

Kankakee Area Career Center

Bourbonnais, Illinois

Annual Report

June 30, 2014

Russell Leigh & Associates

Certified Public Accountant

228 E Main Street

Hoopeston, IL 60942

Kankakee Area Career Center

Table of Contents

<u>Item</u>	
Independent Auditor's Report	1, 1a
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting based on Audit of Financial Statements in accordance with Government Auditing Standards	2, 2a
Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions as of June 30, 2014 (All Funds)	3
Statement of Revenue Received, Expenditures Disbursed, Other Financing Sources (Uses) & Changes in Fund Balance for Year Ended June 30, 2014 (All Funds)	4
Budget – Basis Statement of Revenue Received, Expenditures Disbursed, Other Financing Sources (Uses) & Changes in Fund Balance – Budget & Actual for Year Ended June 30, 2014	5
Statement of Revenue Received as of June 30, 2014	6
Comparative Statement of Expenditures Disbursed as of June 30, 2014:	
Education Fund	7
Operations and Maintenance Fund	8
Transportation Fund	9
Notes to the Financial Statements	10-20
SUPPLEMENTAL DATA	
Summary of Balances for Activity Fund for Year Ended June 30, 2014	21

# Russell Leigh & Associates

---

Certified Public Accountant

## Independent Auditors' Report

Board of Education  
Kankakee Area Career Center  
Bourbonnais, Illinois 60914

We have audited the accompanying financial statements of Kankakee Area Career Center as of and for the year ended June 30, 2014, as listed in the Table of Contents, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

The organization's administration is responsible for the preparation and fair presentation of these financial statements 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. Administration is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair representation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 internal control. Accordingly, we express no such opinion. An audit 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.

### Basis for Adverse Opinion on Financial Statements as a Whole

As described in Note 1C, these financial statements were prepared on the basis of cash receipts and disbursements, as prescribed in the Illinois Program Accounting Manual for Local Education Agencies, reissued June 1996, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America.

These financial statements are issued to comply with regulatory provisions prescribed by the Illinois State Board of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. They are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts.

**Adverse Opinion**

In our opinion, because of the organization's policy to prepare its financial statements on the basis of accounting discussed in the previous paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Kankakee Area Career Center.

The organization has omitted disclosures required by Governmental Accounting Standards Board Statement 45 "Accounting and Financial Reporting for Post-Employment Benefits other than Pension". The amount by which this disclosure would affect the financial statements is not reasonably determinable.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the funds and account groups of Kankakee Area Career Center as of June 30, 2014 and the revenues received and expenditures disbursed during the year then ended on the basis of accounting described in Note 1C to these financial statements.

**Other Matters – Supplemental Information**

Our audit was made for the purpose of forming an opinion of the financial statements taken as a whole. The information provided on page 21 supplementary schedule is presented for the purposes of additional analysis and is not a required part of the financial statements of Kankakee Area Career Center. Such information has been subjected to auditing procedures applied in the audit of financial statements and certain additional procedures. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated September 11, 2014 on our consideration of Kankakee Area Career Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing or internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Russell Leigh & Associates

Hoopston, Illinois  
September 11, 2014

# Russell Leigh & Associates

---

Certified Public Accountant

Independent Auditor's Report on Compliance and  
on Internal Control over Financial Reporting based on  
Audit of Financial Statements in accordance  
with Government Auditing Standards

Board of Education  
Kankakee Area Career Center  
Bourbonnais, Illinois 60914

We have audited the financial statements of Kankakee Area Career Center as of and for the year ended June 30, 2014, and have issued our report thereon dated September 11, 2014, which was adverse since the financial statements have been prepared on the regulatory (cash) basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. However, the financial statements were found to be fairly stated, except for the effects on the omitted disclosures required by Government Auditing Standards Board Statement 45, "Accounting and Financial Reporting for Post-Employment Benefits other than Pensions", on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis other than generally accepted accounting principles.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered Kankakee Area Career Center's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on Kankakee Area Career Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

#### **Compliance**

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

To The Board of Education  
Kankakee Area Career Center  
Page 2

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 misstatements on a timely basis. A material weakness is a deficiency or combination of significant deficiencies in internal control, which results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

This report is intended solely for the use of management, the Board of Education and the Illinois State Board of Education and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which upon acceptance by the district, is a matter of public record.



