PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Champaign, Illinois

Comprehensive Annual Financial Report

For the Years Ended

June 30, 2014 and 2013

C O N T E N T S

UNIFORM FINANCIAL STATEMENTS

CERTIFICATE OF CHARGEBACK REIMBURSEMENT

ILLINOIS COMMUNITY COLLEGE BOARD STATE GRANTS FINANCIAL COMPLIANCE SECTION

ADULT EDUCATION AND FAMILY LITERACY COMPONENT GRANTS

CAREER AND TECHNICAL EDUCATION – PROGRAM IMPROVEMENT GRANT

MARTIN
HOOD
FRIESE
& ASSOCIATES, LLC

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Parkland College Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and of its discretely presented component unit as of June 30, 2014 and 2013 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the College and its discretely presented component unit as of and for the years ended June 30, 2014 and 2013. The combining financial statements and other data in Schedules 1 through 19 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The uniform financial statements in Schedules 20 through 24 and the certificate of chargeback reimbursement (Schedule 25) are presented for purposes of additional analysis as required by the Illinois Community College Board and are also not a required part of the basic financial statements. The accompanying Schedules 37 through 39, including the Schedule of Expenditures of Federal Awards, are presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and are also not a required part of the basic financial statements. As described in Note 19, Schedules 1 through 3, Schedules 6 through 9, Schedules 14 through 16, Schedule 20, and Schedules 22 through 24 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than GAAP for a special-purpose government engaged only in business-type activities. Information on Schedules 1 through 25, except Schedule 19, and Schedules 37 through 39 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole, except for differences between GAAP for a special-purpose government engaged only in business-type activities and the modified accrual basis of accounting used for the schedules noted above.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a report dated October 06, 2014, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
October 06, 2014

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Parkland Community College’s (the “College” or “Parkland”) Annual Financial Report presents management’s discussion and analysis (MD&A) of the College’s financial activities, and its component unit, the Parkland College Foundation (the “Foundation”), for the fiscal years ended June 30, 2014, 2013 and 2012. Since this management’s discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College’s basic financial statements and footnotes. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College.

The MD&A contains comparisons between fiscal years 2014, 2013 and 2012 only.

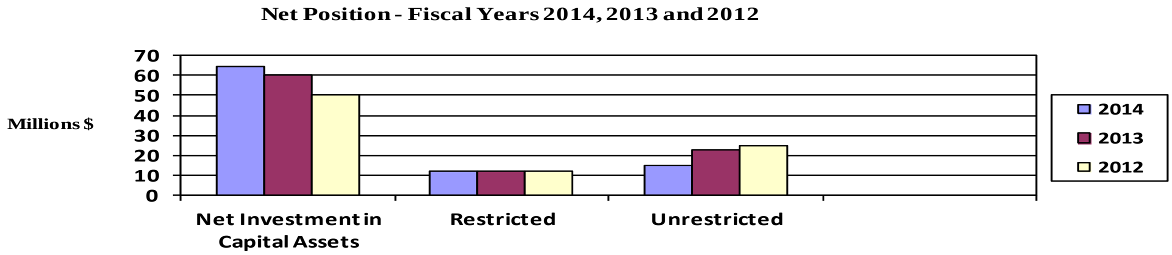
Using This Annual Report

The College’s basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Position is designed to be similar to bottom line results for the College. The Statements of Revenues, Expenses, and Changes in Net Position focus on the costs of the College’s activities which are mainly supported by property taxes, State revenues, and tuition. This approach is intended to summarize and simplify the user’s analysis of the cost of various College services to students and the public. In addition, Generally Accepted Accounting Principles (GAAP) requires the financial statement presentation to include the Foundation, which is defined as a component unit.

The Management Discussion and Analysis contains financial activity of Parkland. The College’s component unit, the Foundation, has separately issued financial statements. These statements should be used for detailed information on the Foundation’s financial activity for the year ending June 30, 2014. Copies of the Foundation’s annual audit can be obtained from the Foundation office at Parkland College.

Primary Institution Financial Highlights

Comparative Net Position Chart



The Statement of Net Position

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

Financial Analysis of the College as a Whole

	2014	Restated 2013	Restated 2012
Current Assets	$ 55.7	$ 77.6	$ 83.9
Non-Current Assets:			
Capital Assets, Net of Depreciation	114.6	93.8	79.5
Total Assets	170.3	171.4	163.4
Deferred Outflows of Resources	0.5	0.5	0.6
Total Assets and Deferred Outflows of Resources	170.8	171.9	164.0
Current Liabilities	13.4	9.0	9.0
Non-Current Liabilities	66.2	68.0	67.6
Total Liabilities	79.6	77.0	76.6
Net Position:			
Investment in Capital Assets	64.3	60.0	50.6
Restricted	12.2	12.1	12.0
Unrestricted	14.7	22.9	24.8
Total Net Position	$ 91.2	$ 95.0	$ 87.4

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

Fiscal Year 2014 Compared to 2013

Net position decreased $3.8 million during fiscal year 2014. This decrease was due to investment in capital assets increasing by $4.3 million and restricted net position increasing by $0.1 million, offset by an $8.2 million decrease in unrestricted net position.

Total liabilities increased by $2.6 million to $79.6 million. This was all due to the increase in non-current liabilities

The College also adopted GASB 65 that removes debt issuance costs that were recorded as assets under prior accounting standards. See Note 20 of the audit.

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

Fiscal Year 2013 Compared to 2012

Net position increased $7.6 million during fiscal year 2013. This increase was due to investment in capital assets increasing by $9.4 million and restricted net position increasing by $0.1 million, offset by a $1.9 million decrease in unrestricted net position.

Total liabilities increased by $0.4 million to $77.0 million. This was all due to the increase in non-current liabilities

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

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

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

Operating Results
For Year Ended June 30
(in millions)

	2014	Restated 2013	Restated 2012
Operating Revenue:			
Tuition and Fees	$ 16.9	$ 17.8	$ 17.4
Auxiliary Enterprises	5.1	5.0	5.6
Other	1.2	1.7	2.0
Total	23.2	24.5	25.0
Less: Operating Expenses	99.1	101.3	94.2
Operating Loss	(75.9)	(76.8)	(69.2)
Non-Operating Revenue (Expenses):			
State Grants and Contracts	10.6	10.9	12.3
Local Property Taxes	25.0	25.0	24.6
Federal Grants and Contracts	23.8	26.5	26.5
On-Behalf Payments	13.1	12.3	8.5
Interest Expense	(1.9)	(1.5)	(1.4)
Investment Income	0.1	0.1	-
Total	70.7	73.3	70.5
Income Before Capital Contributions	(5.2)	(3.5)	1.3
Capital Contributions	1.4	11.1	9.7
Increase in Net Position	(3.8)	7.6	11.0
Net Position, Beginning of Year, As Previously Reporte	95.0	87.4	76.7
Prior Period Adjustment	-	-	(0.3)
Net Position, Beginning of Year, As Restated	95.0	87.4	76.4
Net Position, End of Year	$ 91.2	$ 95.0	$ 87.4

Fiscal Year 2014 Compared to 2013

Operating revenues decreased $1.3 million from last year. Operating revenue decreased by $0.9 million in the tuition & fees category and decreased $0.5 million in other revenues. This was offset by a $0.1 million increase in Auxiliary Enterprises. The decrease in tuition and fees revenue reflects decreased enrollment from the prior year while Other Operating Revenues saw a decrease in sales and service.

In total, operating expenses decreased by $2.2 million. This is due to a decrease of $2.8 million in instructional expenses along with $1.1 million less in academic support caused by a combination of decreased enrollment and a concerted effort to cut expenses across all College departments. These decreases were offset by $1.6 million increase in institutional support due in large part to increase medical expenses. Generally, increases in total operating expenses are anticipated to accommodate raises for personnel as well as the rising costs associated with providing a quality education product to our student body.

The non-operating revenues decreased $2.6 million. This is due to a decrease of $2.7 million in Federal Grants and Contracts (federal aid) and $0.3 decrease in State Grants and Contracts. Also, increased interest expense of $0.4 million contributed to the decrease in non-operating revenues. These decreases were offset by increased contributions of $0.8 million from the State of Illinois for the SURS pension plan (see Note 12) while property tax revenue remained nearly unchanged.

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

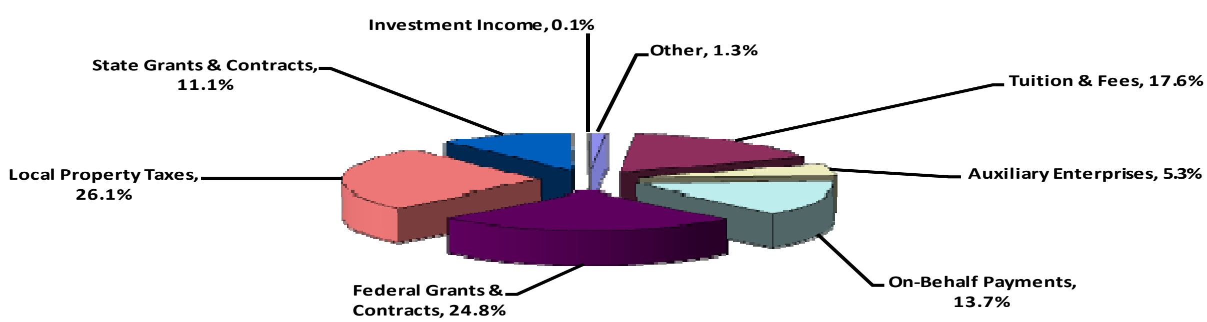
Fiscal Year 2013 Compared to 2012

Operating revenues decreased $0.5 million from last year. Operating revenue increased by $0.4 million in the tuition and fees category and decreased $0.3 million in other revenues. The increase in tuition and fees revenue reflects a decrease in scholarship allowance from the prior year, while the overall decrease was caused by a $0.6 million decrease in Auxiliary Enterprises.

In total, operating expenses increased by $7.1 million. A large portion of this is due to a $3.8 million increase in on-behalf payments. Generally, increases in total operating expenses are anticipated to accommodate raises for personnel as well as the rising costs associated with providing a quality education product to our student body.

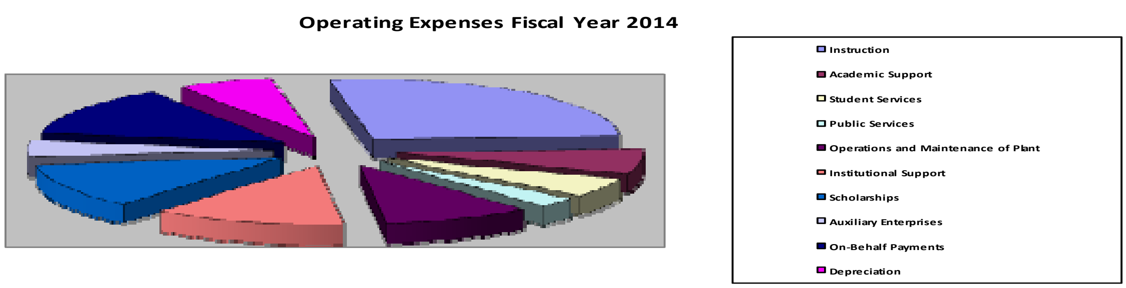
The non-operating revenues increased $2.8 million. This is due to the on-behalf payments increasing by $3.8 million. This represents increased contributions from the State of Illinois for the SURS pension plan (see Note 12). Also, property tax revenue rose by $0.4 million. These revenue increases were offset by a decrease in State Grants and Contracts revenue of $1.4 million.

Revenue by Source Fiscal Year 2014



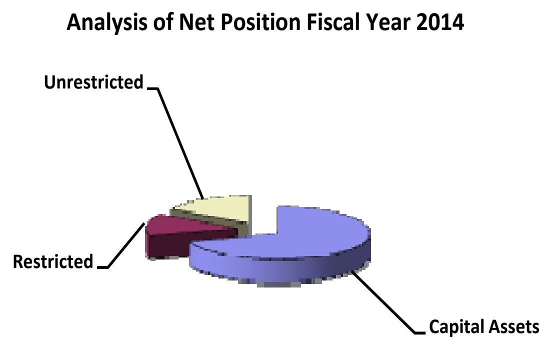
Operating Expenses
For Year Ended June 30
(in millions)

	2014	Restated 2013	2012
Operating Expenses:			
Instruction	$ 26.5	$ 29.3	$ 29.0
Academic Support	6.6	7.7	7.0
Student Services	5.2	5.4	5.2
Public Service	2.6	2.6	3.3
Operations and Maintenance of Plant	9.7	8.5	7.4
Institutional Support	12.6	11.0	9.8
Scholarships	12.0	13.5	13.0
Auxiliary Enterprises	4.6	5.1	5.1
On-Behalf Payments	13.1	12.3	8.5
Depreciation	6.2	5.9	5.9
Total	$ 99.1	$ 101.3	$ 94.2



Analysis of Net Position
June 30
(in millions)

	2014	Restated 2013	Restated 2012
Net Position:			
Net Investment in Capital Assets	$ 64.3	$ 60.0	$ 50.6
Restricted	12.2	12.1	12.0
Unrestricted	14.7	22.9	24.8
Total	$ 91.2	$ 95.0	$ 87.4



Fiscal Year 2014 Compared to 2013

Total net position decreased by $3.8 million from fiscal year 2013 to fiscal year 2014. The net investment in capital assets increased $4.3 million or 7.2% over the previous year. This was due to the additions of property and equipment less annual depreciation (see Note 6) adjusted for outstanding bonds related to capital assets. The majority of the property and equipment additions are due to the construction in progress category as noted on page 13. Unrestricted net position decreased by $8.2 million compared to the previous year. The majority of this decrease ($3.0 million) was due to a deficit in the operating funds. The restricted net position also increased by $0.1 million during fiscal year 2014.

Fiscal Year 2013 Compared to 2012

Total net position increased by $7.6 million from fiscal year 2012 to fiscal year 2013. The net investment in capital assets increased $9.4 million or 18.6% over the previous year. This was due to the additions of property and equipment less annual depreciation (see Note 6) adjusted for outstanding bonds related to capital assets. The majority of the property and equipment additions are due to the construction in progress category as noted on page 13. Unrestricted net position decreased by $1.9 million compared to the previous year. The majority of this decrease ($0.6 million) was due to a deficit in the operating funds. The restricted net position also increased by $0.1 million during fiscal year 2013.

<u>The Statement of Cash Flows</u>

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.

<u>Capital Asset Administration</u>

At the end of fiscal year 2014, the College had $114.6 million invested in a broad range of capital assets (see table below). This amount represents a net increase (including additions and depreciation) of $20.8 million. More detailed information about capital assets can be found in Note 6 to the Basic Financial Statements.

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

	2014	Restated 2013	2012
Land	$ 1.8	$ 1.8	$ 1.8
Construction in Progress	43.8	33.7	26.9
Buildings	46.3	32.5	27.6
Land Improvements	16.5	20.0	17.5
Equipment	6.2	5.8	5.7
Total	$ 114.6	$ 93.8	$ 79.5

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

Engineering Science Complex	$ 0.2
Drainage Phase 12	0.7
Drainage Phase 13	0.7
Drainage Phase 14	0.6
Student Services Building	13.0
Art Remodel	5.2
L Wing Remodel	1.7
Student Center Third Wing	1.0
Athletic Field Improvements	0.2
C Wing Remodel	0.5
Photo-Voltaic Project	0.2
Bakcfill Remodel	0.2
Equipment	2.6
Total	$ 26.8

The College’s fiscal year 2015 operating capital budget is $30.7 million. This capital budget will be used to complete the facility master plan.

Long-Term Debt Activity

The College’s long-term debt decreased during 2014 from $69.8 million to $68.4 million.
The general obligation bonds payable decreased $1.3 million during the year while the retirement obligation remained practically unchanged. The decrease in bond obligations was due to the annual bond principal payments made during the fiscal year. More detailed information about long-term debt can be found in Note 8 to the Basic Financial Statements.

The College’s master plan includes using available debt funds for additional facilities such as a student services building, automotive instructional facility and various deferred maintenance projects.

Economic Factors That Will Affect the Future

For fiscal year 2015, the Parkland College Board of Trustees has authorized a tuition increase of $7.00 - $35.00 per credit hour depending on a student's residency status. The Board also established a technology fee of $7 per credit hour. 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 an extremely slight increase in local property tax revenue due to anticipated EAV growth. The College hopes that the ICCB State funding as well as Corporate Personal Property Replacement Tax revenues remain stable.

