

Kankakee Area Career Center

Bourbonnais, Illinois

Annual Report

June 30, 2022

Russell Leigh & Associates LLC

Certified Public Accountant

228 E Main Street

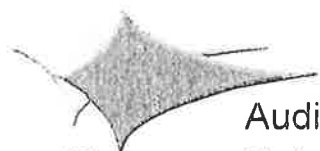
Hoopeston, IL 60942

Kankakee Area Career Center

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Russell Leigh

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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, 2022 and June 30, 2021, as listed in the Table of Contents, and the related notes to the financial statements and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Career Center administration is responsible for the preparation and fair presentation of these financial statements in accordance with regulatory basis described in Note 1, this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances 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 judgement, 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 includes evaluating the appropriateness or accounting policing 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 are prepared by the Kankakee Area Career Center on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois State Board of Education. They are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois Public School Districts. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

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Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kankakee Area Career Center as of June 30, 2021 and June 30, 2020, or the changes in its financial position for the fiscal year ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Management has omitted disclosures required by Governmental Accounting Standards Board Statement 45 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which this disclosure would affect the financial statements is not reasonably determinable.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to in the first paragraph 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, 2022 and June 30, 2021, and its revenues received and expenditures disbursed during the year ended on the basis of accounting described in Note 1 to these financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters – Supplemental Information

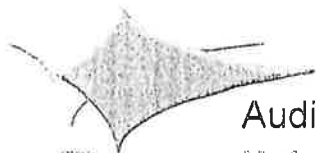
Our audit was made for the purpose of forming an opinion of the financial statements that collectively comprise the Kankakee Area Career Center's individual fund and account group financial statement. The information provided on page 28 of the supplementary schedule is presented for the purposes of additional analysis and is not a required part of the financial statements of the 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 relations 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 30, 2020 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 agreements and other matters. The purpose of that report is to describe the scope of testing and not to provide an opinion on the 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, LLC
Hoopeston, Illinois
September 27, 2022



Audit / Tax / Consult

Russell Leigh

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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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of Kankakee Area Career Center as of and for the fiscal year ended June 30, 2022 and June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated September 27, 2022. Our opinion was adverse because the financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America. However, the financial statements were found to be fairly stated, except for the effects of the omitted disclosures required by the Government Auditing Standards Board Statement 45 *Accounting and Financial Reporting for Post-Employment Benefits other than Pensions*, on the modified cash basis of accounting in accordance with regulatory reporting requirements established 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kankakee Area Career Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and not to for the purpose of expressing an opinion on the effectiveness of Kankakee Area Career Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kankakee Area Career Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation or 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, such that there is a reasonable possibility that a material misstatement of the Career Center's 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 was not designed to 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.

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*.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of 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.



Russell Leigh & Associates, LLC

Hoopeston, Illinois
September 27, 2022

Kankakee Area Career Center
Statement of Assets and Liabilities and Fund Balance
Arising from Cash Transactions (Regulatory Basis)
As of June 30, 2022

	ACCOUNT GROUPS					Total
	Education	Oper. & Maint.	Transportation	Agency Funds	General Fixed Assets	(Memorandum Only)
ASSETS						
Cash	\$1,385,165	\$ 156,600	\$ 54,803	\$ -0-	\$ -0-	\$1,596,568
Revolving Fund	5,021	-0-	-0-	-0-	-0-	5,021
Activity Fund Cash	49,181	-0-	-0-	-0-	-0-	49,181
Fixed Assets	-0-	-0-	-0-	-0-	6,226,773	6,226,773
Amount to be provided for Retirement of General Long-Term Debt	-0-	-0-	-0-	-0-	-0-	\$ -0-
TOTAL ASSETS	<u>\$1,439,367</u>	<u>\$ 156,600</u>	<u>\$ 54,803</u>	<u>\$ -0-</u>	<u>\$6,226,773</u>	<u>\$7,877,543</u>
LIABILITIES AND FUND BALANCE						
Current Liabilities:						
Due to Student Groups	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Bonds Payable	-0-	-0-	-0-	-0-	-0-	-0-
Total Current Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Fund Balance:						
Investment in General Fixed Assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$6,226,773	\$6,226,773
Reserved	-0-	-0-	-0-	-0-	-0-	-0-
Reserved for School Activity Funds	49,181	-0-	-0-	-0-	-0-	49,181
Unreserved	<u>1,390,186</u>	<u>156,600</u>	<u>54,803</u>	<u>-0-</u>	<u>-0-</u>	<u>1,601,589</u>
Total Fund Balance	<u>\$1,439,367</u>	<u>\$ 156,600</u>	<u>\$ 54,803</u>	<u>\$ -0-</u>	<u>\$6,226,773</u>	<u>\$7,877,543</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$1,439,367</u>	<u>\$ 156,600</u>	<u>\$ 54,803</u>	<u>\$ -0-</u>	<u>\$6,226,773</u>	<u>\$7,877,543</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, 2022