Russell Leigh & Associates

Hoopeston, Illinois  
September 11, 2014

Kankakee Area Career Center  
Statement of Assets and Liabilities and Fund Balance  
Arising from Cash Transactions (Regulatory Basis)  
As of June 30, 2014

	<u>Education</u>	<u>Oper. &amp; Maint.</u>	<u>Transportation</u>	<u>Activity Funds</u>	<u>ACCOUNT GROUPS</u>	
					<u>General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS</u>						
Cash	\$ 1,188,785	\$ 308,734	\$ 43,965	\$ 48,650	\$ -0-	\$ 1,590,135
Imprest Fund	5,000	-0-	-0-	-0-	-0-	5,000
Fixed Assets	-0-	-0-	-0-	0	5,463,197	5,463,197
Amount to be provided for Retirement of General Long Term Debt	-0-	-0-	-0-	0	-0-	\$ -0-
<u>TOTAL ASSETS</u>	<u>\$ 1,193,785</u>	<u>\$ 308,734</u>	<u>\$ 43,965</u>	<u>\$ 48,650</u>	<u>\$ 5,463,197</u>	<u>\$ 7,058,331</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Current Liabilities:						
Due to Student Groups	\$ -0-	\$ -0-	\$ -0-	\$ 48,650	\$ -0-	\$ 55,391
Bonds Payable	-0-	-0-	-0-	-0-	-0-	-0-
Total Current Liabilities	\$ -0-	\$ -0-	\$ -0-	\$ 48,650	\$ -0-	\$ 55,391
Fund Balance:						
Investment in General Fixed Assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,463,197	\$ 5,463,197
Reserved	-0-	-0-	-0-	-0-	-0-	-0-
Unreserved	<u>1,193,785</u>	<u>308,734</u>	<u>43,965</u>	<u>-0-</u>	<u>-0-</u>	<u>1,541,484</u>
Total Fund Balance	<u>\$ 1,193,785</u>	<u>\$ 308,734</u>	<u>\$ 43,965</u>	<u>\$ -0-</u>	<u>\$ 5,463,197</u>	<u>\$ 7,004,681</u>
<u>TOTAL LIABILITIES &amp; FUND BALANCE</u>	<u>\$ 1,193,785</u>	<u>\$ 308,734</u>	<u>\$ 43,965</u>	<u>\$ 48,650</u>	<u>\$ 5,463,197</u>	<u>\$ 7,058,331</u>

The accompanying notes are an integral part of this report.

Kankakee Area Career Center  
Statement of Revenue Received, Expenditures Disbursed,  
Other Financing Sources (Uses) & Changes in Fund Balance  
As of June 30, 2014

	<u>Education</u>	<u>Operation &amp; Maintenance</u>	<u>Transportation</u>	<u>Total (Memo Only)</u>
<u>REVENUES RECEIVED</u>				
Local Revenue	\$ 1,260,043	\$ 270,000	\$ 62,641	\$ 1,592,684
State Revenue	673,010	50,000	13,018	736,028
Federal Revenue	-0-	-0-	-0-	-0-
On-Behalf Revenue	420,898	-0-	-0-	420,898
Flow-Through	-0-	-0-	-0-	-0-
Total Revenues Received	<u>\$ 2,353,951</u>	<u>\$ 320,000</u>	<u>\$ 75,659</u>	<u>\$ 2,749,610</u>
<u>EXPENDITURES DISBURSED</u>				
Instruction	\$ 1,219,231	-0-	-0-	\$ 1,219,231
Support Services	420,031	372,371	47,661	840,063
Payments to Other Districts & Government Units	-0-	-0-	-0-	-0-
On-Behalf Payments	420,898	-0-	-0-	420,898
Debt Service	-0-	-0-	-0-	-0-
Provision for Contingencies	-0-	-0-	-0-	-0-
Total Expenditures Disbursed	<u>\$ 2,060,160</u>	<u>\$ 372,371</u>	<u>\$ 47,661</u>	<u>\$ 2,480,192</u>
Excess(Deficiency)of Revenues Received and Other Financing Sources (Uses) over Expenditures Disbursed	\$ 293,791	\$ (52,371)	\$ 27,998	\$ 269,418
Beginning Fund Balance	<u>899,994</u>	<u>361,105</u>	<u>15,967</u>	<u>1,277,066</u>
Ending Fund Balance	<u>\$ 1,193,785</u>	<u>\$ 308,734</u>	<u>\$ 43,965</u>	<u>\$ 1,546,484</u>

The accompanying notes are an integral part of this report.

