust	71,201	73,408	2
Municipal Bonds	51,146	56,920	2
Life Insurance	68,169	68,169	2
Private Equity Fund	235,607	302,724	2
Master Limited Partnership	3,261	3,500	1
Corporate Bonds	315,149	314,117	2
Total	\$ 5,121,756	\$ 5,913,565	

The following table sets forth by level within the fair value hierarchy, the Foundation's net assets at fair value as of June 30, 2011:

	Cost	Market	Fair Value Level
Cash and Cash Equivalents	\$ 2,223,358	\$ 2,223,358	1
Mutual Funds	503,446	523,738	1
Equity Stock	1,199,423	1,458,750	1
Farmland	513,609	904,160	2
Unit Investment Trust	82,521	92,821	2
Municipal Bonds	51,146	51,146	2
Life Insurance	68,169	68,169	2
Private Equity Fund	235,607	307,758	2
Other	10,854	11,245	1
Master Limited Partnership	8,101	11,377	1
Corporate Bonds	73,888	77,527	2
Total	\$ 4,970,122	\$ 5,730,049	

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Cash and cash equivalents – The fair value of short-term investments, consisting primarily of money market funds, is classified as Level 1 as these funds are traded on a regular basis.

Mutual funds, equity stock, other investments and master limited partnerships – These investments are classified as Level 1 since they are traded in an active market for which closing prices are readily available.

Unit investment trust, municipal bonds, private equity fund and corporate bonds – These investments are classified as Level 2 as they trade in inactive markets.

Farmland – Farmland is classified as Level 2 as it is valued using comparable pricing for similar assets in the same area.

Life insurance – Life insurance is Level 2 as it is valued based on the values provided by the issuer of the insurance contract.

E. Endowments

The Foundation's endowment consists of approximately 100 donor restricted endowment funds established for a variety of purposes. As required under generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of those donor imposed restrictions.

Interpretation of Relevant Law – The Foundation's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in the State of Illinois as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net assets composition by type of fund consists of the following at June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted				
endowment funds (deficit)	\$ (52,044)	\$ 577,823	\$ 4,153,338	\$ 4,679,117
Total (deficit)	<u>\$ (52,044)</u>	<u>\$ 577,823</u>	<u>\$ 4,153,338</u>	<u>\$ 4,679,117</u>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2012, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets				
@ June 30, 2011 (deficit)	\$ (630)	\$ 712,319	\$ 4,046,031	\$ 4,757,720
Investment return:				
Investment income	-	57,428	-	57,428
Net realized and unrealized gain (loss)	(51,414)	(75,452)	-	(126,866)
Contributions and other additions	-	-	107,307	107,307
Endowment earnings spent	-	(116,472)	-	(116,472)
Endowment net assets at @ June 30, 2012 (deficit)	<u>\$ (52,044)</u>	<u>\$ 577,823</u>	<u>\$ 4,153,338</u>	<u>\$ 4,679,117</u>

Endowment net assets composition by type of fund consists of the following at June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds (deficit)	<u>\$ (630)</u>	<u>\$ 712,319</u>	<u>\$ 4,046,031</u>	<u>\$ 4,757,720</u>
Total (deficit)	<u><u>\$ (630)</u></u>	<u><u>\$ 712,319</u></u>	<u><u>\$ 4,046,031</u></u>	<u><u>\$ 4,757,720</u></u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2011, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets @ June 30, 2010	\$ (35,737)	\$ 371,147	\$ 3,826,306	\$ 4,161,716
Investment return:				
Investment income	-	47,383	-	47,383
Net realized and unrealized gain (loss)	35,107	497,549	-	532,656
Contributions and other additions	-	-	219,725	219,725
Endowment earnings spent	-	(203,760)	-	(203,760)
Endowment net assets at @ June 30, 2011	<u>\$ (630)</u>	<u>\$ 712,319</u>	<u>\$ 4,046,031</u>	<u>\$ 4,757,720</u>

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Agency to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$52,044 and \$630 as of June 30, 2012 and 2011, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after investment of these contributions and continued distribution of these programs was deemed prudent by the governing body.

Return Objectives and Risk Parameters - Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the governing board, the primary objective will be to balance the preservation of purchasing power of principal and to produce income to meet applicable cash flow needs while minimizing risk.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation has established one investment pool for endowed and non-endowed funds. The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation objectives are met by targeting a diversified asset allocation with up to 50% of the portfolio in equities, as considered prudent.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Foundation credits income received on endowment funds to the appropriate fund. The Foundation does not have a formal policy of appropriating income earned on endowment funds for distribution each year; instead, funds are spent only when the board approves such spending.

F. Property and Equipment

Property and equipment consist of the following as of June 30, 2012 and 2011:

	2012	2011
Property Not Placed in Service	\$ -	\$ 400,000
Equipment	36,597	36,597
Less: Accumulated Depreciation	(35,209)	(33,820)
Property and Equipment, Net	\$ 1,388	\$ 402,777

The property not placed in service is land that is adjacent to the Parkland College (the College) that was donated to the College for future expansion in 2012.

G. Board Designated Net Assets

Board designated net assets at June 30, 2012 and 2011 are available for the following purposes:

	2012	2011
Community Scholarships	\$ 101,706	\$ 101,706
Automotive Lab	1,133	1,133
Total	\$ 102,839	\$ 102,839

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

H. Restricted Net Assets

Both temporarily and the income earned from permanently restricted net assets at June 30, 2012 and 2011 are available for scholarships and various projects and programs within the College. In addition, the Foundation's investment in farmland is included in temporarily restricted net assets.

Temporarily restricted net assets were available for the following uses:

	2012	2011
Academic scholarships	\$ 1,278,768	\$ 1,634,462
College programs	636,261	361,950
Building maintenance	882,590	882,590
Investment in farmland	128,313	125,283
Timing restricted for pledges	760,127	440,909
Total	\$ 3,686,059	\$ 3,445,194

The following permanently restricted net assets are (or will be) invested in perpetuity and the income from such investments is expendable to support the following activities:

	2012	2011
Academic scholarships	\$ 3,364,519	\$ 3,182,395
College programs	1,140,138	513,038
Building maintenance	473,513	473,513
Total	\$ 4,978,170	\$ 4,168,946

I. Related Party Transactions

The Foundation's cash balance is automatically swept to a cash account owned by the College. The balance has been classified as "Due from Related Party" in the statement of financial position.

In addition, the College provided donated services to the Foundation consisting of salaries and benefits. For the years ended June 30, 2012, the amount contributed and included as in-kind revenues of this type totaled \$124,198 for salaries and \$31,049 for benefits. For the years ended June 30, 2011, the amount contributed and included as in-kind revenues of this type totaled \$122,358 for salaries and \$30,589 for benefits. These expenses are included in the statement of activities and are allocated half to "Management and General" and half to "Fundraising".

During the years ended June 30, 2012 and 2011, the Foundation received and donated to the College various in-kind items to be used in various classroom programs. The cost of these items was \$296,027 and \$280,571, respectively, and is included as Institutional Support and Fundraising in the statements of activities.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

J. Lease Commitments

The Foundation has entered into a lease agreement for office space which expires August 2012. Rent expense for the years ended June 30, 2012 and 2011 totaled \$17,280 and \$15,840. Future minimum lease payments under this non-cancellable operating lease are as follows:

Year Ending	
2013	<u>\$ 2,880</u>

K. Negative Unrestricted Net Assets

For the years ended June 30, 2012 and 2011, the Foundation had expenses in excess of unrestricted support and revenue of \$711,630 and \$260,432, respectively. At June 30, 2012 and 2011, the balance of Unrestricted Net Assets (unrestricted equity) was negative \$1,607,112 and negative \$895,482, respectively.

The Foundation maintains a line of credit with Parkland College to fund shortfalls in cash flow. In the opinion of the governing board, this should provide for any temporary cash flow short falls. However, it is uncertain what the effect of the deficit could have on the Foundation's future ability to raise funds.

The College recognizes there may be a need in the future to support the Foundation's unrestricted operations. This is not an uncommon practice amongst Illinois community college foundations. Both the Foundation Board and College Administration will continue to monitor this situation closely and work together to maintain the Foundation's financial viability.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 18 – SUPPLEMENTARY INFORMATION

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

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

- > Capital assets are not depreciated and depreciation expense is not presented in the schedules.
- > Payments of principal on long-term debt is reported as expenditures in the schedules.
- > Expenditures in the schedules include the cost of capital asset acquisitions.
- > Debt service expenditures in the schedules, as well as expenditures related to compensated absences, are recorded only when payment is due.
- > Other financing sources in the schedule include the proceeds for long-term debt issuances.
- > The schedules exclude accrued interest on long term debt.
- > Expenditures in the schedules include the issuance costs of long-term debt.
- > Other financing uses in the schedules include the payments made to the escrow agent to advance refund principal of long-term debt.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Combined Balance Sheet -
Modified Accrual Basis (Governmental Fund Types and Account Groups)
and GAAP Basis (Proprietary and Fiduciary Fund Types)
All Fund Types and Account Groups- Non-GAAP Presentation
June 30, 2012

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects Fund - Operation and Maintenance Restricted	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
Assets									
Cash and Cash Equivalents	\$ 22,633,994	\$ 940,630	\$ 2,541,740	\$ 39,340,268	\$ 1,879,652	\$ 8,346,634	\$ -	\$ -	\$ 75,662,918
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Property Taxes	8,981,529	1,460,312	1,771,650	824,652	-	-	-	-	12,838,143
Replacement Taxes	356,914	-	-	-	-	-	-	-	386,914
Agency Tuition	744,445	-	-	-	-	-	-	-	744,445
Student Tuition and Fees, Net of Allowance for Uncollectible Accounts of \$2,726,226	1,242,563	-	-	-	-	-	-	-	1,242,563
Governmental Grants	2,080,303	-	-	-	-	-	-	-	2,080,303
Business and Industry Training	-	-	-	-	47,737	-	-	-	47,737
Student Loans	-	149,659	-	-	-	-	-	-	149,659
Other	38,835	990,559	-	-	-	-	-	-	1,029,394
Due from Parkland Foundation	-	38,175	-	260,000	-	260,001	-	-	728,176
Due from Other Funds	115,710	-	-	-	-	-	-	-	115,710
Inventory	-	-	-	-	700,272	-	-	-	700,272
Property and Equipment, Net	-	-	-	-	102,161	-	79,418,977	-	79,521,138
Other Debts									
Amount Available to Retire Debt	-	-	-	-	-	-	-	2,849,884	2,849,884
Amount to be Provided to Retire Debt	-	-	-	-	-	-	-	64,176,286	64,176,286
Total Assets and Other Debts	\$ 36,224,263	\$ 3,579,335	\$ 4,313,390	\$ 40,224,920	\$ 2,729,822	\$ 8,776,635	\$ 79,418,977	\$ 67,026,170	\$ 242,293,542

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Combined Balance Sheet -
Modified Accrual Basis (Governmental Fund Types and Account Groups)
and GAAP Basis (Proprietary and Fiduciary Fund Types)
All Fund Types and Account Groups- Non-GAAP Presentation
June 30, 2012

