

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

Champaign, Illinois

Annual Financial Report
For the Years Ended June 30, 2011 and 2010

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

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June 30, 2011 and 2010

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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 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, 2011 and 2010 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 audit.

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 audit and the report of other auditors 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 Parkland Community College, Community College District #505 and of its discretely presented component unit as of June 30, 2011 and 2010 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 5, 2011, 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

The Management's Discussion and Analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Parkland Community College, Community College District #505 and its discreetly presented component unit as of and for the years ended June 30, 2011 and 2010. The supplemental financial information, Illinois Community College Board uniform financial statements and certificate of chargeback reimbursement, as noted in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, 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 also not a required part of 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 information included on Schedules 1 through 18, 20 through 25, and 40 has been subjected to the procedures applied to the basic financial statements and is fairly stated in all material respects in relation to the basic financial statements, 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.

The information included in Schedule 19 has not been audited by us and, accordingly, we express no opinion on it.

Oak Brook, Illinois
October 5, 2011

Baker Tully Vuchow 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, 2009, 2010 and 2011. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and footnotes. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College.

The MD&A contains comparisons between fiscal years 2009, 2010 and 2011 only.

Using This Annual Report

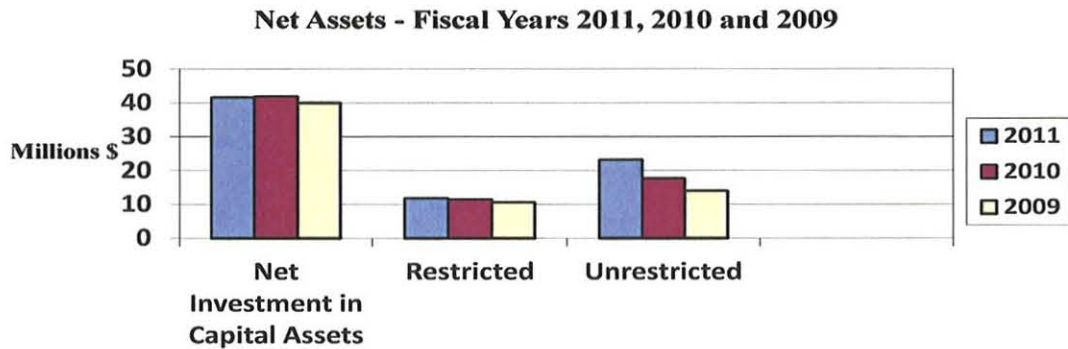
The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Assets is designed to be similar to bottom line results for the College. The Statements of Revenues, Expenses, 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, 2011. 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>2011</u>	<u>2010</u>	<u>2009</u>
Current Assets	100.9	101.7	\$ 69.9
Non-Current Assets:			
Capital Assets, Net of Depreciation	61.7	56.4	48.3
Total Assets	<u>162.6</u>	<u>158.1</u>	<u>118.2</u>
Current Liabilities	17.7	18.9	18.1
Non-Current Liabilities	68.2	68.5	35.5
Total Liabilities	<u>85.9</u>	<u>87.4</u>	<u>53.6</u>
Net Assets:			
Investment in Capital Assets	41.6	41.9	40.0
Restricted	11.9	11.5	10.6
Unrestricted	23.2	17.3	14.0
Total Net Assets	<u>\$ 76.7</u>	<u>\$ 70.7</u>	<u>\$ 64.6</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 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.

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

Fiscal Year 2010 Compared to 2009

Net assets increased \$6.1 million during fiscal year 2010. The majority of this increase was capital assets with a total increase of \$1.9 million. Restricted net assets increased \$0.9 million and unrestricted net assets increased \$3.3 million.

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

Total liabilities increased by \$33.8 million to \$87.4 million. Current liabilities increased by \$0.8 million while non-current liabilities increased by \$33.0 million. The increase in the non-current liabilities was the result of the college's issuance of general obligation bonds to refund debt certificates and to fund future construction projects.

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)			
	2011	2010	2009
Operating Revenue:			
Tuition and Fees	\$ 16.1	\$ 16.9	\$ 16.0
Auxiliary Enterprises	6.1	6.3	5.5
Other	1.7	2.3	0.7
Total	23.9	25.5	22.2
Less: Operating Expenses	91.2	84.7	73.5
Operating Loss	(67.3)	(59.2)	(51.3)
Non-Operating Revenue (Expenses):			
State Grants and Contracts	14.4	12.1	12.1
Local Property Taxes	24.4	24.2	22.5
Federal Grants and Contracts	28.6	24.0	17.2
On-Behalf Payments	6.8	5.9	3.7
Loss on Disposal of Fixed Assets	(0.3)	-	-
Interest Expense	(0.6)	(1.1)	(0.4)
Investment Income	0.1	0.1	0.3
Total	73.4	65.2	55.4
Income Before Capital Contributions	6.1	6.0	4.1
Capital Contributions	-	-	-
Increase in Net Assets	6.1	6.0	4.1
Net Assets, Beginning of Year	70.6	64.6	60.5
Net Assets, End of Year	\$ 76.7	\$ 70.6	\$ 64.6

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

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).

Fiscal Year 2010 Compared to 2009

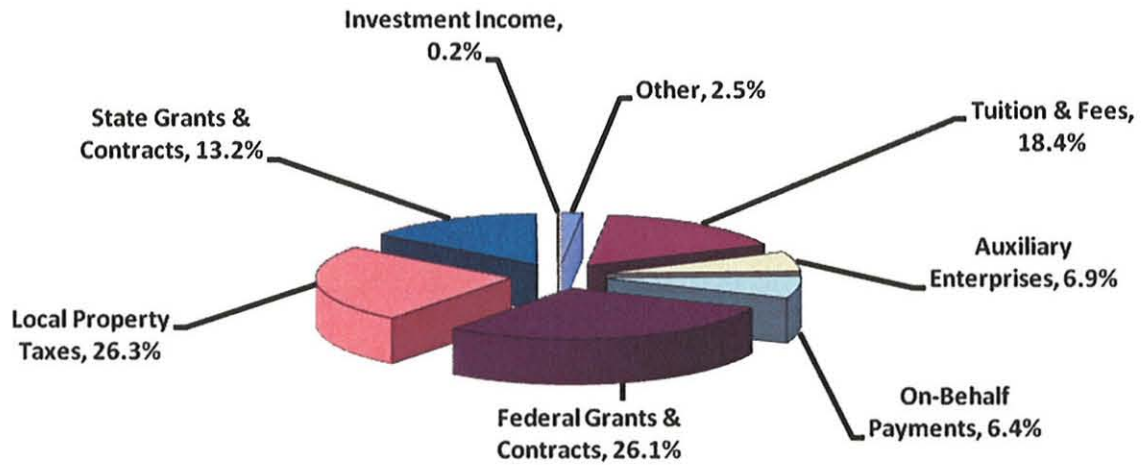
Operating revenues increased \$3.3 million from last year. Operating revenue increased by \$0.9 million in the tuition & fees category. The increase in tuition and fees reflects an increase in enrollment, an increase in tuition rates from the prior year, and a favorable residency mix.

In total operating expenses increased by \$11.2 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 \$9.9 million. Local property tax revenues were up \$1.7 million mainly due to increased Equalized Assessed Evaluation (EAV) for the college district. Property taxes also increased due to a new assessment to retire bonds. Federal grants and contracts which includes financial aid increased \$6.8 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 2011

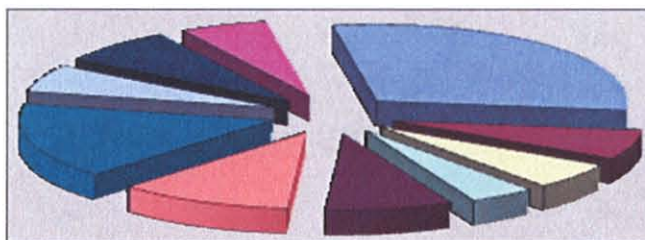


Parkland Community College
Community College District #505
 Management's Discussion and Analysis

Operating Expenses
For Year Ended June 30
(in millions)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Expenses:			
Instruction	\$ 27.1	\$ 26.7	\$ 24.6
Academic Support	5.8	6.7	7.6
Student Services	5.1	5.1	5.1
Public Service	3.8	2.5	1.8
Operations and Maintenance of Plant	7.4	6.3	5.8
Institutional Support	10.2	10.2	8.9
Scholarships	14.6	11.6	8.4
Auxiliary Enterprises	5.3	5.4	4.9
On-Behalf Payments	6.8	6.0	3.7
Depreciation	5.1	4.2	2.7
Total	<u>\$ 91.2</u>	<u>\$ 84.7</u>	<u>\$ 73.5</u>

Operating Expenses Fiscal Year 2011

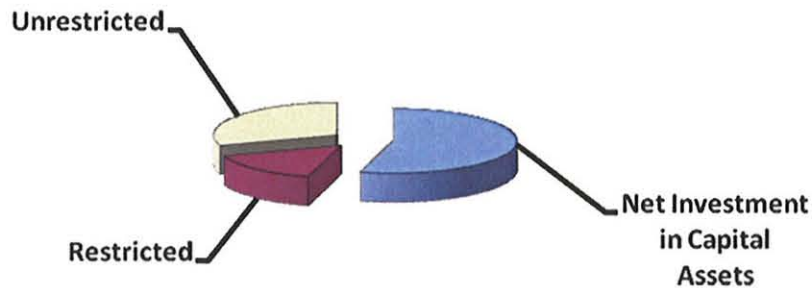


Parkland Community College
Community College District #505
 Management's Discussion and Analysis

Analysis of Net Assets
June 30
(in millions)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Assets:			
Net Investment in Capital Assets	\$ 41.6	\$ 41.9	\$ 40.0
Restricted	11.9	11.5	10.6
Unrestricted	23.2	17.3	14.0
Total	<u>\$ 76.7</u>	<u>\$ 70.7</u>	<u>\$ 64.6</u>

Analysis of Net Assets Fiscal Year 2011



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.

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

Fiscal Year 2010 Compared to 2009

Total net assets increased by \$6.1 million from fiscal year 2010 to fiscal year 2009. Increases were realized in all three net asset categories: investment in capital assets, restricted for expendable assets, and unrestricted assets. The net investments in capital assets increased \$1.9 million. This is due primarily to construction and remodeling of new facilities. Unrestricted net assets increased by \$3.3 million or 23.6% over the previous year. The restricted net assets also increased by \$0.9 million during fiscal year 2010. This increase is due to timing in the collection of property taxes to be used for repayment of bonds issued in fiscal year 2010.

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 2011, the College had \$61.7 million invested in a broad range of capital assets (see table below). This amount represents a net increase (including additions and depreciation) of \$5.3 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>2011</u>	<u>2010</u>	<u>2009</u>
Land	\$ 1.4	\$ 1.4	\$ 1.4
Construction in Progress	10.7	7.6	2.0
Buildings	26.2	27.4	28.6
Land Improvements	18.6	14.2	12.1
Equipment	4.8	5.7	4.2
Total	<u>\$ 61.7</u>	<u>\$ 56.3</u>	<u>\$ 48.3</u>

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

Roof Repair Phase II	\$ 0.1
Phase X and XI Drainage	0.8
CNH Diesel Addition	1.0
Engineering Science Complex	2.0
C Wing Remodel	0.6
Student Services Building	0.7
Maintenance Facility	0.3
Fitness Center Addition	0.5
Administrative Software	0.3
Total	<u>\$ 6.3</u>

The College's fiscal year 2012 operating capital budget is \$36.3 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 \$72 million over the next several years.

Long-Term Debt Activity

The College's long-term debt decreased during 2011 from \$68.3 million to \$68.5 million. The retirement obligation decreased \$0.2 million during the year. This is due to retirement payments exceeding additions of new participants. 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 2012, the Parkland College Board of Trustees has authorized a fee increase of \$5 - \$20 per credit hour depending on a student's residency status. This equates to a reasonable increase in tuition and fee revenues assuming the residency mix stays constant for the upcoming fiscal year. The College also expects a moderate 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. 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. Additional enhancements will be added in the future.

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 2012 is \$56.6 million. The total College budget is \$107 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 preparing for its required Higher Learning Commission accreditation visit in Fall of 2012.

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

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

Statements of Net Assets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Unrestricted:		
Cash and Cash Equivalents	\$ 24,574,777	\$ 18,305,551
Investments	4,757,778	17,638,554
Property Taxes Receivable, Net	10,868,005	10,941,329
Accounts Receivable, Net	3,307,238	3,838,572
Inventories	764,759	714,777
Restricted:		
Cash and Cash Equivalents	53,401,609	45,752,597
Property Taxes Receivable, Net	2,062,228	2,226,861
Accounts Receivable, Net	1,218,747	2,264,581
Total Current Assets	<u>100,955,141</u>	<u>101,682,822</u>
Non-current Assets		
Land	1,441,745	1,441,745
Construction in Progress	10,702,881	7,556,098
Depreciable Property and Equipment, Net	49,545,001	47,389,664
Total Non-current Assets	<u>61,689,627</u>	<u>56,387,507</u>
Total Assets	<u>162,644,768</u>	<u>158,070,329</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	1,263,683	1,592,829
Accrued Liabilities	2,176,254	2,654,309
Due to Student Groups	1,037,126	920,615
Due to Parkland Foundation	190,997	88,951
Unearned Revenue	12,716,943	13,175,322
Retirement Obligation	251,678	484,415
Current Portion of G.O. Bonds Payable	895,000	295,000
Capital Lease Obligations	33,267	51,350
Total Current Liabilities	<u>18,564,948</u>	<u>19,262,791</u>
Long-Term Liabilities		
Retirement Obligation, Net of Current Portion	274,250	448,055
Capital Lease Obligations, Net of Current Portion	31,512	64,769
Accrued Compensated Absences	1,551,661	1,383,893
G.O. Bonds Payable Net of Current Portion and Issue Costs and Refunding Expense	65,496,679	66,293,989
Total Long-Term Liabilities	<u>67,354,102</u>	<u>68,190,706</u>
Total Liabilities	<u>85,919,050</u>	<u>87,453,497</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	41,615,359	41,854,424
Restricted for:		
Expendable Trust	7,599,358	7,599,358
Debt Service	2,458,513	2,037,391
Purposes Allowed by Property Tax Levies	1,833,326	1,828,773
Unrestricted	23,219,162	17,296,886
Total Net Assets	<u>\$ 76,725,718</u>	<u>\$ 70,616,832</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, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Due from Parkland College	\$ 190,997	\$ 88,953
Pledges Receivable, Net of Allowance of \$105,974 and \$114,934	<u>224,088</u>	<u>111,400</u>
Total Current Assets	<u>415,085</u>	<u>200,353</u>
Property & Equipment, Net	<u>402,777</u>	<u>400,000</u>
Other Assets		
Investments	5,730,049	5,160,338
Pledges Receivable, Net of Current Portion, Discount of \$7,537 and \$15,068, and Allowance of \$0 and \$32,390, respectively	216,821	143,690
Other Assets	<u>17,500</u>	<u>17,500</u>
Total Other Assets	<u>5,964,370</u>	<u>5,321,528</u>
Total Assets	<u>\$ 6,782,232</u>	<u>\$ 5,921,881</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 24,712	\$ -
Accrued Vacation Payable	38,862	35,982
Total Current Liabilities	<u>63,574</u>	<u>35,982</u>
Net Assets		
Undesignated	(998,321)	(789,717)
Board Designated	102,839	154,667
Total Unrestricted	<u>(895,482)</u>	<u>(635,050)</u>
Temporarily Restricted	3,445,194	2,571,728
Permanently Restricted	<u>4,168,946</u>	<u>3,949,221</u>
Total Net Assets	<u>6,718,658</u>	<u>5,885,899</u>
Total Liabilities and Net Assets	<u>\$ 6,782,232</u>	<u>\$ 5,921,881</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, 2011 and 2010