Kankakee Area Career Center  
Statement of Revenues Received, Expenditures Disbursed  
Other Financing Sources (Uses) & Changes in Fund Balance – Budget and Actual  
For Year Ended June 30, 2014

	<u>Education</u>		<u>Oper. &amp; Maint.</u>		<u>Transportation</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<u>REVENUE RECEIVED</u>						
Local Revenue	\$1,199,349	\$1,260,043	\$ 270,000	\$270,000	\$62,071	\$62,641
State Revenue	680,014	673,010	-0-	50,000	12,000	13,018
On-Behalf Revenue	416,422	420,898	-0-	-0-	-0-	-0-
Total Revenue Received	<u>\$2,295,785</u>	<u>\$2,353,951</u>	<u>\$ 270,000</u>	<u>\$320,000</u>	<u>\$74,071</u>	<u>\$75,659</u>
<u>EXPENDITURES DISBURSED</u>						
Instruction	\$1,318,015	\$1,219,231	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Supporting Serviced	426,485	420,081	401,361	372,371	57,740	47,661
Contingencies	2,000	-0-	2,000	-0-	-0-	-0-
On-Behalf Payments	416,422	420,898	-0-	-0-	-0-	-0-
Total Expenditures Disbursed	<u>\$2,162,922</u>	<u>\$2,060,160</u>	<u>\$ 403,361</u>	<u>\$372,371</u>	<u>\$57,740</u>	<u>\$47,661</u>
Excess (deficiencies) of Revenues Received over Expenditures Disbursed	<u>\$ 132,863</u>	<u>\$ 293,791</u>	<u>\$(133,361)</u>	<u>\$(52,371)</u>	<u>\$16,331</u>	<u>\$27,998</u>
Beginning Fund Balance	<u>899,994</u>	<u>899,994</u>	<u>361,105</u>	<u>361,105</u>	<u>15,967</u>	<u>15,967</u>
Ending Fund Balance	<u>\$1,032,857</u>	<u>\$1,193,785</u>	<u>\$ 227,744</u>	<u>\$308,734</u>	<u>\$32,298</u>	<u>\$43,965</u>

The accompanying notes are an integral part of the financial statements.

Kankakee Area Career Center  
Statement of Revenue Received  
For the Fiscal Year Ended June 30, 2014

<u>REVENUE RECEIVED</u>	<u>Education</u>	<u>Oper. &amp; Maint.</u>	<u>Transportation</u>	<u>Total Memo Only</u>
From Local Sources:				
Tuition:				
Summer School–In State	\$ 23,300	\$ -0-	\$ -0-	\$ 23,300
CTE Tuition–Other Districts–In State	760,143	-0-	-0-	760,143
Adult Pupils In State	28,575	-0-	-0-	28,575
Transportation Fees	-0-	-0-	570	570
Interest on Investments	934	-0-	-0-	934
District/School Activities:				
Fees	30,076	-0-	-0-	30,076
Other – Student Services Kits	53,426	-0-	-0-	53,426
Textbooks:				
Rentals–Regular Textbooks	3,902	-0-	-0-	3,902
Sales–Regular Textbooks	1,096	-0-	-0-	1,096
Other Revenues:				
Payments – Other Local Districts	274,981	270,000	62,071	607,052
Sale of Vocational Projects	-0-	-0-	-0-	-0-
Other Local Fees	72,078	-0-	-0-	72,078
Other Local Revenues	<u>11,532</u>	<u>-0-</u>	<u>-0-</u>	<u>11,532</u>
Total Revenue from Local Sources	<u>\$1,260,043</u>	<u>\$270,000</u>	<u>\$62,641</u>	<u>\$1,592,684</u>
From State Sources:				
Restricted Grants-in-Aid:				
CTE – Secondary Program Improvement	\$ 673,010	\$ -0-	\$ -0-	\$ 673,010
Transportation – Regular/Vocational	-0-	-0-	13,018	13,018
School Infrastructure	<u>-0-</u>	<u>50,000</u>	<u>-0-</u>	<u>50,000</u>
Total Revenue from State Sources	<u>\$ 673,010</u>	<u>\$ 50,000</u>	<u>\$13,018</u>	<u>\$ 736,028</u>
From Federal Sources	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Direct Revenue Received	<u>\$1,933,053</u>	<u>\$320,000</u>	<u>\$75,659</u>	<u>\$2,328,712</u>

The accompanying notes are an integral part of the financial statements.