Parkland College continues to face the financial consequences of a poor economy. This includes the rising cost of quality personnel and health care costs. These costs may increase at rates previously unexpected due to a variety of State and Federal legislation. This includes potential SURS pension cost being passed on to the College and the economic impact of the Federal health care reform legislation. The College will continue to be proactive in monitoring these areas which make up the bulk of its operating budget. The College's current health plans plans qualify for discounts from many of our highly used local service providers. The College is currently working with healthcare experts to determine the required actions of the College in the short and long term. Other potential volatile expense areas such as utilities due to increased square footage caused by new buildings will also be watched closely. Parkland currently realizes savings on gas and electric use through guaranteed contracts with suppliers. The College's Administration and its Board continue to monitor other major factors related to its financial state including student enrollment and State funding.

The College completed the student portion of the major administrative computing upgrade, which began in fiscal year 2008. The finance module went live July 1, 2008. The payroll/human resource went live January 1, 2009. In conjunction with the software provider the College performed an audit of its administrative software in fiscal year 2011. This audit provided a roadmap of initiatives (including additional training and software enhancements) to continue to increase the efficiency of the system as a whole. The College in fiscal 2014 engaged an information technology consultant (Moran Technology) to evaluate the College's information systems. The College hopes to implement the technology master plan recommendation over the next several years.

Parkland will continue capital improvements in its grounds and facilities. This includes ongoing annual work to modernize and upgrade its fire alarm system and campus generator replacement.

The College's approved operating budget for fiscal year 2015 is $57.7 million. The total College budget is $121.8 million.

The Parkland Foundation will continue to raise money for the College's needs as described in its mission statement. This will include raising funds for scholarships and future capital projects. Also, the Foundation is analyzing the potential for a major gifts campaign.

The College received its 10 year accreditation from the Higher Learning Commission in late 2012.

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

Exhibit A

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Statements of Net Position
June 30, 2014 and 2013

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2014	Restated 2013
Current Assets		
Unrestricted:		
Cash and Cash Equivalents	$ 28,108,731	$ 27,525,000
Property Taxes Receivable, Net	353,448	1,653,354
Accounts Receivable, Net	3,291,015	4,167,643
Prepaids	-	10,446
Inventories	590,368	668,615
Restricted:		
Cash and Cash Equivalents	22,640,167	42,564,591
Property Taxes Receivable, Net	44,735	310,738
Accounts Receivable, Net	677,894	699,859
Total Current Assets	55,706,358	77,600,246
Property and Equipment, Net	114,632,727	93,785,647
Total Assets	170,339,085	171,385,893
Deferred Outflows of Resources		
Deferred Charge on Refunding	473,100	550,274
Total Assets and Deferred Outflows of Resources	$ 170,812,185	$ 171,936,167

LIABILITIES AND NET POSITION

	2014	Restated 2013
Current Liabilities		
Accounts Payable	$ 3,428,665	$ 724,891
Accrued Liabilities	3,024,313	2,591,354
Due to Student Groups	1,314,947	1,271,676
Due to Parkland Foundation	329,669	175,758
Unearned Revenue	3,012,707	2,396,349
Retirement Obligation	704,943	520,914
Current Portion of Bonds Payable	1,570,000	1,325,000
Total Current Liabilities	13,385,244	9,005,942
Long-Term Liabilities		
Retirement Obligation, Net of Current Portion	1,974,604	2,152,209
Accrued Compensated Absences	1,652,514	1,692,479
Bonds Payable, Net of Current Portion	62,545,000	64,115,000
Total Long-Term Liabilities	66,172,118	67,959,688
Total Liabilities	79,557,362	76,965,630
Net Position		
Net Investment in Capital Assets	64,274,696	59,996,391
Restricted for:		
Expendable Trust	7,599,358	7,599,358
Debt Service	3,442,120	3,193,136
Purposes Allowed by Property Tax Levies	1,246,837	1,319,697
Unrestricted	14,691,812	22,861,955
Total Net Position	91,254,823	94,970,537
Total Liabilities and Net Position	$ 170,812,185	$ 171,936,167

See Accompanying Notes

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Statements of Financial Position - Component Unit
June 30, 2014 and 2013

ASSETS

	2014	Restated 2013
Current Assets		
Due from Parkland College	$ 329,669	$ 175,758
Promises to Give	148,500	53,839
Total Current Assets	478,169	229,597
Property & Equipment, Net	915	3,530
Other Assets		
Investments	6,093,682	5,544,506
Promises to Give, Net of Current Portion, Allowance of $87,000 and $87,000, and Discount of $357,374 and $376,246, Respectively	211,047	441,277
Land Investment	1,880,000	1,880,000
Cash Surrender Value of Life Insurance	109,389	101,118
Other Assets	17,500	17,500
Total Other Assets	8,311,618	7,984,401
Total Assets	$ 8,790,702	$ 8,217,528

LIABILITIES AND NET ASSETS

	2014	Restated 2013
Current Liabilities		
Accrued Vacation Payable	$ 15,380	$ 49,443
Long-Term Liabilities		
Land Investment Use Obligation	280,000	270,000
Total Liabilities	295,380	319,443
Net Assets		
Unrestricted	(2,182,014)	(1,905,673)
Temporarily Restricted	6,018,781	4,951,427
Permanently Restricted	4,658,555	4,852,331
Total Net Assets	8,495,322	7,898,085
Total Liabilities and Net Assets	$ 8,790,702	$ 8,217,528

See Accompanying Notes

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2014 and 2013

	2014	Restated 2013
Operating Revenues		
Student Tuition and Fees, Net of Scholarship Allowance of $10,356,760 and $11,173,744	$ 16,928,643	$ 17,795,993
Auxiliary Enterprises Revenue	5,158,067	5,015,111
Other Operating Revenues	1,169,026	1,677,895
Total Operating Revenues	23,255,736	24,488,999
Operating Expenses		
Instruction	26,475,180	29,267,795
Academic Support	6,605,482	7,622,959
Student Services	5,231,186	5,428,279
Public Service	2,566,992	2,644,271
Auxiliary Expenses	4,590,517	5,120,549
Operation and Maintenance of Plant	9,685,166	8,515,774
Grants and Scholarships	12,028,023	13,547,893
Institutional Support	12,650,907	10,960,584
On-Behalf Payments	13,072,895	12,311,217
Depreciation	6,179,808	5,860,776
Total Operating Expenses	99,086,156	101,280,097
Operating Income (Loss)	(75,830,420)	(76,791,098)
Non-Operating Revenues (Expenses)		
State Grants and Contracts	10,645,967	10,933,185
Local Property Tax Revenues	24,962,462	25,000,156
Federal Grants and Contracts	23,825,297	26,438,764
On-Behalf Payments	13,072,895	12,311,217
Investment Income Earned	87,547	104,825
Interest Expense	(1,861,871)	(1,514,037)
Total Non-Operating Revenues (Expenses)	70,732,297	73,274,110
Income (Loss) Before Other Revenue	(5,098,123)	(3,516,988)
Other Revenue		
Capital Contributed	1,382,409	11,088,709
Increase (Decrease) in Net Position	(3,715,714)	7,571,721
Net Position, Beginning of Year, As Previously Reported	94,970,537	87,722,007
Prior Period Adjustment	-	(323,191)
Net Position - Beginning of Year, as Restated	94,970,537	87,398,816
Net Position, End of Year	$ 91,254,823	$ 94,970,537

See Accompanying Notes

Exhibit D

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Statements of Activities - Component Unit
For the Years Ended June 30, 2014 and 2013

	2014	Restated 2013
Change in Unrestricted Net Assets		
Support and Revenue:		
Contributions	$ 63,266	$ 40,949
Special Events, Net of Direct Costs	32,182	50,355
Net Assets Released from Restrictions	1,134,082	993,991
Total Support and Revenue	1,229,530	1,085,295
Expenses:		
Program Services		
Scholarships	224,477	245,378
Institutional Support	616,574	441,765
Total Program Services	841,051	687,143
Supporting Services		
Management and General	261,713	289,452
Fundraising	367,045	400,691
Total Supporting Services	628,758	690,143
Total Expenses	1,469,809	1,377,286
Reclassification of Net Assets	(36,062)	-
Change in Unrestricted Net Assets	(276,341)	(291,991)
Change in Temporarily Restricted Net Assets		
Support and Revenue:		
Contributions	602,597	844,033
In-Kind Contributions	578,987	574,592
Special Events, Net of Direct Costs	68,907	36,685
Interest and Dividends, Net of Fees	63,289	51,402
Net Realized and Unrealized Gain (Loss) on Investments	483,487	314,464
Net Unrealized Gain (Loss) on Land Investment	-	134,668
Change in Land Investment Use Obligation	(10,000)	29,053
Net Assets Released from Restrictions	(1,134,082)	(993,991)
Total Support and Revenue	653,185	990,906
Reclassification of Net Assets	414,169	-
Change in Temporarily Restricted Assets	1,067,354	990,906
Change in Permanently Restricted Net Assets		
Support and Revenue:		
Contributions	176,060	109,104
Net Increase (Decrease) in Cash Surrender Value of Life Insurance	8,271	32,949
Total Support and Revenue	184,331	142,053
Reclassification of Net Assets	(378,107)	-
Change in Permanently Restricted Net Assets	(193,776)	142,053
Change in Net Assets	597,237	840,968
Net Assets, Beginning of Year	7,898,085	7,057,117
Net Assets, End of Year	$ 8,495,322	$ 7,898,085

See Accompanying Notes

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	Restated 2013
Cash Flows from Operating Activities		
Student Tuition and Fees	$ 18,083,571	$ 18,063,593
Payments to Suppliers	(13,677,907)	(19,040,257)
Payments to Employees and Benefits Paid	(50,888,873)	(48,626,947)
Payments for Financial Aid and Scholarships	(12,028,023)	(13,547,893)
Auxiliary Enterprise Charges	5,158,067	5,015,111
Other Receipts	1,169,026	1,677,895
Net Cash Provided by (Used in) Operating Activities	(52,184,139)	(56,458,498)
Cash Flows from Non-Capital Financing Activities		
Local Property Taxes	26,528,371	24,822,362
State Grants and Contracts	10,984,025	10,905,330
Federal Grants and Contracts	23,847,262	26,879,123
Net Cash Provided by (Used in) Non-Capital Financing Activities	61,359,658	62,606,815
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(24,592,850)	(7,603,815)
Principal Paid on Bonds	(1,325,000)	(1,105,000)
Interest Paid on Bonds	(2,839,820)	(2,870,626)
Principal Paid on Capital Lease Obligations	-	(31,512)
Interest Paid on Capital Lease Obligations	-	(1,398)
Net Receipts from (Disbursements to) Parkland Foundation	153,911	(234,118)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(28,603,759)	(11,846,469)
Cash Flows from Investing Activities		
Interest on Investments	87,547	104,825
Net Increase (Decrease) in Cash and Cash Equivalents	(19,340,693)	(5,593,327)
Cash and Cash Equivalents, Beginning of Year	70,089,591	75,682,918
Cash and Cash Equivalents, End of Year	$ 50,748,898	$ 70,089,591

See Accompanying Notes

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	Restated 2013
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$ (75,830,420)	$ (76,791,098)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	6,179,808	5,860,776
On-Behalf Payments	13,072,895	12,311,217
Changes in Assets and Liabilities:		
Accounts Receivable, Net	538,570	401,009
Inventories	78,247	31,657
Prepaids	10,446	(10,446)
Accounts Payable	2,703,778	(308,600)
Accrued Liabilities	436,449	195,622
Due to Student Groups	43,271	94,399
Unearned Revenue	616,358	(133,409)
Retirement Obligations	6,424	1,791,614
Accrued Compensated Absences	(39,965)	98,761
Net Cash Provided by (Used in) Operating Activities	$ (52,184,139)	$ (56,458,498)
Supplemental Disclosure of Non-Cash Capital and Related Financing Activity		
Property and Equipment Contributed	$ 1,382,409	$ 11,088,709
Property and Equipment Additions from Capitalized Interest	$ 1,051,629	$ 1,432,762

See Accompanying Notes

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 (GAAP), these financial statements present the financial reporting entity of the College, which consists of the College (the primary government of the reporting entity) and Parkland College Foundation (the Foundation), a discretely presented component unit of the College. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the College, the College has the ability to access those resources through common Board members, and those resources are significant to the College.

The assets, liabilities, net assets, revenue, and expenses of the Foundation are included in the basic financial statements presented in Exhibits B and D.

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

2. Basis of Accounting and Significant Accounting Policies

a. The financial statements of the College are prepared in accordance with GAAP. The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*.

b. For the year ended June 30, 2014, the College implemented GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this standard caused the College to record a prior period adjustment to remove debt issuance costs that were recorded as assets under prior accounting standards. The College has presented deferred outflows of resources beginning in this fiscal year based on the requirements of GASB Statement Number 65.

c. For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

d. Certain assets are classified as restricted on the statement of net position because their use is limited by tax levies, grant agreements, or other contractual agreements.

e. For purposes of preparing the statements of cash flows, restricted and unrestricted currency, demand deposits, money market accounts, and highly-liquid investments with a maturity of three months or less at issuance are considered cash and cash equivalents.

f. 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 30 days following the end of the semester. Payments of accounts receivable are applied to the specific invoices identified on the students' remittance advice or, if unspecified, to the earliest unpaid invoices.

   The carrying amount of accounts receivable for student tuition is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of accounts based on the aging of the accounts receivable by semesters. If the actual defaults are higher than the historical experience, management's estimates of recoverability of amounts due could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The total allowance as of June 30, 2014 and 2013 was $3,294,475 and $2,991,933, 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 2013 tax levy was passed by the Board of Trustees on November 20, 2013. 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 2013 tax levy be allocated and recognized 55 percent in fiscal year 2014 and 45 percent in fiscal year 2015. Property tax revenue for the years ended June 30, 2014 and 2013 were from the 2013 and 2012 levies and the 2012 and 2011 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, 2014 and 2013, the College has recorded an allowance of $1,503,174 and $1,129,370, respectively, for a potential property tax refund identified by the Champaign County Treasurer.

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

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. Maintenance, repairs, and minor additions and expenditures are expensed when incurred. Donated capital assets are recorded at estimated fair market value at the date of donation.

   Major outlays for capital assets and improvements are capitalized as projects are constructed. The College provides for depreciation using the straight-line method over the estimated useful lives of the assets. The useful lives used by the College include 50 years for buildings, ten years for land improvements, and a range of three to ten years for equipment.

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

l. The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has only one item that qualifies for reporting in this category as of June 30, 2014. The item, deferred charge on refunding, is reported in the Statements of Net Position. The amount represents the excess of cash paid to the refunded bond escrow agent over the amount of refunded principal payments. The amount is deferred and recognized as an outflow of resources (expense) over the shorter of the remaining life of the refunded debt or the life of the refunding debt.

   The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has no item that qualifies for reporting in this category at June 30, 2014.

m. 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 Summer 2014 semester and all of the Fall 2014 semester. The tuition and fee charges are prorated according to the timing of the semester.

n. Accrued compensated absences consist of accumulated unused vacation days up to a maximum of 56 days that employees are allowed to accumulate. Those days are guaranteed to be paid to employees upon termination of employment. The rate of accrued compensated absence is calculated based on the employee’s equivalent hourly rate as of June 30, 2014.

o. The College’s net position is classified as follows:

   Net Position

   - Net Investment in Capital Assets – This represents the College’s total investment in capital assets net of accumulated depreciation and related debt that has been used as of the statement of net position date to finance capital additions.

   - Restricted Net Position – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or enabling legislation.

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

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

p. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Overexpenditure of Legal Budgets

The College overexpended its legally adopted budget for the following funds in fiscal year 2014.

- The Operation and Maintenance Fund budget was overexpended by $114,720. The overexpenditure was due to salaries, employee benefits, and utilities being higher than expected.

- The Audit Fund budget was overexpended by $13,001. The overexpenditure was due to audit expenses being higher than expected.

- The Liability, Protection, and Settlement Fund budget was overexpended by $128,146. The overexpenditure was due to higher than expected institutional legal services and general insurance costs.

4. Cash 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. At June 30, 2014, $22,538,537 of the College's $22,802,004 bank balance was exposed to custodial credit risk. The assets exposed to custodial credit risk were fully collateralized by securities pledged by the depository banks, but such securities are not held in the name of the College.