	2011	2010
Operating Revenues		
Student Tuition and Fees, Net of Scholarship Allowance of \$12,479,681 and \$9,865,048	\$ 16,131,025	\$ 16,874,110
Auxiliary Enterprises Revenue	6,065,463	6,262,355
Other Operating Revenues	1,733,182	2,287,175
Total Operating Revenues	<u>23,929,670</u>	<u>25,423,640</u>
Operating Expenses		
Instruction	27,117,091	26,732,724
Academic Support	5,757,069	6,729,436
Student Services	5,078,316	5,087,444
Public Service	3,869,106	2,537,201
Operation and Maintenance of Plant	7,418,600	6,327,715
Institutional Support	10,214,003	10,163,901
Scholarships	14,567,999	11,540,193
Auxiliary Expenses	5,281,358	5,431,419
On-Behalf Payments	6,780,427	5,957,868
Depreciation	5,112,412	4,167,304
Total Operating Expenses	<u>91,196,381</u>	<u>84,675,205</u>
Operating Loss	<u>(67,266,711)</u>	<u>(59,251,565)</u>
Non-Operating Revenues (Expenses)		
State Grants and Contracts	14,358,106	12,102,962
Local Property Tax Revenues	24,431,571	24,157,653
Federal Grants and Contracts	28,634,890	23,997,897
On-Behalf Payments	6,780,427	5,957,868
Gain (Loss) on Disposal of Fixed Assets	(256,000)	-
Investment Income Earned	76,419	163,309
Interest Expense	(649,816)	(1,093,914)
Total Non-Operating Revenues (Expenses)	<u>73,375,597</u>	<u>65,285,775</u>
Change in Net Assets	6,108,886	6,034,210
Net Assets, Beginning of Year	<u>70,616,832</u>	<u>64,582,622</u>
Net Assets, End of Year	<u>\$ 76,725,718</u>	<u>\$ 70,616,832</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, 2011 and 2010

	2011	2010
Change in Unrestricted Net Assets		
Support and Revenue:		
Contributions	\$ 122,391	\$ 539,523
Net Unrealized Loss on Investments	35,107	16,235
Net Assets Released from Restrictions	850,398	1,809,586
Total Support and Revenue	1,007,896	2,365,344
Expenses:		
<i>Program Services</i>		
Scholarships	207,552	216,323
Institutional Support	279,011	1,296,332
Total Program Services	486,563	1,512,655
<i>Supporting Services</i>		
Management and General	351,698	326,751
Fund Raising	430,067	548,874
Total Supporting Services	781,765	875,625
Total Expenses	1,268,328	2,388,280
Decrease in Unrestricted Net Assets	(260,432)	(22,936)
 Change in Temporarily Restricted Net Assets		
Contributions	745,414	515,104
In-Kind Contributions	433,518	1,135,640
Interest and Dividends	47,383	48,843
Net Realized and Unrealized Gain (Loss) on Investments	497,549	119,092
Net Assets Released from Restrictions	(850,398)	(1,809,586)
Decrease in Temporarily Restricted Assets	873,466	9,093
 Change in Permanently Restricted Net Assets		
Contributions	219,725	242,074
Increase in Permanently Restricted Net Assets	219,725	242,074
 Change in Net Assets	832,759	228,231
 Net Assets, Beginning of Year	5,885,899	5,657,668
 Net Assets, End of Year	\$ 6,718,658	\$ 5,885,899

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, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Student Tuition and Fees	\$ 16,515,722	\$ 16,028,153
Payments to Suppliers	(18,266,978)	(15,410,121)
Payments to Employees and Benefits Paid	(46,762,011)	(46,173,869)
Payments for Financial Aid and Scholarships	(14,567,999)	(11,540,193)
Auxiliary Enterprise Charges	6,065,463	6,262,355
Other Receipts	<u>1,733,182</u>	<u>2,287,175</u>
Net Cash Used in Operating Activities	<u>(55,282,621)</u>	<u>(48,546,500)</u>
Cash Flows from Non-Capital Financing Activities		
Local Property Taxes	24,756,617	24,148,886
State Grants and Contracts	14,042,118	15,762,887
Federal Grants and Contracts	<u>29,597,881</u>	<u>22,752,366</u>
Net Cash Provided by Non-Capital Financing Activities	<u>68,396,616</u>	<u>62,664,139</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(8,654,728)	(11,082,054)
Increase in Long-Term Debt through Issuance of G.O. Bonds	-	33,230,000
Interest Paid on G.O. Bonds	(3,331,837)	(2,026,688)
Principal Paid on G.O. Bonds	(295,000)	-
Interest Paid on Debt Certificates	-	(230,799)
Principal Paid on Capital Lease Obligations	(51,340)	(231,408)
Interest Paid on Capital Lease Obligations	(4,936)	(7,308)
Net Receipts from (Disbursements to) Parkland Foundation	<u>102,046</u>	<u>(248,646)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(12,235,795)</u>	<u>19,403,097</u>
Cash Flows from Investing Activities		
Disposition of Investments	12,880,776	5,942,164
Interest on Investments	<u>159,262</u>	<u>126,127</u>
Net Cash Provided by (Used in) Investing Activities	<u>13,040,038</u>	<u>6,068,291</u>
Net Increase (Decrease) in Cash	<u>13,918,238</u>	<u>39,589,027</u>
Cash and Cash Equivalents, Beginning of Year	<u>64,058,148</u>	<u>24,469,121</u>
Cash and Cash Equivalents, End of Year	<u>\$ 77,976,386</u>	<u>\$ 64,058,148</u>

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

	2011	2010
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities		
Operating Loss	\$ (67,266,711)	\$ (59,251,565)
Adjustments to Reconcile Operating Loss to Net Cash		
Used in Operating Activities:		
Depreciation Expense	5,112,412	4,167,304
On-Behalf Payments	6,780,427	5,957,868
Changes in Assets and Liabilities:		
Accounts Receivable, Net	930,165	(699,736)
Inventories	(49,982)	(28,303)
Other Assets	-	125,145
Accounts Payable	(329,146)	1,507,060
Accrued Liabilities	(48,055)	376,676
Due to Student Groups	116,511	32,169
Unearned Revenue	(545,468)	(146,221)
Retirement Obligations	(406,542)	(551,946)
Accrued Compensated Absences	167,768	(34,951)
	<u>\$ (55,282,621)</u>	<u>\$ (48,546,500)</u>
Supplemental Disclosure of Non-Cash Capital		
and Related Financing Activities		
Property and Equipment Purchased with Capital Leases	<u>\$ -</u>	<u>\$ 128,565</u>
In-kind Donations from Parkland College Foundation	<u>\$ -</u>	<u>\$ 1,298,232</u>
Principal Balance of Debt Certificates Issued in Fiscal Year 2010 and Currently Refunded with Proceeds from the Issuance of G.O. Bonds	<u>\$ -</u>	<u>\$ 23,230,000</u>
Principal Balance of Alternative Revenue G.O. Bonds Issued in Fiscal Year 2010	<u>\$ -</u>	<u>\$ 10,000,000</u>
Principal Balance of General Obligation Bonds Issued in Fiscal Year 2009	<u>\$ -</u>	<u>\$ 34,505,000</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, 2011 and 2010

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, 2011 and 2010

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, 2011 and 2010 was \$2,484,565 and \$1,894,642, 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 2010 tax levy was passed by the Board of Trustees on November 17, 2010. 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 2010 tax levy be allocated and recognized 55 percent in fiscal year 2011 and 45 percent in fiscal year 2012. Property tax revenue for the years ended June 30, 2011 and 2010 were from the 2010 and 2009 levies and the 2009 and 2008 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, 2011, the College has recorded an allowance of \$973,951 and \$793,426 for the years ended June 30, 2011 and 2010 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, 2011 and 2010

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, 2011 and 2010. 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, 2011 and 2010

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, 2011, The Restricted Purpose Fund, 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.

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.

For the year ended June 30, 2010, the Operations and Maintenance Fund, Auxiliary Enterprises Fund, and the Liability, Protection & Settlement Fund budgets were over-expended by \$697,882, \$653,183, and \$21,148, respectively.

The Restricted Operations and Maintenance Fund overexpenditure was due to the College paying the entire principal balance for debt certificates used during the year with debt proceeds. The College did not budget for the principal payoff amount.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The Auxiliary Enterprises Fund overexpenditure was due to increased purchases of general materials and supplies 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 Restricted Purposes Fund overexpenditure was due to scholarships greatly exceeding the budgeted amount.

The Liability, Protection and Settlement Fund overexpenditure was due to an excess of contractual service 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, 2011 and 2010, the bank balance of the District's deposits with financial institutions totaled \$31,999,843 and \$16,280,620, respectively; all of which was collateralized and/or insured.

Credit Risk and Interest Rate Risk – External Investment Pools

At June 30, 2011 and 2010, the College held \$17,037,830 and \$13,234,388, 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, 2011 and 2010, the College held a total of \$30,521,257 and \$35,176,608, 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, 2011 and 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk and Interest Rate Risk – Investments

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

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

At June 30, 2010, the College held the following investments:

	<u>Carrying Value</u>	<u>Credit Rate</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Government Sponsored Enterprises			
Federal Home Loan Mortgage Corp Note	\$ 1,534,675	Aaa	1.0
Federal Home Loan Bank Notes	882,178	Aaa	0.4
Certificates of Deposit	<u>15,221,701</u>	N/A	N/A
Total Investments	<u><u>\$ 17,638,554</u></u>		

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, 2011 and 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments

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. At June 30, 2010, \$14,721,701 of the College's \$15,221,701 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, 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:

Investment:	Percentage
Federal Home Loan Mortgage Corporation	100.00%

At June 30, 2010, the College held more than five percent of its investments subject to concentration of credit risk totaling \$2,416,853 in the following instruments:

Investment:	Percent of Percentage
Federal Home Loan Bank Notes	36.50%
Federal Home Loan Mortgage Corporation	63.50%

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, 2011 and 2010

NOTE 4 – ACCOUNTS RECEIVABLE

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

	<u>2011</u>	<u>2010</u>
Tuition Receivables from Students, Net	\$ 606,581	\$ 1,367,538
State Replacement Tax	283,834	266,197
Tuition Receivables from Agencies	880,493	1,066,649
Grants from Federal and State Sources	913,291	1,676,915
Unrestricted State Funding	1,370,932	1,053,217
Other Receivables	<u>470,854</u>	<u>672,637</u>
Total Accounts Receivable, Net	<u>\$ 4,525,985</u>	<u>\$ 6,103,153</u>
Unrestricted	\$ 3,307,238	\$ 3,838,572
Restricted	<u>1,218,747</u>	<u>2,264,581</u>
Total Accounts Receivable, Net	<u>\$ 4,525,985</u>	<u>\$ 6,103,153</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 5 – PROPERTY AND EQUIPMENT

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>

The following is a summary of changes in property and equipment for the year ended June 30, 2010:

	June 30, 2009	Additions	Disposals	June 30, 2010
Assets Not Being Depreciated:				
Land	\$ 1,441,745	\$ -	\$ -	\$ 1,441,745
Construction in Progress	1,996,435	7,311,599	1,751,936	7,556,098
Assets Being Depreciated:				
Buildings	54,061,531	-	-	54,061,531
Land Improvements	15,788,682	3,724,111	-	19,512,793
Equipment	7,460,456	2,970,554	-	10,431,010
Total Property and Equipment	<u>80,748,849</u>	<u>14,006,264</u>	<u>1,751,936</u>	<u>93,003,177</u>
Less: Accumulated Depreciation				
Buildings	(25,476,270)	(1,079,231)	-	(26,555,501)
Land Improvements	(3,683,294)	(1,633,225)	-	(5,316,519)
Equipment	(3,288,804)	(1,454,846)	-	(4,743,650)
Total Accumulated Depreciation	<u>(32,448,368)</u>	<u>(4,167,302)</u>	<u>-</u>	<u>(36,615,670)</u>
Property and Equipment, Net	<u>\$ 48,300,481</u>	<u>\$ 9,838,962</u>	<u>\$ 1,751,936</u>	<u>\$ 56,387,507</u>

**PARKLAND COMMUNITY COLLEGE
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NOTE 6 – UNEARNED REVENUE

Unearned revenue consists of the following at June 30:

	2011	2010
Unearned Property Taxes	\$ 10,932,987	\$ 10,849,659
Unearned Student Tuition	1,692,165	1,838,434
Unearned Student Fees	73,041	69,621
Other Unearned Revenue	18,750	417,608
Total Unearned Revenue	<u>\$ 12,716,943</u>	<u>\$ 13,175,322</u>

NOTE 7 – LONG-TERM DEBT

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>

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	June 30, 2009	Additions	Retired	June 30, 2010	Due Within One Year
Compensated Absences	\$ 1,418,844	\$ 1,225,227	\$ 1,260,178	\$ 1,383,893	\$ -
Capital Lease Obligations	218,962	128,565	231,408	116,119	51,350
General Obligation					
Debt Certificates	-	23,000,000	23,000,000	-	-
General Obligation					
Bonds	34,505,000	33,230,000	-	67,735,000	295,000
Retirement Obligation	1,484,416	379,754	931,700	932,470	484,415
Total Long- Term Debt	<u>\$ 37,627,222</u>	<u>\$ 57,963,546</u>	<u>\$ 25,423,286</u>	<u>\$ 70,167,482</u>	<u>\$ 830,765</u>

**PARKLAND COMMUNITY COLLEGE
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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
2012	\$ 895,000	\$ 2,891,039	\$ 3,786,039
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
2017-2021	14,345,000	12,444,431	26,789,431
2022-2026	26,455,000	8,073,018	34,528,018
2027-2031	19,905,000	1,417,400	21,322,400
	<u>\$ 67,440,000</u>	<u>\$ 36,095,849</u>	<u>\$ 103,535,849</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.