Kankakee Area Career Center  
Comparative Statement of Expenditures Disbursed  
(And Comparison with Budget)  
Education Fund  
For the Fiscal Year Ended June 30, 2014

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>(Over) Under</u> <u>Budget</u>	<u>2013</u> <u>Actual</u>
Expenditures Disbursed:				
Instruction:				
Regular Programs:				
Salaries	\$ 832,493	\$ 831,628	\$ 865	\$ 826,714
Employee Benefits	260,095	249,990	10,105	251,746
Purchased Services	71,500	32,937	38,563	31,746
Supplies and Materials	86,700	68,418	18,282	54,118
Capital Outlay	3,000	2,861	139	-0-
Other Objects	<u>4,000</u>	<u>4,147</u>	<u>(147)</u>	<u>3,362</u>
Total Regular Programs	<u>\$1,257,788</u>	<u>\$1,189,981</u>	<u>\$ 67,807</u>	<u>\$1,167,686</u>
CTE - Programs				
Supplies and Maintenance	\$ 60,227	\$ 29,023	\$ 31,204	\$ 74,412
Other Objects	<u>-0-</u>	<u>227</u>	<u>(227)</u>	<u>-0-</u>
Total CTE -- Programs	<u>\$ 60,227</u>	<u>\$ 29,250</u>	<u>\$ 30,977</u>	<u>\$ 74,412</u>
TOTAL INSTRUCTION	<u>\$1,318,015</u>	<u>\$1,219,231</u>	<u>\$ 98,784</u>	<u>\$1,242,098</u>
Support Services -- Instructional Staff:				
Educational Media Services:				
Supplies and Materials	\$ 700	\$ 286	\$ 414	\$ 159
Total Education Media Services	<u>\$ 700</u>	<u>\$ 286</u>	<u>\$ 414</u>	<u>159</u>
TOTAL SUPPORT SERVICES -- INSTRUCTIONAL STAFF	<u>\$ 700</u>	<u>\$ 286</u>	<u>\$ 414</u>	<u>\$ 159</u>
Support Services -- General Administration:				
Board of Education Services:				
Purchased Services	\$ 28,000	\$ 25,644	\$ 2,356	\$ 20,947
Other Objects	<u>200</u>	<u>73</u>	<u>127</u>	<u>170</u>
Total Board of Education Services	<u>\$ 28,200</u>	<u>\$ 25,717</u>	<u>\$ 2,483</u>	<u>\$ 21,117</u>
Executive Administration Services:				
Salaries	\$ 170,683	\$ 170,230	\$ 453	\$ 164,657
Employee Benefits	47,032	47,618	(586)	47,245
Purchased Services	34,550	31,999	2,551	25,048
Supplies and Materials	<u>8,000</u>	<u>6,233</u>	<u>1,767</u>	<u>4,414</u>
Total Executive Administration	<u>\$ 260,265</u>	<u>\$ 256,080</u>	<u>\$ 4,185</u>	<u>\$ 241,364</u>
TOTAL SUPPORT SERVICES -- GENERAL ADMINISTRATION	<u>\$ 288,465</u>	<u>\$ 281,797</u>	<u>\$ 6,668</u>	<u>\$ 262,481</u>
Support Services -- School Administration:				
Office of the Principal Services				
Salaries	\$ 81,997	\$ 81,901	\$ 96	\$ 79,076
Employee Benefits	38,323	38,769	(446)	38,671
Purchased Services	6,000	5,915	85	3,785
Supplies and Materials	<u>11,000</u>	<u>11,363</u>	<u>(363)</u>	<u>18,263</u>
Total Office of the Principal Services	<u>\$ 137,320</u>	<u>\$ 137,948</u>	<u>\$ 628</u>	<u>\$ 139,795</u>
TOTAL SUPPORT SERVICES -- SCHOOL ADMINISTRATION	<u>\$ 137,320</u>	<u>\$ 137,948</u>	<u>\$ (628)</u>	<u>\$ 139,795</u>
TOTAL SUPPORTING SERVICES	<u>\$ 426,485</u>	<u>\$ 420,031</u>	<u>\$ 6,454</u>	<u>\$ 402,435</u>
Provision for Contingencies	\$ 2,000	\$ -0-	\$ 2,000	\$ -0-
Total Direct Expenditures Disbursed	<u>\$1,746,500</u>	<u>\$1,639,262</u>	<u>\$107,238</u>	<u>\$1,644,533</u>

The accompanying notes are an integral part of the financial statements.

Kankakee Area Career Center  
Comparative Statement of Expenditures Disbursed  
(And Comparison with Budget)  
Operations and Maintenance Fund  
For the Fiscal Year Ended June 30, 2014

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>(Over) Under</u> <u>Budget</u>	<u>2013</u> <u>Actual</u>
Expenditures Disbursed:				
Supporting Services:				
Supporting Services – Business:				
Operations and Maintenance of Plant				
Services:				
Salaries	\$ 102,057	\$ 85,473	\$ 16,584	\$105,363
Employee Benefits	24,504	21,106	3,398	25,023
Purchased Services	89,700	88,139	1,561	77,946
Supplies and Materials	62,100	53,106	8,994	52,461
Capital Outlay	<u>123,000</u>	<u>124,547</u>	<u>(1,547)</u>	<u>79,071</u>
<b>TOTAL OPERATIONS AND MAINTENANCE OF PLANT SERVICES</b>	<b><u>\$ 401,361</u></b>	<b><u>\$ 372,371</u></b>	<b><u>\$ 28,990</u></b>	<b><u>\$339,864</u></b>
Provision for Contingencies	<u>\$ 2,000</u>	<u>\$ -0-</u>	<u>\$ 2,000</u>	<u>\$ -0-</u>
<b>Total Expenditures Disbursed</b>	<b><u>\$ 403,361</u></b>	<b><u>\$ 372,371</u></b>	<b><u>\$ 30,990</u></b>	<b><u>\$339,864</u></b>

The accompanying notes are an integral part of this report.