Credit Risk and Interest Rate Risk – External Investment Pools

At June 30, 2014 and 2013, the College held $15,190,580 and $17,311,642, 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, 2014 and 2013, the College held a total of $13,880,006 and $19,834,257, respectively, in the Illinois School District Liquid Asset Fund Plus. The fair value of the College's position in this fund is equal to the value of the College's fund shares. The Illinois School District Liquid Asset Fund Plus is regulated by private rating agencies. The portfolio has an AAAm rating from Standard and Poor's. The assets of the fund are mainly invested in money market instruments having maximum remaining maturities of one year or less, except investments in U.S. Government securities, which may have up to two years remaining to maturity. The time to maturity of the investments in this external investment pool averages less than one year.

5. Accounts Receivable, Net

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

	2014	2013
Tuition Receivables from Students, Net	$ 567,500	$ 1,129,146
State Replacement Tax	372,208	418,267
Tuition Receivables from Agencies	488,817	426,707
Grants from Federal and State Sources	579,025	599,261
Unrestricted State Funding	1,504,809	1,940,133
Other Receivables	456,550	353,988
Total Accounts Receivable, Net	$ 3,968,909	$ 4,867,502
Unrestricted	$ 3,291,015	$ 4,167,643
Restricted	677,894	699,859
Total Accounts Receivable, Net	$ 3,968,909	$ 4,867,502

6. Property and Equipment, Net

The following is a summary of changes in property and equipment for the year ended June 30, 2014:

	Restated June 30, 2013	Additions	Disposals	June 30, 2014
Assets Not Being Depreciated:				
Land	$ 1,841,745	$ -	$ -	$ 1,841,745
Construction in Progress	35,997,434	24,414,808	16,595,676	43,816,566
Assets Being Depreciated:				
Buildings	62,090,039	15,117,523	-	77,207,562
Land Improvements	30,245,915	1,478,153	-	31,724,068
Equipment	16,962,389	2,612,080	-	19,574,469
Total Property and Equipment	147,137,522	43,622,564	16,595,676	174,164,410
Less: Accumulated Depreciation				
Buildings	(29,674,854)	(1,214,411)	-	(30,889,265)
Land Improvements	(12,465,446)	(2,763,683)	-	(15,229,129)
Equipment	(11,211,575)	(2,201,714)	-	(13,413,289)
Total Accumulated Depreciation	(53,351,875)	(6,179,808)	-	(59,531,683)
Property and Equipment, Net	$ 93,785,647	$ 37,442,756	$ 16,595,676	$ 114,632,727

Property and equipment, net at July 1, 2013 has been increased by $2,390,950 to correct an error in recorded capitalized interest in fiscal year 2013. Had the error not been made, the change in net position for the year ended June 30, 2013 would have been higher by $2,390,950.

The following is a summary of changes in property and equipment for the year ended June 30, 2013:

	June 30, 2012	Restated Additions	Restated Disposals	Restated June 30, 2013
Assets Not Being Depreciated:				
Land	$ 1,841,745	$ -	$ -	$ 1,841,745
Construction in Progress	26,947,016	17,917,560	8,867,142	35,997,434
Assets Being Depreciated:				
Buildings	56,144,595	5,945,444	-	62,090,039
Land Improvements	27,324,217	2,921,698	-	30,245,915
Equipment	14,754,664	2,207,725	-	16,962,389
Total Property and Equipment	127,012,237	28,992,427	8,867,142	147,137,522
Less: Accumulated Depreciation				
Buildings	(28,553,962)	(1,120,892)	-	(29,674,854)
Land Improvements	(9,857,289)	(2,608,157)	-	(12,465,446)
Equipment	(9,079,848)	(2,131,727)	-	(11,211,575)
Total Accumulated Depreciation	(47,491,099)	(5,860,776)	-	(53,351,875)
Property and Equipment, Net	$ 79,521,138	$ 23,131,651	$ 8,867,142	$ 93,785,647

7. Unearned Revenue

Unearned revenue consists of the following at June 30:

	2014	2013
Unearned Student Tuition	$ 2,512,002	$ 1,679,193
Unearned Student Fees	80,293	80,507
Other Unearned Revenue	420,412	636,649
Total Unearned Revenue	$ 3,012,707	$ 2,396,349

8. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

	June 30, 2013	Additions	Retired	June 30, 2014	Due Within One Year
Compensated Absences	$ 1,692,479	$ 1,460,000	$ 1,499,965	$ 1,652,514	$ -
Bonds	65,440,000	-	1,325,000	64,115,000	1,570,000
Retirement Obligation	2,673,123	606,045	599,621	2,679,547	704,943
Total Long-Term Debt	$ 69,805,602	$ 2,066,045	$ 3,424,586	$ 68,447,061	$ 2,274,943

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

	June 30, 2012	Additions	Retired	June 30, 2013	Due Within One Year
Compensated Absences	$ 1,593,718	$ 1,440,000	$ 1,341,239	$ 1,692,479	$ -
Capital Lease Obligations	31,512	-	31,512	-	-
Bonds	66,545,000	-	1,105,000	65,440,000	1,325,000
Retirement Obligation	881,509	2,158,967	367,353	2,673,123	520,914
Total Long-Term Debt	$ 69,051,739	$ 3,598,967	$ 2,845,104	$ 69,805,602	$ 1,845,914

The College issued general obligation community college bonds in March 2009 to refund three outstanding debt certificates. The bonds mature annually on December 1 and June 1 beginning December 1, 2010 and run through December 1, 2028. Interest rates on the bonds range from 1.75 percent to 5 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2009. The balance outstanding at June 30, 2014 was $33,560,000.

The College issued 2010A general obligation community college bonds in February 2010 to refund the College’s outstanding debt certificate. The bonds mature annually on December 1, beginning December 1, 2011 and run through December 31, 2027. Interest rates on the bonds range from 1.00 percent to 4.05 percent. Interest is payable semi annually on June 1 and December 1 beginning December 1, 2010. The balance outstanding at June 30, 2014 was $21,955,000.

The College issued 2010B general obligation community college bonds (alternative revenue source) in February 2010 to fund building construction projects. The bonds mature annually on December 1, beginning December 1, 2010 and run through December 1, 2029. Interest rates on the bonds range from 1.00 percent to 4.20 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2010. The balance outstanding at June 30, 2014 was $8,600,000.

The College has pledged future revenues to repay the principal and interest of the 2010B general obligation community college bonds (alternative revenue source). Principal and interest on these bonds are payable through December 2029 from the College's student fees and other lawfully available funds of the College, which essentially consists of the operating revenue of the College's Education and Operations and Maintenance-Operational sub-funds. Annual principal and interest payments on the bonds are expected to require approximately a maximum of 4.11 percent of such revenues. The principal and interest payments for fiscal years 2014 and 2013 were $738,190 and $740,940, respectively. The College's pledged revenues totaled $17,951,889 and $18,417,343 for fiscal years 2014 and 2013, respectively. At June 30, 2014, pledged future revenues totaled $11,867,834, which is the amount of the remaining principal and interest on the bonds.

Maturities of the bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	$ 1,570,000	2,803,620	$ 4,373,620
2016	1,840,000	2,755,895	4,595,895
2017	2,130,000	2,693,795	4,823,795
2018	2,495,000	2,611,408	5,106,408
2019	2,830,000	2,507,708	5,337,708
2020-2024	20,945,000	10,209,441	31,154,441
2025-2029	31,585,000	3,896,309	35,481,309
2030	720,000	16,200	736,200
	$ 64,115,000	$ 27,494,376	$ 91,609,376

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

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

Fiscal Year Ending June 30		
2015	$	77,170
2016		77,170
2017		77,170
2018		77,170
2019		77,170
2020-2021		87,250
	$	473,100

Total amortization for the year ended June 30, 2014 and 2013 was $77,170. This amount is included in interest expense.

Total interest incurred for all long term debt for the year ended June 30, 2014 and 2013 was $2,913,500 and $2,946,799, respectively, including the amortization of the refunding expense. Of this amount, $1,051,629 and $1,432,762, respectively, was capitalized as part of the cost of multiple capital projects that were in progress during the fiscal year. The remaining $1,861,871 and $1,514,037, respectively, of interest has been expensed on the statement of revenues, expenses, and changes in net position.

In Fiscal Year 2009, the College defeased debt certificates by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the College's financial statements. At June 30, 2014 and 2013, $5,020,000 and $5,585,000 of debt principal is considered defeased.

9. Lease Revenue

The College is the lessor of office and rooftop space under five operating leases. One expires on January 31, 2015, one on June 30, 2018, two expire on September 30, 2018, and one on June 30, 2019. Each lease has an early termination clause at the option of the lessee. The cost of the office facility leased was $3,600,000 at June 30, 2014 and 2013. The carrying value was $3,254,400 and $3,312,000 at June 30, 2014 and 2013, respectively.

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

Fiscal Year Ending June 30,		
2015	$	354,959
2016		345,859
2017		345,859
2018		345,859
2019		79,036
Total	$	1,471,572

10. Lease Commitments

The College is obligated under various non-cancellable operating leases for office equipment with terms expiring at various dates from December 2014 through July 2018. Additionally, the College is obligated under one non-cancellable operating lease for office building space with terms running through August 2016, and one non-cancellable operating lease for equipment running through June 2018. Additionally, the College is obligated for one cancellable operating lease for the airplanes used in its aviation program, with terms running through August 2017. An operating lease does not give rise to property rights or purchase obligations and, therefore these lease agreements are not reflected in the college's capital assets.

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

Fiscal Year Ending June 30,		
2015	$	158,379
2016		139,671
2017		33,681
2018		22,084
2019		864
Total	$	354,679

Total rental expense for leased equipment and facilities for the years ending June 30, 2014 and June 30, 2013 was $153,610 and $163,585, respectively.

11. Early Retirement Plan

The College offers an early retirement incentive program to its employees. For an employee to be eligible, the employee must have been employed at 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 one and half 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 an annual stipend for four years following retirement equal to the College Insurance Plan indemnity plan annual premium rate divided by 69 percent, readjusted annually according to the new yearly rate. The rates were $4,704 and $4,517 for the years ended June 30, 2014 and 2013, respectively. The initial stipend will be based on the July 1 rate closest to the retiree’s retirement date.

At June 30, 2014 and 2013, the early retirement plan had 40 and 49 active participants, respectively. Early retirement plan expense was $606,045 and $2,158,967 for fiscal years 2014 and 2013, respectively. At June 30, 2014 and 2013, the College had accrued a liability of

$2,679,547 and $2,673,123, respectively, for future required payments for the College's declared retirees under the Plan described above. The liability was calculated based on the present value of future payments discounted at the Wall Street Journal Prime Rate, which was 3.25 percent at June 30, 2014 and 2013, respectively. A static College Insurance Plan indemnity plan annual rate was used in calculating the liability.

Effective August 15, 2013, the College started a new retirement plan for academic employees, which includes all full-time faculty, professors who have previously been employed as full-time faculty for at least 15 years, full-time counselors, and full-time librarians. As of June 30, 2014, no employees elected for early retirement under this plan.

12. 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 2015) is 35.80 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, 2014, and 2013, and 2012 were $12,911,878, $12,158,762, and $8,434,197, respectively, equal to the required contributions for each year.

For the years June 30, 2014 and 2013, the College recorded on-behalf revenue and on-behalf expense in the amount of $13,072,895 and $12,311,217, 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 $161,017 and $152,455 in fiscal years 2014 and 2013 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.

13. Related Party Transactions

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

- The College holds the Foundation's cash in a College bank account and records a liability equal to the cash balance held. In addition, the College advances operating funds to the Foundation under a non-interest bearing working-cash loan agreement. Any receivable balance for this working-cash loan is netted against the cash balance held for the Foundation. At June 30, 2014 and 2013, the net amount owed to the Foundation was $329,669 and $175,758, respectively.

- During the years ended June 30, 2014 and 2013, the College incurred costs for the Foundation in the form of donated in-kind services in the amount of $164,539 and $160,771, respectively.

- The Foundation donates scholarships as well as certain in-kind items to the College to support the students and programs of the College. The total value of these items, as calculated by the Foundation, for the years ended June 30, 2014 and 2013 was $616,574 and $441,765, respectively.

14. Self Insurance

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

Claim liabilities are based on the requirements of GASB Statements which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At June 30, 2014 and 2013, the accrued claims were $1,050,000 and $647,021, respectively, and are included in the accrued liabilities on the Statement of Net Position.

The stop-loss limits for the health insurance plan at June 30, 2014 and 2013 were $175,000 and $175,000, respectively. This liability is based on estimates and the ultimate liability may be greater or less than the amount estimated. The methods used to calculate such estimates are continually reviewed, and any adjustments will be reflected in a future period.

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

	2014	2013
Accrued Claims, Beginning of Year	$ 647,021	$ 497,021
Incurred Claims	7,226,721	6,880,549
Claim Payments	(6,823,742)	(6,730,549)
Accrued Claims, End of Year	$1,050,000	$ 647,021

15. 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.

16. 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, 2014.

	Due to	Due from
Education Fund	$ -	$ 481,666
Restricted Purposes Fund	481,666	-
Total Inter-Sub-Fund Balances	$ 481,666	$ 481,666

	Transfer in	Transfer out
Education Fund	$ 6,558	$ 793,158
Bond and Interest Fund	892,579	-
Operations and Maintenance Fund - Restricted	-	892,579
Working Cash Fund	-	6,558
Auxiliary Athletics Fund	550,000	-
Auxiliary Business Development Center Fund	68,158	-
Auxiliary Child Care Services Fund	175,000	-
Total Transfers	$ 1,692,295	$ 1,692,295

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

17. Commitments

The College has nine uncompleted major construction contracts and one equipment contract in progress through the date of the Independent Auditor’s Report. The remaining commitment on the ten contracts was approximately $4,980,000 at June 30, 2014.

The College has a contract for the purchase of electricity through March 2016. 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 $439,000. 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.

18. Discretely Presented Component Unit

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

A. Nature of Organization

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

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

B. Summary of Significant Accounting Policies

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

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

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

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

b. Investments consist of a managed investment accounts comprised of various equity and fixed income investments. These investments are stated at fair market value based on quoted markets prices and are classified as held to maturity. Investment securities are exposed to various risks such as interest rate, market, and credit risks.

c. Land investment is recorded at fair market value. Use of the land is subject to a life tenant. The Foundation has recorded a use obligation at fair value for this life interest. Due to the estimation of the value of land, as well as the life interest of the original tenant, it is at least reasonably possible that the value of the land investment and related use obligation will be revised.

d. Promises to give consist of unconditional promises to give to the Foundation for operating and restricted activities. Long-term promises to give are discounted to present value based on expected payment schedules and interest rates. The effective interest rate used to discount promises to give at June 30, 2014 was 3.25 percent. The carrying amount of promises to give is reduced by a valuation allowance based on management's assessment of the collectability of specific promise to give balances.

e. Property and equipment expenditures in excess of $2,500 are capitalized and recorded at cost or, if donated, at fair market value at the time of donation. Donated property and equipment are capitalized at estimated cost or, if donated, fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful life of assets.

f. The Foundation holds special events throughout the year. A portion of the revenue raised at these events is considered reciprocal and is not tax deductible to the donor. This revenue is segregated from regular contributions and presented net of related expenses as special events revenue.

g. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

   The Foundation has estimated the fair market value of certain investments. Due to the level of risk associated with certain investment securities and the valuation techniques used for investments, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's account balances and the amounts reported in the financial statements.

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

h. Contributions of facilities and services are recognized if the benefit received (a) creates or enhances non-financial assets or (b) requires specialized skills provided by individuals possessing those skills and (c) would typically need to be purchased if not provided by donation. Such contributions are recorded at fair market value on the date of the contribution, and presented as in-kind contributions.

i. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

j. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As of June 30, 2014, the federal and state tax filings of the Foundation that fall within the applicable statutes of limitation remain open for review by tax authorities.

k. The Foundation has evaluated subsequent events through August 27, 2014, the date which the financial statements were available to be issued.

C. Promises to Give

Promises to give at June 30, 2014 consist of amounts due in:

Less than One Year	$ 148,500
One to Five Years	151,247
More than Five Years	504,174
Gross Promises to Give	803,921
Less: Allowance for Doubtful Accounts	(87,000)
Less: Discount on Long Term Promises to Give	(357,374)
Net Promises to Give	$ 359,547

D. Investments

Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value under generally accepted accounting principles. Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Topic 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. Topic 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets

- Inputs other than quoted prices that are observable for the asset or liability

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014.