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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
2012	\$ 20,520	\$ 77,170	\$ 97,690
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
2017-2021	102,600	318,760	421,360
2022-2026	102,600	-	102,600
2027-2031	35,911	-	35,911
	<u>\$ 343,711</u>	<u>\$ 704,610</u>	<u>\$ 1,048,321</u>

Total amortization for the years ended June 30, 2011 and 2010 was \$97,690 and \$97,594, respectively. This amount is included in interest expense.

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.

Total interest incurred for all long term debt for the year ended June 30, 2010 was \$2,485,256, including the amortization of bond issue costs and the refunding expense. Of this amount, \$1,391,342 was capitalized as part of the cost of three capital projects that were in progress during the fiscal year. The remaining \$1,093,914 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, 2011, \$6,640,000 of debt principal are considered defeased.

**PARKLAND COMMUNITY COLLEGE
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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 8 – OPERATING LEASES REVENUE

The College is the lessor of office and rooftop space under five operating leases. One lease expires on June 30, 2012, 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, 2011 and 2010. The carrying value was \$3,427,200 and \$3,484,800 at June 30, 2011 and 2010, 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>	
2012	\$ 357,859
2013	307,984
2014	42,826
2015	2,000
Total	<u>\$ 710,669</u>

NOTE 9 – LEASE COMMITMENTS

Operating Leases

The College is obligated under two non-cancellable operating leases for facilities located in Champaign, Illinois with terms running through December 2010 and June 2012. The lease ending in 2012 provides for renewal at the option of the College. The College is also 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. 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>	
2012	\$ 220,417
2013	149,103
2014	11,392
2015	4,165
Total	<u>\$ 385,077</u>

**PARKLAND COMMUNITY COLLEGE
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 9 – LEASE COMMITMENTS (CONTINUED)

Total rental expense for operating leases for years ending June 30, 2011 and June 30, 2010 was \$463,675 and \$129,991, respectively.

Capital Lease Obligations

The College also leases copiers and construction equipment under capital leases expiring in September 2010, December 2012 and January 2013. Interest rates on these capital leases range from 3.13 percent to 8 percent.

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

<u>Fiscal Year Ending June 30,</u>		
2012	\$	36,400
2013		32,910
Present Value of Minimum Lease Payments		69,310
Less: Amount Representing Interest		(4,531)
Total	\$	64,779

The capitalized cost of equipment under capital leases included in the property and equipment on the schedule of net assets is \$741,438.

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 \$4,225 and \$3,843 the years ended June 30, 2011 and 2010, 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, 2011 and 2010

NOTE 10 – EARLY RETIREMENT PLAN (CONTINUED)

At June 30, 2011 and 2010, the early retirement plan had 78 and 97 active participants, respectively. Early retirement plan expense was \$481,534 and \$727,106 for fiscal years 2011 and 2010, respectively. At June 30, 2011 and 2010, the College had accrued a liability of \$525,928 and \$932,700, 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 5.00 percent and 5.00 percent at June 30, 2011 and 2010, 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 2012) is 24.21 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, 2011, and 2010, and 2009, and 2008 were \$6,631,338, \$5,817,506, \$3,591,398, and \$2,780,400, respectively, equal to the required contributions for each year.

For the years June 30, 2011 and 2010, the College recorded on-behalf revenue and on-behalf expense in the amount of \$6,780,427 and \$5,957,868, 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 \$149,089 and \$140,362 in fiscal years 2011 and 2010, 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
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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, 2011 and 2010, the net amount owed to the Foundation was \$190,997 and \$88,953, respectively.
- > During the years ended June 30, 2011 and 2010, the College incurred costs for the Foundation in the form of donated in-kind services in the amount of \$152,947 and \$149,236, 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, 2011 and 2010 was \$280,571 and \$986,404, respectively. The College has not recorded revenue or expense for \$280,571 of these in-kind items as they were not related to assets that would be capitalized under the College's policy described at Note 2 k.

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, 2011 and 2010, 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, 2011 and 2010 were \$150,000 and \$125,000, respectively.

**PARKLAND COMMUNITY COLLEGE
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 13 – SELF INSURANCE (CONTINUED)

However, this liability is based on estimates and the ultimate liability may be greater of 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:

	2011	2010	2009
Accrued Claims, Beginning of Year	\$ 497,021	\$ 497,021	\$ 497,021
Incurred Claims	5,242,871	6,571,740	5,827,238
Claim Payments	(5,242,871)	(6,571,740)	(5,827,238)
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, 2011.

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

	Transfer in	Transfer out
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>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011 and 2010

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, 2010.

	<u>Due to</u>	<u>Due from</u>
Education Fund	\$ 1,582,721	\$ -
Restricted Purposes Fund	-	1,582,721
Total Inter-Sub-Fund Balances	<u>\$ 1,582,721</u>	<u>\$ 1,582,721</u>
	<u>Transfer in</u>	<u>Transfer out</u>
Education Fund	\$ -	\$ 889,053
Bond & Interest Fund	452,370	-
Operations and Maintenance Fund - Restricted	-	452,370
Working Cash Fund	-	10,947
Auxiliary Athletics Fund	500,000	-
Auxiliary Reprographics Fund	240,000	-
Auxiliary Child Care Services Fund	160,000	-
Total Transfers	<u>\$ 1,352,370</u>	<u>\$ 1,352,370</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, 2011, the College had seven uncompleted major construction contracts in progress. The remaining commitment on the construction contracts was \$1,029,671.

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
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

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

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

B. Summary of Significant Accounting Policies

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

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

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Board of Directors and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the 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, 2011 and 2010 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, 2011 and 2010

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 2011 and 2010. Open tax years subject to examination by the U.S. and state taxing authorities are for the years 2008 to 2010, which statutes expire in 2011 to 2013, respectively.

- h. The Foundation has evaluated subsequent events through October 5, 2011, 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, 2011 and 2010

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.

- k. In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This amends ASC 820 (formerly FAS 157-4) to require additional disclosures. The guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for those transfers. ASU 2010-06 is effective for fiscal year 2011. In addition, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation; which is effective for fiscal year 2012. The adoption of this guidance is not expected to have a material impact on the Foundation's financial statements.

C. Pledges Receivable

Pledges receivable at June 30, 2011 and 2010, consist of amounts due in:

	2011	2010
Less than One Year	\$ 224,088	\$ 111,400
One to Five Years	209,821	136,690
More than Five Years	7,000	7,000
Total	<u>\$ 440,909</u>	<u>\$ 255,090</u>

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, 2011 and 2010

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, 2011 and 2010.

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

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, 2011:

	<u>Cost</u>	<u>Market</u>	<u>Fair Value Level</u>
Cash and Cash Equivalents	\$ 2,223,358	\$ 2,223,358	1
Mutual Funds	503,446	523,738	1
Common 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	<u>\$ 4,970,122</u>	<u>\$ 5,730,049</u>	

The following table sets forth by level within the fair value hierarchy, the Foundation's net assets at fair value as of June 30, 2010:

	<u>Cost</u>	<u>Market</u>	<u>Fair Value Level</u>
Cash and Cash Equivalents	\$ 2,400,949	\$ 2,400,949	1
Mutual Funds	1,160,397	954,218	1
Common Stock	490,551	704,169	1
Farmland	513,609	904,160	2
Unit Investment Trust	49,156	55,327	2
Municipal Bonds	12,128	13,050	2
Life Insurance	68,169	68,169	2
Corporate Bonds	81,628	60,296	2
Total	<u>\$ 4,776,587</u>	<u>\$ 5,160,338</u>	

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.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

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.

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 Agency 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 Agency 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 Agency
7. The investment policies of the Agency

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

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	\$ (630)	\$ 712,319	\$ 4,046,031	\$ 4,757,720
Total	<u>\$ (630)</u>	<u>\$ 712,319</u>	<u>\$ 4,046,031</u>	<u>\$ 4,757,720</u>

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>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>

Endowment net assets composition by type of fund consists of the following at June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (35,737)	\$ 371,147	\$ 3,826,306	\$ 4,161,716
Total	<u>\$ (35,737)</u>	<u>\$ 371,147</u>	<u>\$ 3,826,306</u>	<u>\$ 4,161,716</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2010, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets @ June 30, 2009	\$ (51,972)	\$ 223,808	\$ 3,583,760	\$ 3,755,596
Investment return:				
Investment income	-	45,525	-	45,525
Net realized and unrealized gain (loss)	16,235	101,814	-	118,049
Contributions and other additions	-	-	242,546	242,546
Endowment net assets at @ June 30, 2010	<u>\$ (35,737)</u>	<u>\$ 371,147</u>	<u>\$ 3,826,306</u>	<u>\$ 4,161,716</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 are reported in unrestricted net assets. 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, 2011 and 2010

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, 2011 and 2010:

	2011	2010
Property Not Placed in Service	\$ 400,000	\$ 400,000
Equipment	36,597	32,431
Less: Accumulated Depreciation	(33,820)	(32,431)
Property and Equipment, Net	\$ 402,777	\$ 400,000

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

G. Board Designated Net Assets

Board designated net assets at June 30, 2011 and 2010 are available for the following purposes:

	2011	2010
Community Scholarships	\$ 101,706	\$ 101,706
Automotive Lab	1,133	52,961
Total	\$ 102,839	\$ 154,667

H. Restricted Net Assets

Both temporarily and the income earned from permanently restricted net assets at June 30, 2011 and 2010 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.

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 year 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. For the year ended June 30, 2010, the amount contributed and included as in-kind revenue was \$119,389 in salaries, \$29,847 in benefits. These expenses are included in the statement of activities and are allocated half to "Management and General" and half to "Fundraising".

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

During the year ended June 30, 2011 and 2010, 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 \$280,571 and \$986,404, respectively, and is included as Institutional Support and Fundraising in the statement of activities.

J. Lease Commitments

The Foundation has entered into a lease agreement for office space which expires August 2012. Rent expense for the year ended June 30, 2011 and 2010 totaled \$15,840 and \$11,520, respectively. Future minimum lease payments under this non-cancellable operating lease are as follows:

Year Ending	
2012	\$ 17,280
2013	2,880
Total	<u>\$ 20,160</u>

K. Negative Unrestricted Net Assets

For the years ended June 30, 2011 and 2010, the Foundation had expenses in excess of, unrestricted support and revenue of \$260,432 and \$22,936, respectively. At June 30, 2011 and 2010, the balance of Unrestricted Net Assets (unrestricted equity) was negative \$895,482 and negative \$635,050, 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, 2011 and 2010

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, 2011

	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	\$ 20,865,110	\$ 1,379,383	\$ 2,138,881	\$ 43,659,401	\$ 1,570,786	\$ 8,362,825	\$ -	\$ -	\$ 77,976,386
Investments	-	-	-	4,757,778	-	-	-	-	4,757,778
Receivables:									
Property Taxes	9,168,796	1,423,843	1,699,209	638,385	-	-	-	-	12,930,233
Replacement Taxes	283,834	-	-	-	-	-	-	-	283,834
Agency Tuition	880,493	-	-	-	-	-	-	-	880,493
Student Tuition and Fees, Net of Allowance for Uncollectible Accounts of \$2,484,565	606,581	-	-	-	-	-	-	-	606,581
Governmental Grants	1,370,932	-	-	-	-	-	-	-	1,370,932
Business and Industry Training	-	-	-	-	122,693	-	-	-	122,693
Student Loans	-	149,659	-	-	-	-	-	-	149,659
Other	42,705	913,291	-	155,797	-	-	-	-	1,111,793
Due from Parkland Foundation	-	40,281	-	260,000	-	273,562	-	-	573,843
Due from Other Funds	734,817	-	-	-	-	-	-	-	734,817
Inventory	-	-	-	-	764,759	-	-	-	764,759
Property and Equipment, Net	-	-	-	-	152,388	-	61,537,239	-	61,689,627
Other Debits									
Amount Available to Retire Debt	-	-	-	-	-	-	-	2,458,513	2,458,513
Amount to be Provided to Retire Debt	-	-	-	-	-	-	-	65,236,970	65,236,970
Total Assets and Other Debits	\$ 33,953,268	\$ 3,906,457	\$ 3,838,090	\$ 49,471,361	\$ 2,610,626	\$ 8,636,387	\$ 61,537,239	\$ 67,695,483	\$ 231,648,911

**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, 2011

	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	\$ 95,977	\$ 48,999	\$ -	\$ 1,107,275	\$ 11,432	\$ -	\$ -	\$ -	\$ 1,263,683
Vacation Payable	1,243,599	167,629	-	-	140,433	-	-	-	1,551,661
Retirement Obligations	251,678	-	-	-	-	-	-	274,250	525,928
Accrued Liabilities	2,025,870	-	-	(92,548)	1,508	-	-	-	1,934,830
Deferred Revenue	11,704,262	1,230,145	1,379,577	718,066	109,970	-	-	-	15,142,020
Due to Other Funds	-	734,817	-	-	-	-	-	-	734,817
Due to Parkland Foundation	757,381	-	-	-	7,556	-	-	-	764,937
Due to Student Groups	-	-	-	-	-	1,037,029	-	-	1,037,029
Capital Lease Obligations	-	-	-	-	83,546	-	-	(18,767)	64,779
G. O. Bonds	-	-	-	-	-	-	-	67,440,000	67,440,000
Total Liabilities	16,078,767	2,181,590	1,379,577	1,732,793	354,445	1,037,029	-	67,695,483	90,459,684
Investment in General Fixed Assets	-	-	-	-	-	-	61,537,239	-	61,537,239
Fund Balance:									
Reserved For:									
Student Loans	-	149,659	-	-	-	-	-	-	149,659
Trust and Agency Assets	-	-	-	-	-	7,599,358	-	-	7,599,358
Unreserved, Undesignated	17,874,501	1,575,208	2,458,513	47,738,568	-	-	-	-	69,646,790
Retained Earnings	-	-	-	-	2,256,181	-	-	-	2,256,181
Total College Equity	17,874,501	1,724,867	2,458,513	47,738,568	2,256,181	7,599,358	61,537,239	-	141,189,227
Total Liabilities and College Equity	\$ 33,953,268	\$ 3,906,457	\$ 3,838,090	\$ 49,471,361	\$ 2,610,626	\$ 8,636,387	\$ 61,537,239	\$ 67,695,483	\$ 231,648,911