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects Fund-Operation and Maintenance Restricted	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
Accounts Payable	\$ 387,792	\$ 35,288	\$ -	\$ 610,374	\$ 33	\$ -	\$ -	\$ -	\$ 1,033,487
Vacation Payable	1,331,876	139,765	-	-	122,077	-	-	-	1,593,718
Retirement Obligations	348,305	-	-	-	-	-	-	533,204	881,509
Accrued Liabilities	2,158,203	-	-	-	1,508	-	-	-	2,157,711
Deferred Revenue	11,787,421	1,866,843	1,463,506	711,241	138,073	-	-	-	15,967,084
Due to Other Funds	-	115,710	-	-	-	-	-	-	115,710
Due to Parkland Foundation	1,133,257	-	-	-	4,785	-	-	-	1,138,052
Due to Student Groups	-	-	-	-	-	1,177,277	-	-	1,177,277
Capital Lease Obligations	-	-	-	-	83,546	-	-	(52,034)	31,512
G. O. Bonds	-	-	-	-	-	-	-	66,545,000	66,545,000
Total Liabilities	17,144,854	2,157,606	1,463,506	1,321,615	350,032	1,177,277	-	67,026,170	90,641,060
Investment in General Fixed Assets	-	-	-	-	-	-	79,418,977	-	79,418,977
Fund Balance:									
Reserved For:									
Student Loans	-	149,659	-	-	-	-	-	-	149,659
Trust and Agency Assets	-	-	-	-	-	7,599,358	-	-	7,599,358
Unreserved, Undesignated	19,079,439	1,272,070	2,849,884	38,903,305	-	-	-	-	62,104,698
Retained Earnings	-	-	-	-	2,379,790	-	-	-	2,379,790
Total College Equity	19,079,439	1,421,729	2,849,884	38,903,305	2,379,790	7,599,358	79,418,977	-	151,652,482
Total Liabilities and College Equity	\$ 36,224,293	\$ 3,579,335	\$ 4,313,390	\$ 40,224,920	\$ 2,729,822	\$ 8,776,635	\$ 79,418,977	\$ 67,026,170	\$ 242,293,542

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Modified Accrual Basis
All Governmental Fund Types- Non-GAAP Presentation
For the Year Ended June 30, 2012

	General	Special Revenue
Revenue		
Local Sources	\$ 19,562,200	\$ 2,744,562
State Sources	6,638,167	3,534,250
Federal Sources	216,016	26,138,233
Tuition and Fees	28,143,797	-
Facilities	1,124,819	-
Interest	95,820	76
Other Revenue	512,686	46,084
On-Behalf Payments	8,584,170	-
Total Revenue	<u>64,877,675</u>	<u>32,463,205</u>
Expenditures		
Instruction	28,342,066	609,561
Academic Support	5,514,777	2,400,716
Student Services	4,636,892	573,101
Public Service	932,158	1,665,689
Auxiliary Services	-	6,656
Operation and Maintenance of Plant	6,207,037	1,704,846
Scholarships and Grants	-	24,535,005
Institutional Support	8,556,758	1,270,769
Principal	33,267	-
Interest	3,132	-
On-Behalf Payments	8,584,170	-
Total Expenditures	<u>62,810,257</u>	<u>32,766,343</u>
Revenue Over (Under) Expenditures	<u>2,067,418</u>	<u>(303,138)</u>
Other Financing Sources (Uses)		
Operating Transfers, Net	<u>(862,480)</u>	-
Total Other Financing Sources (Uses)	<u>(862,480)</u>	-
Net Change in Fund Balance	1,204,938	(303,138)
Fund Balance, June 30, 2011	<u>17,874,501</u>	<u>1,724,867</u>
Fund Balance, June 30, 2012	<u>\$ 19,079,439</u>	<u>\$ 1,421,729</u>

Schedule 2

Debt Service - Bond and Interest	Capital Projects Fund-Operation and Maintenance Restricted	Total (Memorandum Only)
\$ 3,155,222	\$ 1,260,805	\$ 26,722,789
-	9,747,911	19,920,328
-	-	26,354,249
-	-	28,143,797
-	1,022,188	2,147,007
-	(81,571)	14,325
-	-	558,770
-	-	8,584,170
<u>3,155,222</u>	<u>11,949,333</u>	<u>112,445,435</u>
-	-	28,951,627
-	(23,425)	7,892,068
-	-	5,209,993
-	-	2,597,847
-	-	6,656
-	19,785,833	27,697,716
-	-	24,535,005
-	-	9,827,527
895,000	-	928,267
2,891,039	-	2,894,171
-	-	8,584,170
<u>3,786,039</u>	<u>19,762,408</u>	<u>119,125,047</u>
<u>(630,817)</u>	<u>(7,813,075)</u>	<u>(6,679,612)</u>
<u>1,022,188</u>	<u>(1,022,188)</u>	<u>(862,480)</u>
<u>1,022,188</u>	<u>(1,022,188)</u>	<u>(862,480)</u>
391,371	(8,835,263)	(7,542,092)
<u>2,458,513</u>	<u>47,738,568</u>	<u>69,796,449</u>
<u>\$ 2,849,884</u>	<u>\$ 38,903,305</u>	<u>\$ 62,254,357</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE**
Combined Statement of Revenue, Expenditures,
and Changes in Fund Balances - Budget and Actual - Modified Accrual Basis
All Budgeted Governmental Fund Types - Non-GAAP Presentation
For the Year Ended June 30, 2012

	General		Special Revenue		Debt Service - Bond and Interest Fund		Capital Projects Fund - Operation and Maintenance Restricted		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	Revenue									
Local Sources	\$ 19,982,000	\$ 19,562,200	\$ 2,670,000	\$ 2,744,562	\$ 3,140,000	\$ 3,155,222	\$ 1,269,500	\$ 1,260,805	\$ 27,061,500	\$ 26,722,789
State Sources	6,604,208	6,638,167	3,750,000	3,534,250	-	-	-	9,747,911	10,354,208	19,920,328
Federal Sources	175,000	216,016	31,000,000	28,138,233	-	-	-	-	31,175,000	26,354,249
Tuition and Fees	28,373,000	28,143,797	-	-	-	-	-	-	28,373,000	28,143,797
Facilities	1,146,000	1,124,819	-	-	-	-	1,046,500	1,022,188	2,194,500	2,147,007
Interest	64,000	95,820	30,250	76	-	-	165,000	(81,571)	279,250	14,325
Other Revenue	536,500	512,686	225,000	46,084	-	-	-	-	761,500	558,770
Total Revenue	56,682,708	56,293,505	37,675,250	37,463,205	3,140,000	3,155,222	2,501,000	11,949,333	100,198,958	103,861,265
Expenditures										
Instruction	28,826,844	28,342,066	875,000	609,561	-	-	-	-	29,501,844	28,951,627
Academic Support	5,516,160	5,514,777	2,725,000	2,400,716	-	-	-	(23,425)	8,271,460	7,892,068
Student Services	4,788,555	4,636,892	1,200,000	573,101	-	-	-	-	5,988,555	5,209,993
Public Service	993,593	932,158	1,700,000	1,665,689	-	-	-	-	2,693,593	2,597,847
Auxiliary Services	-	-	-	6,656	-	-	-	-	-	6,656
Operation and Maintenance of Plant	6,366,993	6,207,037	1,716,445	1,704,846	-	-	38,330,000	19,785,533	44,438,438	27,697,716
Grants and Scholarships	-	-	28,500,000	24,535,005	-	-	-	-	28,500,000	24,535,005
Institutional Support	10,306,210	8,556,753	1,082,661	1,270,769	-	-	-	-	11,388,871	9,827,527
Principal	-	33,287	-	-	-	895,000	-	-	-	928,267
Interest	-	3,132	-	-	3,786,309	2,891,039	-	-	3,786,309	2,894,171
Total Expenditures	56,648,455	54,226,087	37,799,105	37,766,343	3,786,309	3,786,039	36,330,000	19,762,408	134,563,870	110,540,877
Revenue Over (Under) Expenditures	234,253	2,067,418	(123,855)	(303,138)	(646,309)	(630,817)	(33,829,000)	(7,813,075)	(34,364,912)	(6,679,612)
Other Financing Sources (Uses)										
Operating Transfers, Net	(800,000)	(862,480)	-	-	1,055,000	1,022,188	(1,055,000)	(1,022,188)	(800,000)	(862,480)
Total Other Financing Sources (Uses)	(800,000)	(862,480)	-	-	1,055,000	1,022,188	(1,055,000)	(1,022,188)	(800,000)	(862,480)
Net Change in Fund Balance	\$ (565,747)	1,204,938	\$ (123,856)	(303,138)	\$ 408,691	391,371	\$ (34,884,000)	(8,835,263)	\$ (35,164,912)	(7,542,092)
Fund Balance, June 30, 2011		17,874,501		1,724,867		2,458,513		47,738,568		69,796,449
Fund Balance, June 30, 2012		\$ 19,079,439		\$ 1,421,729		\$ 2,849,884		\$ 38,903,305		\$ 62,254,357

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Combined Statement of Revenue, Expenses,
and Changes in College Equity - Budget and Actual
Proprietary Fund Types and Similar Trust Funds- Non-GAAP Presentation
For the Year Ended June 30, 2012

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
Operating Revenue				
Student and Community Services	\$ -	\$ -	\$ 6,063,927	\$ 5,398,060
Student Tuition and Fees	-	-	822,250	1,007,441
State Sources	-	-	5,000	20,081
Other Revenue	-	-	8,500	23,250
Investment Revenue	10,000	6,786	1,000	-
Total Operating Revenue	<u>10,000</u>	<u>6,786</u>	<u>6,900,677</u>	<u>6,448,832</u>
Operating Expenses				
Salaries	-	-	1,607,706	1,563,294
Employee Benefits	-	-	395,909	388,974
Contractual Services	-	-	640,058	428,215
General Materials and Supplies	-	-	3,708,758	3,507,419
Conference and Meeting	-	-	167,678	208,103
Fixed Charges	-	-	965,691	848,956
Utilities	-	-	880	-
Capital Outlay	-	-	-	1,320
Interest	-	-	-	6,592
Depreciation	-	-	-	81,555
Other	-	-	221,580	160,061
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>7,708,260</u>	<u>7,194,489</u>
Operating Income (Loss)	10,000	6,786	(807,583)	(745,657)
Other Financing Sources (Uses)				
Operating Transfers, Net	<u>(10,000)</u>	<u>(6,786)</u>	<u>810,000</u>	<u>869,266</u>
Net Income	<u>\$ -</u>	<u>-</u>	<u>\$ 2,417</u>	<u>123,609</u>
College Equity, July 1, 2011		<u>7,600,000</u>		<u>2,256,181</u>
College Equity, June 30, 2012		<u>\$ 7,600,000</u>		<u>\$ 2,379,790</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Combined Statement of Cash Flows
Proprietary Fund Types and Similar Trust Funds
For the Year Ended June 30, 2012

	Fiduciary Fund Type Working Cash Fund	Proprietary Fund Type Enterprise Funds
Cash Flows from Operating Activities		
Auxiliary Enterprise Charges	\$ -	\$ 5,398,060
Student Tuition and Fees	-	1,110,500
Payments to Suppliers	-	(5,107,578)
Payments to Employees and Benefits Paid	-	(1,970,624)
Other Receipts	6,786	43,331
Net Cash Provided by (Used In) Operating Activities	6,786	(526,311)
Capital and Related Financing Activities		
Purchase of Equipment	-	(31,328)
Net Cash Used In Capital and Related Financing Activities	-	(31,328)
Non-Capital Financing Activities		
Change in Due To (From) Other Funds	-	(2,761)
Operating Transfers In (Out)	(6,786)	869,266
Net Cash Provided by (Used in) Non-Capital Financing Activities	(6,786)	866,505
Net Increase (Decrease) in Cash and Cash Equivalents	-	308,866
Cash and Cash Equivalents, June 30, 2011	7,600,000	1,570,786
Cash and Cash Equivalents, June 30, 2012	\$ 7,600,000	\$ 1,879,652
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ 6,786	\$ (745,657)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:		
Depreciation Expense	-	81,555
Changes in Assets and Liabilities:		
Receivables	-	74,956
Inventories	-	64,487
Accounts Payable	-	(11,399)
Vacation Payable	-	(18,356)
Deferred Revenue	-	28,103
Net Cash Provided by (Used In) Operating Activities	\$ 6,786	\$ (526,311)