Cash and Cash Equivalents – Valued at the cash balance available to the Foundation as of June 30, 2014

Equities, Mutual Funds, and Bonds – Valued at unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access

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

	Cost	Market	Fair Value Level
Cash and Cash Equivalents	$ 3,146,842	$ 3,146,840	1
Common Stock	1,206,972	1,435,504	1
Mutual Funds	1,117,571	1,449,860	1
Corporate Bonds	5,937	6,120	1
Municipal Bonds	50,000	55,358	1
Total	$ 5,527,322	$ 6,093,682	

Land Investment and Related Use Obligation – While the land investment and related use obligation is presented separately on the statement of financial position, the value of these items is also based on fair market value. The land investment value is based on the National Agricultural Statistics Service's manual annual estimated farm real estate value for the State of Illinois.

The use obligation value is based on average cash rents, in Champaign County per the United State Department of Agriculture, discounted using an effective interest rate of 3.25 percent and an estimated period based on life expectancy tables per the Internal Revenue Service's Publication 590 Individual Retirement Arrangements.

These valuation methods fall within Level 2 of the fair value hierarchy as described above.

Endowments

The Foundation maintains endowment funds, which represent gifts that have been accepted with the donor stipulation that the principal be maintained intact in perpetuity. Income from these assets is temporarily restricted to provide scholarships. Accordingly, earnings are recognized as temporarily restricted net assets. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, if any, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's management believes it is following the Uniform Prudent Management of Institutional Funds Act adopted by the State of Illinois, although the Foundation has not sought the opinion of legal counsel on the appropriateness of this assertion. As a result, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those assets are appropriated for expenditure by the Foundation. The Foundation has not adopted a policy for appropriation and approval by the Board of Directors of endowment expenses.

The objective of the Foundation is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return to meet cash flow needs while minimizing risk. To achieve that objective, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes targets of 50 percent equity and 50 percent fixed income securities that is intended to result in a consistent inflation-protected rate of return. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to expose the fund to acceptable levels of risk.

The Foundation has a policy of appropriating for distribution interest and dividends, net of fees, received on its endowments. During the year ended June 30, 2014, the Foundation did not liquidate investments for this appropriation and instead funded this appropriation with current year cash receipts. In addition, the current scholarship agreement allows the Foundation to charge certain fees including investment manager fees as well as an amount equal to a percent per annum of the fair market value of the endowment. This amount will be determined by the Board of Directors annually and will not exceed 10 percent. This policy may be changed from time to time provided that any changes are applied uniformly to all funds administered by the Foundation. For the year ended June 30, 2014, the Board elected not to charge such a fee.

Endowment net asset composition and changes in net assets as of and for the year ended June 30, 2014, by type of fund, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of Year, July 1, 2013	$ -	$ 1,008,967	$ 4,535,539	$ 5,544,506
Contributions	-	2,400	-	2,400
Interest and Dividends	-	88,814	-	88,814
Net Realized and Unrealized Loss	-	483,487	-	483,487
Fees	-	(25,525)	-	(25,525)
Net Transfers Between Funds	-	189,039	(189,039)	-
End of Year, June 30, 2014	$ -	$ 1,747,182	$ 4,346,500	$ 6,093,682

E. Collateralization of Investments

The Foundation maintains its investments in a variety of local and nationwide financial institutions. Investments are financial instruments that potentially subject the Foundation to a concentration of credit risk.

The insurance level at all Securities Investor Protection Corporation (SIPC) insured financial institutions is $500,000 per institution, per account holder. As of June 30, 2014, the Foundation has investments in financial institutions in excess of the amounts insured by the SIPC in the amount of $4,542,907. Of the uninsured balances, $4,492,332 are held in trust management companies. In the event of failure of a trust management company, the Foundation retains all rights to the held investments, which are transferred to an acceptable alternative company.

F. Property and Equipment

Property and equipment at June 30, 2014consist of the following:

Furniture & Fixtures	$ 32,431
Equipment	9,462
Less: Accumulated Depreciation	(40,978)
Property and Equipment, Net	$ 915

G. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2014 are available for the following purposes:

Institutional Programs and Support	$ 1,929,370
Land Investment	1,880,000
Scholarships	913,403
Other	41,948
Promises to Give, Net Allowance and Discount	156,881
Unallocated Cumulative Realized/Unrealized Investment Gain/Loss	1,377,179
Farmland Use Obligation	(280,000)
Total	$ 6,018,781

H. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2014 are restricted to:

Scholarships	$ 2,908,802
Institutional Programs and Support	1,412,449
Other	25,249
Promises to Give, Net Allowance and Discount	202,666
Cash Surrender Value of Life Insurance	109,389
Total	$ 4,658,555

I. Related Party Transactions

The Foundation’s cash balance is automatically swept to a cash account owned by the College. In addition, the Foundation has an operating agreement with the College that provides that the College will provide a non-interest bearing loan to the Foundation for the purpose of replenishing restricted funds for operating expenditures. The balances in these accounts have been classified as “Due from Related Party" in the statement of financial position.

In addition, the College provided donated services to the Foundation consisting of salaries, benefits, utilities, and materials. For the year ended June 30, 2014, the amount contributed and included as in-kind revenues totaled $164,539: $128,339 in salaries, $24,922 in benefits, $5,430 in utilities, and $5,848 in materials. These expenses are included in the statement of activities and are allocated half to “Management and General” and half to “Fundraising”.

During the year the Foundation donated certain in-kind items to the College totaling $414,448, including agricultural equipment of $350,000. The cost of these items is classified as Institutional Support in the Statement of Changes in Net Assets.

J. Concentration of Revenue

The Foundation received approximately $611,500, or 29 percent, of its total support and revenue from two donors for the year ended June 30, 2014, of which $350,000 was in-kind agricultural equipment.

K. Negative Unrestricted Net Assets

The Foundation receives a substantial amount of gifts that are temporarily or permanently restricted by the donors. However, the Foundation does not typically receive enough unrestricted donations to offset annual management & general and fundraising expenses. Cumulatively this has resulted in a shortfall of assets to comply with donor restrictions of approximately $2.2 million as of June 30, 2014. This amount is reflected as the negative unrestricted net asset balance on the Statements of Financial Position.

The Foundation owns a land investment with an estimated fair value of approximately $1.9 million. This amount has been recorded as temporarily restricted based upon the time restriction of the life interest in the property as defined in an estate. It is important to note that the fair market value of the land investment will transfer from temporarily restricted to unrestricted net assets when the farmer who holds the life interest passes.

Also, the College does have an ongoing line of credit with the Foundation to address cash flow problems. The College recognizes there may be a need in the future to support more of the Foundation's unrestricted operations. This is not an uncommon practice for Illinois Community College Foundations.

The Foundation Board of Directors and the College Administration are aware of the Foundation's Unrestricted Net Asset deficit. Both the Foundation Board and College Administration will continue to monitor this situation closely and work together to maintain the Foundation's financial viability.

L. Reclassification of Net Assets

During the year, certain reclassifications of net asset restrictions occurred as a result of a change in the entrepreneurship program structure, which resulted in a change in donor restrictions. This reclassification was approved by the Board of Directors.

M. Prior Period Adjustments

The accompanying financial statements include prior period adjustments to correct errors from prior periods. The Foundation did not record promise to give agreements signed in the prior year. Had these promises to give been recorded temporarily restricted contribution revenue in the prior year would have increased by $150,000 and permanently restricted contribution revenue would have increased by $15,000. Promises to give would have increased by a total of $165,000, and the related discount would have increased by $10,171. The net result of these adjustments is an increase of $140,754 in temporarily restricted net assets, and an increase of $14,075 to permanently restricted net assets in the prior year.

19. Supplementary Information

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

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

- Capital assets are not depreciated and depreciation expense is not presented in the schedules, except for funds considered to be proprietary operations.

- Payments of principal on long-term debt is reported as expenditures in the schedules.

- In the schedules, the full amount of summer school revenue is recognized in the fiscal year in which the related term is completed.

- Expenditures in the schedules include the cost of capital asset acquisitions, except for funds considered to be proprietary operations.

- Debt service expenditures in the schedules, as well as expenditures related to early retirement benefits, are recorded only when payment is due, except for funds considered to be proprietary operations.

- The schedules exclude accrued interest on long term debt.

- Property taxes receivable and unearned revenue in the schedules include property taxes not yet earned and not yet received as of June 30.

20. Prior Period Adjustments

The statement of revenue, expenses, and changes in net position includes a prior period adjustment to account for the implementation of GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This standard is applied retroactively and any previously capitalized bond issuance costs will be recognized as an expense in the period incurred. This change reduced total net position on the statement of revenue, expenses, and changes in net position as of June 30, 2012 by $323,191. The effect of adopting the new accounting principle increased the change in net position for the year ended June 30, 2013 by $20,520.

Additionally, the statement of revenue, expenses, and changes in net position includes a prior period adjustment to increase property and equipment as of June 30, 2013 by $2,390,950 to correct an error in the capitalization of interest and the transfer of assets from construction in progress to buildings and land improvements in fiscal year 2013. This change increased total net position on the statement of revenues, expenses, and changes in net position as of June 30, 2013 by $2,390,950, and increased the change in net position for the year ended June 30, 2013 by that same amount.

Schedule 1

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
June 30, 2014

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		
	General	Special Revenue	Debt Service	Capital Projects Fund - Operation and Maintenance Restricted	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
ASSETS									
Cash and Cash Equivalents	$ 22,424,119	$ 1,244,830	$ 3,296,977	$ 13,888,229	$ 1,692,465	$ 8,202,278	$ -	$ -	$ 50,748,898
Receivables:									
Property Taxes, Net	7,975,467	1,382,033	1,807,442	568,014	-	-	-	-	11,732,956
Replacement Taxes	372,208	-	-	-	-	-	-	-	372,208
Agency Tuition, Net	488,817	-	-	-	-	-	-	-	488,817
Student Tuition and Fees, Net of Allowance for Uncollectible Accounts of $3,294,475	567,500	-	-	-	-	-	-	-	567,500
Governmental Grants	1,504,809	-	-	-	-	-	-	-	1,504,809
Business and Industry Training	-	-	-	-	18,680	-	-	-	18,680
Student Loans	-	98,869	-	-	-	-	-	-	98,869
Other	339,001	579,025	-	-	-	-	-	-	918,026
Due from Parkland Foundation	4,000	28,276	-	260,000	-	712,027	-	-	1,004,303
Due from Other Funds	481,666	-	-	-	-	-	-	-	481,666
Inventory	-	-	-	-	590,368	-	-	-	590,368
Property and Equipment, Net	-	-	-	-	94,850	-	114,537,877	-	114,632,727
OTHER DEBITS									
Amount Available to Retire Debt	-	-	-	-	-	-	-	3,442,120	3,442,120
Amount to be Provided to Retire Debt	-	-	-	-	-	-	-	62,647,484	62,647,484
Total Assets and Other Debits	$ 34,157,587	$ 3,333,033	$ 5,104,419	$ 14,716,243	$ 2,396,363	$ 8,914,305	$ 114,537,877	$ 66,089,604	$ 249,249,431

Schedule 1
(continued)

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
June 30, 2014

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		
	General	Special Revenue	Debt Service	Capital Projects Fund-Operation and Maintenance Restricted	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
LIABILITIES									
Accounts Payable	$ 90,496	$ 10,530	$ -	$ 3,327,606	$ 33	$ -	$ -	$ -	$ 3,428,665
Vacation Payable	1,444,646	96,035	-	-	111,833	-	-	-	1,652,514
Retirement Payable	704,943	-	-	-	-	-	-	1,974,604	2,679,547
Accrued Liabilities	2,788,274	-	-	-	1,508	-	-	-	2,789,782
Unearned Revenue	12,093,200	1,736,272	1,662,299	712,344	124,662	-	-	-	16,328,777
Due to Other Funds	-	481,666	-	-	-	-	-	-	481,666
Due to Parkland Foundation	1,315,112	-	-	-	18,860	-	-	-	1,333,972
Due to Student Groups	-	-	-	-	-	1,314,947	-	-	1,314,947
Unapplied Financial Aid	-	-	-	-	-	-	-	-	-
G. O. Bonds	-	-	-	-	-	-	-	64,115,000	64,115,000
Total Liabilities	18,436,671	2,324,503	1,662,299	4,039,950	256,896	1,314,947	-	66,089,604	94,124,870
COLLEGE EQUITY									
Investment in General Fixed Assets	-	-	-	-	-	-	114,537,877	-	114,537,877
Fund Balance:									
Reserved For:									
Student Loans	-	98,869	-	-	-	-	-	-	98,869
Trust and Agency Assets	-	-	-	-	-	7,599,358	-	-	7,599,358
Unreserved, Undesignated	15,720,916	909,661	3,442,120	10,676,293	-	-	-	-	30,748,990
Retained Earnings	-	-	-	-	2,139,467	-	-	-	2,139,467
Total College Equity	15,720,916	1,008,530	3,442,120	10,676,293	2,139,467	7,599,358	114,537,877	-	155,124,561
Total Liabilities and College Equity	$ 34,157,587	$ 3,333,033	$ 5,104,419	$ 14,716,243	$ 2,396,363	$ 8,914,305	$ 114,537,877	$ 66,089,604	$ 249,249,431

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Modified Accrual Basis
All Governmental Fund Types
For the Year Ended June 30, 2014

	General	Special Revenue	Debt Service - Bond and Interest	Capital Projects Fund-Operation and Maintenance Restricted	Total (Memorandum Only)
Revenue					
Local Sources	$ 19,481,294	$ 2,890,672	$ 3,521,225	$ 1,261,927	$ 27,155,118
State Sources	5,917,425	2,285,886	-	1,382,409	9,585,720
Federal Sources	73,091	23,752,206	-	-	23,825,297
Tuition and Fees	26,763,883	-	-	-	26,763,883
Facilities	906,099	-	-	892,578	1,798,677
Interest	75,513	-	-	5,228	80,741
Other Revenue	563,154	24,002	-	-	587,156
On-Behalf Payments	13,072,895	-	-	-	13,072,895
Total Revenue	66,853,354	28,952,766	3,521,225	3,542,142	102,869,487
Expenditures					
Instruction	28,066,516	538,047	-	-	28,604,563
Academic Support	4,797,360	2,143,042	-	(41,022)	6,899,380
Student Services	4,959,946	271,240	-	-	5,231,186
Public Service	932,752	615,855	-	-	1,548,607
Auxiliary Services	-	5,015	-	-	5,015
Operation and Maintenance of Plant	6,112,794	1,510,774	-	25,424,777	33,048,345
Scholarships and Grants	-	22,384,783	-	-	22,384,783
Institutional Support	11,084,724	1,566,183	-	-	12,650,907
Principal	-	-	1,325,000	-	1,325,000
Interest	-	-	2,839,820	-	2,839,820
On-Behalf Payments	13,072,895	-	-	-	13,072,895
Total Expenditures	69,026,987	29,034,939	4,164,820	25,383,755	127,610,501
Revenue Over (Under) Expenditures	(2,173,633)	(82,173)	(643,595)	(21,841,613)	(24,741,014)
Other Financing Sources (Uses)					
Operating Transfers, Net	(786,600)	-	892,579	(892,579)	(786,600)
Total Other Financing Sources (Uses)	(786,600)	-	892,579	(892,579)	(786,600)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,960,233)	(82,173)	248,984	(22,734,192)	(25,527,614)
Fund Balance, July 1, 2013	18,681,149	1,090,703	3,193,136	33,410,485	56,375,473
Fund Balance, June 30, 2014	$ 15,720,916	$ 1,008,530	$ 3,442,120	$ 10,676,293	$ 30,847,859

Schedule 3

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Combined Statement of Revenue, Expenditures,
and Changes in Fund Balances - Budget and Actual - Modified Accrual Basis
All Budgeted Governmental Fund Types
For the Year Ended June 30, 2014