Kankakee Area Career Center  
Comparative Statement of Expenditures Disbursed  
(And Comparison with Budget)  
Transportation Fund  
For the Fiscal Year Ended June 30, 2014

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	(Over) Under <u>Budget</u>	<u>2013</u> <u>Actual</u>
Expenditures Disbursed:				
Supporting Services:				
Supporting Services – Business:				
Pupil Transportation Services:				
Salaries	\$22,640	\$20,460	\$ 2,180	\$19,635
Employee Benefits	6,100	5,781	319	5,739
Purchased Services	22,000	17,325	4,675	19,072
Supplies and Materials	<u>7,000</u>	<u>4,095</u>	<u>2,905</u>	<u>4,283</u>
 TOTAL PUPIL TRANSPORTATION SERVICES	 <u>\$57,740</u>	 <u>\$47,661</u>	 <u>\$10,079</u>	 <u>\$48,729</u>
 Total Expenditures Disbursed	 <u>\$57,740</u>	 <u>\$47,661</u>	 <u>\$10,079</u>	 <u>\$48,729</u>

The accompanying notes are an integral part of this report.

Kankakee Area Career Center  
Bourbonnais, IL  
Notes to the Financial Statements  
For the Year Ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

(A) Principals Used to Determine Scope of the Reporting Entity

The organization's reporting entity includes the organization's governing board and all related organizations for which the organization exercises oversight responsibility.

The organization has developed criteria to determine whether outside agencies with activities which benefit the citizens of the organization, including joint agreements which service pupils from numerous districts, should be included within its financial reporting entity. The criteria includes, but its not limited to, whether the organization exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The numerous districts have been determined not to be part of this organization after applying the manifesting of oversight, scope of public service and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the organization does not control the assets, operations or management of the districts. In addition, the organization is not aware of any entity which would exercise such oversight as to result in the district being considered a component unit of the entity.

The Center has determined that the Kankakee Area Regional Vocational Education System (KARVES) meets the above criteria; however, since KARVES separately reports to the Illinois State Board of Education, it has not been included as a component unit in this financial report. Financial statements of KARVES can be obtained from the administrative offices at 4083 N 1000W Road, Bourbonnais, Illinois 60914.

(B) Basis of Presentation - Fund Accounting

The accounts of the district are organized on the basic of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenues received and expenditures disbursed.

The organization maintains individual funds required by the State of Illinois. The district does not summarize or group the various funds by type. Organization resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the organization:

GOVERNMENTAL FUND TYPES

Governmental Funds are those through which most governmental functions of the district are financed. The acquisition, use and balances of the district's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The General Fund, which consists of the Educational Fund and the Operations, Building and Maintenance Fund, is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund. Special Education is included in these funds.

Special Revenue Funds, which consist of The Transportation Fund, the Illinois Municipal Retirement/Social Security Fund and Tort Immunity, are used to account for cash received from specific sources (other than those accounted for in the Debt Service Fund or Fiduciary Funds) that are legally restricted to cash disbursements for specified purposes.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest and related cost.

The Capital Projects Fund (Fire Prevention and Safety Fund) is used to account for financial resources to be used for the acquisition, construction or improvement of major capital facilities, other than those financed by Trust Funds.

#### **FIDUCIARY FUND TYPES**

Fiduciary Funds are used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The Expendable Trust Fund (Working Cash Fund) accounts for financial resources held by the district to be used for temporary interfund loans to other funds.

The Agency Funds include Student Activity Funds, which account for assets held by the district as an agent for the students, teachers, and other entities. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

#### **GOVERNMENTAL AND EXPENDABLE TRUST FUNDS – MEASUREMENT FOCUS**

The financial statements of all governmental funds and Expendable Trust Funds focus on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The organization capitalizes all assets over \$500.

The district records purchases of property and equipment as expenditures of various funds when paid.

#### **GENERAL FIXED ASSETS & LONG TERM DEBT ACCOUNT GROUP**

No depreciation has been provided on fixed assets. Accumulated depreciation totaling \$2,120,191 has been reported on the Illinois Local Education Agency’s annual financial report, based on useful lives established by the Illinois State Board of Education.