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Combining Balance Sheet - Modified Accrual Basis
General Funds
June 30, 2012

	Education Fund	Operation and Maintenance Fund	Total
Assets			
Cash and Cash Equivalents	\$ 19,579,772	\$ 3,054,222	\$ 22,633,994
Receivables:			
Property Taxes, Net	6,486,665	2,494,864	8,981,529
Replacement Taxes, Net	319,978	66,936	386,914
Agency Tuition, Net	744,445	-	744,445
Student Tuition and Fees, Net	1,242,563	-	1,242,563
Governmental Grants	2,080,303	-	2,080,303
Other	25,924	12,911	38,835
Due From Other Funds	115,710	-	115,710
	<u>\$ 30,595,360</u>	<u>\$ 5,628,933</u>	<u>\$ 36,224,293</u>
Liabilities			
Accounts Payable	\$ 53,886	\$ 333,906	\$ 387,792
Vacation Payable	1,206,903	124,973	1,331,876
Retirement Payable	348,305	-	348,305
Due to Component Units	1,137,257	(4,000)	1,133,257
Accrued Liabilities	2,156,203	-	2,156,203
Deferred Revenue	9,628,857	2,158,564	11,787,421
Total Liabilities	<u>14,531,411</u>	<u>2,613,443</u>	<u>17,144,854</u>
Fund Balance			
Unreserved	16,063,949	3,015,490	19,079,439
Total Fund Balance	<u>16,063,949</u>	<u>3,015,490</u>	<u>19,079,439</u>
	<u>\$ 30,595,360</u>	<u>\$ 5,628,933</u>	<u>\$ 36,224,293</u>
Total Liabilities and Fund Balance			
	<u>\$ 30,595,360</u>	<u>\$ 5,628,933</u>	<u>\$ 36,224,293</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

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

For the Year Ended June 30, 2012

	Education Fund	Operation and Maintenance Fund	Total
Revenue			
Local Sources	\$ 14,417,308	\$ 5,144,892	\$ 19,562,200
State Sources	6,638,167	-	6,638,167
Federal Sources	216,016	-	216,016
Tuition and Fees	28,143,797	-	28,143,797
Facilities	-	1,124,819	1,124,819
Interest	93,540	2,280	95,820
Other Revenue	512,686	-	512,686
On-Behalf Payments	8,584,170	-	8,584,170
Total Revenue	<u>58,605,684</u>	<u>6,271,991</u>	<u>64,877,675</u>
Expenditures			
Instruction	28,342,066	-	28,342,066
Academic Support	5,514,777	-	5,514,777
Student Services	4,636,892	-	4,636,892
Public Service	932,158	-	932,158
Operation and Maintenance of Plant	-	6,207,037	6,207,037
Institutional Support	8,556,758	-	8,556,758
On-Behalf Payments	8,584,170	-	8,584,170
Debt service:			
Principal	-	33,267	33,267
Interest	-	3,132	3,132
Total Expenditures	<u>56,566,821</u>	<u>6,243,436</u>	<u>62,810,257</u>
Revenue Over Expenditures	<u>2,038,863</u>	<u>28,555</u>	<u>2,067,418</u>
Other Financing Sources (Uses)			
Operating Transfers, Net	(862,480)	-	(862,480)
Total Other Financing Sources (Uses)	<u>(862,480)</u>	<u>-</u>	<u>(862,480)</u>
Net Change in Fund Balance	1,176,383	28,555	1,204,938
Fund Balance, June 30, 2011	<u>14,887,566</u>	<u>2,986,935</u>	<u>17,874,501</u>
Fund Balance, June 30, 2012	<u>\$ 16,063,949</u>	<u>\$ 3,015,490</u>	<u>\$ 19,079,439</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Combining Balance Sheet - Modified Accrual Basis
Special Revenue Funds
For the Year Ended June 30, 2012

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
Assets				
Cash and Cash Equivalents	\$ -	\$ 172,948	\$ 1,288,308	\$ 1,461,256
Receivables:				
Property Taxes, Net	-	23,487	1,436,825	1,460,312
Student Loans	149,659	-	-	149,659
Due from Related Party	11,340	-	26,835	38,175
Other Receivable	990,559	-	-	990,559
Total Assets	<u>\$ 1,151,558</u>	<u>\$ 196,435</u>	<u>\$ 2,751,968</u>	<u>\$ 4,099,961</u>
Liabilities				
Cash Deficit	\$ 520,626	\$ -	\$ -	\$ 520,626
Accounts Payable	29,056	-	6,232	35,288
Vacation Payable	52,387	-	87,378	139,765
Deferred Revenue	619,193	21,586	1,226,064	1,866,843
Due to Other Funds	115,710	-	-	115,710
Total Liabilities	<u>1,336,972</u>	<u>21,586</u>	<u>1,319,674</u>	<u>2,678,232</u>
Fund Balance				
Reserved For:				
Student Loans	149,659	-	-	149,659
Unreserved, Undesignated	(335,073)	174,849	1,432,294	1,272,070
Total Fund Balance	<u>(185,414)</u>	<u>174,849</u>	<u>1,432,294</u>	<u>1,421,729</u>
Total Liabilities and Fund Balance	<u>\$ 1,151,558</u>	<u>\$ 196,435</u>	<u>\$ 2,751,968</u>	<u>\$ 4,099,961</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances - Modified Accrual Basis
Special Revenue Funds
For the Year Ended June 30, 2012

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Revenue				
Local Sources	\$ -	\$ 68,353	\$ 2,676,209	\$ 2,744,562
State Sources	3,534,250	-	-	3,534,250
Federal Sources	26,138,233	-	-	26,138,233
Interest	76	-	-	76
Other	46,084	-	-	46,084
Total Revenue	29,718,643	68,353	2,676,209	32,463,205
Expenditures				
Instruction	609,561	-	-	609,561
Academic Support	2,400,716	-	-	2,400,716
Student Services	573,101	-	-	573,101
Public Service	1,665,689	-	-	1,665,689
Auxiliary Services	6,656	-	-	6,656
Operations and Maintenance of Plant	1,995	-	1,702,851	1,704,846
Scholarships and Grants	24,535,005	-	-	24,535,005
Institutional Support	2,875	52,340	1,215,554	1,270,769
Total Expenditures	29,795,598	52,340	2,918,405	32,766,343
Net Change in Fund Balance	(76,955)	16,013	(242,196)	(303,138)
Fund Balance, June 30, 2011	(108,459)	158,836	1,674,490	1,724,867
Fund Balance, June 30, 2012	\$ (185,414)	\$ 174,849	\$ 1,432,294	\$ 1,421,729

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Combining Balance Sheet
Enterprise Funds
June 30, 2012

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
Assets								
Cash and Cash Equivalents	\$ 101,098	\$ 192,238	\$ 38,915	\$ 22,864	\$ 190,053	\$ 1,306,419	\$ 28,045	\$ 1,879,652
Receivables:								
Business and Industry Training	-	-	-	-	47,737	-	-	47,737
Inventory	-	-	-	-	-	700,272	-	700,272
Property and Equipment, Net of Accumulated Depreciation	5,240	17,768	39,177	1,834	12,336	23,941	1,865	102,161
Total Assets	\$ 106,338	\$ 210,006	\$ 78,092	\$ 24,718	\$ 250,126	\$ 2,030,632	\$ 29,910	\$ 2,729,822
Liabilities								
Account Payable	\$ -	\$ -	\$ -	\$ -	\$ 33	\$ -	\$ -	\$ 33
Vacation Payable	28,313	14,444	19,405	-	25,337	34,678	-	122,077
Accrued Liabilities	-	-	1,508	-	-	-	-	1,508
Due to Parkland Foundation	-	-	-	-	-	-	4,795	4,795
Deferred Revenue	-	-	136,290	-	-	(217)	-	136,073
Capital Lease Obligations	-	83,546	-	-	-	-	-	83,546
Total Liabilities	28,313	97,990	159,203	-	25,370	34,361	4,795	350,032
Retained Earnings (Deficit)	78,025	112,016	(81,111)	24,718	224,756	1,996,271	25,115	2,379,790
Total Liabilities and Retained Earnings	\$ 106,338	\$ 210,006	\$ 78,092	\$ 24,718	\$ 250,126	\$ 2,030,632	\$ 29,910	\$ 2,729,822

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

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

Enterprise Funds

For the Year Ended June 30, 2012

	Child Care Services	Paraprofessionals	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
Operating Revenue								
Student and Community Services	\$ 243,631	\$ 404,411	\$ 26,240	-	378,854	\$ 4,108,431	\$ 34,493	\$ 5,398,060
Student Tuition and Fees	-	-	256,823	77,600	661,018	-	13,000	1,007,441
State Sources	-	-	-	-	20,081	-	-	20,081
Other Revenue	-	-	42	-	23,208	-	-	23,250
Total Operating Revenue	443,631	404,411	284,105	77,600	1,083,161	4,108,431	47,493	6,446,832
Operating Expenses								
Salaries	361,562	120,953	78,279	279,075	361,075	313,361	28,989	1,563,294
Employee Benefits	192,315	21,388	(1,225)	20,671	73,045	82,760	-	368,974
Contractual Services	495	-	27,995	51,995	242,682	5,035	13	428,215
General Materials and Supplies	39,151	88,369	11,268	56,193	164,009	3,118,399	30,030	3,507,419
Conference and Meeting	20	2,499	48,098	145,133	12,273	336	1,744	208,103
Fixed Charges	-	183,651	-	-	9,650	655,655	-	848,956
Utilities	-	-	-	-	1,320	-	-	1,320
Capital Outlay	-	5,611	-	-	-	-	981	6,592
Depreciation	-	36,745	20,540	1,233	6,884	12,620	933	81,555
Other	2,444	-	127,660	26,603	3,054	-	-	160,081
Total Operating Expenses	615,987	459,216	310,915	581,503	975,932	4,168,186	62,690	7,194,489
Operating Income (Loss)	(172,356)	(54,805)	(26,810)	(203,903)	107,169	(79,755)	(15,197)	(745,657)
Other Financing Sources								
Operating Transfers, Net	175,000	50,000	-	525,000	119,266	-	-	669,266
Net Income (Loss)	2,644	(4,805)	(26,810)	21,097	228,435	(79,755)	(15,197)	123,809
Retained Earnings (Deficit), June 30, 2011	75,361	116,821	(54,301)	3,621	(1,679)	2,076,026	40,312	2,256,181
Retained Earnings (Deficit), June 30, 2012	\$ 78,025	\$ 112,016	\$ (81,111)	\$ 24,718	\$ 224,756	\$ 1,996,271	\$ 25,115	\$ 2,379,790

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Combining Statement of Cash Flows
Enterprise Funds