	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	$ 19,483,255	$ 19,481,294	$ 2,915,935	$ 2,890,672	$ 3,412,133	$ 3,521,225	$ 1,250,546	$ 1,261,927	$ 27,061,869	$ 27,155,118
State Sources	6,287,093	5,917,425	2,837,244	2,285,886	-	-	-	1,382,409	9,124,337	9,585,720
Federal Sources	175,000	73,091	25,652,217	23,752,206	-	-	-	-	25,827,217	23,825,297
Tuition and Fees	29,782,943	26,763,883	-	-	-	-	-	-	29,782,943	26,763,883
Facilities	1,015,500	906,099	-	-	-	-	969,261	892,578	1,984,761	1,798,677
Interest	99,000	75,513	5,000	-	-	-	-	5,228	104,000	80,741
Other Revenue	539,000	563,154	176,277	24,002	-	-	-	-	715,277	587,156
Total Revenue	57,381,791	53,780,459	31,586,673	28,952,766	3,412,133	3,521,225	2,219,807	3,542,142	94,600,404	89,796,592
Expenditures										
Instruction	28,819,971	28,066,516	573,977	538,047		-	-	-	29,393,948	28,604,563
Academic Support	5,428,701	4,797,360	2,650,337	2,143,042	-	-	-	(41,022)	8,079,038	6,899,380
Student Services	5,063,742	4,959,946	332,959	271,240	-	-	-	-	5,396,701	5,231,186
Public Service	1,021,300	932,752	837,409	615,855	-	-	-	-	1,858,709	1,548,607
Auxiliary Services	-	-	5,304	5,015	-	-	-	-	5,304	5,015
Operation and Maintenance of Plant	5,793,068	6,112,794	1,703,051	1,510,774	-	-	30,772,191	25,424,777	38,268,310	33,048,345
Grants and Scholarships	-	-	24,000,000	22,384,783	-	-	-	-	24,000,000	22,384,783
Institutional Support	10,469,968	11,084,724	1,385,086	1,566,183	-	-	-	-	11,855,054	12,650,907
Principal	-	-	-	-	1,325,000	1,325,000	-	-	1,325,000	1,325,000
Interest	-	-	-	-	2,839,821	2,839,820	-	-	2,839,821	2,839,820
Total Expenditures	56,596,750	55,954,092	31,488,123	29,034,939	4,164,821	4,164,820	30,772,191	25,383,755	123,021,885	114,537,606
Revenue Over (Under) Expenditures	785,041	(2,173,633)	98,550	(82,173)	(752,688)	(643,595)	(28,552,384)	(21,841,613)	(28,421,481)	(24,741,014)
Other Financing Sources (Uses)										
Operating Transfers, Net	(842,200)	(786,600)	-	-	969,261	892,579	(969,261)	(892,579)	(842,200)	(786,600)
Total Other Financing Sources (Uses)	(842,200)	(786,600)	-	-	969,261	892,579	(969,261)	(892,579)	(842,200)	(786,600)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (57,159)	(2,960,233)	$ 98,550	(82,173)	$ 216,573	248,984	$ (29,521,645)	(22,734,192)	$ (29,263,681)	(25,527,614)
Fund Balance, July 1, 2013		18,681,149		1,090,703		3,193,136		33,410,485		56,375,473
Fund Balance, June 30, 2014		$ 15,720,916		$ 1,008,530		$ 3,442,120		$ 10,676,293		$ 30,847,859

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
For the Year Ended June 30, 2014

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
Operating Revenue				
Student and Community Services	$ -	$ -	$ 5,667,250	$ 4,554,565
Student Tuition and Fees	-	-	987,617	1,034,961
State Sources	-	-	-	250,000
Other Revenue	-	-	32,000	40,231
Investment Revenue	10,000	6,558	1,000	-
Total Operating Revenue	10,000	6,558	6,687,867	5,879,757
Operating Expenses				
Salaries	-	-	1,812,862	1,696,486
Employee Benefits	-	-	483,402	514,945
Contractual Services	-	-	444,119	426,158
General Materials and Supplies	-	-	3,632,789	2,893,130
Conference and Meeting	-	-	196,176	209,960
Fixed Charges	-	-	886,391	685,294
Utilities	-	-	1,625	1,485
Capital Outlay	-	-	-	513
Depreciation	-	-	18,000	59,780
Other	-	-	255,078	209,806
Total Operating Expenses	-	-	7,730,442	6,697,557
Operating Income (Loss)	10,000	6,558	(1,042,575)	(817,800)
Other Financing Sources (Uses)				
Operating Transfers, Net	(10,000)	(6,558)	852,200	793,158
Net Income	$ -	-	$ (190,375)	(24,642)
College Equity, July 1, 2013		7,600,000		2,164,109
College Equity, June 30, 2014		$ 7,600,000		$ 2,139,467

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, 2014

	Fiduciary Fund Type Working Cash Fund	Proprietary Fund Type Enterprise Funds
Cash Flows from Operating Activities		
Auxiliary Enterprise Charges	$ -	$ 4,554,565
Student Tuition and Fees	-	1,047,353
Payments to Suppliers	-	(4,348,099)
Payments to Employees and Benefits Paid	-	(2,224,907)
Interest on Investments	6,558	290,231
Net Cash Provided by (Used in) Operating Activities	6,558	(680,857)
Capital and Related Financing Activities		
Purchase of Equipment	-	(101,683)
Non-Capital Financing Activities		
Change in Due To (From) Parkland Foundation	-	7,235
Operating Transfers In (Out)	(6,558)	793,158
Net Cash Provided by (Used in) Non-Capital Financing Activities	(6,558)	800,393
Net Increase (Decrease) in Cash and Cash Equivalents	-	17,853
Cash and Cash Equivalents, July 1, 2013	7,600,000	1,674,612
Cash and Cash Equivalents, June 30, 2014	$ 7,600,000	$ 1,692,465
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$ 6,558	$ (817,800)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	-	59,780
Changes in Assets and Liabilities:		
Receivables	-	14,494
Inventories	-	78,247
Vacation Payable	-	(13,476)
Unearned Revenue	-	(2,102)
Net Cash Provided by (Used in) Operating Activities	$ 6,558	$ (680,857)

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Combining Balance Sheet - Modified Accrual Basis
General Funds
June 30, 2014

	Education Fund	Operation and Maintenance Fund	Total
ASSETS			
Cash and Cash Equivalents	$ 19,205,820	$ 3,218,299	$ 22,424,119
Receivables:			
Property Taxes, Net	5,760,065	2,215,402	7,975,467
Replacement Taxes	307,835	64,373	372,208
Agency Tuition, Net	488,817	-	488,817
Student Tuition and Fees, Net	567,500	-	567,500
Governmental Grants	1,504,809	-	1,504,809
Other	338,130	871	339,001
Due From Parkland Foundation	-	4,000	4,000
Due From Other Funds	481,666	-	481,666
Total Assets	$ 28,654,642	$ 5,502,945	$ 34,157,587
LIABILITIES			
Accounts Payable	$ 31,715	$ 58,781	$ 90,496
Vacation Payable	1,305,380	139,266	1,444,646
Retirement Payable	704,943	-	704,943
Due to Parkland Foundation	1,315,112	-	1,315,112
Accrued Liabilities	2,788,274	-	2,788,274
Unearned Revenue	9,934,370	2,158,830	12,093,200
Total Liabilities	16,079,794	2,356,877	18,436,671
FUND BALANCE			
Unreserved	12,574,848	3,146,068	15,720,916
Total Fund Balance	12,574,848	3,146,068	15,720,916
Total Liabilities and Fund Balance	$ 28,654,642	$ 5,502,945	$ 34,157,587

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, 2014

	Education Fund	Operation and Maintenance Fund	Total
Revenue			
Local Sources	$ 14,382,358	$ 5,098,936	$ 19,481,294
State Sources	5,917,425	-	5,917,425
Federal Sources	73,091	-	73,091
Tuition and Fees	26,763,883	-	26,763,883
Facilities	-	906,099	906,099
Interest	72,764	2,749	75,513
Other Revenue	563,111	43	563,154
On-Behalf Payments	13,072,895	-	13,072,895
Total Revenue	60,845,527	6,007,827	66,853,354
Expenditures			
Instruction	28,066,516	-	28,066,516
Academic Support	4,797,360	-	4,797,360
Student Services	4,959,946	-	4,959,946
Public Service	932,752	-	932,752
Operation and Maintenance of Plant	-	6,112,794	6,112,794
Institutional Support	11,084,730	(6)	11,084,724
On-Behalf Payments	13,072,895	-	13,072,895
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	62,914,199	6,112,788	69,026,987
Revenue Over (Under) Expenditures	(2,068,672)	(104,961)	(2,173,633)
Other Financing Sources (Uses)			
Operating Transfers, Net	(786,600)	-	(786,600)
Total Other Financing Sources (Uses)	(786,600)	-	(786,600)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,855,272)	(104,961)	(2,960,233)
Fund Balance, July 1, 2013	15,430,120	3,251,029	18,681,149
Fund Balance, June 30, 2014	$ 12,574,848	$ 3,146,068	$ 15,720,916

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Combining Balance Sheet - Modified Accrual Basis
Special Revenue Funds
June 30, 2014

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
ASSETS				
Cash and Cash Equivalents	$ -	$ 166,888	$ 1,077,942	$ 1,244,830
Receivables:				
Property Taxes, Net	-	20,692	1,361,341	1,382,033
Student Loans	98,869	-	-	98,869
Due from Parkland Foundation	10,836	-	17,440	28,276
Other Receivable	579,025	-	-	579,025
Total Assets	$ 688,730	$ 187,580	$ 2,456,723	$ 3,333,033
LIABILITIES				
Accounts Payable	$ 3,098	$ 6,500	$ 932	$ 10,530
Vacation Payable	27,205	-	68,830	96,035
Unearned Revenue	415,068	21,588	1,299,616	1,736,272
Due to Other Funds	481,666	-	-	481,666
Total Liabilities	927,037	28,088	1,369,378	2,324,503
FUND BALANCE				
Reserved For:				
Student Loans	98,869	-	-	98,869
Unreserved, Undesignated	(337,176)	159,492	1,087,345	909,661
Total Fund Balance	(238,307)	159,492	1,087,345	1,008,530
Total Liabilities and Fund Balance	$ 688,730	$ 187,580	$ 2,456,723	$ 3,333,033

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, 2014

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Revenue				
Local Sources	$ -	$ 47,264	$ 2,843,408	$ 2,890,672
State Sources	2,285,886	-	-	2,285,886
Federal Sources	23,752,206	-	-	23,752,206
Facilities	-	-	-	-
Interest	-	-	-	-
Other	24,002	-	-	24,002
Total Revenue	26,062,094	47,264	2,843,408	28,952,766
Expenditures				
Instruction	538,047	-	-	538,047
Academic Support	2,143,042	-	-	2,143,042
Student Services	271,240	-	-	271,240
Public Service	615,855	-	-	615,855
Auxiliary Services	5,015	-	-	5,015
Operations and Maintenance of Plant	-	-	1,510,774	1,510,774
Institutional Support	113,425	63,001	1,389,757	1,566,183
Scholarships and Grants	22,384,783	-	-	22,384,783
Total Expenditures	26,071,407	63,001	2,900,531	29,034,939
Revenue Over (Under) Expenditures	(9,313)	(15,737)	(57,123)	(82,173)
Other Financing Sources (Uses)				
Operating Transfers (Net)	-	-	-	-
Revenue Over (Under) Expenditures and Other Financing Uses	(9,313)	(15,737)	(57,123)	(82,173)
Fund Balance, July 1, 2013	(228,994)	175,229	1,144,468	1,090,703
Fund Balance, June 30, 2014	$ (238,307)	$ 159,492	$ 1,087,345	$ 1,008,530

Schedule 10

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Combining Balance Sheet
Enterprise Funds
June 30, 2014

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Aviation	Total
ASSETS									
Cash and Cash Equivalents	$ 154,309	$ 44,024	$ 27,434	$ (182,680)	$ 126,353	$ 1,330,207	$ 9,049	$ 183,769	$ 1,692,465
Receivables:									
Student Tuition and Fees, Net	-	-	-	-	-	-	-	-	-
Business and Industry Training	-	-	-	-	18,680	-	-	-	18,680
Other	-	-	-	-	-	-	-	-	-
Due from Other Funds		-	-	-	-	-	-	-	-
Due from Parkland Foundation	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	590,368	-	-	590,368
Property and Equipment, Net of Accumulated Depreciation	4,168	5,667	35,462	-	25,613	23,940	-	-	94,850
Total Assets	$ 158,477	$ 49,691	$ 62,896	$ (182,680)	$ 170,646	$ 1,944,515	$ 9,049	$ 183,769	$ 2,396,363
LIABILITIES									
Account Payable	$ -	$ -	$ -	$ -	$ 33	$ -	$ -	$ -	$ 33
Vacation Payable	34,666	4,616	20,908	-	24,124	27,519	-	-	111,833
Accrued Liabilities	-	-	1,508	-	-	-	-	-	1,508
Due to Other Funds	-	-	-	-	-	-		-	-
Due to Parkland Foundation	-	-	-	-	-	-	18,860	-	18,860
Unearned Revenue	-	-	124,879	-	-	(217)	-	-	124,662
Capital Lease Obligations	-	-	-	-	-	-	-	-	-
Total Liabilities	34,666	4,616	147,295	-	24,157	27,302	18,860	-	256,896
RETAINED EARNINGS (ACCUMULATED DEFICIT)	123,811	45,075	(84,399)	(182,680)	146,489	1,917,213	(9,811)	183,769	2,139,467
Total Liabilities and Retained Earnings (Accumulated Deficit)	$ 158,477	$ 49,691	$ 62,896	$ (182,680)	$ 170,646	$ 1,944,515	$ 9,049	$ 183,769	$ 2,396,363

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, 2014

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Aviation	Total
Operating Revenue									
Student and Community Services	$ 516,767	$ 298,540	$ 29,438	$ -	$ 258,602	$ 3,416,270	$ 34,948	$ -	$ 4,554,565
Student Tuition and Fees	-	-	312,489	79,600	614,835	-	28,037	-	1,034,961
State Sources	-	-	-	-	-	-	-	250,000	250,000
Other Revenue	-	-	110	-	39,873	-	-	248	40,231
Total Operating Revenue	516,767	298,540	342,037	79,600	913,310	3,416,270	62,985	250,248	5,879,757
Operating Expenses									
Salaries	390,688	120,434	67,976	402,184	411,456	276,068	27,680	-	1,696,486
Employee Benefits	211,871	20,677	5,791	66,889	141,895	67,822	-	-	514,945
Contractual Services	535	-	36,130	58,103	317,164	14,226	-	-	426,158
General Materials and Supplies	44,662	77,740	3,251	49,751	124,072	2,498,936	28,239	66,479	2,893,130
Conference and Meeting	46	370	62,160	140,785	4,333	1,750	516	-	209,960
Fixed Charges	-	169,636	-	-	10,200	505,458	-	-	685,294
Utilities	-	-	-	-	1,485	-	-	-	1,485
Capital Outlay	-	943	-	-	(430)	-	-	-	513
Interest	-	-	-	-	-	-	-	-	-
Depreciation	2,084	10,421	20,591	-	15,300	10,451	933	-	59,780
Other	400	-	164,006	37,190	8,210	-	-	-	209,806
Total Operating Expenses	650,286	400,221	359,905	754,902	1,033,685	3,374,711	57,368	66,479	6,697,557
Operating Income (Loss)	(133,519)	(101,681)	(17,868)	(675,302)	(120,375)	41,559	5,617	183,769	(817,800)
Other Financing Sources									
Operating Transfers, Net	175,000	-	-	550,000	68,158	-	-	-	793,158
Net Income (Loss)	41,481	(101,681)	(17,868)	(125,302)	(52,217)	41,559	5,617	183,769	(24,642)
Retained Earnings (Deficit), July 1, 2013	82,330	146,756	(66,531)	(57,378)	198,706	1,875,654	(15,428)	-	2,164,109
Retained Earnings (Deficit), June 30, 2014	$ 123,811	$ 45,075	$ (84,399)	$ (182,680)	$ 146,489	$ 1,917,213	$ (9,811)	$ 183,769	$ 2,139,467