Long-term liabilities expected to be financed from Debt Service Funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Proceeds from sales of bonds are included as receipts in the appropriate fund on the date received. Related principle payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

(C) Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the financial statements. The organization maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenue is recognized and recorded in the accounts when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exist which arises from a previous cash transaction. Liabilities of a fund, similarly result from previous cash transactions.

Cash basis financial statements omit the recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

(D) Budgets and Budgetary Accounting

The budget for all Governmental Fund Types is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 122, paragraph 17.1 of the Illinois Revised Statutes. The budget, which was not amended, was passed on August 15, 2013.

For each fund, total fund expenditures may not legally exceed the budget amounts. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 15, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal Budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such funds as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

- (E) Investments  
Investments are stated at the lower cost or market.

The district has adopted a formal written investment and cash management policy. The institutions in which investments are made were approved by the Board of Education.

- (F) Inventory  
Inventory consists of expendable supplies held for consumption. The amount of inventory was not considered material, therefore, no value is included in the financial statements.

- (G) Total Memorandum  
The "Total Memorandum Only" column represents the aggregation (by addition) of the line item amounts reported for each fund type and account group. No consolidating or other eliminations were made in arriving at the totals; thus they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the district as a whole.

Prior year financial information is presented on the combined and combining financial statements for financial analysis only.

## 2. CASH AND INVESTMENTS

Separate bank accounts are not maintained for all district funds; instead, certain funds maintain their uninvested cash balances in common checking accounts, with accounting records being maintained to show the portion of the common bank account balance attributes to each particular fund.

The district is allowed to invest in securities as authorized by the School Code of Illinois Chapter 85, Sections 902 and 906; and Chapter 122, Sections 8-7.

### Deposits

As of June 30, 2014, the carrying amount of the district's deposits was \$1,596,875; the bank balance was \$1,617,895.

### Custodial Credit Risk-Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2014, \$121,669 of the district's bank balance of \$1,595,135 was exposed to custodial risk.

Securities Pledged to the Organization	\$1,344,285
Insured and Collateralized	151,941
Uninsured and Uncollateralized.	<u>121,669</u>
	<u>\$1,617,895</u>

The district has no policy for interest rate risk. The district has investments that have fixed rates.

## 3. CHANGES IN GENERAL FIXED ASSETS

	Balance <u>7/01/13</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/14</u>
Land	\$ 284,504	\$ -0-	\$ -0-	\$ 284,504
Other Improvements	205,388	117,895	-0-	323,283
Building & Improvements	3,039,712	-0-	-0-	3,039,712
Capitalized Equipment	1,806,185	9,513	-0-	1,815,698
Construction in Progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fixed Assets (Reported)	5,335,789	127,408	-0-	5,463,197
Accumulated Depr.	<u>3,264,216</u>	<u>78,790</u>	<u>-0-</u>	<u>3,343,006</u>
Total Net Fixed Assets	<u>\$2,071,573</u>	<u>\$ 48,618</u>	<u>\$ -0-</u>	<u>\$2,120,191</u>

4. RETIREMENT PLANS

The organization participates in two retirement systems: the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Members of TRS consist of all full-time teachers and teachers employed on a part-time basis in positions where services are expected to be rendered for a full and complete school term. Employees, other than those who meet prescribed annual hourly standards are members of IMRF.

(A) Illinois Teachers' Retirement System

The organization participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants who are employed by a TRS-Covered employer to provide services for which teacher certification is required. The active TRS member contribution rate through June 30, 2014 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011. The effective date of the benefit changes is contained in Public Act 96-0889. These contributions which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012.

The State of Illinois makes contributions directly to TRS on behalf of the districts TRS-covered employees.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions to TRS on behalf of organization. For the year ended June 30, 2014, the State of Illinois contributed 35.41 percent of creditable earnings not paid from federal funds, and the district has recognized revenue and expenditures of \$420,898 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013, and June 30, 2012, the State of Illinois contribution rate as percentages of creditable earnings not paid from federal funds were 28.05 percent (\$329,685) and 24.91 percent (\$312,770) respectively.

The employer makes other types of employer contributions directly to the TRS.

2.2 formula contributions. Employers contributed 0.58 percent of total credible earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2014 were \$6,894. Contributions for the years ending June 30, 2013 and June 30, 2012 were \$6,787 and \$7,282, respectively.