For the Year Ended June 30, 2012

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
Cash Flows from Operating Activities								
Auxiliary Enterprise Charges	\$ 443,631	\$ 404,411	\$ 28,240	\$ -	\$ 378,854	\$ 4,108,431	\$ 34,493	\$ 5,398,060
Student Tuition and Fees	-	-	283,922	77,600	735,974	-	13,000	1,110,500
Payments to Suppliers	(42,110)	(291,529)	(213,321)	(279,924)	(532,986)	(3,714,928)	(32,768)	(5,107,578)
Payments to Employees and Benefits Paid	(575,554)	(141,397)	(86,956)	(299,746)	(443,684)	(394,298)	(25,989)	(1,970,624)
Other Receipts	-	-	42	-	43,289	-	-	43,331
Net Cash Provided by (Used In) Operating Activities	(174,033)	(28,515)	11,931	(502,070)	181,445	(805)	(14,264)	(526,311)
Capital and Related Financing Activities								
Purchase of Equipment	-	(14,289)	-	-	(14,261)	-	(2,798)	(31,328)
Net Cash Provided by (Used In) Capital and Related Financing Activities	-	(14,289)	-	-	(14,261)	-	(2,798)	(31,328)
Non-Capital Financing Activities								
Change in Due To (From) Other Funds	-	-	-	-	-	-	(2,761)	(2,761)
Operating Transfers In	175,000	50,000	-	525,000	119,266	-	-	869,266
Net Cash Provided by (Used In) Non-Capital Financing Activities	175,000	50,000	-	525,000	119,266	-	(2,761)	866,505
Net Increase (Decrease) In Cash and Cash Equivalents	867	7,216	11,931	22,930	286,450	(805)	(19,823)	308,866
Cash and Cash Equivalents, June 30, 2011	100,131	185,022	26,984	(46)	(96,397)	1,307,224	47,868	1,570,786
Cash and Cash Equivalents, June 30, 2012	\$ 101,098	\$ 192,238	\$ 38,915	\$ 22,884	\$ 190,053	\$ 1,306,419	\$ 28,045	\$ 1,879,652
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities								
Operating Income (Loss)	\$ (172,358)	\$ (54,805)	\$ (25,810)	\$ (503,903)	\$ 107,169	\$ (79,755)	\$ (15,197)	\$ (745,657)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:								
Depreciation Expense	-	36,745	20,540	1,253	8,884	(2,620)	933	81,555
Changes in Assets and Liabilities:								
Receivables	-	-	-	-	74,956	-	-	74,956
Inventories	-	-	-	-	-	64,497	-	64,487
Accounts Payable	-	(11,399)	-	-	-	-	-	(11,399)
Vacation Payable	(1,677)	944	(9,902)	-	(9,564)	1,843	-	(18,356)
Deferred Revenue	-	-	28,103	-	-	-	-	28,103
Net Cash Provided by (Used In) Operating Activities	\$ (174,033)	\$ (28,515)	\$ 11,931	\$ (502,070)	\$ 181,445	\$ (805)	\$ (14,264)	\$ (526,311)

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Combining Balance Sheet
Fiduciary Funds
June 30, 2012

	Non-Expendable Trust <u>Working</u> Cash Fund	Trust and Agency Fund	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 7,600,000	\$ 746,634	\$ 8,346,634
Receivables:			
Due from Related Party	<u>-</u>	<u>430,001</u>	<u>430,001</u>
Total Assets	<u>\$ 7,600,000</u>	<u>\$ 1,176,635</u>	<u>\$ 8,776,635</u>
Liabilities			
Due to Student Groups	<u>\$ -</u>	<u>\$ 1,177,277</u>	<u>\$ 1,177,277</u>
Total Liabilities	-	1,177,277	1,177,277
Fund Balance			
Reserved for Trust and Agency Assets	<u>7,600,000</u>	<u>(642)</u>	<u>7,599,358</u>
Total Fund Balance	<u>7,600,000</u>	<u>(642)</u>	<u>7,599,358</u>
Total Liabilities and Fund Balance	<u>\$ 7,600,000</u>	<u>\$ 1,176,635</u>	<u>\$ 8,776,635</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Balance Sheet - Modified Accrual Basis (Governmental Fund Types and Account Groups)
and GAAP Basis (Proprietary and Fiduciary Fund Types)
All Funds and Account Groups
June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	Operations and Maintenance Funds										Account Groups		Totals (Memorandum Only)	
	Education Fund	Operational	Restricted	Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Trust and Agency Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	General Fixed Assets	General Long-Term Debt	June 30 2012	June 30, 2011
Assets														
Cash and Cash Equivalents	\$ 19,679,772	\$ 3,054,222	\$ 99,340,268	\$ 1,879,652	\$ (520,825)	\$ 7,600,000	\$ 746,834	\$ 2,541,740	\$ 172,948	\$ 1,288,308	\$ -	\$ -	\$ 75,682,918	\$ 77,975,386
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	4,757,778
Receivables:														
Property Taxes	6,486,685	2,484,884	624,652	-	-	-	-	1,771,650	23,487	1,438,825	-	-	12,835,143	12,930,233
Replacement Taxes	319,978	66,936	-	-	-	-	-	-	-	-	-	-	386,914	283,834
Agency Tuition, Net	744,445	-	-	-	-	-	-	-	-	-	-	-	744,445	680,493
Student Tuition and Fees, Net	1,242,563	-	-	-	-	-	-	-	-	-	-	-	1,242,563	609,591
Governmental Grants	2,080,303	-	-	-	-	-	-	-	-	-	-	-	2,080,303	1,370,932
Business and Industry Training	-	-	-	47,797	-	-	-	-	-	-	-	-	47,737	122,633
Student Loans	-	-	-	-	149,859	-	-	-	-	-	-	-	149,859	149,659
Other	25,824	12,911	-	-	990,559	-	-	-	-	-	-	-	1,029,384	1,111,798
Due from Parkland Foundation	-	-	260,000	-	11,340	-	430,007	-	-	26,835	-	-	728,176	573,843
Due from Other Funds	115,710	-	-	-	-	-	-	-	-	-	-	-	115,710	734,817
Prepaid Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	700,272	-	-	-	-	-	-	-	-	700,272	764,789
Property and Equipment at Cost, Net	-	-	-	102,161	-	-	-	-	-	-	79,418,977	-	78,521,138	61,689,627
Amounts Available to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	2,849,884	2,849,884	2,459,513
Amounts to be Provided to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	64,176,286	64,176,286	65,296,970
Total Assets	\$ 30,595,360	\$ 5,628,933	\$ 40,224,920	\$ 2,729,922	\$ 630,932	\$ 7,600,000	\$ 1,176,635	\$ 4,313,390	\$ 196,435	\$ 2,751,968	\$ 79,418,977	\$ 67,026,170	\$ 242,293,542	\$ 231,648,911
Liabilities														
Accounts Payable	\$ 53,886	\$ 333,906	\$ 610,374	\$ 33	\$ 29,056	\$ -	\$ -	\$ -	\$ -	\$ 6,232	\$ -	\$ -	\$ 1,033,487	\$ 1,263,693
Vacation Payable	1,206,903	124,973	-	122,077	52,387	-	-	-	-	67,378	-	-	1,593,718	1,551,861
Retirement Obligations	346,305	-	-	-	-	-	-	-	-	-	533,204	-	881,609	525,928
Accrued Liabilities	2,156,203	-	-	1,508	-	-	-	-	-	-	-	-	2,157,711	1,934,890
Due to Other Funds	-	-	-	-	115,710	-	-	-	-	-	-	-	115,710	734,817
Due to Parkland Foundation	1,137,257	(4,000)	-	4,795	-	-	-	-	-	-	-	-	1,138,052	764,937
Deferred Revenue	9,628,857	2,158,564	711,241	138,073	619,193	-	1,463,506	21,586	1,226,064	-	-	-	15,967,084	15,142,020
Capital Lease Obligations	-	-	-	83,546	-	-	-	-	-	-	(52,034)	-	31,512	64,779
Due to Student Groups	-	-	-	-	-	-	1,177,277	-	-	-	-	-	1,177,277	1,037,029
Unapplied Financial Aid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G.O. Bonds (2009 and 2010)	-	-	-	-	-	-	-	-	-	-	-	66,545,000	66,545,000	67,440,000
Total Liabilities	14,521,411	2,613,443	1,321,615	360,032	816,346	-	1,177,277	1,463,506	21,586	1,319,674	-	67,026,170	90,641,080	92,489,682
College Equity														
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	79,418,977	-	79,418,977	61,637,239
Fund Balance:														
Reserved For:														
Prepaid Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Student Loans	-	-	-	-	149,859	-	-	-	-	-	-	-	149,859	149,659
Trust and Agency Assets	-	-	-	-	-	7,600,000	(642)	-	-	-	-	-	7,599,358	7,599,358
Unreserved, Undesignated	16,063,949	3,015,490	38,903,305	-	(336,073)	-	-	-	174,849	1,432,294	-	-	59,254,814	67,188,277
Retained Earnings (Accumulated Deficit)	-	-	-	2,378,780	-	-	-	2,849,884	-	-	-	-	5,229,674	4,714,694
Total College Equity (Deficit)	16,063,949	3,015,490	38,903,305	2,378,780	(165,414)	7,600,000	(642)	2,849,884	174,849	1,432,294	79,418,977	-	151,652,482	141,189,227
Total Liabilities and College Equity	\$ 30,595,360	\$ 5,628,933	\$ 40,224,920	\$ 2,729,922	\$ 630,932	\$ 7,600,000	\$ 1,176,635	\$ 4,313,390	\$ 196,435	\$ 2,751,968	\$ 79,418,977	\$ 67,026,170	\$ 242,293,542	\$ 231,648,911