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2014

	Child Care Services	Reprographics	Student Government	Athletics	Business Development Center	Bookstore	Prospectus	Aviation	Total
Cash Flows from Operating Activities									
Auxiliary Enterprise Charges	$ 516,767	$ 298,540	$ 29,438	$ -	$ 258,602	$ 3,416,270	$ 34,948	$ -	$ 4,554,565
Student Tuition and Fees	-	-	310,387	79,600	629,329	-	28,037	-	1,047,353
Payments to Suppliers	(45,643)	(248,689)	(265,547)	(285,829)	(465,034)	(2,942,123)	(28,755)	(66,479)	(4,348,099)
Payments to Employees and Benefits Paid	(598,140)	(152,321)	(77,378)	(469,073)	(552,839)	(347,476)	(27,680)	-	(2,224,907)
Other Receipts	-	-	110	-	39,873	-	-	250,248	290,231
Net Cash Provided by (Used in) Operating Activities	(127,016)	(102,470)	(2,990)	(675,302)	(90,069)	126,671	6,550	183,769	(680,857)
Capital and Related Financing Activities									
Purchase of Equipment	(6,252)	-	(43,271)	-	(32,476)	(19,684)	-	-	(101,683)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(6,252)	-	(43,271)	-	(32,476)	(19,684)	-	-	(101,683)
Non-Capital Financing Activities									
Change in Due To (From) Other Funds	4,736	-	-	-	-	-	(4,736)	-	-
Change in Due To (From) Parkland Foundation	-	-	-	-	-	-	7,235	-	7,235
Operating Transfers In	175,000	-	-	550,000	68,158	-	-	-	793,158
Net Cash Provided by (Used in) Non-Capital Financing Activities	179,736	-	-	550,000	68,158	-	2,499	-	800,393
Net Increase (Decrease) in Cash and Cash Equivalents	46,468	(102,470)	(46,261)	(125,302)	(54,387)	106,987	9,049	183,769	17,853
Cash and Cash Equivalents, July 1, 2013	107,841	146,494	73,695	(57,378)	180,740	1,223,220	-	-	1,674,612
Cash and Cash Equivalents, June 30, 2014	$ 154,309	$ 44,024	$ 27,434	$ (182,680)	$ 126,353	$ 1,330,207	$ 9,049	$ 183,769	$ 1,692,465
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities									
Operating Income (Loss)	$ (133,519)	$ (101,681)	$ (17,868)	$ (675,302)	$ (120,375)	$ 41,559	$ 5,617	$ 183,769	$ (817,800)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:									
Depreciation Expense	2,084	10,421	20,591	-	15,300	10,451	933	-	59,780
Changes in Assets and Liabilities:									
Receivables	-	-	-	-	14,494	-	-	-	14,494
Inventories	-	-	-	-	-	78,247	-	-	78,247
Vacation Payable	4,419	(11,210)	(3,611)	-	512	(3,586)	-	-	(13,476)
Unearned Revenue	-	-	(2,102)	-	-	-	-	-	(2,102)
Net Cash Provided By (Used in) Operating Activities	$ (127,016)	$ (102,470)	$ (2,990)	$ (675,302)	$ (90,069)	$ 126,671	$ 6,550	$ 183,769	$ (680,857)

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Combining Balance Sheet
Fiduciary Funds
June 30, 2014

	Non-Expendable Trust Working Cash Fund	Trust and Agency Fund	Total
ASSETS			
Cash and Cash Equivalents	$ 7,600,000	$ 602,278	$ 8,202,278
Receivables:			
Due from Parkland Foundation	-	712,027	712,027
Total Assets	$ 7,600,000	$ 1,314,305	$ 8,914,305
LIABILITIES			
Due to Student Groups	$ -	$ 1,314,947	$ 1,314,947
FUND BALANCE			
Reserved for Trust and Agency Assets	7,600,000	(642)	7,599,358
Total Liabilities and Fund Balance	$ 7,600,000	$ 1,314,305	$ 8,914,305

Schedule 14

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Balance Sheet - Modified Accrual Basis (Governmental Fund Types and Account Groups)
and GAAP Basis (Proprietary and Fiduciary Fund Types)
All Funds and Account Groups
June 30, 2014
(With Comparative Totals as of June 30, 2013)

		Operations and Maintenance Funds									Account Groups		Totals (Memorandum Only)	
	Education Fund	Operational	Restricted	Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Trust and Agency Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	General Fixed Assets	General Long-Term Debt	June 30, 2014	Restated June 30, 2013
ASSETS														
Cash and Cash Equivalents	$ 19,205,820	$ 3,218,299	$ 13,888,229	$ 1,692,465	$ -	$ 7,600,000	$ 602,278	$ 3,296,977	$ 166,888	$ 1,077,942	$ -	$ -	$ 50,748,898	$ 70,089,591
Receivables:														
Property Taxes, Net	5,760,065	2,215,402	568,014	-	-	-	-	1,807,442	20,692	1,361,341	-	-	11,732,956	13,052,631
Replacement Taxes	307,835	64,373	-	-	-	-	-	-	-	-	-	-	372,208	418,267
Agency Tuition, Net	488,817	-	-	-	-	-	-	-	-	-	-	-	488,817	426,707
Student Tuition and Fees, Net	567,500	-	-	-	-	-	-	-	-	-	-	-	567,500	1,129,146
Governmental Grants	1,504,809	-	-	-	-	-	-	-	-	-	-	-	1,504,809	1,940,133
Business and Industry Training	-	-	-	18,680	-	-	-	-	-	-	-	-	18,680	33,174
Student Loans	-	-	-	-	98,869	-	-	-	-	-	-	-	98,869	100,598
Other	338,130	871	-	-	579,025	-	-	-	-	-	-	-	918,026	819,477
Due from Parkland Foundation	-	4,000	260,000	-	10,836	-	712,027	-	-	17,440	-	-	1,004,303	890,267
Due from Other Funds	481,666	-	-	-	-	-	-	-	-	-	-	-	481,666	264,466
Prepaid Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	10,446
Inventory	-	-	-	590,368	-	-	-	-	-	-	-	-	590,368	668,615
Property and Equipment at Cost, Net	-	-	-	94,850	-	-	-	-	-	-	114,537,877	-	114,632,727	93,785,647
Amounts Available to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	3,442,120	3,442,120	3,193,136
Amounts to be Provided to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	62,647,484	62,647,484	64,399,073
Total Assets	$ 28,654,642	$ 5,502,945	$ 14,716,243	$ 2,396,363	$ 688,730	$ 7,600,000	$ 1,314,305	$ 5,104,419	$ 187,580	$ 2,456,723	$ 114,537,877	$ 66,089,604	$ 249,249,431	$ 251,221,374
LIABILITIES														
Accounts Payable	$ 31,715	$ 58,781	$ 3,327,606	$ 33	$ 3,098	$ -	$ -	$ -	$ 6,500	$ 932	$ -	$ -	$ 3,428,665	$ 724,887
Vacation Payable	1,305,380	139,266	-	111,833	27,205	-	-	-	-	68,830	-	-	1,652,514	1,692,479
Retirement Payable	704,943	-	-	-	-	-	-	-	-	-	-	1,974,604	2,679,547	2,673,123
Accrued Liabilities	2,788,274	-	-	1,508	-	-	-	-	-	-	-	-	2,789,782	2,353,333
Due to Other Funds	-	-	-	-	481,666	-	-	-	-	-	-	-	481,666	264,466
Due to Parkland Foundation	1,315,112	-	-	18,860	-	-	-	-	-	-	-	-	1,333,972	1,066,025
Unearned Revenue	9,934,370	2,158,830	712,344	124,662	415,068	-	-	1,662,299	21,588	1,299,616	-	-	16,328,777	15,863,745
Due to Student Groups	-	-	-	-	-	-	1,314,947	-	-	-	-	-	1,314,947	1,271,676
Bonds	-	-	-	-	-	-	-	-	-	-	-	64,115,000	64,115,000	65,440,000
Total Liabilities	16,079,794	2,356,877	4,039,950	256,896	927,037	-	1,314,947	1,662,299	28,088	1,369,378	-	66,089,604	94,124,870	91,349,734
COLLEGE EQUITY														
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	114,537,877	-	114,537,877	93,732,700
Fund Balance:														
Reserved For:														
Prepaid Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	10,446
Student Loans	-	-	-	-	98,869	-	-	-	-	-	-	-	98,869	100,598
Trust and Agency Assets	-	-	-	-	-	7,600,000	(642)	-	-	-	-	-	7,599,358	7,599,358
Unreserved, Undesignated	12,574,848	3,146,068	10,676,293	2,139,467	(337,176)	-	-	-	159,492	1,087,345	-	-	29,446,337	55,235,402
Retained Earnings (Accumulated Deficit)	-	-	-	-	-	-	-	3,442,120	-	-	-	-	3,442,120	3,193,136
Total College Equity (Deficit)	12,574,848	3,146,068	10,676,293	2,139,467	(238,307)	7,600,000	(642)	3,442,120	159,492	1,087,345	114,537,877	-	155,124,561	159,871,640
Total Liabilities and College Equity	$ 28,654,642	$ 5,502,945	$ 14,716,243	$ 2,396,363	$ 688,730	$ 7,600,000	$ 1,314,305	$ 5,104,419	$ 187,580	$ 2,456,723	$ 114,537,877	$ 66,089,604	$ 249,249,431	$ 251,221,374

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 Fund Type)
All Funds
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

		Operations and Maintenance Funds								Totals (Memorandum Only)	
	Education Fund	Operational	Restricted	Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	2014	2013
Revenue											
Local Sources	$ 14,382,358	$ 5,098,936	$ 1,261,927	$ -	$ -	$ -	$ 3,521,225	$ 47,264	$ 2,843,408	$ 27,155,118	$ 27,167,625
State Sources	5,917,425	-	1,382,409	250,000	2,285,886	-	-	-	-	9,835,720	19,854,425
Federal Sources	73,091	-	-	-	23,752,206	-	-	-	-	23,825,297	26,438,764
Tuition and Fees	26,763,883	-	-	919,080	-	-	-	-	-	27,682,963	28,976,360
Facilities	-	906,099	892,578	-	-	-	-	-	-	1,798,677	1,907,045
Other Revenue	635,875	2,792	5,228	4,710,677	24,002	6,558	-	-	-	5,385,132	5,832,820
On-Behalf Payments	13,072,895	-	-	-	-	-	-	-	-	13,072,895	12,311,217
Total Revenue	60,845,527	6,007,827	3,542,142	5,879,757	26,062,094	6,558	3,521,225	47,264	2,843,408	108,755,802	122,488,256
Expenditures											
Instruction	28,066,516	-	-	66,479	538,047	-	-	-	-	28,671,042	29,191,805
Academic Support	4,797,360	-	(41,022)	389,800	2,143,042	-	-	-	-	7,289,180	8,008,503
Student Services	4,959,946	-	-	-	271,240	-	-	-	-	5,231,186	5,428,279
Public Service	932,752	-	-	1,018,385	615,855	-	-	-	-	2,566,992	2,644,271
Auxiliary Services	-	-	-	5,163,113	5,015	-	-	-	-	5,168,128	5,627,250
Operation and Maintenance of Plant	-	6,112,794	25,424,777	-	-	-	-	-	1,510,774	33,048,345	25,601,392
Institutional Support	11,084,730	(6)	-	-	113,425	-	-	63,001	1,389,757	12,650,907	10,960,584
Scholarships and Grants	-	-	-	-	22,384,783	-	-	-	-	22,384,783	24,721,637
Principal	-	-	-	-	-	-	1,325,000	-	-	1,325,000	1,136,512
Interest	-	-	-	-	-	-	2,839,820	-	-	2,839,820	2,872,024
Depreciation	-	-	-	59,780	-	-	-	-	-	59,780	79,347
On-Behalf Payments	13,072,895	-	-	-	-	-	-	-	-	13,072,895	12,311,217
Total Expenditures	62,914,199	6,112,788	25,383,755	6,697,557	26,071,407	-	4,164,820	63,001	2,900,531	134,308,058	128,582,821
Revenue Over (Under) Expenditures	(2,068,672)	(104,961)	(21,841,613)	(817,800)	(9,313)	6,558	(643,595)	(15,737)	(57,123)	(25,552,256)	(6,094,565)
Other Financing Sources (Uses)											
Operating Transfers, Net	(786,600)	-	(892,579)	793,158	-	(6,558)	892,579	-	-	-	-
Total Other Financing Sources (Uses)	(786,600)	-	(892,579)	793,158	-	(6,558)	892,579	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,855,272)	(104,961)	(22,734,192)	(24,642)	(9,313)	-	248,984	(15,737)	(57,123)	(25,552,256)	(6,094,565)
College Equity, Beginning of Year	15,430,120	3,251,029	33,410,485	2,164,109	(228,994)	7,600,000	3,193,136	175,229	1,144,468	66,139,582	72,234,147
College Equity, End of Year	$ 12,574,848	$ 3,146,068	$ 10,676,293	$ 2,139,467	$ (238,307)	$ 7,600,000	$ 3,442,120	$ 159,492	$ 1,087,345	$ 40,587,326	$ 66,139,582

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Reconciliations of the Balance Sheet -
Modified Accrual Basis (Governmental Fund Types and Account Groups)
and GAAP Basis (Proprietary and Fiduciary Fund Types) to the Statement of Net Position
June 30, 2014 and 2013

	2014	Restated 2013
College Equity	$ 155,124,561	$ 159,871,640
Reconciling Items:		
Recognition of Summer School Revenues	1,981,297	2,378,857
Property Taxes Receivable Not Earned and Not Received	11,334,773	11,088,539
Deferred Revenue for Property Taxes Not Received	(11,334,773)	(11,088,539)
Reclassification of Long Term Debt	(66,089,604)	(67,592,209)
Deferred Refunding Expense	473,100	550,270
Recognition of Interest Payable on Long Term Debt	(234,531)	(238,021)
Net Position	$ 91,254,823	$ 94,970,537

Reconciliations of the Statement of Revenues, Expenditures, and Changes in College Equity -
Modified Accrual Basis (Governmental Fund Types) and GAAP Basis (Proprietary and Fiduciary Fund Types)
to the Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2014 and 2013

	2014	Restated 2013
Change in College Equity	$ (25,552,256)	$ (6,094,565)
Reconciling Items:		
Remove Rent Revenue Paid by the Bookstore to O&M Fund	(470,629)	(561,880)
Remove Rent Expense from the Bookstore	470,629	561,880
Remove Revenue Paid by the Education Fund to Reprographics	(298,540)	(380,154)
Remove Expenditures from the Education Fund	298,540	380,154
Remove Student Aid and Scholarship Payments from Revenue	(10,356,760)	(11,173,744)
Remove Student Aid and Scholarship Payments from Expense	10,356,760	11,173,744
Change in Recognition of Summer School Revenues	(397,560)	(6,623)
General Obligation Debt Retired	1,325,000	1,105,000
Capital Lease Obligations Retired	-	31,512
Retirement Obligations Retired	177,605	(1,619,005)
Remove Capital Expenditures and Interest Expenditures Related to Capitalized Assets	26,925,205	20,095,152
Record Depreciation on the Capital Assets	(6,120,028)	(5,781,429)
Change in Deferred Refunding Expense	(77,170)	(77,170)
Change in Accrued Interest on Long Term Debt	3,490	2,395
Removal of Capital Lease Liability	-	(83,546)
Change in Net Position	$ (3,715,714)	$ 7,571,721

Schedule 17

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections
June 30, 2014

	2013 Levy	2012 Levy	2011 Levy	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy	2005 Levy	2004 Levy
Assessed Valuations										
County:										
Champaign	$ 3,495,210,920	$ 3,555,879,362	$ 3,577,235,959	$ 3,602,160,901	$ 3,578,173,147	$ 3,525,443,054	$ 3,326,466,857	$ 3,072,418,417	$ 2,827,890,748	$ 2,610,703,920
Coles	8,632,210	8,080,907	7,575,377	7,072,734	6,114,626	5,758,277	5,306,338	5,573,540	5,963,210	6,416,722
DeWitt	79,976,784	77,636,422	76,496,177	72,965,141	74,274,090	62,936,083	60,557,367	56,796,370	57,235,909	58,542,203
Douglas	262,791,029	254,139,581	251,636,058	248,720,699	240,503,383	229,699,701	218,607,217	208,085,929	208,085,929	205,222,157
Edgar	3,965,329	3,667,574	3,188,000	3,188,451	2,976,360	2,543,065	2,434,071	2,250,000	2,359,397	2,550,230
Ford	226,771,001	221,216,880	200,698,988	195,027,444	186,970,466	183,254,673	177,019,659	171,232,142	166,210,215	163,136,913
Iroquois	88,933,502	88,876,028	85,460,933	87,283,023	86,148,726	84,852,171	74,346,304	74,346,304	70,565,997	70,068,302
Livingston	64,336,230	61,960,581	61,241,000	60,031,221	58,537,786	55,516,475	52,968,851	51,744,154	50,467,263	48,636,918
McLean	185,142,499	171,336,846	168,439,009	165,055,933	161,123,775	156,650,468	124,928,450	112,103,188	111,280,992	112,013,505
Moultrie	3,983,482	3,640,875	3,377,000	3,136,292	2,868,600	2,711,561	2,544,048	2,828,750	2,828,750	3,058,323
Piatt	361,541,176	354,597,431	348,165,000	340,014,568	333,049,928	317,723,113	295,752,213	276,109,518	260,426,679	252,425,217
Vermilion	15,910,293	15,016,004	13,294,313	13,038,583	12,408,340	12,118,874	11,310,925	10,303,236	9,376,245	9,759,669
TOTAL	$ 4,797,194,455	$ 4,816,048,491	$ 4,796,807,814	$ 4,797,694,990	$ 4,743,149,227	$ 4,639,207,515	$ 4,352,242,300	$ 4,043,791,548	$ 3,772,691,334	$ 3,542,534,079
Tax Rates										
(Per $100 Assessed Valuations)										
Education Fund	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2592	0.2600
Operations and Maintenance:										
Operational Fund	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0994	0.1000
Bond	0.0770	0.0715	0.0678	0.0639	0.0610	0.0439	0.0000	0.0000	0.0000	0.0000
Tort and Immunity	0.0375	0.0374	0.0354	0.0344	0.0389	0.0376	0.0341	0.0352	0.0406	0.0450
Audit	0.0010	0.0010	0.0010	0.0019	0.0019	0.0019	0.0019	0.0020	0.0019	0.0022
Worker's Compensation	0.0019	0.0019	0.0019	0.0018	0.0016	0.0010	0.0056	0.0061	0.0062	0.0069
Unemployment Insurance	0.0010	0.0010	0.0002	0.0002	0.0002	0.0004	0.0004	0.0005	0.0002	0.0006
Protection, Health, and Safety	0.0271	0.0263	0.0264	0.0264	0.0266	0.0500	0.0500	0.0500	0.0496	0.0500
Medicare Insurance	0.0115	0.0117	0.0125	0.0115	0.0117	0.0097	0.0093	0.0101	0.0099	0.0119
Property Insurance	0.0083	0.0083	0.0068	0.0063	0.0063	0.0070	0.0075	0.0081	0.0083	0.0085
TOTAL	0.5253	0.5191	0.5120	0.5064	0.5082	0.5115	0.4688	0.4720	0.4753	0.4851