**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, 2011

	General	Special Revenue
Revenue		
Local Sources	\$ 19,719,411	\$ 2,768,794
State Sources	6,482,065	3,627,808
Federal Sources	134,805	28,500,085
Tuition and Fees	27,525,087	-
Facilities	1,150,491	-
Interest	64,150	296
Other Revenue	439,640	163,042
On-Behalf Payments	6,780,427	-
Total Revenue	<u>62,296,076</u>	<u>35,060,025</u>
Expenditures		
Instruction	26,737,791	728,536
Academic Support	4,580,016	1,652,344
Student Services	4,164,615	916,486
Public Service	836,186	1,909,276
Auxiliary Services	-	5,756
Operation and Maintenance of Plant	5,420,121	1,653,986
Scholarships and Grants	-	27,047,680
Institutional Support	9,111,354	1,117,513
Principal	51,340	-
Interest	4,936	-
On-Behalf Payments	6,780,427	-
Total Expenditures	<u>57,686,786</u>	<u>35,031,577</u>
Revenue Over (Under) Expenditures	<u>4,609,290</u>	<u>28,448</u>
Other Financing Sources (Uses)		
Operating Transfers, Net	<u>(1,337,908)</u>	-
Total Other Financing Sources (Uses)	<u>(1,337,908)</u>	-
Net Change in Fund Balance	3,271,382	28,448
Fund Balance, June 30, 2010	<u>14,603,119</u>	<u>1,696,419</u>
Fund Balance, June 30, 2011	<u>\$ 17,874,501</u>	<u>\$ 1,724,867</u>

Schedule 2

Debt Service - Bond and Interest	Capital Projects Fund-Operation and Maintenance Restricted	Total (Memorandum Only)
\$ 2,983,061	\$ 1,266,294	\$ 26,737,560
-	1,812,021	11,921,894
-	-	28,634,890
-	-	27,525,087
-	1,064,680	2,215,171
-	353,074	417,520
218	-	602,900
-	-	6,780,427
<u>2,983,279</u>	<u>4,496,069</u>	<u>104,835,449</u>
-	-	27,466,327
-	8,015	6,240,375
-	-	5,081,101
-	-	2,745,462
-	-	5,756
-	8,182,383	15,256,490
-	-	27,047,680
-	-	10,228,867
295,000	-	346,340
3,331,837	-	3,336,773
-	-	6,780,427
<u>3,626,837</u>	<u>8,190,398</u>	<u>104,535,598</u>
<u>(643,558)</u>	<u>(3,694,329)</u>	<u>299,851</u>
<u>1,064,680</u>	<u>(1,064,680)</u>	<u>(1,337,908)</u>
<u>1,064,680</u>	<u>(1,064,680)</u>	<u>(1,337,908)</u>
421,122	(4,759,009)	(1,038,057)
<u>2,037,391</u>	<u>52,497,577</u>	<u>70,834,506</u>
<u>\$ 2,458,513</u>	<u>\$ 47,738,568</u>	<u>\$ 69,796,449</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, 2011

	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	\$ 19,622,531	\$ 19,719,411	\$ 2,870,950	\$ 2,768,794	\$ 2,954,898	\$ 2,983,061	\$ 1,226,200	\$ 1,266,294	\$ 26,674,579	\$ 26,737,560
State Sources	6,552,045	6,482,065	3,590,000	3,627,808	-	-	-	1,812,021	10,142,045	11,921,894
Federal Sources	169,500	134,805	23,500,000	28,500,085	-	-	-	-	23,669,500	28,634,890
Tuition and Fees	27,168,324	27,525,087	-	-	-	-	-	-	27,168,324	27,525,087
Facilities	1,102,000	1,150,491	-	-	-	-	1,040,000	1,064,680	2,142,000	2,215,171
Interest	66,000	64,150	5,250	296	-	-	185,000	353,074	256,250	417,520
Other Revenue	461,500	439,640	1,000,000	163,042	-	218	-	-	1,461,500	602,900
Total Revenue	55,141,900	55,515,649	30,966,200	35,060,025	2,954,898	2,983,279	2,451,200	4,496,069	91,514,198	98,055,022
Expenditures										
Instruction	27,806,896	26,737,791	850,000	728,536	-	-	-	-	28,656,896	27,466,327
Academic Support	5,126,005	4,580,016	2,840,000	1,652,344	-	-	-	8,015	7,966,005	6,240,375
Student Services	4,622,170	4,164,615	1,325,000	916,486	-	-	-	-	5,947,170	5,081,101
Public Service	888,713	836,186	2,075,000	1,909,276	-	-	-	-	2,963,713	2,745,462
Auxiliary Services	-	-	-	5,756	-	-	-	-	-	5,756
Operation and Maintenance of Plant	6,041,315	5,420,121	1,705,300	1,653,986	-	-	25,390,472	8,182,383	33,137,087	15,256,490
Grants and Scholarships	-	-	21,000,000	27,047,680	-	-	-	-	21,000,000	27,047,680
Institutional Support	9,929,290	9,111,354	1,082,422	1,117,513	-	-	-	-	11,011,712	10,228,867
Principal	-	51,340	-	-	-	295,000	-	-	-	346,340
Interest	-	4,936	-	-	3,626,849	3,331,837	-	-	3,626,849	3,336,773
Total Expenditures	54,414,389	50,906,359	30,877,722	35,031,577	3,626,849	3,626,837	25,390,472	8,190,398	114,309,432	97,755,171
Revenue Over (Under) Expenditures	727,511	4,609,290	88,478	28,448	(671,951)	(643,558)	(22,939,272)	(3,694,329)	(22,795,234)	299,851
Other Financing Sources (Uses)										
Operating Transfers, Net	(690,000)	(1,337,908)	-	-	1,040,000	1,064,680	(1,040,000)	(1,064,680)	(690,000)	(1,337,908)
Total Other Financing Sources (Uses)	(690,000)	(1,337,908)	-	-	1,040,000	1,064,680	(1,040,000)	(1,064,680)	(690,000)	(1,337,908)
Net Change in Fund Balance	\$ 37,511	3,271,382	\$ 88,478	28,448	\$ 368,049	421,122	\$ (23,979,272)	(4,759,009)	\$ (23,485,234)	(1,038,057)
Fund Balance, June 30, 2010		14,603,119		1,696,419		2,037,391		52,497,577		70,834,506
Fund Balance, June 30, 2011		\$ 17,874,501		\$ 1,724,867		\$ 2,458,513		\$ 47,738,568		\$ 69,796,449

**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, 2011

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
Operating Revenue				
Student and Community Services	\$ -	\$ -	\$ 6,109,050	\$ 5,278,603
Student Tuition and Fees	-	-	797,640	1,639,934
State Sources	-	-	83,000	130,223
Other Revenue	-	-	8,500	15,218
Investment Revenue	10,000	12,092	1,000	-
Total Operating Revenue	<u>10,000</u>	<u>12,092</u>	<u>6,999,190</u>	<u>7,063,978</u>
Operating Expenses				
Salaries	-	-	1,508,180	1,484,607
Employee Benefits	-	-	380,964	425,053
Contractual Services	-	-	359,760	712,730
General Materials and Supplies	-	-	3,845,070	3,581,609
Conference and Meeting	-	-	164,699	192,643
Fixed Charges	-	-	1,012,686	877,831
Utilities	-	-	800	-
Capital Outlay	-	-	42,000	8,907
Depreciation	-	-	-	73,763
Other	-	-	229,394	206,103
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>7,543,553</u>	<u>7,563,246</u>
Operating Income (Loss)	10,000	12,092	(544,363)	(499,268)
Other Financing Sources (Uses)				
Operating Transfers, Net	<u>(10,000)</u>	<u>(12,092)</u>	<u>700,000</u>	<u>1,350,000</u>
Net Income	<u>\$ -</u>	<u>-</u>	<u>\$ 155,637</u>	<u>850,732</u>
College Equity, July 1, 2010		<u>7,600,000</u>		<u>1,405,449</u>
College Equity, June 30, 2011		<u>\$ 7,600,000</u>		<u>\$ 2,256,181</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, 2011

	Fiduciary Fund Type <u>Working Cash Fund</u>	Proprietary Fund Type <u>Enterprise Funds</u>
Cash Flows from Operating Activities		
Auxiliary Enterprise Charges	\$ -	\$ 5,278,603
Student Tuition and Fees	-	1,535,122
Payments to Suppliers	-	(5,636,328)
Payments to Employees and Benefits Paid	-	(1,868,840)
Other Receipts	12,092	145,441
Net Cash Provided by (Used In) Operating Activities	<u>12,092</u>	<u>(546,002)</u>
Capital and Related Financing Activities		
Purchase of Equipment	-	(110,229)
Net Cash Used In Capital and Related Financing Activities	<u>-</u>	<u>(110,229)</u>
Non-Capital Financing Activities		
Change in Due To (From) Other Funds	-	6,936
Operating Transfers In (Out)	(12,092)	1,350,000
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(12,092)</u>	<u>1,356,936</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	700,705
Cash and Cash Equivalents, June 30, 2010	<u>7,600,000</u>	<u>870,081</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 7,600,000</u>	<u>\$ 1,570,786</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ 12,092	\$ (499,268)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:		
Depreciation Expense	-	73,763
Changes in Assets and Liabilities:		
Receivables	-	(106,599)
Inventories	-	(49,982)
Accounts Payable	-	(6,523)
Vacation Payable	-	40,820
Deferred Revenue	-	1,787
Net Cash Provided by (Used In) Operating Activities	<u>\$ 12,092</u>	<u>\$ (546,002)</u>

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

Combining Balance Sheet - Modified Accrual Basis

General Funds

June 30, 2011

	Education Fund	Operation and Maintenance Fund	Total
Assets			
Cash and Cash Equivalents	\$ 18,222,963	\$ 2,642,147	\$ 20,865,110
Receivables:			
Property Taxes, Net	6,621,915	2,546,881	9,168,796
Replacement Taxes, Net	234,163	49,671	283,834
Agency Tuition, Net	880,493	-	880,493
Student Tuition and Fees, Net	606,581	-	606,581
Governmental Grants	1,370,932	-	1,370,932
Other	27,156	15,549	42,705
Due From Other Funds	734,817	-	734,817
	<u>\$ 28,699,020</u>	<u>\$ 5,254,248</u>	<u>\$ 33,953,268</u>
Liabilities			
Accounts Payable	\$ 96,770	\$ (793)	\$ 95,977
Vacation Payable	1,130,456	113,143	1,243,599
Retirement Payable	251,678	-	251,678
Due to Component Units	761,381	(4,000)	757,381
Accrued Liabilities	2,025,870	-	2,025,870
Deferred Revenue	9,545,299	2,158,963	11,704,262
Total Liabilities	<u>13,811,454</u>	<u>2,267,313</u>	<u>16,078,767</u>
Fund Balance			
Unreserved	14,887,566	2,986,935	17,874,501
Total Fund Balance	<u>14,887,566</u>	<u>2,986,935</u>	<u>17,874,501</u>
	<u>\$ 28,699,020</u>	<u>\$ 5,254,248</u>	<u>\$ 33,953,268</u>
Total Liabilities and Fund Balance	<u>\$ 28,699,020</u>	<u>\$ 5,254,248</u>	<u>\$ 33,953,268</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, 2011

	Education Fund	Operation and Maintenance Fund	Total
Revenue			
Local Sources	\$ 14,552,006	\$ 5,167,405	\$ 19,719,411
State Sources	6,482,065	-	6,482,065
Federal Sources	134,805	-	134,805
Tuition and Fees	27,525,087	-	27,525,087
Facilities	-	1,150,491	1,150,491
Interest	61,275	2,875	64,150
Other Revenue	439,640	-	439,640
On-Behalf Payments	6,780,427	-	6,780,427
Total Revenue	55,975,305	6,320,771	62,296,076
Expenditures			
Instruction	26,737,791	-	26,737,791
Academic Support	4,580,016	-	4,580,016
Student Services	4,164,615	-	4,164,615
Public Service	836,186	-	836,186
Operation and Maintenance of Plant	-	5,420,121	5,420,121
Institutional Support	9,123,407	(12,053)	9,111,354
On-Behalf Payments	6,780,427	-	6,780,427
Debt service:			
Principal	-	51,340	51,340
Interest	-	4,936	4,936
Total Expenditures	52,222,442	5,464,344	57,686,786
Revenue Over Expenditures	3,752,863	856,427	4,609,290
Other Financing Sources (Uses)			
Operating Transfers, Net	(1,337,908)	-	(1,337,908)
Total Other Financing Sources (Uses)	(1,337,908)	-	(1,337,908)
Net Change in Fund Balance	2,414,955	856,427	3,271,382
Fund Balance, June 30, 2010	12,472,611	2,130,508	14,603,119
Fund Balance, June 30, 2011	\$ 14,887,566	\$ 2,986,935	\$ 17,874,501

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

Combining Balance Sheet - Modified Accrual Basis
Special Revenue Funds
For the Year Ended June 30, 2011

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
Assets				
Cash and Cash Equivalents	\$ -	\$ 151,482	\$ 1,535,853	\$ 1,687,335
Receivables:				
Property Taxes, Net	-	48,374	1,375,469	1,423,843
Student Loans	149,659	-	-	149,659
Due from Related Party	11,340	-	28,941	40,281
Other Receivable	913,291	-	-	913,291
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,074,290</u>	<u>\$ 199,856</u>	<u>\$ 2,940,263</u>	<u>\$ 4,214,409</u>
Liabilities				
Cash Deficit	\$ 307,952	\$ -	\$ -	\$ 307,952
Accounts Payable	48,067	-	932	48,999
Vacation Payable	72,946	-	94,683	167,629
Deferred Revenue	18,967	41,020	1,170,158	1,230,145
Due to Other Funds	734,817	-	-	734,817
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,182,749</u>	<u>41,020</u>	<u>1,265,773</u>	<u>2,489,542</u>
Fund Balance				
Reserved For:				
Student Loans	149,659	-	-	149,659
Unreserved, Undesignated	(258,118)	158,836	1,674,490	1,575,208
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>(108,459)</u>	<u>158,836</u>	<u>1,674,490</u>	<u>1,724,867</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 1,074,290</u>	<u>\$ 199,856</u>	<u>\$ 2,940,263</u>	<u>\$ 4,214,409</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, 2011