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Statement of Revenue, Expenditures, and Changes in College Equity -
Modified Accrual Basis (Governmental Fund Types)
and GAAP Basis (Proprietary and Fiduciary Fund Types)
All Funds
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	Totals (Memorandum Only)	
		Operational	Restricted							2012	2011
Revenue											
Local Sources	\$ 14,417,308	\$ 5,144,892	\$ 1,260,805	\$ -	\$ -	\$ -	\$ 3,165,222	\$ 68,353	\$ 2,676,209	\$ 26,722,769	\$ 26,737,560
State Sources	6,638,167	-	9,747,911	20,081	3,534,250	-	-	-	-	19,940,409	12,052,117
Federal Sources	216,016	-	-	-	26,138,233	-	-	-	-	26,354,249	28,634,890
Tuition and Fees	28,143,797	-	-	1,007,441	-	-	-	-	-	29,151,238	29,165,021
Facilities	-	1,124,819	1,022,188	-	-	-	-	-	-	2,147,007	2,215,171
Other Revenue	606,226	2,280	(81,571)	5,421,310	46,160	6,756	-	-	-	6,001,191	6,328,333
On-Behalf Payments	8,584,170	-	-	-	-	-	-	-	-	8,584,170	6,780,427
Total Revenue	58,605,684	6,271,991	11,949,333	6,448,832	29,718,643	6,786	3,155,222	68,353	2,676,209	118,901,053	111,911,519
Expenditures											
Instruction	28,342,068	-	-	-	609,561	-	-	-	-	28,951,627	27,466,327
Academic Support	5,514,777	-	(23,425)	422,472	2,400,716	-	-	-	-	8,314,540	6,621,901
Student Services	4,636,892	-	-	-	873,101	-	-	-	-	5,209,993	5,081,101
Public Service	932,158	-	-	987,106	1,665,669	-	-	-	-	3,664,953	3,917,686
Auxiliary Services	-	-	-	6,723,357	6,656	-	-	-	-	5,730,013	5,941,489
Operation and Maintenance of Plant	-	6,207,037	19,785,833	-	1,995	-	-	-	1,702,851	27,697,716	15,256,490
Institutional Support	8,558,758	-	-	-	2,875	-	-	52,340	-	9,827,527	10,228,867
Scholarships and Grants	-	-	-	-	24,535,005	-	-	-	-	24,535,005	27,047,680
Principal	-	33,267	-	-	-	-	895,000	-	-	928,267	346,340
Interest	-	3,132	-	-	-	-	2,891,039	-	-	2,894,171	3,336,773
Depreciation	-	-	-	81,554	-	-	-	-	-	81,554	73,763
On-Behalf Payments	8,584,170	-	-	-	-	-	-	-	-	8,584,170	6,780,427
Total Expenditures	66,566,821	6,243,436	19,762,408	7,134,489	29,795,598	-	3,786,039	52,340	2,918,409	126,319,536	112,098,844
Revenue Over (Under) Expenditures	2,038,863	28,555	(7,813,075)	(745,657)	(76,955)	6,786	(630,817)	16,013	(242,196)	(7,418,483)	(187,325)
Other Financing Sources (Uses)											
Issuance of G. O. Bonds (Refunding Bonds)	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt Certificate	-	-	-	-	-	-	-	-	-	-	-
Current Refunded Debt Certificates - Principal	-	-	-	-	-	-	-	-	-	-	-
Advanced Refunded Debt Certificates - Payment to Escrow Agent	-	-	-	-	-	-	-	-	-	-	-
Accrued Interest on Bonds Sold	-	-	-	-	-	-	-	-	-	-	-
Proceeds of Capital Leases	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers, Net	(862,490)	-	(1,022,188)	869,266	-	(6,786)	1,022,188	-	-	-	-
Total Other Financing Sources (Uses)	(862,490)	-	(1,022,188)	869,266	-	(6,786)	1,022,188	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,176,373	28,555	(8,835,263)	123,609	(76,955)	-	391,371	16,013	(242,196)	(7,418,483)	(187,325)
College Equity (Deficit), Beginning of Year	14,887,566	2,986,935	47,788,668	2,256,181	(108,459)	7,600,000	2,458,513	158,838	1,674,490	79,652,630	79,839,955
College Equity (Deficit), End of Year	\$ 16,063,949	\$ 3,015,490	\$ 38,903,305	\$ 2,379,790	\$ (185,414)	\$ 7,600,000	\$ 2,849,894	\$ 174,849	\$ 1,432,294	\$ 72,234,147	\$ 79,652,630

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Reconciliation of the Balance Sheet -
Modified Accrual Basis (Governmental Fund Types and Account Groups)
and GAAP Basis (Proprietary and Fiduciary Fund Types) to the Statement of Net Assets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
College Equity	\$ 151,652,482	\$ 141,189,227
Reconciling Items:		
Recognition of Summer Revenues	2,385,480	2,425,077
Reclassification of Long Term Debt	(67,026,170)	(67,695,483)
Deferred Debt Issue Costs and Deferred Refunding Expense	950,631	1,048,321
Recognition of Interest Payable on Long Term Debt	<u>(240,416)</u>	<u>(241,424)</u>
Net Assets	<u>\$ 87,722,007</u>	<u>\$ 76,725,718</u>
	<u>2012</u>	<u>2011</u>
Change in College Equity	\$ (7,418,483)	\$ (187,325)
Reconciling Items:		
Remove Rent Revenue Paid by the Bookstore to O&M Fund	(616,265)	(660,131)
Remove Rent Expense from the Bookstore	616,265	660,131
Remove Revenue Paid by the Education Fund to Reprographics	(404,411)	(385,315)
Remove Expenditures from the Education Fund	404,411	385,315
Remove Student Aid and Scholarship Payments from Revenue	(11,592,035)	(12,479,681)
Remove Student Aid and Scholarship Payments from Expense	11,592,035	12,479,681
Change in Recognition of Summer School Revenues	(39,597)	178,102
General Obligation Debt Retired	895,000	295,000
Capital Lease Obligations Retired	33,267	51,340
Retirement Obligations Retired	(258,954)	173,805
Remove Capital Expenditures and Interest Expenditures Related to Capitalized Assets	23,707,199	10,560,303
Record Depreciation on the Capital Assets	(5,825,461)	(5,038,649)
Gain (Loss) on Disposal of Capital Assets	-	(256,000)
Change in Deferred Debt Issue Costs and Deferred Refunding Expense	(97,690)	(97,690)
Change in Accrued Interest on Long Term Debt	<u>1,008</u>	<u>430,000</u>
Change in Net Assets	<u>\$ 10,996,289</u>	<u>\$ 6,108,886</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections
June 30, 2012

	2011 Levy	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy	2005 Levy	2004 Levy	2003 Levy	2002 Levy
Assessed Valuations										
County:										
Champaign	\$ 3,577,235,959	\$ 3,602,160,901	\$ 3,578,173,147	\$ 3,525,443,054	\$ 3,326,466,857	\$ 3,072,418,417	\$ 2,827,890,748	\$ 2,610,703,920	\$ 2,485,411,067	\$ 2,356,567,402
Coles	7,575,377	7,072,734	6,114,626	5,758,277	5,306,338	5,573,540	5,963,210	6,416,722	6,225,361	6,757,851
DeWitt	76,496,177	72,965,141	74,274,090	62,936,083	60,557,367	56,796,370	57,235,909	58,542,203	61,241,631	62,963,494
Douglas	251,636,058	248,720,699	240,503,383	229,699,701	218,607,217	208,085,929	208,085,929	205,222,157	211,719,753	212,081,194
Edgar	3,188,000	3,188,451	2,976,360	2,543,065	2,434,071	2,250,000	2,359,397	2,550,230	2,750,598	2,975,138
Ford	200,698,988	195,027,444	188,970,466	183,254,673	177,019,659	171,232,142	166,210,215	163,136,913	169,817,255	170,518,292
Iroquois	85,460,933	87,283,023	86,148,726	84,852,171	74,346,304	74,346,304	70,565,997	70,068,302	68,855,261	70,121,443
Livingston	61,241,000	60,031,221	58,537,786	55,516,475	52,968,851	51,744,154	50,467,263	48,636,918	49,889,515	51,161,150
McLean	168,439,009	165,055,933	161,123,775	156,650,468	124,928,450	112,103,168	111,280,992	112,013,505	111,964,618	112,238,864
Moultrie	3,377,000	3,136,292	2,868,600	2,711,561	2,544,048	2,828,750	2,828,750	3,058,323	3,302,506	3,570,168
Piatt	345,165,000	340,014,568	333,049,928	317,723,113	295,752,213	276,109,518	260,426,679	252,425,217	258,267,102	247,128,738
Vermilion	13,294,313	13,038,583	12,406,340	12,118,874	11,310,925	10,303,236	9,378,245	9,759,669	10,463,662	10,628,076
TOTAL	\$ 4,796,807,814	\$ 4,797,694,990	\$ 4,743,149,227	\$ 4,639,207,515	\$ 4,352,242,300	\$ 4,043,791,548	\$ 3,772,691,334	\$ 3,542,534,079	\$ 3,439,908,329	\$ 3,306,711,800
Tax Rates										
(Per \$100 Assessed Valuations)										
Education Fund	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2592	0.2600	0.2600	0.2800
Operations and Maintenance:										
Operational Fund	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0994	0.1000	0.1000	0.1000
Bond	0.0678	0.0639	0.0610	0.0439	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Tort and Immunity	0.0354	0.0344	0.0389	0.0376	0.0341	0.0352	0.0408	0.0450	0.0438	0.0287
Audit	0.0010	0.0019	0.0019	0.0019	0.0019	0.0020	0.0019	0.0022	0.0021	0.0014
Worker's Compensation	0.0019	0.0018	0.0016	0.0010	0.0056	0.0061	0.0062	0.0069	0.0056	0.0030
Unemployment Insurance	0.0002	0.0002	0.0002	0.0004	0.0004	0.0005	0.0002	0.0006	0.0022	0.0009
Protection, Health, and Safety	0.0284	0.0264	0.0266	0.0500	0.0500	0.0500	0.0496	0.0500	0.0500	0.0500
Medicare Insurance	0.0125	0.0115	0.0117	0.0097	0.0093	0.0101	0.0099	0.0119	0.0118	0.0121
Property Insurance	0.0068	0.0063	0.0053	0.0070	0.0075	0.0081	0.0083	0.0085	0.0087	0.0091
TOTAL	0.5120	0.5064	0.5082	0.5115	0.4688	0.4720	0.4753	0.4851	0.4836	0.4652

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections
June 30, 2012

	2011 Levy	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy	2005 Levy	2004 Levy	2003 Levy	2002 Levy
Tax Extensions										
Education Fund	\$ 12,471,700	\$ 12,474,106	\$ 12,335,180	\$ 12,062,000	\$ 11,315,677	\$ 10,501,816	\$ 9,775,029	\$ 9,210,343	\$ 8,943,762	\$ 8,697,451
Operations and Maintenance:										
Operational Fund	4,796,808	4,797,695	4,743,149	4,639,208	4,352,026	4,040,187	3,753,251	3,542,306	3,439,908	3,306,712
Bond	3,262,236	3,065,727	2,893,321	2,036,612	-	-	-	-	-	-
Tort and Immunity	1,698,070	1,650,407	1,845,085	1,744,342	1,484,651	1,422,819	1,531,713	1,583,798	1,499,800	949,026
Audit	47,968	91,156	90,120	88,145	83,654	80,079	75,678	73,834	72,238	46,294
Worker's Compensation	91,139	86,359	75,890	46,392	243,726	246,569	233,907	244,435	192,635	99,201
Unemployment Insurance	9,594	9,695	9,488	18,557	17,409	20,210	7,545	21,255	75,678	29,780
Protection, Health, and Safety	1,266,357	1,266,591	1,261,678	2,319,604	2,174,593	2,019,140	1,879,328	1,772,012	1,719,954	1,653,356
Medicare Insurance	599,601	551,735	554,948	450,003	404,759	408,251	373,496	421,562	399,029	400,112
Property Insurance	326,183	302,256	298,818	324,745	326,416	327,410	315,133	301,115	299,272	300,911
	24,559,666	24,295,626	23,729,606	20,403,312	19,066,480	17,913,080	17,170,662	16,642,278	15,382,822	14,575,249
Tax Collections Prior to Year End	(10,592,143)	(10,391,341)	(10,146,060)	(8,957,110)	(8,069,866)	(7,632,368)	(7,174,956)	(7,189,045)	(6,328,182)	(6,281,676)
	13,967,513	13,904,285	13,772,498	12,333,446	11,414,112	10,758,124	9,981,617	10,314,094	9,101,146	8,776,091
Allowance for Uncollectible Taxes and Potential Refunds	(1,129,370)	(973,951)	(793,426)	(613,073)	(448,759)	-	-	-	-	-
Property Taxes Receivable	\$ 12,838,143	\$ 12,930,334	\$ 12,979,070	\$ 11,884,687	\$ 11,414,112	\$ 10,758,124	\$ 9,981,617	\$ 10,314,094	\$ 9,101,146	\$ 8,778,091
Property Taxes Receivable by Fund										
Education Fund	\$ 6,488,665	\$ 6,621,915	6,714,309	6,668,314	6,591,248	\$ 6,296,892	\$ 5,641,707	\$ 5,354,140	\$ 5,542,794	\$ 5,086,631
Operations and Maintenance:										
Operational Fund	2,494,864	2,546,881	2,582,425	2,564,747	2,535,003	2,418,550	2,243,001	2,059,208	2,131,924	1,956,745
Restricted Fund	624,652	638,385	656,048	1,282,096	1,266,907	1,208,755	1,123,116	1,030,102	1,066,477	978,373
Bond Fund	1,771,650	1,699,209	1,644,595	1,168,107	-	-	-	-	-	-
Audit Fund	23,487	48,374	49,052	48,804	48,728	67,940	45,226	42,921	44,351	27,304
Liability, Protection, and Settlement Fund	1,436,825	1,375,459	1,521,761	1,427,355	1,442,801	1,451,875	1,515,076	1,495,246	1,528,548	1,052,092
Total	\$ 12,838,143	\$ 12,930,333	\$ 13,168,190	\$ 13,159,423	\$ 11,884,687	\$ 11,414,112	\$ 10,766,124	\$ 9,981,617	\$ 10,314,094	\$ 9,101,146