Federal and special trust fund contributions. When TRS members are paid from federal and trust funds administered by the district, there is a statutory requirement for the district to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contributions rate to TRS. For the year ended June 30, 2014 the employer pension contribution was 35.41 percent of salaries paid from federal and trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent of salaries paid from federal and trust funds respectively. For the year ended June 30, 2014, salaries totaling \$0- were paid from federal and special trust funds that required employer contributions of \$0-. For the years ended June 30, 2013 and June 30, 2012, required district contributions were \$158 and \$269, respectively.

Early Retirement Option (ERO). The organization is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on age and salary of the member.

The maximum employer contribution is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2014, the district paid \$0.00 to TRS for employer contributions under the ERO program. For the years ended June 30, 2013 and June 30, 2012, the organization paid \$0.00 and \$0.00 in employer contributions due on salary increases in excess of 6 percent, respectively.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2014, the employer paid \$0.00 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2013 and June 30, 2012, the employer paid \$0.00 and \$0.00 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the years ended June 30, 2014, June 30, 2013 and 2012 the organization paid \$0.00 in employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 2013. The report for the year ended June 30, 2014 is expected to be available late in 2014. The report may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, PO Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS web site at [www.trs.illinois.gov](http://www.trs.illinois.gov).

The organization participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental or life insurance benefits to annuitants of the Teacher's Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Part A and B may be eligible to enroll in the Medicare Advantage Plan.

The State Employees Group Insurance Act of 1971 (5ILCS375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management (CMS) administer the plan with the cooperation of TRS. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state make a contribution to the THIS Fund.

The percentage of employer contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of salary actually required to be paid in the previous fiscal year.

- On- behalf contributions to THIS fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the district. State contributions are intended to match contributions to THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$11,530 and the district recognized revenue and expenditures of this amount during the year.
- State contributions to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were also 0.92 percent and 0.88 percent of pay. State contributions on behalf of district employees were \$11,813 and \$11,049, respectively.
- Employer contributions to THIS fund. The employer THIS Fund contribution was .72 percent during the year ended June 30, 2014 and .69 percent and .66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2013, the district paid \$8,558 To THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the district paid \$8,110 and \$8,287 to the THIS Fund respectively, which was 100 percent of the required contribution.
- The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2014 report is listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

(B) Illinois Municipal Retirement Fund  
Defined Benefit Pension Plan

*Plan Description.* The employer’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent, multiple-employer plan. Benefit provisions are established by state statute and may only be changes by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by state statute, the district’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2013 was 9.06 percent. Your employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* The required contribution for calendar year 2013 was \$25,686. (If you made an additional payment toward your unfunded amount, add this payment to your actual contributions and recalculate the percentage of APC contributed.)

**Three-Year Trend Information for the Regular Plan**

Calendar Year	Annual Pension Cost	Percentage of the APC	Net Pension
<u>Ending</u>	<u>(APC)</u>	<u>Contributed</u>	<u>Obligation</u>
12/31/2013	25,687	100%	\$0
12/31/2012	24,164	100%	0
12/31/2011	22,067	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the district's plan assets were determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payrolls on an open 30 year basis.

*Funded Status and Funding Progress.* As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 135.00 percent funded. The actuarial accrued liability for benefits was \$389,292 and the actuarial value of assets was \$525,530, resulting in an overfunded actuarial accrued liability (UAAL) of \$136,238. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$283,517. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

Actual Valuation Data	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage Of Covered Payroll (a-b/c)
12/31/2013	525,530	389,292	(136,238)	135.00	283,517	0.00%
12/31/2012	667,398	655,175	(12,223)	101.87	281,964	0.00%
12/31/2011	596,173	593,461	(2,712)	100.46	272,101	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$620,267. On a market basis, the funded ratio would be 159.33%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Kankakee Area Career Center. They do not include mounts for retirees. The actuarial accrued liability for retirees is 100% funded.

5. OVER-EXPENDITURE OF BUDGET

The organization operated within the legal confines of the budget during fiscal 2014.

6. ACCUMULATED UNPAID VACATION AND SICK PAY

The liability of the organization for accumulated vacation has not been recorded in the General Long-Term Account Group.

No liability is recorded in governmental funds since the current portion of the liability is not considered significant and cannot be reasonably estimated.

7. CONTINGENCIES

The organization receives funding from state and federal grant funds which are subject to audit by the granting agencies. The organization received these funds based on expenditure reports submitted by the district. The School Board believes any adjustments that may arise from these audits will be insignificant to the district.

8. RISK MANAGEMENT

The organization's risk management is recorded in the Education Fund and automobile coverage in the Transportation Fund. Significant losses are covered by commercial insurance for all major programs (i.e., general, property, liability and workman's compensation). Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. During the year ended June 30, 2014, there were no significant reductions in coverage.

9. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

10. BENEFITS

A) Employment Benefit

The organization's personnel are treated as employees of the Kankakee Area Career Center and are included on its payroll for insurance purposes. The Kankakee Area Career Center maintains a health insurance policy for the organization's employees. That organization pays towards the premium for all full-time employees. That organization is obligated for monthly premiums of \$700 per month per participating employee and can withdraw with proper notice. Coverage's are provided for all medical issues.

B) Post-Employment Benefit

Retired employees can receive health insurance benefits through the system they receive retirement. The organization also offers Cobra Insurance to employees that need health insurance after retirement. The retirees pay the full cost of insurance.

11. INTERFUND RECEIVABLES AND PAYABLE

There were no interfund loans during the fiscal year ended June 30, 2014.

12. INTERFUND TRANSFERS

There were no interfund transfers made in the fiscal year ended June 30, 2014.

13. COMMON BANK ACCOUNTS

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

14. RELATED PARTY/JOINT AGREEMENTS

The organization provides vocational services for numerous school districts. The participating districts pay fees to the organization for services rendered and other related charges. The districts have their own Superintendents, who oversee their operation. Separate financial reports are available for each district.

The districts pay fees to the organization for services rendered and other fees. The organization is governed by member district superintendents. The organization has its own director, who oversees all operations. A Separate financial report is available from the Kankakee Area Special Education Cooperative.

15. COMMITMENTS

The organization entered into a lease/purchase agreement for a bus/copier as follows:

- 1) A one year bus lease entered into on August 15, 2013. The initial payment of \$895 was paid on August 15, 2013, and a monthly payment of \$895 thru June of 2014.
- 2) A five year copier lease was entered into on March 26, 2014. Terms consist of 60 monthly payments of \$894 with the option at the end of lease to purchase at market value.

16. FUND BALANCE REPORTING

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Regulatory Mode, followed by the organization, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

A. Non-spendable Fund Balance – the non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the district, all such items are expensed at the time of purchase, so there is nothing to report for this classification.

B. Restricted Fund Balance – the restricted fund balance classification refers to amounts outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The organization has several revenue sources received within different funds that also fall into these categories:

1. State Grants – proceeds from state grants and the related expenditures have been included in the Education Fund. At June 30, 2014, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted balances.
2. Federal Grants – proceeds from federal grants and the related expenditures have been included in the Education Fund. At June 30, 2014, expenditures disbursed from federal grants exceeded the revenues received for those specific purposes in the Education Fund, resulting in no restricted balances.

C. Committed Fund Balance - the committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Organization Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The Organization Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Organization Board made no commitments.

D. Assigned Fund Balance - the assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed. Intent may be expressed by (a) the Organization Board itself, or (b) the finance committee or by the Director when the School Board has delegated the authority to assign amounts to be used for specific purposes.

E. Unassigned Fund Balance- the unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes with the General Funds. Unassigned Fund Balance amounts shown in the financial statements are Unreserved Fund Balances in the Education.

- F. Regulatory –Fund Balance Definitions – Reserved Fund Balances are those balances that are reserved for a specific purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the purpose of a fund.
- G. Reconciliation of Fund Balance Reporting – the first five columns of the first table represents Fund Balance Reporting according to generally accepted accounting principles. The two columns of the second table represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparations of the financial statements.

<u>Fund</u>	<u>Generally Accepted Accounting Principles</u>			<u>Assigned</u>	<u>Unassigned</u>
	<u>Non-Spendable</u>	<u>Restricted</u>	<u>Committed</u>		
Education	-0-	-0-	-0-	-0-	\$1,188,785
Operations & Maintenance	-0-	-0-	-0-	-0-	308,734
Transportation	-0-	-0-	-0-	-0-	43,965

<u>Fund</u>	<u>Regulatory Basis</u>	
	<u>Financial Statements - Reserved</u>	<u>Financial Statements - Unreserved</u>
Education	-0-	\$1,188,785
Operations & Maintenance	-0-	308,734
Transportation	-0-	43,965

- H. Expenditures of Fund Balance- unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

SUPPLEMENTAL DATA

KANKAKEE AREA CAREER CENTER  
ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

<u>Fund</u>	<u>Beg. Balance</u> <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance as of</u> <u>June 30, 2014</u>
Student Activity	\$25,642.73	\$42,650.79	\$46,171.69	\$24,887.10
Spaulding/Lawrence Golf Memorial	<u>21,103.08</u>	<u>18,934.40</u>	<u>16,274.20</u>	<u>23,763.28</u>
Total	<u>\$46,745.81</u>	<u>\$65,106.09</u>	<u>\$63,201.52</u>	<u>\$48,650.38</u>