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Revenue				
Local Sources	\$ -	\$ 89,178	\$ 2,679,616	\$ 2,768,794
State Sources	3,627,808	-	-	3,627,808
Federal Sources	28,500,085	-	-	28,500,085
Interest	80	7	209	296
Other	163,042	-	-	163,042
Total Revenue	32,291,015	89,185	2,679,825	35,060,025
Expenditures				
Instruction	728,536	-	-	728,536
Academic Support	1,652,344	-	-	1,652,344
Student Services	916,486	-	-	916,486
Public Service	1,909,276	-	-	1,909,276
Auxiliary Services	5,756	-	-	5,756
Operations and Maintenance of Plant	-	-	1,653,986	1,653,986
Scholarships and Grants	27,047,680	-	-	27,047,680
Institutional Support	7,042	46,900	1,063,571	1,117,513
Total Expenditures	32,267,120	46,900	2,717,557	35,031,577
Net Change in Fund Balance	23,895	42,285	(37,732)	28,448
Fund Balance, June 30, 2010	(132,354)	116,551	1,712,222	1,696,419
Fund Balance, June 30, 2010	\$ (108,459)	\$ 158,836	\$ 1,674,490	\$ 1,724,867

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

Combining Balance Sheet
Enterprise Funds
June 30, 2011

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
Assets								
Cash and Cash Equivalents	\$ 100,131	\$ 185,022	\$ 26,984	\$ -	\$ -	\$ 1,307,224	\$ 47,868	\$ 1,667,229
Receivables:								
Business and Industry Training	-	-	-	-	122,693	-	-	122,693
Inventory	-	-	-	-	-	764,759	-	764,759
Property and Equipment, Net of Accumulated Depreciation	5,240	40,244	59,717	3,667	6,959	36,561	-	152,388
Total Assets	\$ 105,371	\$ 225,266	\$ 86,701	\$ 3,667	\$ 129,652	\$ 2,108,544	\$ 47,868	\$ 2,707,069
Liabilities								
Cash Deficit	\$ -	\$ -	\$ -	\$ 46	\$ 96,397	\$ -	\$ -	\$ 96,443
Account Payable	-	11,399	-	-	33	-	-	11,432
Vacation Payable	29,990	13,500	29,307	-	34,901	32,735	-	140,433
Accrued Liabilities	-	-	1,508	-	-	-	-	1,508
Due to Parkland Foundation	-	-	-	-	-	-	7,556	7,556
Deferred Revenue	-	-	110,187	-	-	(217)	-	109,970
Capital Lease Obligations	-	83,546	-	-	-	-	-	83,546
Total Liabilities	29,990	108,445	141,002	46	131,331	32,518	7,556	450,888
Retained Earnings (Deficit)	75,381	116,821	(54,301)	3,621	(1,679)	2,076,026	40,312	2,256,181
Total Liabilities and Retained Earnings	\$ 105,371	\$ 225,266	\$ 86,701	\$ 3,667	\$ 129,652	\$ 2,108,544	\$ 47,868	\$ 2,707,069

**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, 2011

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
Operating Revenue								
Student and Community Services	\$ 441,556	\$ 385,315	\$ 29,117	-	-	\$ 4,400,875	\$ 21,740	\$ 5,278,603
Student Tuition and Fees	-	-	266,899	77,760	1,272,275	-	23,000	1,639,934
State Sources	-	-	-	-	130,223	-	-	130,223
Other Revenue	-	-	36	-	15,182	-	-	15,218
Total Operating Revenue	<u>441,556</u>	<u>385,315</u>	<u>296,052</u>	<u>77,760</u>	<u>1,417,680</u>	<u>4,400,875</u>	<u>44,740</u>	<u>7,063,978</u>
Operating Expenses								
Salaries	374,135	119,858	72,257	268,326	320,280	307,951	21,800	1,484,607
Employee Benefits	201,439	22,299	18,771	23,647	68,698	89,207	992	425,053
Contractual Services	2,970	-	31,181	46,788	627,035	4,756	-	712,730
General Materials and Supplies	39,452	70,305	8,334	51,697	121,731	3,264,405	25,685	3,581,609
Conference and Meeting	-	1,889	45,699	135,142	9,182	47	684	192,643
Fixed Charges	-	160,501	-	-	13,000	704,330	-	877,831
Capital Outlay	-	6,669	-	-	2,226	12	-	8,907
Depreciation	-	36,211	20,539	2,997	(2,626)	16,642	-	73,763
Other	945	-	128,938	66,098	10,072	50	-	206,103
Total Operating Expenses	<u>618,941</u>	<u>417,732</u>	<u>325,719</u>	<u>594,695</u>	<u>1,169,598</u>	<u>4,387,400</u>	<u>49,161</u>	<u>7,563,246</u>
Operating Income (Loss)	(177,385)	(32,417)	(29,667)	(516,935)	248,082	13,475	(4,421)	(499,268)
Other Financing Sources								
Operating Transfers, Net	<u>175,000</u>	<u>50,000</u>	<u>-</u>	<u>725,000</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>1,350,000</u>
Net Income (Loss)	(2,385)	17,583	(29,667)	208,065	648,082	13,475	(4,421)	850,732
Retained Earnings (Deficit), June 30, 2010	<u>77,766</u>	<u>99,238</u>	<u>(24,634)</u>	<u>(204,444)</u>	<u>(649,761)</u>	<u>2,062,551</u>	<u>44,733</u>	<u>1,405,449</u>
Retained Earnings (Deficit), June 30, 2011	<u>\$ 75,381</u>	<u>\$ 116,821</u>	<u>\$ (54,301)</u>	<u>\$ 3,621</u>	<u>\$ (1,679)</u>	<u>\$ 2,076,026</u>	<u>\$ 40,312</u>	<u>\$ 2,256,181</u>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Combining Statement of Cash Flows
 Enterprise Funds
 For the Year Ended June 30, 2011

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Total
Cash Flows from Operating Activities								
Auxiliary Enterprise Charges	\$ 441,556	\$ 385,315	\$ 29,117	\$ -	\$ -	\$ 4,400,875	\$ 21,740	\$ 5,278,603
Student Tuition and Fees	-	-	268,686	77,760	1,165,676	-	23,000	1,535,122
Payments to Suppliers	(43,367)	(245,887)	(214,152)	(299,725)	(783,246)	(4,023,582)	(26,369)	(5,636,328)
Payments to Employees and Benefits Paid	(572,008)	(140,794)	(81,067)	(291,973)	(366,392)	(393,814)	(22,792)	(1,868,840)
Other Receipts	-	-	36	-	145,405	-	-	145,441
Net Cash Provided by (Used In) Operating Activities	(173,819)	(1,366)	2,620	(513,938)	161,443	(16,521)	(4,421)	(546,002)
Capital and Related Financing Activities								
Purchase of Equipment	-	(27,919)	(55,460)	(5,500)	(8,484)	(12,866)	-	(110,229)
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(27,919)	(55,460)	(5,500)	(8,484)	(12,866)	-	(110,229)
Non-Capital Financing Activities								
Change in Due To (From) Other Funds	-	-	-	-	-	-	6,936	6,936
Operating Transfers In	175,000	50,000	-	725,000	400,000	-	-	1,350,000
Net Cash Provided by (Used In) Non- Capital Financing Activities	175,000	50,000	-	725,000	400,000	-	6,936	1,356,936
Net Increase (Decrease) in Cash and Cash Equivalents	1,181	20,715	(52,840)	205,562	552,959	(29,387)	2,515	700,705
Cash and Cash Equivalents, June 30, 2010	98,950	164,307	79,824	(205,608)	(649,356)	1,336,611	45,353	870,081
Cash and Cash Equivalents, June 30, 2011	\$ 100,131	\$ 185,022	\$ 26,984	\$ (46)	\$ (96,397)	\$ 1,307,224	\$ 47,868	\$ 1,570,786
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities								
Operating Income (Loss)	\$ (177,385)	\$ (32,417)	\$ (29,667)	\$ (516,935)	\$ 248,082	\$ 13,475	\$ (4,421)	\$ (499,268)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Depreciation Expense	-	36,211	20,539	2,997	(2,626)	16,642	-	73,763
Changes in Assets and Liabilities:								
Receivables	-	-	-	-	(106,599)	-	-	(106,599)
Inventories	-	-	-	-	-	(49,982)	-	(49,982)
Accounts Payable	-	(6,523)	-	-	-	-	-	(6,523)
Vacation Payable	3,566	1,363	9,961	-	22,586	3,344	-	40,820
Deferred Revenue	-	-	1,787	-	-	-	-	1,787
Net Cash Provided By (Used in) Operating Activities	\$ (173,819)	\$ (1,366)	\$ 2,620	\$ (513,938)	\$ 161,443	\$ (16,521)	\$ (4,421)	\$ (546,002)

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

Combining Balance Sheet
Fiduciary Funds
June 30, 2011

	Non-Expendable Trust		Total
	Working Cash Fund	Trust and Agency Fund	
Assets			
Cash and Cash Equivalents	\$ 7,600,000	\$ 762,825	\$ 8,362,825
Receivables:			
Due from Related Party	-	273,562	273,562
Total Assets	<u>\$ 7,600,000</u>	<u>\$ 1,036,387</u>	<u>\$ 8,636,387</u>
Liabilities			
Due to Student Groups	\$ -	\$ 1,037,029	\$ 1,037,029
Total Liabilities	-	1,037,029	1,037,029
Fund Balance			
Reserved for Trust and Agency Assets	7,600,000	(642)	7,599,358
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>\$ 1,036,387</u>	<u>\$ 8,636,387</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
All Funds and Account Groups
(With Comparative Totals for the Year Ended June 30, 2010)

	Operations and Maintenance Funds					Account Groups					Totals (Memorandum Only)			
	Education Fund	Operational	Restricted	Auxiliary Enterprise Funds	Resitized 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, 2011	June 30, 2010
Assets														
Cash and Cash Equivalents	\$ 18,222,993	\$ 2,842,147	\$ 43,659,401	\$ 1,570,796	\$ (307,952)	\$ 7,600,000	\$ 762,825	\$ 2,138,881	\$ 151,482	\$ 1,535,853	\$ -	\$ -	\$ 77,976,386	\$ 64,068,148
Investments	-	-	4,757,778	-	-	-	-	-	-	-	-	-	4,757,778	17,638,554
Receivables	6,821,615	2,545,881	638,385	-	-	-	-	1,689,209	48,374	1,375,469	-	-	12,930,233	13,651,190
Prepaid Tuition	234,163	49,671	-	-	-	-	-	-	-	-	-	-	283,834	265,157
Prepaid Expenses	880,493	-	-	-	-	-	-	-	-	-	-	-	880,493	1,066,659
Agency Tuition, Net	606,581	-	-	-	-	-	-	-	-	-	-	-	606,581	1,387,538
Student Tuition and Fees, Net	1,370,932	-	-	-	-	-	-	-	-	-	-	-	1,370,932	1,053,217
Governmental Grants	-	-	-	122,683	-	-	-	-	-	-	-	-	122,683	16,094
Business and Industry Training	-	-	-	-	149,669	-	-	-	-	-	-	-	149,669	146,659
Student Loans	-	-	-	-	913,291	-	-	-	-	-	-	-	913,291	2,185,799
Other	27,159	15,549	155,787	-	-	-	279,582	-	28,941	-	-	-	573,843	438,741
Due from Parkland Foundation	-	-	260,000	-	-	-	-	-	-	-	-	-	260,000	734,817
Due from Other Funds	734,817	-	-	-	11,340	-	-	-	-	-	-	-	734,817	1,562,721
Prepaid Assets	-	-	-	764,759	-	-	-	-	-	-	-	-	764,759	74,777
Inventory	-	-	-	152,388	-	-	-	-	-	-	-	-	152,388	61,689,637
Prepaid and Equipment at Cost, Net	-	-	-	-	-	-	-	-	-	-	61,537,239	2,458,513	61,537,239	56,937,537
Retirement Obligations	-	-	-	-	-	-	-	-	-	-	2,458,513	-	2,458,513	2,037,391
Amounts Available to Retire Debt	-	-	-	-	-	-	-	-	-	-	65,236,970	-	65,236,970	66,178,237
Amounts to be Provided to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 28,659,020	\$ 5,254,248	\$ 49,471,361	\$ 2,610,626	\$ 766,338	\$ 7,600,000	\$ 1,036,387	\$ 3,838,060	\$ 199,556	\$ 2,540,263	\$ 67,655,483	\$ 231,648,911	\$ 228,308,389	
Liabilities														
Accounts Payable	\$ 96,770	\$ (793)	\$ 1,107,275	\$ 11,432	\$ 48,067	\$ -	\$ -	\$ -	\$ -	\$ 932	\$ -	\$ -	\$ 1,263,683	\$ 1,592,829
Vacation Payable	1,130,456	113,143	-	140,433	72,946	-	-	-	-	94,683	-	-	1,551,661	1,893,893
Retirement Obligations	251,678	-	-	-	-	-	-	-	-	-	274,250	-	525,928	892,470
Accrued Liabilities	2,025,870	-	(92,548)	1,509	-	-	-	-	-	-	-	-	1,934,830	1,892,885
Due to Other Funds	-	-	-	-	734,817	-	-	-	-	-	-	-	734,817	1,892,721
Due to Parkland Foundation	761,381	(4,000)	-	1,556	-	-	-	-	-	-	-	-	761,381	734,817
Due to Other Agencies	9,540,289	2,156,960	718,066	109,376	18,987	-	-	1,379,577	41,020	1,170,158	-	-	15,258,292	15,258,292
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to Student Groups	-	-	-	83,546	-	-	-	-	-	-	-	-	83,546	18,163,030
Due to Student Groups	-	-	-	-	-	-	1,037,029	-	-	-	-	-	1,037,029	15,115,119
Unapplied Financial Aid	-	-	-	-	-	-	-	-	-	-	-	-	-	920,615
G. O. Bonds (2009 and 2010)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ 13,811,454	\$ 2,267,313	\$ 1,732,793	\$ 354,445	\$ 874,797	\$ -	\$ 1,037,029	\$ 1,379,577	\$ 41,020	\$ 1,855,773	\$ 67,440,000	\$ 90,459,684	\$ 87,755,050	
College Equity														
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance:														
- Reserve For														
- Prepaid Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Due to Other Funds	-	-	-	-	149,659	-	-	-	-	-	-	-	149,659	149,659
- Trust in College	-	-	-	-	-	7,600,000	(642)	-	-	-	-	-	7,599,358	7,599,358
- Trust in Agency Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Unreserved Undispatched	14,867,566	2,886,935	47,738,568	2,256,181	(258,118)	-	-	2,458,513	158,836	1,674,480	-	-	67,188,277	66,647,456
- Retained Earnings (Accumulated Deficit)	-	-	-	-	-	-	-	-	-	-	-	-	-	3,442,840
Total College Equity (Deficit)	\$ 14,867,566	\$ 2,886,935	\$ 47,738,568	\$ 2,256,181	\$ (108,459)	\$ 7,600,000	\$ (642)	\$ 2,458,513	\$ 158,836	\$ 1,674,480	\$ 61,537,239	\$ 141,899,227	\$ 136,110,868	
Total Liabilities and College Equity	\$ 28,699,020	\$ 5,254,248	\$ 49,471,361	\$ 2,610,626	\$ 766,338	\$ 7,600,000	\$ 1,036,387	\$ 3,838,060	\$ 199,556	\$ 2,940,263	\$ 67,655,483	\$ 231,648,911	\$ 228,308,389	