Schedule 17
(Continued)

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections
June 30, 2014

	2013 Levy	2012 Levy	2011 Levy	2010 Levy	2009 Levy	2008 Levy	2007 Levy	2006 Levy	2005 Levy	2004 Levy
Tax Extensions										
Education Fund	$ 12,472,706	$ 12,521,726	$ 12,471,700	$ 12,474,005	$ 12,335,181	$ 12,061,998	$ 11,315,677	$ 10,501,816	$ 9,775,029	$ 9,210,343
Operations and Maintenance:										
Operational Fund	4,797,194	4,816,048	4,796,808	4,797,695	4,743,149	4,639,208	4,352,026	4,040,187	3,753,251	3,542,308
Bond	3,693,840	3,443,475	3,252,236	3,065,727	2,893,321	2,036,612	-	-	-	-
Tort and Immunity	1,798,948	1,801,202	1,698,070	1,650,407	1,845,085	1,744,342	1,484,651	1,422,819	1,531,713	1,583,798
Audit	47,972	48,160	47,968	91,156	90,120	88,145	83,654	80,079	75,678	73,834
Worker's Compensation	91,147	91,505	91,139	86,359	75,890	46,392	243,726	246,568	233,907	244,435
Unemployment Insurance	47,972	48,160	9,594	9,595	9,486	18,557	17,409	20,210	7,545	21,255
Protection, Health, and Safety	1,300,040	1,266,621	1,266,357	1,266,591	1,261,678	2,319,604	2,174,993	2,019,140	1,879,328	1,772,012
Medicare Insurance	551,677	563,478	599,601	551,735	554,948	450,003	404,759	408,251	373,496	421,562
Property Insurance	398,167	399,732	326,183	302,255	298,818	324,745	326,418	327,411	313,133	301,115
	25,199,663	25,000,107	24,559,656	24,295,525	24,107,676	23,729,606	20,403,312	19,066,480	17,943,080	17,170,662
Tax Collections Prior to Year End	(11,963,533)	(10,459,197)	(10,592,143)	(10,391,341)	(10,146,060)	(9,957,110)	(8,069,866)	(7,652,368)	(7,174,956)	(7,189,045)
	13,236,130	14,540,910	13,967,513	13,904,184	13,961,616	13,772,496	12,333,446	11,414,112	10,768,124	9,981,617
Taxes Not Collectible Due to Taxpayer Exemption	-	(358,909)	-	-	-	-	-	-	-	-
Allowance for Uncollectible Taxes and Potential Refunds	(1,503,174)	(1,129,370)	(1,129,370)	(973,951)	(793,426)	(613,073)	(448,759)	-	-	-
Property Taxes Receivable	$ 11,732,956	$ 13,052,631	$ 12,838,143	$ 12,930,233	$ 13,168,190	$ 13,159,423	$ 11,884,687	$ 11,414,112	$ 10,768,124	$ 9,981,617
Property Taxes Receivable by Fund										
Education Fund	$ 5,760,065	$ 6,499,483	$ 6,486,665	$ 6,621,915	$ 6,714,309	$ 6,668,314	$ 6,591,248	$ 6,286,892	$ 5,841,707	$ 5,354,140
Operations and Maintenance:										
Operational Fund	2,215,402	2,499,794	2,494,864	2,546,881	2,582,425	2,564,747	2,535,003	2,418,650	2,243,001	2,059,208
Restricted Fund	568,014	623,221	624,652	638,385	656,048	1,282,096	1,266,907	1,208,755	1,123,115	1,030,102
Bond Fund	1,807,442	1,871,385	1,771,650	1,699,209	1,644,595	1,168,107	-	-	-	-
Audit Fund	20,692	23,470	23,487	48,374	49,052	48,804	48,728	47,940	45,226	42,921
Liability, Protection, and Settlement Fund	1,361,341	1,535,278	1,436,825	1,375,469	1,521,761	1,427,355	1,442,801	1,451,875	1,515,075	1,495,246
Total	$ 11,732,956	$ 13,052,631	$ 12,838,143	$ 12,930,233	$ 13,168,190	$ 13,159,423	$ 11,884,687	$ 11,414,112	$ 10,768,124	$ 9,981,617

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Schedule of Legal Debt Margin
June 30, 2014

Assessed Valuations - 2013 Levy	$	4,797,194,455
Debt Limit, 2.875 Percent of Assessed Valuation	$	137,919,341
Indebtedness:		
G. O. Bonds		55,515,000
Legal Debt Margin	$	82,404,341

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

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Student Enrollment and Full-Time Equivalency
At Tenth Day
For the Year Ended June 30, 2014
(Unaudited)

	Student Enrollment	Full-Time Equivalency Semester
School Quarter		
Summer 2013	5,156	1,772
Fall 2013	8,479	5,394
Spring 2014	7,952	4,970
Semester Average (Exclusive of Summer School)	8,216	5,182

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
All Funds Summary - Modified Accrual Basis
Uniform Financial Statement No. 1
For the Year Ended June 30, 2014

	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, 2013	$ 15,430,120	$ 3,251,029	$ 33,410,485	$ 3,193,136	$ 2,164,109	$ (228,994)	$ 7,600,000	$ 175,229	$ 1,144,468	$ 66,139,582
Revenues:										
Local Tax Revenue	12,271,261	4,719,716	1,255,700	3,499,150	-	-	-	46,965	2,829,376	24,622,168
All Other Local Revenue	2,111,097	379,220	6,227	22,075	-	-	-	299	14,032	2,532,950
ICCB Grants	5,879,864	-	-	-	-	325,346	-	-	-	6,205,210
All Other State Revenue	37,561	-	1,382,409	-	250,000	1,960,540	-	-	-	3,630,510
Federal Revenue	73,091	-	-	-	-	23,752,206	-	-	-	23,825,297
Student Tuition and Fees	26,763,883	-	-	-	919,080	-	-	-	-	27,682,963
All Other Revenue	635,875	908,891	897,806	-	4,710,677	24,002	6,558	-	-	7,183,809
Total Revenue	47,772,632	6,007,827	3,542,142	3,521,225	5,879,757	26,062,094	6,558	47,264	2,843,408	95,682,907
Expenditures:										
Instruction	28,066,516	-	-	-	66,479	538,047	-	-	-	28,671,042
Academic Support	4,797,360	-	(41,022)	-	389,800	2,143,042	-	-	-	7,289,180
Student Services	4,959,946	-	-	-	-	271,240	-	-	-	5,231,186
Public Service/Continuing Education	932,752	-	-	-	1,018,385	615,855	-	-	-	2,566,992
Organized Research	-	-	-	-	-	-	-	-	-	-
Auxiliary Services	-	-	-	-	5,222,893	5,015	-	-	-	5,227,908
Operations and Maintenance	-	6,112,794	25,424,777	-	-	-	-	-	1,510,774	33,048,345
Institutional Support	11,084,730	(6)	-	4,164,820	-	113,425	-	63,001	1,389,757	16,815,727
Scholarships, Student Grants, & Waivers	-	-	-	-	-	22,384,783	-	-	-	22,384,783
Total Expenditures	49,841,304	6,112,788	25,383,755	4,164,820	6,697,557	26,071,407	-	63,001	2,900,531	121,235,163
Net Transfers	(786,600)	-	(892,579)	892,579	793,158	-	(6,558)	-	-	-
Fund Balance, June 30, 2014	$ 12,574,848	$ 3,146,068	$ 10,676,293	$ 3,442,120	$ 2,139,467	$ (238,307)	$ 7,600,000	$ 159,492	$ 1,087,345	$ 40,587,326

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Summary of Fixed Assets and Debt
Uniform Financial Statement No. 2
For the Year Ended June 30, 2014

	Capital Assets / Long Term Debt			
	Restated July 1, 2013	Additions	Deletions	June 30, 2014
Fixed Assets:				
Land	$ 1,841,745	$ -	$ -	$ 1,841,745
Land Improvements	30,245,915	1,478,153	-	31,724,068
Buildings, Additions, and Improvements	62,090,039	15,117,523	-	77,207,562
Equipment	14,781,880	2,510,397	-	17,292,277
Other Fixed Assets	35,997,434	24,414,808	(16,595,676)	43,816,566
Accumulated Depreciation	(51,224,313)	(6,120,028)	-	(57,344,341)
Net Fixed Assets	$ 93,732,700	$ 37,400,853	$ (16,595,676)	$ 114,537,877
Fixed Debt:				
Bonds	$ 65,440,000	$ -	$ (1,325,000)	$ 64,115,000
Early Retirement Benefits	2,152,209	-	(177,605)	1,974,604
Total Fixed Liabilities	$ 67,592,209	$ -	$ (1,502,605)	$ 66,089,604

	Outstanding			
	July 1, 2013	Issued	Redeemed	June 30, 2014
Education Fund:				
Tax Anticipation Warrants	$ -	$ -	$ -	$ -
Tax Anticipation Notes	-	-	-	-
Operations and Maintenance Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Bond and Interest Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Audit Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Liability, Protection, and Settlement Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
PBC Rental Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
PBC Operations and Maintenance Fund:				
Tax Anticipation Warrants	-	-	-	-
Tax Anticipation Notes	-	-	-	-
Total Anticipation Warrants and Notes	$ -	$ -	$ -	$ -

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Operating Funds Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 3
For the Year Ended June 30, 2014

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Revenues by Source:			
Local Government Revenue			
Local Taxes	$ 12,271,261	$ 4,719,716	$ 16,990,977
Chargeback Revenue	297,661	-	297,661
CPPRT	1,813,436	379,220	2,192,656
Total Local Government	14,382,358	5,098,936	19,481,294
State Government			
ICCB Base Operating Grant	4,459,815	-	4,459,815
ICCB Equalization Grant	935,653	-	935,653
ICCB Performance Grant	484,396	-	484,396
Other State	37,561	-	37,561
Total State Government	5,917,425	-	5,917,425
Federal Government			
Department of Education	73,091	-	73,091
Total Federal Government	73,091	-	73,091
Student Tuition and Fees			
Tuition	25,171,810	-	25,171,810
Fees	1,592,073	-	1,592,073
Total Student Tuition and Fees	26,763,883	-	26,763,883
Other Sources			
Sales and Service Fees	487,447	-	487,447
Facilities Revenue	-	906,099	906,099
Investment Revenue	72,764	2,749	75,513
Other	75,664	43	75,707
Total Other Sources	635,875	908,891	1,544,766
Total Operating Revenues	47,772,632	6,007,827	53,780,459
Less: Non-Operating Items			
Tuition Chargeback Revenue	(297,661)	-	(297,661)
Adjusted Operating Revenue	$ 47,474,971	$ 6,007,827	$ 53,482,798

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Operating Funds Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 3
For the Year Ended June 30, 2014

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Expenditures by Program:			
Instruction	$ 28,066,516	$ -	$ 28,066,516
Academic Support	4,797,360	-	4,797,360
Student Services	4,959,946	-	4,959,946
Public Service/Continuing Education	932,752	-	932,752
Organized Research	-	-	-
Auxiliary Services	-	-	-
Operations and Maintenance	-	6,112,794	6,112,794
Institutional Support	11,084,730	(6)	11,084,724
Scholarships, Grants, Waivers	-	-	-
Total Operating Expenditures by Program	49,841,304	6,112,788	55,954,092
Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Program	$ 49,841,304	$ 6,112,788	$ 55,954,092
Operating Expenditures by Object:			
Salaries	$ 35,218,166	$ 2,115,424	$ 37,333,590
Employee Benefits	7,675,338	821,175	8,496,513
Contractual Services	1,093,701	636,906	1,730,607
General Materials and Supplies	2,541,931	412,760	2,954,691
Conference and Meeting Expenses	468,378	2,436	470,814
Fixed Charges	260,741	29,406	290,147
Utilities	22,335	2,067,895	2,090,230
Capital Outlay	133,157	26,792	159,949
Other	2,427,557	(6)	2,427,551
Total Operating Expenditures by Object	49,841,304	6,112,788	55,954,092
Less: Non-Operating Items			
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Object	$ 49,841,304	$ 6,112,788	$ 55,954,092

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 4
For the Year Ended June 30, 2014

	Restricted Purposes Fund
Revenue by Source:	
State Government	
ICCB - Program Improvement Grant	$ 34,814
ICCB - Adult Education	245,532
ICCB - Early School Leaver Transition Program	45,000
Illinois State Board of Education	1,770,039
Illinois Department of Commerce and Economic Opportunity	107,327
Other	83,174
Total State Government	2,285,886
Federal Government	
Department of Education	23,270,218
Department of Labor	13,486
Department of Transportation	447,125
Department of State/Bureau of Educational and Cultural Affairs	-
Other	21,377
Total Federal Government	23,752,206
Other Sources	
Other	24,002
Total Other Sources	24,002
Total Restricted Purposes Fund Revenues	$ 26,062,094

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis
Uniform Financial Statement No. 4
For the Year Ended June 30, 2014

	Restricted Purposes Fund
Expenditures by Program:	
Instruction	$ 538,047
Academic Support	2,143,042
Student Services	271,240
Public Service/Continuing Education	615,855
Auxiliary Services	5,015
Operations and Maintenance	-
Institutional Support	113,425
Scholarships, Student Grants, and Waivers	22,384,783
Total Restricted Purposes Fund Expenditures by Program	$ 26,071,407
Expenditures by Object:	
Salaries	$ 1,000,719
Employee Benefits	147,487
Contractual Services	1,647,399
General Materials and Supplies	242,329
Travel & Conference/Meeting Expenses	164,088
Fixed Charges	48,260
Utilities	13,941
Capital Outlay	356,343
Scholarships, Grants, Waivers	22,384,783
Other	66,058
Total Restricted Purposes Fund Expenditures by Object	$ 26,071,407

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Current Funds Expenditures by Activity - Modified Accrual Basis
Uniform Financial Statement No. 5
For the Year Ended June 30, 2014

Instruction:	
Instructional Programs	$ 28,671,042
Academic Support:	
Library Center	1,307,456
Academic Computing Support	973,486
Academic Administration and Planning	14,223
Other	5,035,037
Total Academic Support	7,330,202
Student Services Support:	
Admissions and Records	1,000,442
Counseling and Career Services	1,393,889
Financial Aid Administration	677,435
Other	2,159,420
Total Student Services Support	5,231,186
Public Service/Continuing Education:	
Community Education	300,201
Customized Training (Instructional)	1,465,510
Community Services	593,695
Other	207,586
Total Public Service/Continuing Education	2,566,992

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Current Funds Expenditures by Activity - Modified Accrual Basis
Uniform Financial Statement No. 5
For the Year Ended June 30, 2014

Auxiliary Services	5,227,908
Operations and Maintenance of Plant:	
Maintenance	1,133,172
Custodial Services	2,000,075
Grounds	644,800
Campus Security	1,378,347
Transportation	63,614
Utilities	2,067,895
Administration	203,238
Other	132,427
Total Operations and Maintenance of Plant	7,623,568
Institutional Support:	
Executive Management	409,496
Fiscal Operations	1,283,032
Community Relations	102,587
Board of Trustees	73,623
General Institutional	3,749,959
Institutional Research	422,748
Administrative Data Processing	1,254,890
Other	9,519,392
Total Institutional Support	16,815,727
Scholarships, Student Grants, and Waivers	22,384,783
Total Current Funds Expenditures	$ 95,851,408

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Certificate of Chargeback Reimbursement
For the Year Ended June 30, 2014

All Fiscal Year 2014 Non-Capital Audited Operating Expenditures from the Following Funds:	
Education	$ 49,708,147
Operations and Maintenance Fund	6,085,996
Restricted Purposes Fund	25,715,064
Audit Fund	63,001
Liability, Protection and Settlement Fund	2,900,531
Total Non-Capital Expenditures	84,472,739
Depreciation on Capital Outlay Expenditures from Sources Other than State and Federal Funds	4,639,003
Total Costs Included	89,111,742
Total Certified Semester Credit Hours for Year 2014	173,692
Per Capita Cost	513.05
All Fiscal Year 2014 State and Federal Operating Grants for Non-Capital Expenditures, Except ICCB Grants	26,073,398
Fiscal Year 2014 State and Federal Grants Per Semester Credit Hour	150.11
District's Average ICCB Grant Rate for Fiscal Year 2015	23.77
District's Student Tuition and Fee Rate Per Semester Credit Hour for Fiscal Year 2015	131.50
Chargeback Reimbursement Per Semester Credit Hour	$ 207.67

Approved: Christoph Randle
Chief Fiscal Officer

Approved: Thomas R. Ramage
Chief Executive Officer

MARTIN HOOD FRIESE & ASSOCIATES, LLC

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Champaign, Illinois 61820
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT GRANT AND ADULT EDUCATION AND FAMILY LITERACY GRANTS

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

Report on the Financial Statements

We have audited the accompanying balance sheets of the Career and Technical Education Improvement and Adult Education and Family Literacy Grants of Parkland Community College, Community College District #505 (the College) as of June 30, 2014, and the related statements of revenues, expenditures, and changes in fund balance – actual for the year then ended.