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Schedule of Legal Debt Margin
June 30, 2012

Assessed Valuations - 2011 Levy	<u>\$ 4,796,807,814</u>
Debt Limit, 2.875 Percent of Assessed Valuation	<u>\$ 137,908,225</u>
Indebtedness:	
Capital Leases	31,512
G. O. Bonds	<u>66,545,000</u>
Total Indebtedness	<u>66,576,512</u>
Legal Debt Margin	<u>\$ 71,331,713</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Student Enrollment and Full-Time Equivalency

At Tenth Day

Year Ended June 30, 2012

(Unaudited)

School Quarter	Student Enrollment	Full-Time Equivalency
		Semester
Summer 2011	5,804	1,992
Fall 2011	10,472	6,418
Spring 2012	<u>9,844</u>	<u>5,869</u>
Semester Average (Exclusive of Summer School)	<u><u>10,158</u></u>	<u><u>6,144</u></u>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
 All Funds Summary - All Governmental Fund Types- Non-GAAP Presentation
 Uniform Financial Statement #1
 Fiscal Year Ended June 30, 2012

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection Settlement Fund	Total
Fund Balance, June 30, 2011	\$ 14,887,566	\$ 2,988,935	\$ 47,738,568	\$ 2,458,513	\$ 2,255,181	\$ (108,459)	\$ 7,600,000	\$ 156,836	\$ 1,674,490	\$ 79,652,630
Revenues:										
Local Tax Revenue	12,421,144	4,777,901	1,253,421	3,138,315	-	-	-	67,844	2,661,045	24,319,670
All Other Local Revenue	1,998,164	366,991	7,384	16,907	-	-	-	509	15,164	2,403,119
ICCB Grants	6,240,905	-	-	-	-	1,327,910	-	-	-	7,568,815
All Other State Revenue	397,282	-	9,747,911	-	20,081	2,592,330	-	-	-	12,757,584
Federal Revenue	216,016	-	-	-	-	29,752,243	-	-	-	29,968,259
Student Tuition and Fees	28,143,757	-	-	-	869,732	-	-	-	-	29,013,489
All Other Revenue	606,226	1,127,099	940,617	-	5,559,019	46,160	6,786	-	-	8,285,507
Total Revenue	50,021,514	6,271,991	11,949,333	3,155,222	6,428,832	29,718,643	6,786	68,353	2,676,209	110,316,883
Expenditures:										
Instruction	28,342,066	-	-	-	-	609,581	-	-	-	28,951,627
Academic Support	5,514,777	-	(23,425)	-	422,472	2,400,716	-	-	-	8,314,540
Student Services	4,636,892	-	-	-	-	573,101	-	-	-	5,209,993
Public Service/Continuing Education	932,158	-	-	-	687,106	1,665,689	-	-	-	3,564,953
Organized Research	-	-	-	-	-	-	-	-	-	-
Auxiliary Services	-	-	-	-	5,804,911	6,656	-	-	-	5,811,567
Operations and Maintenance	-	6,207,037	19,785,833	-	-	1,995	-	-	1,702,851	27,897,716
Institutional Support	8,558,758	35,399	-	3,788,039	-	2,875	-	52,340	1,215,554	13,649,965
Scholarships, Grants, & Waivers	-	-	-	-	-	24,535,005	-	-	-	24,535,005
Total Expenditures	47,982,651	6,243,436	19,762,408	3,786,039	7,194,489	29,795,598	-	52,340	2,918,405	117,735,366
Net Transfers	(862,480)	-	(1,022,188)	1,022,188	869,268	-	(6,786)	-	-	-
Fund Balance, June 30, 2012	\$ 16,063,949	\$ 3,015,490	\$ 38,903,305	\$ 2,849,884	\$ 2,379,790	\$ (165,414)	\$ 7,600,000	\$ 174,849	\$ 1,432,294	\$ 72,234,147

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Operating Funds Revenues and Expenditures - All Governmental Fund Types- Modified Accrual Non-GAAP Presentation
Uniform Financial Statement No. 3
Fiscal Year Ended June 30, 2012

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Revenues by Source:			
<i>Local Government Revenue</i>			
Local Taxes	\$ 12,421,144	\$ 4,777,901	\$ 17,199,045
Chargeback Revenue	241,810	-	241,810
CPPRT	1,754,354	366,991	2,121,345
Total Local Government	<u>14,417,308</u>	<u>5,144,892</u>	<u>19,562,200</u>
<i>State Government</i>			
ICCB Base Operating Grant	4,446,015	-	4,446,015
ICCB Equalization Grant	1,794,890	-	1,794,890
IBHE Vocational Grants	397,262	-	397,262
Total State Government	<u>6,638,167</u>	<u>-</u>	<u>6,638,167</u>
<i>Federal Government</i>			
Other	216,016	-	216,016
Total Federal Government	<u>216,016</u>	<u>-</u>	<u>216,016</u>
<i>Student Tuition and Fees</i>			
Tuition	26,535,218	-	26,535,218
Fees	1,608,579	-	1,608,579
Total Tuition and Fees	<u>28,143,797</u>	<u>-</u>	<u>28,143,797</u>
<i>Other Sources</i>			
Sales and Service Fees	431,281	-	431,281
Facilities Revenue	-	1,124,819	1,124,819
Investment Revenue	93,540	2,280	95,820
Other	81,405	-	81,405
Total Other Sources	<u>606,226</u>	<u>1,127,099</u>	<u>1,733,325</u>
Total Operating Revenues	50,021,514	6,271,991	56,293,505
<i>Adjusting Non-Operating Items</i>			
Tuition Chargeback Revenue	(241,810)	-	(241,810)
Adjusted Operating Revenue	<u>\$ 49,779,704</u>	<u>\$ 6,271,991</u>	<u>\$ 56,051,695</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Operating Funds Revenues and Expenditures - All Budgeted Governmental Fund Types- Non-GAAP Presentation
Uniform Financial Statement No. 3
Fiscal Year Ended June 30, 2012

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Expenditures by Program:			
Instruction	\$ 28,342,066	\$ -	\$ 28,342,066
Academic Support	5,514,777	-	5,514,777
Student Services	4,636,892	-	4,636,892
Public Service/Continuing Education	932,158	-	932,158
Organized Research	-	-	-
Auxiliary Services	-	-	-
Operations and Maintenance	-	6,207,037	6,207,037
Institutional Support	8,556,758	36,399	8,593,157
Scholarships, Grants, Waivers	-	-	-
Total Operating Expenditures by Program	<u>47,982,651</u>	<u>6,243,436</u>	<u>54,226,087</u>
Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Program	<u>\$ 47,982,651</u>	<u>\$ 6,243,436</u>	<u>\$ 54,226,087</u>
Operating Expenditures by Object:			
Salaries	\$ 34,087,499	\$ 1,939,149	\$ 36,026,648
Employee Benefits	6,921,185	684,488	7,605,673
Contractual Services	1,108,101	468,875	1,576,976
General Materials and Supplies	2,534,166	523,929	3,058,095
Conference and Meeting Expenses	476,250	3,317	479,567
Fixed Charges	266,974	112,930	379,904
Utilities	19,375	1,843,747	1,863,122
Capital Outlay	992,311	667,001	1,659,312
Other	1,576,790	-	1,576,790
Total Operating Expenditures by Object	<u>47,982,651</u>	<u>6,243,436</u>	<u>54,226,087</u>
Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Object	<u>\$ 47,982,651</u>	<u>\$ 6,243,436</u>	<u>\$ 54,226,087</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Restricted Purposes Fund Revenues and Expenditures
All Governmental Fund Types- Non-GAAP Presentation
Uniform Financial Statement No. 4
Fiscal Year Ended June 30, 2012

	<u>Restricted Purposes Fund</u>
Revenue by Source:	
<i>State Government</i>	
ICCB - Workforce Development-Business/Industry Grants	\$ 89,434
ICCB - Program Improvement Grant	32,257
ICCB - Adult Education	249,887
ICCB - Other	956,332
Illinois Student Assistance Commission	-
Other	2,592,330
Total State Government	<u>3,920,240</u>
 <i>Federal Government</i>	
Dept. of Education	24,915,543
Dept. of Labor	535,112
Other	301,588
Total Federal Government	<u>25,752,243</u>
 <i>Other Sources</i>	
Other	46,160
Total Other Sources	<u>46,160</u>
 Total Restricted Purposes Fund Revenues	 <u><u>\$ 29,718,643</u></u>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
 Restricted Purposes Fund Revenues and Expenditures
 All Governmental Fund Types- Non-GAAP Presentation
 Uniform Financial Statement No. 4
 Fiscal Year Ended June 30, 2012

	Restricted Purposes Fund
Expenditures by Program:	
Instruction	\$ 609,561
Academic Support	2,400,716
Student Services	573,101
Public Service/Continuing Education	1,665,689
Auxiliary Services	6,656
Operations and Maintenance	1,995
Institutional Support	2,875
Scholarships, Grants, and Waivers	24,535,005
Total Restricted Purposes Fund Expenditures by Program	\$ 29,795,598
 Expenditures by Object:	
Salaries	\$ 1,342,400
Employee Benefits	253,115
Contractual Services	1,939,037
General Materials and Supplies	317,638
Travel & Conference/Meeting Expenses	155,020
Fixed Charges	205,502
Utilities	14,578
Capital Outlay	393,378
Scholarships, Grants, Waivers	24,535,005
Other	639,925
Total Restricted Purposes Fund Expenditures by Object	\$ 29,795,598

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Current Funds Expenditures by Activity - All Governmental Fund Types- Non-GAAP Presentation
Uniform Financial Statement No. 5
Fiscal Year Ended June 30, 2012

Instruction:		
Instructional Programs		<u>\$ 28,951,627</u>
Academic Support:		
Library Center	1,330,714	
Academic Computing Support	1,242,212	
Academic Administration and Planning	49,793	
Other	5,715,246	
Total Academic Support		<u>8,337,965</u>
Student Services Support:		
Admissions and Records	980,931	
Counseling and Career Services	1,286,657	
Financial Aid Administration	674,628	
Other	2,267,777	
Total Student Services Support		<u>5,209,993</u>
Public Service/Continuing Education:		
Community Education	89,434	
Community Services	3,475,519	
Total Public Service/Continuing Education		<u>3,564,953</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Current Funds Expenditures by Activity - All Governmental Fund Types- Non-GAAP Presentation
Uniform Financial Statement No. 5
Fiscal Year Ended June 30, 2012