**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, 2011
(With Comparative Totals for the Year Ended June 30, 2010)

	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							2011	2010
Revenue											
Local Sources	\$ 14,552,006	\$ 5,167,405	\$ 1,266,294	\$ -	\$ -	\$ -	\$ 2,963,061	\$ 89,178	\$ 2,679,616	\$ 26,737,560	\$ 24,153,977
State Sources	6,482,065	-	1,812,021	130,223	3,627,808	-	-	-	-	12,052,117	12,102,962
Federal Sources	134,805	-	-	-	28,500,085	-	-	-	-	28,634,890	23,997,897
Tuition and Fees	27,525,087	-	-	1,639,934	-	-	-	-	-	29,165,021	26,622,999
Facilities	-	1,150,491	1,084,680	-	-	-	-	-	-	2,215,171	1,961,716
Other Revenue	500,915	2,875	353,074	5,293,821	163,122	12,092	218	7	209	6,326,333	7,799,070
On-Behalf Payments	6,780,427	-	-	-	-	-	-	-	-	6,780,427	5,957,868
Total Revenue	55,975,305	6,320,771	4,496,069	7,063,978	32,291,015	12,092	2,963,279	89,185	2,679,625	111,911,519	102,596,489
Expenditures											
Instruction	26,737,791	-	-	-	728,536	-	-	-	-	27,466,327	27,302,699
Academic Support	4,580,016	-	8,015	381,526	1,652,344	-	-	-	-	6,621,901	7,822,354
Student Services	4,164,615	-	-	-	916,488	-	-	-	-	5,081,101	5,176,346
Public Service	836,186	-	-	1,172,224	1,909,276	-	-	-	-	3,917,686	3,106,225
Auxiliary Services	-	-	-	5,935,733	5,756	-	-	-	-	5,941,489	6,139,602
Operation and Maintenance of Plant	-	5,420,121	8,182,383	-	-	-	-	-	1,653,986	15,256,490	15,731,602
Institutional Support	9,123,407	(12,053)	-	-	7,042	-	-	46,900	1,063,571	10,228,867	10,213,678
Scholarships and Grants	-	-	-	-	27,047,680	-	-	-	-	27,047,680	21,405,241
Principal	-	51,340	-	-	-	-	295,000	-	-	346,340	231,408
Interest	-	4,936	-	-	-	-	3,331,837	-	-	3,336,773	2,264,288
Depreciation	-	-	-	73,763	-	-	-	-	-	73,763	142,069
On-Behalf Payments	6,780,427	-	-	-	-	-	-	-	-	6,780,427	5,957,868
Total Expenditures	52,222,442	5,464,344	8,190,398	7,563,246	32,267,120	-	3,626,837	46,900	2,717,557	112,098,844	105,493,380
Revenue Over (Under) Expenditures	3,752,863	856,427	(3,694,329)	(499,268)	23,895	12,092	(643,558)	42,285	(37,732)	(187,325)	(2,896,891)
Other Financing Sources (Uses)											
Issuance of G. O. Bonds (Refunding Bonds)	-	-	-	-	-	-	-	-	-	-	33,230,000
Issuance of Debt Certificate	-	-	-	-	-	-	-	-	-	-	23,000,000
Current Refunded Debt Certificates - Principal	-	-	-	-	-	-	-	-	-	-	(23,000,000)
Advanced Refunded Debt Certificates - Payment to Escrow Agent	-	-	-	-	-	-	-	-	-	-	-
Accrued Interest on Bonds Sold	-	-	-	-	-	-	-	-	-	-	7,600
Proceeds of Capital Leases	-	-	-	-	-	-	-	-	-	-	128,565
Operating Transfers, Net	(1,337,908)	-	(1,064,680)	1,350,000	-	(12,092)	1,064,680	-	-	-	-
Total Other Financing Sources (Uses)	(1,337,908)	-	(1,064,680)	1,350,000	-	(12,092)	1,064,680	-	-	-	33,366,165
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,414,955	856,427	(4,759,009)	850,732	23,895	-	421,122	42,285	(37,732)	(187,325)	30,469,274
College Equity (Deficit), Beginning of Year	12,472,611	2,130,508	52,497,577	1,405,449	(132,354)	7,600,000	2,037,391	116,551	1,712,222	79,839,955	49,370,681
College Equity (Deficit), End of Year	\$ 14,887,566	\$ 2,986,935	\$ 47,738,568	\$ 2,256,181	\$ (108,459)	\$ 7,600,000	\$ 2,458,513	\$ 158,836	\$ 1,674,490	\$ 79,652,630	\$ 79,839,955

**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, 2011 and 2010

	2011	2010
College Equity	\$ 141,189,227	\$ 136,110,898
Reconciling Items:		
Recognition of Summer Revenues	2,425,077	2,246,975
Reclassification of Long Term Debt	(67,695,483)	(68,215,628)
Deferred Debt Issue Costs and Deferred Refunding Expense	1,048,321	1,146,011
Recognition of Interest Payable on Long Term Debt	(241,424)	(671,424)
Net Assets	<u>\$ 76,725,718</u>	<u>\$ 70,616,832</u>
	2011	2010
Change in College Equity	\$ (187,325)	\$ 30,469,274
Reconciling Items:		
Remove Rent Revenue Paid by the Bookstore to O&M Fund	(660,131)	(708,183)
Remove Rent Expense from the Bookstore	660,131	708,183
Remove Revenue Paid by the Education Fund to Reprographics	(385,315)	(410,055)
Remove Expenditures from the Education Fund	385,315	410,055
Remove Student Aid and Scholarship Payments from Revenue	(12,479,681)	(9,865,048)
Remove Student Aid and Scholarship Payments from Expense	12,479,681	9,865,048
Change in Recognition of Summer School Revenues	178,102	409,194
General Obligation Debt Retired	295,000	-
Capital Lease Obligations Retired	51,340	231,408
Capital Lease Additions	-	(128,565)
Retirement Obligations Retired	173,805	330,291
Remove Capital Expenditures and Interest Expenditures Related to Capitalized Assets	10,560,303	12,206,411
Record Depreciation on the Capital Assets	(5,038,649)	(4,025,235)
Gain (Loss) on Disposal of Capital Assets	(256,000)	-
Debt Certificate Proceeds Removed from Other Financing Sources	-	(23,000,000)
Debt Certificates Payments Removed from Other Financing Uses	-	-
Debt Certificates Refunding Removed from Other Financing Uses	-	23,000,000
G. O. Bond Proceeds Removed from Other Financing Sources	-	(33,230,000)
Change in Deferred Debt Issue Costs and Deferred Refunding Expense	(97,690)	(97,594)
Change in Accrued Interest on Long Term Debt	430,000	(130,974)
Change in Net Assets	<u>\$ 6,108,886</u>	<u>\$ 6,034,210</u>

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
 Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections
 June 30, 2011

	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy	2005 Levy	2004 Levy	2003 Levy	2002 Levy	2001 Levy
Assessed Valuations										
County:										
Champaign	\$ 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	\$ 2,249,225,082
Coles	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	7,900,000
DeWitt	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	63,263,081
Douglas	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	213,873,061
Edgar	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	3,229,642
Ford	195,027,444	186,970,466	183,254,673	177,019,659	171,232,142	166,210,215	163,136,913	169,817,255	170,518,292	170,049,562
Iroquois	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	69,704,262
Livingston	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	52,434,825
McLean	165,055,933	161,123,775	156,650,468	124,928,450	112,103,188	111,280,992	112,013,505	111,964,618	112,238,854	110,717,051
Moultrie	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	3,821,243
Piatt	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	243,761,308
Vermilion	13,038,583	12,408,340	12,118,874	11,310,925	10,303,236	9,376,245	9,759,669	10,463,662	10,628,076	11,153,861
TOTAL	\$ 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	\$ 3,199,132,978
Tax Rates										
(Per \$100 Assessed Valuations)										
Education Fund	0.2600	0.2600	0.2600	0.2600	0.2600	0.2592	0.2600	0.2600	0.2600	0.2600
Operations and Maintenance:										
Operational Fund	0.1000	0.1000	0.1000	0.1000	0.1000	0.0994	0.1000	0.1000	0.1000	0.1000
Bond	0.0639	0.0610	0.0439	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Tort and Immunity	0.0344	0.0389	0.0376	0.0341	0.0352	0.0406	0.0450	0.0436	0.0287	0.0250
Audit	0.0019	0.0019	0.0019	0.0019	0.0020	0.0019	0.0022	0.0021	0.0014	0.0012
Worker's Compensation	0.0018	0.0016	0.0010	0.0056	0.0061	0.0062	0.0069	0.0056	0.0030	0.0022
Unemployment Insurance	0.0002	0.0002	0.0004	0.0004	0.0005	0.0002	0.0006	0.0022	0.0009	0.0009
Protection, Health, and Safety	0.0264	0.0266	0.0500	0.0500	0.0500	0.0496	0.0500	0.0500	0.0500	0.0500
Medicare Insurance	0.0115	0.0117	0.0097	0.0093	0.0101	0.0099	0.0119	0.0116	0.0121	0.0101
Property Insurance	0.0063	0.0063	0.0070	0.0075	0.0081	0.0083	0.0085	0.0087	0.0091	0.0062
TOTAL	0.5064	0.5082	0.5115	0.4688	0.4720	0.4753	0.4851	0.4838	0.4652	0.4556

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections
June 30, 2011

	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy	2005 Levy	2004 Levy	2003 Levy	2002 Levy	2001 Levy
Tax Extensions										
Education Fund	\$ 12,474,106	\$ 12,335,180	\$ 12,062,000	\$ 11,315,677	\$ 10,501,816	\$ 9,775,029	\$ 9,210,343	\$ 8,943,762	\$ 8,597,451	\$ 8,317,746
Operations and Maintenance:										
Operational Fund	4,797,695	4,743,149	4,639,208	4,352,026	4,040,187	3,753,251	3,542,308	3,439,908	3,306,712	3,199,133
Bond	3,065,727	2,893,321	2,036,612	-	-	-	-	-	-	-
Tort and Immunity	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	799,783
Audit	91,156	90,120	88,145	83,654	80,079	75,678	73,834	72,238	46,294	38,390
Worker's Compensation	86,359	75,890	46,392	243,726	246,568	233,907	244,435	192,635	99,201	70,381
Unemployment Insurance	9,595	9,486	18,557	17,409	20,210	7,545	21,255	75,678	29,760	28,792
Protection, Health, and Safety	1,266,591	1,261,678	2,319,604	2,174,993	2,019,140	1,879,328	1,772,012	1,719,954	1,653,356	1,599,566
Medicare Insurance	551,735	554,948	450,003	404,759	408,251	373,496	421,562	399,029	400,112	323,112
Property Insurance	302,255	298,818	324,745	326,418	327,410	313,133	301,115	299,272	300,911	198,346
	24,295,626	23,729,606	20,403,312	19,066,480	17,943,080	17,170,662	16,642,276	15,362,822	14,575,249	13,789,196
Tax Collections Prior to Year End	(10,391,341)	(10,146,060)	(9,957,110)	(8,069,866)	(7,652,368)	(7,174,956)	(7,189,045)	(6,328,182)	(6,281,676)	(5,799,188)
	13,904,285	13,772,496	12,333,446	11,414,112	10,768,124	9,981,617	10,314,094	9,101,146	8,776,091	8,985,024
Allowance for Uncollectible Taxes and Potential Refunds	(973,951)	(793,426)	(613,073)	(448,759)	-	-	-	-	-	-
Property Taxes Receivable	<u>\$ 12,930,334</u>	<u>\$ 12,979,070</u>	<u>\$ 11,884,687</u>	<u>\$ 11,414,112</u>	<u>\$ 10,768,124</u>	<u>\$ 9,981,617</u>	<u>\$ 10,314,094</u>	<u>\$ 9,101,146</u>	<u>\$ 8,776,091</u>	<u>\$ 8,967,212</u>
Property Taxes Receivable by Fund										
Education Fund	\$ 6,621,915	6,714,309	6,668,314	6,591,248	\$ 6,286,892	\$ 5,841,707	\$ 5,354,140	\$ 5,542,794	\$ 5,086,631	\$ 5,008,516
Operations and Maintenance:										
Operational Fund	2,546,881	2,582,425	2,564,747	2,535,003	2,418,650	2,243,001	2,059,208	2,131,924	1,956,746	1,926,352
Restricted Fund	638,385	656,048	1,282,096	1,266,907	1,208,755	1,123,115	1,030,102	1,066,477	978,373	963,614
Bond Fund	1,699,209	1,644,595	1,168,107	-	-	-	-	-	-	-
Audit Fund	48,374	49,052	48,804	48,728	47,940	45,226	42,921	44,351	27,304	22,818
Liability, Protection, and Settlement Fund	1,375,469	1,521,761	1,427,355	1,442,801	1,451,875	1,515,075	1,495,246	1,528,548	1,052,092	854,791
Total	<u>\$ 12,930,233</u>	<u>\$ 13,168,190</u>	<u>\$ 13,159,423</u>	<u>\$ 11,884,687</u>	<u>\$ 11,414,112</u>	<u>\$ 10,768,124</u>	<u>\$ 9,981,617</u>	<u>\$ 10,314,094</u>	<u>\$ 9,101,146</u>	<u>\$ 8,776,091</u>

**PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505**
Schedule of Legal Debt Margin
June 30, 2011

Assessed Valuations - 2010 Levy	<u>\$ 4,797,694,990</u>
Debt Limit, 2.875 Percent of Assessed Valuation	<u>\$ 137,933,731</u>
Indebtedness:	
Capital Leases	64,779
G. O. Bonds	<u>67,440,000</u>
Total Indebtedness	<u>67,504,779</u>
Legal Debt Margin	<u>\$ 70,428,952</u>

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

Student Enrollment and Full-Time Equivalency

At Tenth Day

Year Ended June 30, 2011

(Unaudited)

School Quarter	Student Enrollment	Full-Time Equivalency
		Semester
Summer 2010	5,922	2,177
Fall 2010	10,002	6,886
Spring 2011	8,925	5,809
Semester Average (Exclusive of Summer School)	9,464	6,348

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, 2011

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection Settlement Fund	Total
Fund Balance, July 1, 2010	\$ 12,472,611	\$ 2,130,508	\$ 52,497,577	\$ 2,037,391	\$ 1,405,449	\$ (132,354)	\$ 7,600,000	\$ 116,551	\$ 1,712,222	\$ 79,839,955
Revenues:										
Local Tax Revenue	12,384,360	4,763,857	1,256,215	2,959,985	-	-	-	88,468	2,657,425	24,110,310
All Other Local Revenue	2,167,646	403,548	10,079	23,076	-	-	-	710	22,191	2,627,250
ICCB Grants	6,087,111	-	-	-	-	1,547,785	-	-	-	7,634,896
All Other State Revenue	394,954	-	1,812,021	-	130,223	2,485,988	-	-	-	4,823,186
Federal Revenue	134,805	-	-	-	-	28,094,120	-	-	-	28,228,925
Student Tuition and Fees	27,525,087	-	-	-	907,517	-	-	-	-	28,432,604
All Other Revenue	500,915	1,153,366	1,417,754	218	6,026,238	163,122	12,092	7	209	9,273,921
Total Revenue	<u>49,194,878</u>	<u>6,320,771</u>	<u>4,496,069</u>	<u>2,983,279</u>	<u>7,063,978</u>	<u>32,291,015</u>	<u>12,092</u>	<u>89,185</u>	<u>2,679,825</u>	<u>105,131,092</u>
Expenditures:										
Instruction	26,737,791	-	-	-	-	728,536	-	-	-	27,466,327
Academic Support	4,580,016	-	8,015	-	381,526	1,652,344	-	-	-	6,621,901
Student Services	4,164,615	-	-	-	-	916,486	-	-	-	5,081,101
Public Service/Continuing Education	836,186	-	-	-	1,172,224	1,909,276	-	-	-	3,917,686
Organized Research	-	-	-	-	-	-	-	-	-	-
Auxiliary Services	-	-	-	-	6,009,496	5,756	-	-	-	6,015,252
Operations and Maintenance	-	5,420,121	8,182,383	-	-	-	-	-	1,653,986	15,256,490
Institutional Support	9,123,407	44,223	-	3,626,837	-	7,042	-	46,900	1,063,571	13,911,980
Scholarships, Grants, & Waivers	-	-	-	-	-	27,047,680	-	-	-	27,047,680
Total Expenditures	<u>45,442,015</u>	<u>5,464,344</u>	<u>8,190,398</u>	<u>3,626,837</u>	<u>7,563,246</u>	<u>32,267,120</u>	<u>-</u>	<u>46,900</u>	<u>2,717,557</u>	<u>105,318,417</u>
Net Transfers	<u>(1,337,908)</u>	<u>-</u>	<u>(1,064,680)</u>	<u>1,064,680</u>	<u>1,350,000</u>	<u>-</u>	<u>(12,092)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2011	\$ 14,887,566	\$ 2,986,935	\$ 47,738,568	\$ 2,458,513	\$ 2,256,181	\$ (108,459)	\$ 7,600,000	\$ 158,836	\$ 1,674,490	\$ 79,652,630

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

Summary of Fixed Assets and Debt
Uniform Financial Statement No. 2
Fiscal Year Ended June 30, 2011

	Fixed Asset/Debt Account Groups			
	July 1, 2010	Additions	Deletions	June 30, 2011
Fixed Assets:				
Land	\$ 1,441,745	\$ -	\$ -	\$ 1,441,745
Land Improvements	19,512,793	6,402,927	-	25,915,720
Buildings, Additions, and Improvements	54,061,531	-	(400,000)	53,661,531
Equipment	8,422,191	1,010,593	-	9,432,784
Other Fixed Assets	7,556,098	7,489,208	(4,342,425)	10,702,881
Accumulated Depreciation	(34,722,773)	(5,038,649)	144,000	(39,617,422)
Net Fixed Assets	<u>\$ 56,271,585</u>	<u>\$ 9,864,079</u>	<u>\$ (4,598,425)</u>	<u>\$ 61,537,239</u>
Fixed Debt:				
G. O. Bonds	\$ 67,735,000	\$ -	\$ (295,000)	\$ 67,440,000
Early Retirement Benefits	448,055	-	(173,805)	274,250
Capital Lease Obligation	32,573	-	(51,340)	(18,767)
Total Fixed Liabilities	<u>\$ 68,215,628</u>	<u>\$ -</u>	<u>\$ (520,145)</u>	<u>\$ 67,695,483</u>
			Outstanding	
	July 1, 2010	Issued	Redeemed	June 30, 2011
Education Fund:				
Tax Anticipation Warrants	\$ -	\$ -	\$ -	\$ -
Tax Anticipation Notes	-	-	-	-
Operations and Maintenance Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Bond and Interest Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Audit Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Liability, Protection, and Settlement Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
PBC Rental Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
PBC Operations and Maintenance Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Total Anticipation Warrants and Notes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2011

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Revenues by Source:			
<i>Local Government Revenue</i>			
Local Taxes	\$ 12,384,360	\$ 4,763,857	\$ 17,148,217
Chargeback Revenue	265,205	-	265,205
CPPRT	1,902,441	403,548	2,305,989
Total Local Government	<u>14,552,006</u>	<u>5,167,405</u>	<u>19,719,411</u>
<i>State Government</i>			
ICCB Base Operating Grant	4,328,918	-	4,328,918
ICCB Equalization Grant	1,758,193	-	1,758,193
IBHE Vocational Grants	394,954	-	394,954
Total State Government	<u>6,482,065</u>	<u>-</u>	<u>6,482,065</u>
<i>Federal Government</i>			
Other	134,805	-	134,805
Total Federal Government	<u>134,805</u>	<u>-</u>	<u>134,805</u>
<i>Student Tuition and Fees</i>			
Tuition	25,937,031	-	25,937,031
Fees	1,588,056	-	1,588,056
Total Tuition and Fees	<u>27,525,087</u>	<u>-</u>	<u>27,525,087</u>
<i>Other Sources</i>			
Sales and Service Fees	374,735	-	374,735
Facilities Revenue	-	1,150,491	1,150,491
Investment Revenue	61,275	2,875	64,150
Other	64,905	-	64,905
Total Other Sources	<u>500,915</u>	<u>1,153,366</u>	<u>1,654,281</u>
Total Operating Revenues	49,194,878	6,320,771	55,515,649
<i>Adjusting Non-Operating Items</i>			
Tuition Chargeback Revenue	(265,205)	-	(265,205)
Adjusted Operating Revenue	<u>\$ 48,929,673</u>	<u>\$ 6,320,771</u>	<u>\$ 55,250,444</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, 2011

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Expenditures by Program:			
Instruction	\$ 26,737,791	\$ -	\$ 26,737,791
Academic Support	4,580,016	-	4,580,016
Student Services	4,164,615	-	4,164,615
Public Service/Continuing Education	836,186	-	836,186
Organized Research	-	-	-
Auxiliary Services	-	-	-
Operations and Maintenance	-	5,420,121	5,420,121
Institutional Support	9,123,407	44,223	9,167,630
Scholarships, Grants, Waivers	-	-	-
Total Operating Expenditures by Program	45,442,015	5,464,344	50,906,359
Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Program	\$ 45,442,015	\$ 5,464,344	\$ 50,906,359
Operating Expenditures by Object:			
Salaries	\$ 32,321,588	\$ 1,883,555	\$ 34,205,143
Employee Benefits	5,786,938	603,941	6,390,879
Contractual Services	949,994	426,812	1,376,806
General Materials and Supplies	2,787,918	455,403	3,243,321
Conference and Meeting Expenses	469,382	10,176	479,558
Fixed Charges	244,166	126,796	370,962
Utilities	10,302	1,832,667	1,842,969
Capital Outlay	526,272	124,994	651,266
Other	2,345,455	-	2,345,455
Total Operating Expenditures by Object	45,442,015	5,464,344	50,906,359
Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Object	\$ 45,442,015	\$ 5,464,344	\$ 50,906,359

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, 2011

	Restricted Purposes Fund
Revenue by Source:	
<i>State Government</i>	
ICCB - Workforce Development-Business/Industry Grants	\$ 89,547
ICCB - Program Improvement Grant	32,232
ICCB - Adult Education	253,581
ICCB - Other	1,172,425
Illinois Student Assistance Commission	-
Other	2,485,988
Total State Government	4,033,773
<i>Federal Government</i>	
Dept. of Education	27,518,745
Dept. of Labor	288,474
Other	286,901
Total Federal Government	28,094,120
<i>Other Sources</i>	
Other	163,122
Total Other Sources	163,122
Total Restricted Purposes Fund Revenues	\$ 32,291,015

**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, 2011

	<u>Restricted Purposes Fund</u>
Expenditures by Program:	
Instruction	\$ 728,536
Academic Support	1,652,344
Student Services	916,486
Public Service/Continuing Education	1,909,276
Auxiliary Services	5,756
Institutional Support	7,042
Scholarships, Grants, and Waivers	27,047,680
Total Restricted Purposes Fund Expenditures by Program	<u>\$ 32,267,120</u>
Expenditures by Object:	
Salaries	\$ 1,681,014
Employee Benefits	328,815
Contractual Services	1,700,964
General Materials and Supplies	343,081
Travel & Conference/Meeting Expenses	174,219
Fixed Charges	189,790
Utilities	17,037
Capital Outlay	186,778
Scholarships, Grants, Waivers	27,047,680
Other	597,742
Total Restricted Purposes Fund Expenditures by Object	<u>\$ 32,267,120</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, 2011

Instruction:	
Instructional Programs	<u>\$ 27,466,327</u>
Academic Support:	
Library Center	1,224,892
Academic Computing Support	1,156,529
Academic Administration and Planning	41,430
Other	4,191,035
Total Academic Support	<u>6,613,886</u>
Student Services Support:	
Admissions and Records	911,462
Counseling and Career Services	1,196,744
Financial Aid Administration	647,637
Other	2,325,258
Total Student Services Support	<u>5,081,101</u>
Public Service/Continuing Education:	
Community Education	89,547
Community Services	3,828,139
Total Public Service/Continuing Education	<u>3,917,686</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, 2011

Auxiliary Services	<u>\$ 6,015,252</u>
Operations and Maintenance of Plant:	
Maintenance	955,329
Custodial Services	1,685,020
Grounds	557,297
Campus Security	1,531,490
Transportation	45,176
Utilities	1,832,667
Administration	380,908
Other	86,220
Total Operations and Maintenance of Plant	<u>7,074,107</u>
Institutional Support:	
Executive Management	390,682
Fiscal Operations	1,155,234
Community Relations	96,914
Board of Trustees	50,822
General Institutional	2,637,807
Institutional Research	339,528
Administrative Data Processing	1,012,677
Other	8,228,316
Total Institutional Support	<u>13,911,980</u>
Scholarships, Student Grants, and Waivers	<u>27,047,680</u>
Total Current Funds Expenditures	<u><u>\$ 97,128,019</u></u>

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

Certificate of Chargeback Reimbursement
Fiscal Year Ended June 30, 2011

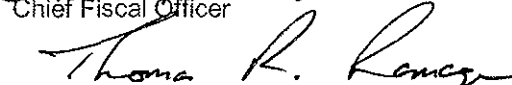
All Fiscal Year 2011 Non-Capital Audited Operating Expenditures from the Following Funds:	
Education	\$ 44,916,516
Operations and Maintenance Fund	5,283,074
Restricted Purposes Fund	32,080,342
Audit Fund	46,900
Liability, Protection and Settlement Fund	2,717,557
Total Non-Capital Expenditures	85,044,389
Depreciation on Capital Outlay Expenditures from Sources Other than State and Federal Funds	5,112,412
Total Costs Included	90,156,801
Total Certified Semester Credit Hours for Year 2011	207,422
Per Capita Cost	434.65
All Fiscal Year 2011 State and Federal Operating Grants for Non-Capital Expenditures, Except ICCB Grants	31,122,994
Fiscal Year 2011 State and Federal Grants Per Semester Credit Hour	150.05
District's Average ICCB Grant Rate for Fiscal Year 2012	29.71
District's Student Tuition and Fee Rate Per Semester Credit Hour for Fiscal Year 2012	107
Chargeback Reimbursement Per Semester Credit Hour	\$ 147.90

Approved:



Chief Fiscal Officer

Approved:



Chief Executive Officer

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AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR WORKFORCE
DEVELOPMENT, ADULT EDUCATION AND FAMILY LITERACY, AND CAREER AND TECHNICAL
EDUCATION GRANTS

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, 2011, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 audit provides a reasonable basis for our opinion and Parkland Community College, Community College District #505 is in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

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, 2011, and the results of their operations 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. These schedules have been subjected to the auditing procedures applied in the audit of the basic grant program financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic grant program financial statements taken as a whole.