Management's Responsibility for the Financial Statements and Compliance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the financial reporting provisions of the Illinois Community College Board (ICCB). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. Management is also responsible for compliance with the requirements of the Illinois Community College Board.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the 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 from 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 the 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 the College and the State of Illinois and the ICCB. We believe that our audit provides a reasonable basis for our opinion on the financial statements and for our report on compliance.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Career and Technical Education-Program Improvement grant and Adult Education and Family Literacy grants of the College at June 30, 2014, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Other Information

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

Our audit was conducted for the purpose of forming an opinion on the basic grant program financial statements taken as a whole. The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grant (Schedule 28) is presented for purposes of additional analysis as required by the Illinois Community College Board and is not a required part of the basic grant program financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic grant program financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic grant program financial statements taken as a whole.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
October 06, 2014

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
State Adult Education Restricted Funds
(State Basic, Public Assistance, and Performance)
Balance Sheet
June 30, 2014

ASSETS

	State Basic	Public Assistance	Performance	Total
Cash	$ -	$ -	$ -	$ -

LIABILITIES AND FUND BALANCE

	State Basic	Public Assistance	Performance	Total
Accounts Payable	$ -	$ -	$ -	$ -
Due to College	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balance	-	-	-	-
Total Liabilities and Fund Balance	$ -	$ -	$ -	$ -

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
State Adult Education Restricted Funds
(State Basic, Public Assistance, and Performance)
Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended June 30, 2014

	State Basic	Public Assistance	Performance	Total
Revenues				
ICCB Grant	$ 104,805	$ 25,527	$ 115,200	$ 245,532
Expenditures				
Instructional Student Services:				
Instruction	70,920	21,171	61,837	153,928
Social Work Services	-	-	-	-
Guidance Services	15,027	-	-	15,027
Assistive and Adaptive Equipment	-	-	-	-
Assessment and Testing	1,396	-	12,764	14,160
Student Transportation Services	2,970	990	-	3,960
Literacy Services	-	-	-	-
Childcare Services	-	-	-	-
Total Instructional Student Services	90,313	22,161	74,601	187,075
Program Support:				
Improvement of Instructional Services	14,492	3,366	5,500	23,358
General Administration	-	-	16,018	16,018
Operation and Maintenance of Plant Services	-	-	-	-
Workforce Coordination	-	-	-	-
Data and Information Services	-	-	19,081	19,081
Approved Indirect Costs	-	-	-	-
Total Program Support	14,492	3,366	40,599	58,457
Total Expenditures	104,805	25,527	115,200	245,532
Excess of Revenue Over Expenditures	-	-	-	-
Fund Balance, June 30, 2013	-	-	-	-
Fund Balance, June 30, 2014	$ -	$ -	$ -	$ -

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
ICCB Compliance Statement for the
Adult Education and Family Literacy Grant
Expenditure Amounts and Percentages for
ICCB Grant Funds Only
For the Year Ended June 30, 2014

	Audited Expenditure (Dollars)	Actual Expenditure (Percentage)
State Basic		
Instruction (45 Percent Minimum Required)	$ 70,920	67.67%
General Administration (15 Percent Maximum Allowed)	-	0.00%
State Public Assistance		
Instruction (45 Percent Minimum Required)	21,171	82.94%
General Administration (15 Percent Maximum Allowed)	-	0.00%

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Career and Technical Education
(Program Improvement)
Balance Sheet
June 30, 2014

ASSETS

Cash	$ -

LIABILITIES AND FUND BALANCE

Accounts Payable	$ -
Fund Balance	-
Total Liabilities and Fund Balance	$ -

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Career and Technical Education
(Program Improvement)
Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended June 30, 2014

Revenue	
ICCB Grant	$ 34,814
Expenditures	
Salaries	-
Employee Benefits	-
Contractual Services	-
Instructional Materials	-
Staff Development	-
Instructional Equipment	34,814
Total Expenditures	34,814
Excess of Revenues Over Expenditures	-
Fund Balance, June 30, 2013	-
Fund Balance, June 30, 2014	$ -

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Notes to the ICCB Grant Financial Statements
June 30, 2014

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

Basis of Accounting

The statements have been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2014. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

Budgets and Budgetary Accounting

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

Capital Outlay

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

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

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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 (the College) for the year ended June 30, 2014.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Illinois Community College Board. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement, which is free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above, presents fairly, in all material respects, the student enrollment data and other bases upon which claims are filed of Parkland Community College, Community College District #505 for the year ended June 30, 2014 in conformity with the laws, regulations, and rules of the Illinois Community College Board.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement noted above. The information on Schedules 32 through 36 is presented for purposes of additional analysis as required by the Illinois Community College Board and is not a required part of the financial statement. These schedules have been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
October 06, 2014

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, 2014

	Total Reimbursable Semester Credit Hours by Term							
Categories	**Summer**		**Fall**		**Spring**		**Total**	
	Unrestricted	**Restricted**	**Unrestricted**	**Restricted**	**Unrestricted**	**Restricted**	**Unrestricted**	**Restricted**
Baccalaureate	15,001.0	-	42,177.0	-	40,626.0	-	97,804.0	-
Business Occupational	618.0	1,660.5	2,808.0	5,610.5	2,315.5	4,667.0	5,741.5	11,938.0
Technical Occupational	2,234.0	-	11,737.0	-	11,618.5	-	25,589.5	-
Health Occupational	1,484.0	-	5,484.5	-	5,424.5	-	12,393.0	-
Remedial Developmental	937.0	-	8,414.5	-	5,705.0	-	15,056.5	-
Adult Basic/Secondary Education	117.0	287.0	474.0	2,124.0	471.0	1,696.0	1,062.0	4,107.0
TOTAL CREDIT HOURS CERTIFIED	20,391.0	1,947.5	71,095.0	7,734.5	66,160.5	6,363.0	157,646.5	16,045.0

	Attending In-District	**Attending Out-of-District on Chargeback**	**Total**
Reimbursable Semester Credit Hours (All Terms)	121,052.5	93.0	121,145.5

	Dual Credit	**Dual Enrollment**
Reimbursable Semester Credit Hours (All Terms)	5,904.5	100.0

District 2013 Equalized Assessed Valuation	$ 4,797,194,455

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

Signatures:

Thomas R. Ramage
Chief Executive Officer (CEO)

Christopher Ruscitti
Chief Financial Officer (CFO)

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
For the Year Ended June 30, 2014

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	97,804.0	97,804.0	-	-	-	-
Business Occupational	5,741.5	5,741.5	-	11,938.0	11,938.0	-
Technical Occupational	25,589.5	25,589.5	-	-	-	-
Health Occupational	12,393.0	12,393.0	-	-	-	-
Remedial Developmental	15,056.5	15,056.5	-	-	-	-
Adult Basic / Secondary Education	1,062.0	1,062.0	-	4,107.0	4,107.0	-
Total Credit Hours Certified	157,646.5	157,646.5	-	16,045.0	16,045.0	-

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

	Total Attending	Total Attending as Certified to the ICCB	Difference
In-District Residents	121,052.5	121,052.5	-
Out-of-District on Chargeback or Contractual Agreement	93.0	93.0	-
Total	121,145.5	121,145.5	-

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual Credit	5,904.5	5,904.5	-
Dual Enrollment	100.0	100.0	-
Total	6,004.5	6,004.5	-

Reconciliation of Total Correctional Semester Credit Hours

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

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Documentation of Residency Verification Steps
For the Year Ended June 30, 2014

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 their application form for admission. If the address is an in-district address, then the student is tagged by the College's Admissions Office as "D" for in-district. Likewise, if there is an out-of-district or out-of-state address, then a code of "I" or "U" is used, respectively.

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

Students

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

Returned Mail

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

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Background Information on State Grant Activity
For the Year Ended June 30, 2014

Unrestricted Grants

Base Operating Grants General operating funds provided to colleges based upon credit enrollment.

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

Restricted Grant/Special Initiative

Career and Technical Education-Program Improvement Grant 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.

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, 2014

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, 2014

Findings – ICCB Grant Compliance

No findings were 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, 2014

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Agriculture				
Passed through the Illinois State Board of Education (ISBE)				
Child & Adult Care Food Program	10.558	None		$ 31,550
Department of Commerce				
Passed through the University of Illinois at Urbana-Champaign				
Economic Development - University Centers	11.303	4226-00-9010505061		740
Department of Labor				
Passed through the Champaign Consortium				
WIA Youth Activities	17.259	09-1Y-6050-YETP		13,486
Department of Transportation				
Passed through the Illinois Community College Board (ICCB)				
ICCB/IDOT HCCTP	20.205	HCCTP505	*	447,125
National Science Foundation				
Passed through the University of Illinois				
NSF Grants	47.070	CNS-0722327		10,689
Department of Education				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	P007A091253		177,920
Federal Work Study (FWS)	84.033	P033A081253		139,029
Pell Grant Program	84.063	N/A		11,645,663
Federal Direct Loans	84.268	P063P090505		10,412,486
Total Student Financial Aid			*	22,375,098
Other Programs				
Trio Student Support Services	84.042a	P042A060194-09		270,140
Passed through the Illinois Community College Board (ICCB)				
Adult Education - Basic	84.002a	50501 Federal Basic		93,922
Adult Education and Family Literacy: iCAPS	84.002a	55137 AEL: iCAPS		654
EL/Civics Program	84.002a	50501 EL/CIVICS		50,000
iCAPS: AEL	84.002a	AEL ICAPS 50514		4,458
Total CFDA 84.002a				149,034
iCAPS: CTE	84.048	CTE ICAPS 50514		4,944
Career and Technical: iCAPS	84.048	CTE ICAPS 50513		2,689
V.E. Perkins IIC Special Populations and Other	84.048	CTE50510	*	338,974
Total CFDA 84.048				346,607
Bridging the Gap	84.367A	14 CA505		6,000
Passed through the Illinois State Board of Education (ISBE)				
Title I - Migrant Education	84.011	None		123,339
Passed through the City of Urbana, Illinois				
21st Century Learning Community Centers	84.287C			9,948
Total Department of Education				23,280,166
Department of Health and Human Services				
Passed through the Illinois Department of Human Services				
Child Care and Development Block Grant	93.575	None		6,222
Total Expenditures of Federal Awards				$ 23,789,978

***** - Denotes a major program.

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (Schedule 37) includes the federal grant activity of Parkland Community College (the College) for the year ended June 30, 2014. 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, 2014.

3. Property and Equipment

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

4. Loans Outstanding

The College has the following loan balances at June 30, 2014. These loan balances are not included in the federal expenditures presented in the schedule.

	CFDA Number	Outstanding Balance June 30, 2014
Perkins Loans	84.038	$ 98,870

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

1. Summary of Auditor's Results

(i) Type of audit report issued on the financial statements: Unmodified

(ii) The audit disclosed a material weakness in internal control that is required to be reported in accordance with *Government Auditing Standards*.

(iii) The audit did not disclose instances of noncompliance material to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

(iv) The audit did not disclose a significant deficiency or material weaknesses in internal control over major federal award programs.

(v) Type of report issued on compliance for the major programs: Unmodified

(vi) The audit did not disclose findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

(vii) Major Programs:

U.S. Department of Education:
- Student Financial Aid Cluster
  - CFDA # 84.007
  - CFDA # 84.033
  - CFDA # 84.063
  - CFDA # 84.268
- V.E. Perkins IIC Special Populations - CFDA # 84.048

U.S. Department of Transportation
- Highway Planning and Construction Program - CFDA #20.205

(viii) The dollar threshold used to distinguish Type A and Type B programs was $300,000.

(ix) The College does not qualify as a low risk auditee.

2. Findings – Financial Statement Audit

2014-001: Material Adjusting Journal Entry Identified as a Result of Procedures Applied by the College's External Auditors.

Material Weakness

Criteria

Management is responsible for the preparation of financial statements. Part of this responsibility is the identification, calculation, and recording of all significant adjusting journal entries required to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

Conditions

Our audit procedures identified material misstatements of financial statement amounts provided to us by management. Subsequent to identifying the misstatement, we proposed, and management approved, adjusting journal entries, which have corrected the identified misstatements in the financial statements.

Population of Items Tested

Our audit procedures identified two adjusting journal entries to correct errors in the financial statements that had not previously been identified by the College's internal controls.

- One adjusting journal entry was to record accounts payable for retainage related to ongoing major construction projects. The College's internal accounting policy is to not record retainage accounts payable until the amounts become due in the short-term because of the long-tern nature of these accounts payable. However, generally accepted accounting principles require the recording of retainage accounts payable when the expenditure is incurred regardless of the expected payment date.

- The second adjusting journal entry was to correct the June 30, 2013 balance for property and equipment. Property and equipment was incorrectly stated in the previous year due to an error in an auditor workpaper that was not caught by management during the review of the financial statements as of and for the year ended June 30, 2013.

Cause of Conditions

No specific causes are noted

Effects of Conditions

The College's financial statements as of and for the year ended June 30, 2014 were misstated prior to the application of auditing procedures by the College's external auditors.

Auditor's Recommendations

1. The College's management should record all adjusting journal entries necessary to report the account balances and transactions of the College prior to providing the trial balance summarization to the auditor for use in the annual financial statement audit.

2. If there are adjusting journal entries that management leaves knowingly for the auditor to calculate and record as part of the audit, this fact should be made clear to the auditor prior to the engagement. In addition, a member of management possessing the necessary accounting skills, knowledge, or experience must review the adjusting journal entries and the supporting documentation and provide specific approval of the calculation and the drafted adjusting journal entries.

View of Responsible Official

Management understands the two identified adjusting journal entries noted above. The first item related to recording retainage has never been a material entry in previous years. It was material in this fiscal year due to various major master plan projects being in progress at fiscal year end. It is highly unlikely that this situation will occur again. If this does occur again the college will properly record the entries.

The second item noted above was an error in the auditor's workpapers. The college will make an effort to review the auditor's calculations more closely in the future.

In summary, while the college is aware of these items they are unlikely to be an issue in the future.

3. Findings and Questioned Costs – Major Federal Award Program Audit

None noted

PARKLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #505

Schedule of Prior Audit Findings for Federal Awards

For the Year Ended June 30, 2014

The College has no prior audit findings.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 06, 2014.

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as item 2014-001 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

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.*

The College's Response to Finding

The College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
October 06, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Parkland Community College, Community College District #505's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2014. The College's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
October 06, 2014