Auxiliary Services	<u>\$ 5,811,567</u>
Operations and Maintenance of Plant:	
Maintenance	1,046,554
Custodial Services	1,794,432
Grounds	589,776
Campus Security	1,574,831
Transportation	57,500
Utilities	1,843,747
Administration	911,427
Other	93,616
Total Operations and Maintenance of Plant	<u>7,911,883</u>
Institutional Support:	
Executive Management	392,996
Fiscal Operations	1,258,413
Community Relations	101,859
Board of Trustees	44,246
General Institutional	1,987,935
Institutional Research	360,296
Administrative Data Processing	1,223,320
Other	8,280,900
Total Institutional Support	<u>13,649,965</u>
Scholarships, Student Grants, and Waivers	<u>24,535,005</u>
Total Current Funds Expenditures	<u><u>\$ 97,972,958</u></u>

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**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Certificate of Chargeback Reimbursement
Fiscal Year Ended June 30, 2012

All Fiscal Year 2012 Non-Capital Audited Operating Expenditures from the Following Funds:	
Education	\$ 46,980,715
Operations and Maintenance Fund	5,540,036
Restricted Purposes Fund	29,402,220
Audit Fund	52,340
Liability, Protection and Settlement Fund	2,903,666
Total Non-Capital Expenditures	<u>84,888,977</u>
Depreciation on Capital Outlay Expenditures from Sources Other than State and Federal Funds	5,907,016
Total Costs Included	<u>90,795,993</u>
Total Certified Semester Credit Hours for Year 2012	<u>194,251</u>
Per Capita Cost	<u>467.42</u>
All Fiscal Year 2012 State and Federal Operating Grants for Non-Capital Expenditures, Except ICCB Grants	<u>28,993,917</u>
Fiscal Year 2012 State and Federal Grants Per Semester Credit Hour	<u>149.26</u>
District's Average ICCB Grant Rate for Fiscal Year 2013	<u>22.02</u>
District's Student Tuition and Fee Rate Per Semester Credit Hour for Fiscal Year 2013	<u>112</u>
Chargeback Reimbursement Per Semester Credit Hour	<u>\$ 184.14</u>

Approved:



Chief Fiscal Officer

Approved:



Chief Executive Officer

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the balance sheets of the Workforce Development, Adult Education and Family Literacy, and Career and Technical Education grants of Parkland Community College, Community College District #505 as of June 30, 2012, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 included a review of compliance with the provisions of laws, regulations, contracts, and grants between Parkland Community College, Community College District #505, and the State of Illinois and Illinois Community College Board. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination on the compliance of Parkland Community College, Community College District #505, with those requirements.

In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of the Workforce Development, Adult Education and Family Literacy, and Career and Technical Education grants of Parkland Community College, Community College District #505, at June 30, 2012, and the revenues, expenditures and changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Parkland Community College
Community College District #505

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 statements for the Workforce Development (Schedule 28) and Adult Education and Family Literacy (Schedule 31) grants are presented for purposes of additional analysis as required by the Illinois Community College Board and are not a required part of the basic grant program financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic grant program financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program basic financial statements or to the grant program basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary ICCB compliance statements are fairly stated in all material respects in relation to the grant program basic financial statements for the year ended June 30, 2012, taken as a whole.

Oak Brook, Illinois
October 4, 2012

Patrick Tilly Ueckel Krause, LLP

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Workforce Development (Business/Industry)

Grant Program

Balance Sheet

June 30, 2012

Assets

Accounts Receivable	\$	-
Total Assets	<u>\$</u>	<u>-</u>

Liabilities and Fund Balance

Due to College	\$	-
Total Liabilities	<u> </u>	<u>-</u>

Fund Balance		-
Total Liabilities and Fund Balance	<u>\$</u>	<u>-</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Workforce Development (Business/Industry)
Grant Program

Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 2012

	<u>Actual</u>
Revenues	
ICCB Grant	<u>\$ 89,434</u>
Expenditures	
Current Year's Grant:	
Salaries	68,114
Employee Benefits	20,634
Materials and Supplies	686
Total Expenditures	<u>89,434</u>
Excess of Revenues Over Expenditures	<u>-</u>
Fund Balance, June 30, 2011	<u>-</u>
Fund Balance, June 30, 2012	<u><u>\$ -</u></u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Workforce Development (Business/Industry)
Component Grant Program
ICCB Compliance Statement
For the Year Ended June 30, 2012

	General	Operation of Workforce Development Office	Total
Expenditures			
Personnel (Salaries and Benefits)	\$ 88,748	\$ -	\$ 88,748
Instructional Materials	686	-	686
Total Expenditures	<u>\$ 89,434</u>	<u>\$ -</u>	<u>\$ 89,434</u>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
 Adult Education and Family Literacy Grant Program
 Balance Sheet
 June 30, 2012

	State Basic	Public Assistance	Performance	Total
Assets				
Accounts Receivable	<u>\$ 27,600</u>	<u>\$ 6,958</u>	<u>\$ 34,871</u>	<u>\$ 69,429</u>
Liabilities and Fund Balance				
Due to College	<u>\$ 27,600</u>	<u>\$ 6,958</u>	<u>\$ 34,871</u>	<u>\$ 69,429</u>
Total Liabilities	27,600	6,958	34,871	69,429
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 27,600</u>	<u>\$ 6,958</u>	<u>\$ 34,871</u>	<u>\$ 69,429</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Adult Education and Family Literacy Grant Program
Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended June 30, 2012

	ACTUAL			
	State Basic	Public Assistance	Performance	Total
Revenues				
ICCB Grant	\$ 110,402	\$ 27,833	\$ 139,485	\$ 277,720
Expenditures				
Instructional Student Services:				
Instruction	80,680	19,841	42,372	142,893
Social Work Services	4,022	936	13,034	17,992
Guidance Services	17,343	936	15,126	33,405
Assessment and Testing	-	-	7,631	7,631
Student Transportation Services	2,958	1,200	-	4,158
Total Instructional Student Services	<u>105,003</u>	<u>22,913</u>	<u>78,163</u>	<u>206,079</u>
Program Support:				
Improvement of Instructional Services	-	3,049	5,400	8,449
General Administration	5,399	1,871	32,773	40,043
Data and Information Services	-	-	23,149	23,149
Total Program Support	<u>5,399</u>	<u>4,920</u>	<u>61,322</u>	<u>71,641</u>
Total Expenditures	<u>110,402</u>	<u>27,833</u>	<u>139,485</u>	<u>277,720</u>
Excess of Revenues Over Expenditures	-	-	-	-
Fund Balance, June 30, 2011	-	-	-	-
Fund Balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Adult Education and Family Literacy Grant Program
ICCB Compliance Statement
For the Year Ended June 30, 2012

	Audited Expenditure (Dollars)	Actual Expenditure (Percentage)
State Basic		
Instruction (45 Percent Minimum Required)	\$ 80,680	73.08%
General Administration (9 Percent Maximum Allowed)	5,399	4.89%
State Public Assistance		
Instruction (45 Percent Minimum Required)	19,841	71.29%
General Administration (9 Percent Maximum Allowed)	1,871	6.72%

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
 Career and Technical Education Grant Program
 Balance Sheet
 June 30, 2012

	<u>Program Improvement</u>	<u>Innovation</u>	<u>Total</u>
Assets			
Accounts Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance			
Due To College	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Career and Technical Education Grant Program
Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended June 30, 2012

	ACTUAL		
	Program Improvement	Innovation	Total
Revenues			
ICCB Grant	\$ 32,257	\$ 6,811	\$ 39,068
Expenditures			
Instructional Materials	-	3,460	3,460
Staff Development	-	2,278	2,278
Instructional Equipment	32,257	1,073	33,330
Total Expenditures	32,257	6,811	39,068
Excess of Revenues Over Expenditures	-	-	-
Fund Balance June 30, 2011	-	-	-
Fund Balance June 30, 2012	\$ -	\$ -	\$ -

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**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Notes to ICCB Grant Financial Statements

June 30, 2012

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

Basis of Accounting

The statements have been prepared on the accrual basis of accounting. Expenses include all accounts payable representing liabilities for goods and services actually received as of June 30, 2012. 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 expenditures in the period which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenditures reflected in the statements include the cost of capital outlay purchased during the year rather than a provision for depreciation.

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



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

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

We have examined the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed (the "schedule") of Parkland Community College, Community College District #505, for the year ended June 30, 2012. This schedule is the responsibility of the College's management. Our responsibility is to express an opinion on this schedule based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants, in accordance with the guidelines of the Illinois Community College Board *Fiscal Management Manual*. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the schedule is free of material misstatement and included examining, on a test basis, evidence supporting the amounts and disclosures in the schedule and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule noted above presents fairly, in all material respects, the Student Enrollment and Other bases Upon Which Claims Are Filed of Parkland Community College, Community College District #505 for the year ended June 30, 2012 in conformity with the laws, regulations and rules of the Illinois Community College Board.

Our examination was conducted for the purpose of forming an opinion on the schedule noted above. The information in Schedules 35 through 37 is presented for purposes of additional analysis as required by the Illinois Community College Board. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the schedule. The information has been subjected to the procedures applied in the examination of the schedule of Enrollment Data and Other Bases Upon Which Claims are filed and, in our opinion, is fairly stated, in all material respects, in relation to that schedule taken as a whole.

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

Oak Brook, Illinois
October 4, 2012

Baker Tilly Virchow Krause, LLP

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Schedule of Enrollment Data and Other Bases
Upon Which Claims are Filed
For the Year Ended June 30, 2012

Categories	Total Reimbursable Semester Credit Hours by Term							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	16,980.0	-	46,881.0	-	45,266.0	-	109,127.0	-
Business Occupational	683.0	3,141.0	3,482.0	5,713.5	2,788.0	3,804.0	6,953.0	12,658.5
Technical Occupational	1,839.5	-	12,421.5	-	11,637.0	-	25,898.0	-
Health Occupational	1,391.0	-	6,129.0	-	6,149.0	-	13,669.0	-
Remedial/Developmental	1,739.0	-	11,230.0	-	7,518.0	-	20,485.0	-
Adult Basic/Secondary Education	99.0	676.0	327.0	1,912.0	297.0	2,149.0	723.0	4,737.0
TOTAL CREDIT HOURS CERTIFIED	22,731.5	3,817.0	80,470.5	7,625.5	73,653.0	5,953.0	176,855.0	17,395.5

	Attending In-District	Attending Out-of-District on Chargeback	Total
Reimbursable Semester Credit Hours (All Terms)	<u>131,299.5</u>	<u>216.0</u>	<u>131,515.5</u>

	Dual Credit	Dual Enrollment
Reimbursable Semester Credit Hours (All Terms)	<u>5,456.0</u>	<u>181.0</u>

District 2011 Equalized Assessed Valuation \$ 4,796,807,814

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

Signatures: 
Chief Executive Officer (CEO)


Chief Financial Officer (CFO)

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
For the Year Ended June 30, 2012

Reconciliation of Total Semester Credit Hours

Categories	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	109,127.0	109,127.0	-	-	-	-
Business Occupational	6,953.0	6,953.0	-	12,658.5	12,658.5	-
Technical Occupational	25,898.0	25,898.0	-	-	-	-
Health Occupational	13,669.0	13,669.0	-	-	-	-
Remedial Developmental Adult Basic / Secondary Education	20,485.0	20,485.0	-	-	-	-
	723.0	723.0	-	4,737.0	4,737.0	-
Total Credit Hours Certified	176,855.0	176,855.0	-	17,395.5	17,395.5	-

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

	Total Attending	Total Attending as Certified to the ICCB	Difference
In-District Residents	131,299.5	131,299.5	-
Out-of-District on Chargeback or Contractual Agreement	216.0	216.0	-
Total	131,515.5	131,515.5	-