Oak Brook, Illinois
October 5, 2011

Baker Tilly Veatch Krause, LLP

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

Workforce Development (Business/Industry)

Grant Program

Balance Sheet

June 30, 2011

Assets

Accounts Receivable	\$ 89,547
Total Assets	\$ 89,547

Liabilities and Fund Balance

Due to College	\$ 89,547
Total Liabilities	89,547

Fund Balance	-
Total Liabilities and Fund Balance	\$ 89,547

**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, 2011

	<u>Actual</u>
Revenues	
ICCB Grant	<u>\$ 89,547</u>
Expenditures	
Current Year's Grant:	
Salaries	65,987
Employee Benefits	18,612
Materials and Supplies	4,948
Total Expenditures	<u>89,547</u>
Excess of Revenues Over Expenditures	<u>-</u>
Fund Balance, June 30, 2010	<u>-</u>
Fund Balance, June 30, 2011	<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, 2011

	General	Operation of Workforce Development Office	Total
Expenditures			
Personnel (Salaries and Benefits)	\$ 84,599	\$ -	\$ 84,599
Instructional Materials	<u>4,948</u>	<u>-</u>	<u>4,948</u>
Total Expenditures	<u>\$ 89,547</u>	<u>\$ -</u>	<u>\$ 89,547</u>

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

Adult Education and Family Literacy Grant Program

Balance Sheet

June 30, 2011

	State Basic	Public Assistance	Performance	Total
Assets				
Accounts Receivable	<u>\$ 75,134</u>	<u>\$ 16,132</u>	<u>\$ 82,178</u>	<u>\$ 173,444</u>
Liabilities and Fund Balance				
Due to College	<u>\$ 75,134</u>	<u>\$ 16,132</u>	<u>\$ 82,178</u>	<u>\$ 173,444</u>
Total Liabilities	75,134	16,132	82,178	173,444
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 75,134</u>	<u>\$ 16,132</u>	<u>\$ 82,178</u>	<u>\$ 173,444</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, 2011

	ACTUAL			
	State Basic	Public Assistance	Performance	Total
Revenues				
ICCB Grant	\$ 112,705	\$ 27,655	\$ 140,881	\$ 281,241
Expenditures				
Instructional Student Services:				
Instruction	66,866	16,976	63,353	147,195
Social Work Services	11,769	6,634	8,568	26,971
Guidance Services	18,482	885	4,291	23,658
Assessment and Testing	1,296	-	8,912	10,208
Student Transportation Services	2,350	766	-	3,116
Total Instructional Student Services	100,763	25,261	85,124	211,148
Program Support:				
Improvement of Instructional Services	-	-	7,576	7,576
General Administration	10,063	2,018	17,820	29,901
Operation and Maintenance of Plant Services	-	-	1,050	1,050
Data and Information Services	1,879	376	29,311	31,566
Total Program Support	11,942	2,394	55,757	70,093
Total Expenditures	112,705	27,655	140,881	281,241
Excess of Revenues Over Expenditures	-	-	-	-
Fund Balance, June 30, 2010	-	-	-	-
Fund Balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -

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

Adult Education and Family Literacy Grant Program
ICCB Compliance Statement
For the Year Ended June 30, 2011

	Audited Expenditure (Dollars)	Actual Expenditure (Percentage)
State Basic		
Instruction (45 Percent Minimum Required)	\$ 66,866	59.33%
General Administration (9 Percent Maximum Allowed)	10,063	8.93%
 State Public Assistance		
Instruction (45 Percent Minimum Required)	16,976	61.38%
General Administration (9 Percent Maximum Allowed)	2,018	7.30%

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

Career and Technical Education Grant Program
Balance Sheet
June 30, 2011

	<u>Program Improvement</u>	<u>Innovation</u>	<u>Total</u>
Assets			
Accounts Receivable	<u>\$ -</u>	<u>\$ 11,920</u>	<u>\$ 11,920</u>
Liabilities and Fund Balance			
Due To College	<u>\$ -</u>	<u>\$ 11,920</u>	<u>\$ 11,920</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 11,920</u>	<u>\$ 11,920</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 11,920</u>	<u>\$ 11,920</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, 2011

	ACTUAL		
	Program Improvement	Innovation	Total
Revenues			
ICCB Grant	\$ 32,232	\$ 11,920	\$ 44,152
Expenditures			
Instructional Materials	-	6,668	6,668
Staff Development	-	4,101	4,101
Instructional Equipment	32,232	1,151	33,383
Total Expenditures	32,232	11,920	44,152
Excess of Revenues Over Expenditures	-	-	-
Fund Balance June 30, 2010	-	-	-
Fund Balance June 30, 2011	\$ -	\$ -	\$ -

See accompanying Notes to ICCB Grant Financial Statements

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

Notes to ICCB Grant Financial Statements

June 30, 2011

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, 2011. 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 audited the schedule of enrollment data and other bases upon which claims are filed of Parkland Community College, Community College District #505 for the year ended June 30, 2011. This schedule is the responsibility of the College's management. Our responsibility is to express an opinion on this financial schedule based on our audit.

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

In our opinion, the schedule noted above presents fairly, in all material respects, the student enrollment and other bases upon which claims were filed of Parkland Community College, Community College District #505 for the year ended June 30, 2011 in conformity with the laws, regulations and rules of the Illinois Community College Board.

Our audit was conducted for the purpose of forming an opinion on the schedule noted above. The information in Schedules 35 through 39 is presented for purposes of additional analysis as required by the Illinois Community College Board. Such information has been subjected to the auditing procedures applied in the audit 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 5, 2011

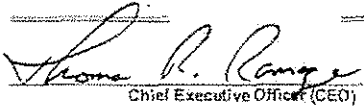

Baker Tilly Virchow Krause, LLP

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**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, 2011

Categories	Total Reimbursable Semester Credit Hours by Term							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	18,958.0	-	51,737.5	-	48,674.0	-	119,369.5	-
Business Occupational	1,505.5	15.0	9,798.5	-	19,323.0	-	29,627.0	15.0
Technical Occupational	2,126.5	-	13,276.5	-	11,516.0	-	26,921.0	-
Health Occupational	1,672.0	-	5,776.0	-	5,606.5	-	13,054.5	-
Remedial/Developmental	1,687.0	-	11,247.0	-	7,562.0	-	20,502.0	-
Adult Basic/Secondary Education	69.0	589.0	234.0	2,446.0	281.0	2,614.0	585.0	6,048.0
TOTAL CREDIT HOURS CERTIFIED	26,098.0	1,003.0	91,061.5	2,446.0	84,288.5	2,614.0	201,359.0	6,065.0
Reimbursable Semester Credit Hours (All Terms)		Attending In-District <u>149,627.0</u>			Attending Out-of- District on Chargeback <u>175.0</u>		Total <u>149,802.0</u>	
Reimbursable Semester Credit Hours (All Terms)		Dual Credit <u>4,956.0</u>			Dual Enrollment <u>258.0</u>			
District 2010 Equalized Assessed Valuation		\$ <u>4,793,033,035</u>						

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, 2011

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	119,369.5	119,369.5	-	-	-	-
Business Occupational	20,627.0	20,627.0	-	15.0	15.0	-
Technical Occupational	26,921.0	26,921.0	-	-	-	-
Health Occupational	13,254.5	13,254.5	-	-	-	-
Remedial Developmental	20,602.0	20,602.0	-	-	-	-
Adult Basic / Secondary Education	585.0	585.0	-	6,048.0	6,048.0	-
Total Credit Hours Certified	<u>201,359.0</u>	<u>201,359.0</u>	<u>-</u>	<u>6,063.0</u>	<u>6,063.0</u>	<u>-</u>

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

	Total Attending	Total Attending as Certified to the ICCB	Difference
In-District Residents	149,627.0	149,627.0	-
Out-of-District on Chargeback or Contractual Agreement	175.0	175.0	-
Total	<u>149,802.0</u>	<u>149,802.0</u>	<u>-</u>

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual Credit	4,056.0	4,056.0	-
Dual Enrollment	256.0	256.0	-
Total	<u>4,312.0</u>	<u>4,312.0</u>	<u>-</u>

Reconciliation of Total Correctional Semester Credit Hours

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

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

Documentation of Residency Verification Steps
For the Year Ended June 30, 2011

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, 2011

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, 2011

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, 2011

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, 2011

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, 2011

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal CFDA Number	Grant Number	Federal Expenditures
Department of Agriculture			
<i>Passed through the Illinois State Board of Education (ISBE)</i>			
Child & Adult Care Food Program	10.558	4226-00-9010505051	\$ 26,368
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)	261,642
Department of Labor			
<i>Direct Awards</i>			
Community Based Job Training	17.269	CB-18184-09-60-A-17	206,082
Adult Education Bridge Program	17.267	WIABDG50501	30,999
<i>Du Passed through the Champaign Consortium</i>			
WIA GED Youth	17.259	09-1Y-6050-YETP	51,393 *
<i>Passed through the Illinois Department of Commerce and Opportunity</i>			
WIA - State Energy Sector Partnership - ARRA	17.275	10-691005	99,773
WIA - Lean Healthcare - ARRA	17.258	08-731013	335,422 *
WIA - Six Sigma - ARRA	17.258	08-732006	390,358 *
Total Department of Labor			<u>1,114,027</u>
Institute of Library and Museum Services			
<i>Passed through the Network of Illinois Learning Resources in Community Colleges (NILRC)</i>			
Laura Bush 21st Century Librarian Program	45.313	RE-01-07-0036	22,999
National Science Foundation			
<i>Passed through the University of Illinois</i>			
NSF Grants	47.070	CNS-0722327	10,748
<i>Passed through the Concord Consortium</i>			
Education and Human Resources	47.046	205.01-01	14,511
Total National Science Foundation			<u>25,259</u>
Department of Education			
<i>Student Financial Aid Cluster</i>			
Federal Supplemental Educational			
Opportunity Grant (FSEOG)	84.007	P007A091253	192,723
Federal Work Study (FWS)	84.033	P033A081253	96,993
Federal Perkins Loan Program - outstanding loans	84.038	N/A	113,953
Pell Grant Program	84.063	P063P090505	14,223,289
Federal Direct Loans	84.268	P268K100505	12,344,452
Academic Competitiveness Grant	84.375	P375A090505	189,200
Total Student Financial Aid			<u>27,160,610 *</u>
<i>Other Programs</i>			
Trio Student Support Services	84.042a	P042A060194-09	286,213
<i>Passed through the Illinois Community College Board (ICCB)</i>			
IL Home Weatherization Asst Program (IHWAP) - ARRA	81.042	IHWAP505	22,938
Adult Education - Basic Grants to States	84.002a	50501 Federal Basic	108,222
Adult Education - Basic Grants to States - EL/Civics Program	84.002a	50501 EL/CIVICS	49,999
		subtotal 84.002a	<u>181,159</u>
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	CTE50510	423,526
Tech Prep Education	84.243	N/A	3,778
<i>Passed through the Illinois State Board of Education (ISBE)</i>			
4340 Title I - Migrant Education	84.011a	4340-00-9010505051	81,237
Total Department of Education			<u>28,136,523</u>
Total Expenditures of Federal Awards			<u>\$ 29,586,818</u>

* - Denotes a major program.

The notes following this schedule are an integral part of this financial statement

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

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, 2011. 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, 2011.

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, 2011

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: None
- (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
- (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
 - o CFDA # 84.375
 U.S. Department of Labor:
> Workforce Investment Act Cluster
 - o CFDA # 17.258
 - o CFDA # 17.259
- (v) Dollar threshold used to distinguish Type A and Type B programs: \$513,852
- (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, 2011

2. Financial Statement Findings

None noted

3. Federal Award Findings and Questioned Costs

Finding 2011-1 – WIA Time and Effort Reporting

Federal Program – Workforce Investment Act (WIA) Cluster

Federal Agency – U.S. Department of Labor

Pass-Through Entity – Illinois Department of Commerce and Opportunity

CFDA Number – 17.258

Federal Award Number – Not Applicable

Federal Award Year – June 30, 2011

Criteria – Federal regulations require time and effort be properly supported by cost allocation plans and those plans be approved by the appropriate individual.

Condition – 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.

Questioned Costs – None

Effect – Because the time and effort reports were not retained, we were unable to test the approval of the allocation of time to the WIA programs.

Cause – The time and effort records were provided to the State of Illinois without copies kept by the College.

Recommendation – This specific program has ended but we recommend that for any similar programs in the future, the time and effort reports be retained by the College.

Management Response – The time and effort sheets submitted to DCEO were proof of a cost allocation plan as requested in the findings letter, and not signed time sheets. The College has on file signed lost-time reports indicating vacation, personal leave, etc.

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

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

3. **Federal Award Findings and Questioned Costs (continued)**

Finding 2011- 2 – Student Financial Aid Refunds

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 return Title IV funds to the Department of Education within 45 days of receiving notice of withdrawal of a student.

Condition – 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.

Questioned Costs – None

Effect – The funds were not returned to the Department of Education within the required time.

Cause – Due to oversight, the funds were not returned within the required time to the Department of Education.

Recommendation – We recommend that additional care be taken by the financial aid office to ensure that funds are returned to the Department of Education within the required time.

Management Response – During the 2010-2011 year Parkland transitioned to a new student information system, Datatel Colleague. Colleague did not have the ability to produce information regarding students who had withdrawn and subsequently needed a Return of Title IV calculation done. In the fall of 2010, the Parkland IT department created a report for us that filled that need. With this new report we are now able to identify students who need Return of Title IV calculations. This should 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, 2011

3. Federal Award Findings and Questioned Costs (continued)

Finding 2011-3 – 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 financial aid office to ensure that status updates be reported to NSLDS within the 60 days as required.

Management Response – The term 'misinterpretation' does not necessarily sound any better than 'oversight' in explaining this occurrence, but we believe misinterpretation of information from a new student information system more accurately describes the situation. We didn't overlook these two students as their graduation petitions were processed in a timely manner, but we did misinterpret information on SPRO in reporting last date of attendance. We apparently confused Graduation Status and its affiliated Status Date with Graduation Date which is properly viewed in IASU.

Both of these students graduated during the transition period from SIS-Plus to Datatel Colleague. In fact, it was necessary to process graduation for Spring 2010 graduates in both systems as the migrations of data had already been performed. Processing of graduation statuses in the SIS-Plus occurred in the usual timely manner. The duplicate processing in Colleague took longer as we were learning a new process and such processing even properly performed takes longer in the new system. Therefore, Colleague SPRO shows that processing of the student's spring 2010 graduation took place in August 2010. This is the date that was misinterpreted when reporting last attendance to NSLDS.

This misinterpretation should not have happened, and definitely should not happen again as we will not be in the position of double-processing graduation petitions in two systems and we are much more familiar with the new system now.

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

Schedule of Prior Audit Findings for Federal Awards
For the Year Ended June 30, 2011

The previous audit of the Federal Award Programs was for the year ended June 30, 2010. There were no findings or questioned costs reported in that audit.

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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 financial statements of Parkland Community College, Community College District #505 (the College) and its discretely presented component unit as of and for the year ended June 30, 2011, which collectively comprise Parkland Community College's basic financial statements and have issued our report thereon dated October 5, 2011. 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

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 above.

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 5, 2011

Baker Tilly Veatch Kohn, 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, 2011. 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, 2011. 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 2011-1 through 2011-3.

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.

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.

Our consideration of the 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.

The College's response to the finding 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 5, 2011

Robert Tully Verchow Kiser, L.L.P.