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual Credit	5,456.0	5,456.0	-
Dual Enrollment	161.0	161.0	-
Total	5,617.0	5,617.0	-

Reconciliation of Total Correctional Semester Credit Hours

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

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Documentation of Residency Verification Steps
For the Year Ended June 30, 2012

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

Applicants

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

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

Students

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

Returned Mail

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

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Background Information on State Grant Activity
For the Year Ended June 30, 2012

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

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

Statewide Initiatives

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

Restricted Adult Education Grants/State

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

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Background Information on State Grant Activity
For the Year Ended June 30, 2012

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

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

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Schedule of Findings and Questioned Costs – ICCB Grant Compliance
For the Year Ended June 30, 2012

Findings – ICCB Grant Compliance

No findings noted in the current fiscal year.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Schedule of Prior Audit Findings – ICCB Grant Compliance
For the Year Ended June 30, 2012

Findings – ICCB Grant Compliance

No findings noted in the prior fiscal year.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2012

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal CFDA Number	Grant Number	Federal Expenditures
Department of Commerce			
<i>Passed through the University of Illinois at Champaign-Urbana</i> Economic Development - University Centers	11.303	4226-00-9010505051	\$ 1,331
Department of State/Bureau of Educational and Cultural Affairs			
<i>Passed through Kirkwood Community College, Cedar Rapids, IA</i> Community College Summer Initiative Program	19.009	S-ECAAS-07-CA-039(CS)	298,262
Department of Labor			
<i>Direct Awards</i>			
Community Based Job Training	17.269	CB-18184-09-60-A-17	503,911
<i>Passed through the Champaign Consortium</i> WIA GED Youth	17.259	09-1Y-6050-YETP	31,201 *
<i>Passed through the Illinois Community College Board (ICCB)</i> FCAE: P-20 Local Foods Grant	17.258	LF50511	199,991 *
<i>Passed through the Illinois Department of Commerce and Opportunity</i> WIA - State Energy Sector Partnership - ARRA	17.275	10-691005	262,512
DCEO-EMS-RN Bridge	17.258	09-674091	4,588 *
Total Department of Labor			<u>1,002,183</u>
National Science Foundation			
<i>Passed through the University of Illinois</i> NSF Grants	47.070	CNS-0722327	6,422
Department of Education			
<i>Student Financial Aid Cluster</i>			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	P007A091253	166,852
Federal Work Study (FWS)	84.033	P033A081253	148,004
Federal Perkins Loan Program - outstanding loans	84.038	N/A	104,783
Pell Grant Program	84.063	P063P090505	13,136,737
Federal Direct Loans	84.268	P268K100505	10,994,999
Total Student Financial Aid			<u>24,551,355 *</u>
<i>Other Programs</i>			
Trio Student Support Services	84.042a	P042A060194-09	273,134
Adult Education - Basic Grants to States	84.002a	50501 Federal Basic	107,379
Adult Education - Basic Grants to States - EL/Civics Program	84.002a	50501 EL/CIVICS	45,000
		subtotal 84.002a	<u>152,379</u>
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	CTE50510	398,594
<i>Passed through the Illinois State Board of Education (ISBE)</i> 4340 Title I - Migrant Education	84.011a	4340-00 9010505051	84,279
Total Department of Education			<u>25,459,741</u>
Department of Justice			
<i>Direct Award</i>			
Bulletproof Vest Partnership Program	16.607	N/A	1,995
Department of Transportation			
<i>Passed through the Illinois Community College Board (ICCB)</i> ICCB/IDOT HCCTP	20.205	HCCTP505	307,747 *
Total Expenditures of Federal Awards			<u>\$ 27,077,681</u>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (Schedule 40) includes the federal grant activity of Parkland Community College (the College) for the year ended June 30, 2012. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the College, which are presented in conformity with accounting principles generally accepted in the United States of America.

2. Basis of Accounting

The schedule has been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2012.

3. Property and Equipment

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

4. Pass-Through Entity Identification Numbers

Certain of the programs, grants, and/or awards included in the schedule of expenditures of federal awards are missing the pass-through entity identification numbers. The missing numbers are due to the pass-through entity not providing the pass-through entity identification numbers.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

1. Summary of Independent Auditor's Results

Financial Statements:

- (i) Type of auditor's report issued: Unqualified
- (ii) Internal control over financial reporting:
Material weakness identified: None
Significant deficiency identified: None
- (iii) Instances of noncompliance material to financial statements: None

Federal Awards:

- (i) Internal control over major programs:
Material weakness identified: None
Significant deficiency identified: Yes
- (ii) Type of auditor's report issued on compliance for major programs:
U.S. Department of Education:
> Student Financial Aid Cluster – Unqualified
U.S. Department of Labor:
> Workforce Investment Act Cluster – Unqualified
U.S. Department of Transportation:
> Highway Planning and Construction Grant – Unqualified
- (iii) Audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133: Yes
- (iv) Major programs:
U.S. Department of Education:
> Student Financial Aid Cluster
 - o CFDA # 84.007
 - o CFDA # 84.033
 - o CFDA # 84.038
 - o CFDA # 84.063
 - o CFDA # 84.268
 U.S. Department of Labor:
> Workforce Investment Act Cluster
 - o CFDA # 17.258
 - o CFDA # 17.259
 U.S. Department of Transportation
o CFDA # 20.205
- (v) Dollar threshold used to distinguish Type A and Type B programs: \$300,000
- (vi) Auditee qualify as low-risk auditee? Yes

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

2. Financial Statement Findings

None noted

3. Federal Award Findings and Questioned Costs

Finding 2012- 1 – Student Financial Aid Overawards

Federal Program – Student Financial Aid Cluster

Federal Agency – U.S. Department of Education

Pass-Through Entity – Not Applicable

CFDA Number – 84.007, 84.033, 84.038, 84.063, and 84.268

Federal Award Number – Not Applicable

Federal Award Year – June 30, 2012

Criteria – The College cannot award and disburse federal aid in excess of the cost of attendance for a student.

Condition – In our sample of 40 students, one was over awarded their financial aid. The total financial aid awarded to students in our sample of 40 was \$353,689.

Questioned Costs – \$2,840 was the amount of the over award.

Effect – The College disbursed aid in excess of the cost of attendance for the student.

Cause – The student who was over awarded changed residency status mid-way through the year, which changed the student's cost of attendance. The College did not update the student's cost of attendance when calculating the spring award package, however the student received the updated reduced tuition for the spring semester, causing an over award once the awarded aid was disbursed.

Recommendation – We recommend that the College implement a process that updates the cost of attendance figures before financial aid is disbursed to prevent overawards.

Management Response –

Student financial aid budget calculations are based on residency status on the first day of each semester according to college policies and procedures. Financial Aid is disbursed to the student accounts after 30 days from the first day of class, which was 2/8/12. The student's residency was changed on 1/31/12 from out of district to in district by admissions and not communicated to Financial Aid. Since this change occurred after 1/9/12 the financial aid disbursement amount was not calculated correctly. Residency appeals are currently allowed for 30 days after the first day of each semester.

Financial Aid has met with Admissions and Records and developed a notification system whereby Financial Aid will be contacted by Admissions whenever a residency change is initiated after the first day of class. In addition to the new notification system, there is a new report in Datatel Colleague that we now run weekly that will alert financial aid if there is a residency change.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

3. Federal Award Findings and Questioned Costs (continued)

Finding 2012-2 – Highway Planning and Construction Grant and Payroll Certifications

Federal Program – Highway Planning and Construction Grant

Federal Agency – U.S. Department of Transportation

Pass-Through Entity – Illinois Community College Board

CFDA Number – 20.205

Federal Award Number – HCCTY505

Federal Award Year – June 30, 2012

Criteria – Per OMB Circular A-87, BT noted that semi-annual salary certifications must be filled out for employees who are solely charged to a Federal Grant.

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

Questioned Costs – None

Effect – The actual amount of time spent on the grant may not be the actual amount charged to the program.

Cause – The supervisor of the grant was unaware of the OMB Circular A-87 requirements.

Recommendation – That the supervisor of the program become knowledgeable in payroll related OMB Circular A-87 requirements, and that the required semi-annual payroll certification statements are completed for the grant on a timely basis.

Management Response –

The Controller shared Circular A-87 with us. We prepared the semi-annual payroll certification forms for the Highway Construction Careers Training Program (HCCTP) for FY12, and they are now in place for FY13 and will be completed and signed by the Program Manager for the HCCTP and Director of Business Training on a semi-annual basis. This certification will be completed every six months and will not be an issue going forward.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

3. Federal Award Findings and Questioned Costs (continued)

Finding 2012-3 – Student Financial Aid Change in Status Reporting

Federal Program – Student Financial Aid Cluster

Federal Agency – U.S. Department of Education

Pass-Through Entity – Not Applicable

CFDA Number – 84.xxx

Federal Award Number – Not Applicable

Federal Award Year – June 30, 2011

Criteria – The College is required to report change in status of students within 60 days to the National Student Loan Data System (NSLDS).

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

Questioned Costs – None

Effect – The two students had their status updates reported late to the NSLDS.

Cause – Due to oversight, these students were reported late to the NSLDS system.

Recommendation – We recommend that additional care be taken by the admissions office to ensure that status updates be reported to NSLDS within the 60 days as required.

Management Response –

The Office of Admissions and Records is working closely with our National Student Clearinghouse representative to establish a clear and precise calendar of National Student Loan Data System (NSLDS) reporting dates and deadlines with which strict adherence will guarantee full compliance with NSLDS reporting requirements. Specifically, strict adherence to this calendar will guarantee that the college will report any change in student status within 60 days to the NSLDS.

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Schedule of Prior Audit Findings for Federal Awards
For the Year Ended June 30, 2012

Finding 2011-1 – WIA Time and Effort Reporting

The time and effort reports for the WIA Cluster were required to be filed with the State of Illinois for fiscal year 2011 and copies of such reports were not retained by the College

Status: This finding was not reported in the current year.

Finding 2011-2 – Student Financial Aid Refunds

In our sample of ten students, one of the students had withdrawn and the funds were not returned to the Department of Education within the 45 days as required.

Status: This finding was not reported in the current year.

Finding 2011-3 – Student Financial Aid Change In Status Reporting

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

Status: This finding was repeated in the current year, see finding 2012-3.



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

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

We have audited the basic financial statements of the business-type activities of Parkland Community College, Community College District #505 (the College) and its discretely presented component unit as of and for the year ended June 30, 2012, which collectively comprise Parkland Community College's basic financial statements and have issued our report thereon dated October 4, 2012. 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 College's discretely presented component unit was not audited under the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in the College's internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Board of Trustees
Parkland Community College
Community College District #505

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Trustees and management of Parkland Community College, Community College District #505, others within the entity, the Illinois Community College Board, 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.

Oak Brook, Illinois
October 4, 2012

Robert Tully Orchow Krause, LLP



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Parkland Community College, Community College District #505 (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the College's major federal programs for the year ended June 30, 2012. 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 (Schedule 41). Compliance with the requirements of laws, regulations, contracts, and grants applicable to 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, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questions costs as items 2012-1, 2012-2 and 2012-3.

Board of Trustees
Parkland Community College
Community College District #505

Internal Control Over Compliance

The management of the College 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-2 and 2012-3 to be significant deficiencies.

The College's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the College's response and, accordingly, we offer no opinion on it.

This report is intended solely for the information and use of the Board of Trustees and management of Parkland Community College, Community College District #505, others within the entity, the Illinois Community College Board 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.

Oak Brook, Illinois
October 4, 2012

Baker Tilly Veatch Kraus LLP