	Education	Operation & Maintenance	Transportation	Total (Memo Only)
REVENUES RECEIVED				
Local Revenue	\$ 1,453,833	\$ 354,588	\$ 1,000	\$ 1,809,421
State Revenue	699,676	50,000	25,861	775,537
Federal Revenue	45,838	-0-	-0-	45,838
On-Behalf Revenue	661,354	-0-	-0-	661,354
Flow-Through	-0-	-0-	-0-	-0-
Total Revenues Received	<u>\$ 2,860,701</u>	<u>\$ 404,588</u>	<u>\$ 26,861</u>	<u>\$ 3,292,150</u>
EXPENDITURES DISBURSED				
Instruction	\$ 1,632,286	\$ -0-	\$ -0-	\$ 1,632,286
Support Services	682,893	349,612	30,031	1,062,536
Payments to Other Districts & Government Units	-0-	-0-	-0-	-0-
On-Behalf Payments	661,354	-0-	-0-	661,354
Debt Service	-0-	-0-	-0-	-0-
Total Expenditures Disbursed	<u>\$ 2,976,533</u>	<u>\$ 349,612</u>	<u>\$ 30,031</u>	<u>\$ 3,356,176</u>
Excess (Deficiency) of Revenues Received and Other Financing Sources (Uses) over Expenditures Disbursed	\$ (115,832)	\$ 54,976	\$ (3,170)	\$ (64,026)
Beginning Fund Balance	<u>1,555,199</u>	<u>101,624</u>	<u>57,973</u>	<u>1,714,796</u>
Ending Fund Balance	<u>\$ 1,439,367</u>	<u>\$ 156,600</u>	<u>\$ 54,803</u>	<u>\$ 1,650,770</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, 2022

	Education		Oper. & Maint.		Transportation	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUE RECEIVED						
Local Revenue	\$1,521,949	\$1,453,833	\$ 354,588	\$ 354,588	\$ 1,000	\$ 1,000
State Revenue	745,514	699,676	-0-	50,000	12,925	25,681
Federal Revenue	-0-	45,838	-0-	-0-	-0-	-0-
On-Behalf Revenue	995,000	661,354	-0-	-0-	-0-	-0-
Total Revenue Received	\$3,262,463	\$2,860,701	\$ 354,588	\$ 404,588	\$ 13,925	\$ 26,861
EXPENDITURES DISBURSED						
Instruction	\$1,573,213	\$1,632,286	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Supporting Serviced	687,295	682,893	354,088	349,612	37,933	30,031
Contingencies	500	-0-	500	-0-	-0-	-0-
On-Behalf Payments	995,000	661,354	-0-	-0-	-0-	-0-
Total Expenditures Disbursed	\$3,256,008	\$2,976,533	\$ 354,588	\$ 349,612	\$ 37,933	\$ 30,031
Excess (deficiencies) of Revenues Received over Expenditures Disbursed	\$ 6,455	\$ (115,832)	\$ -0-	\$ 54,976	\$ (24,008)	\$ (3,170)
Beginning Fund Balance	1,543,007	1,555,199	101,624	101,624	57,973	57,973
Ending Fund Balance	\$1,549,462	\$1,439,367	\$ 101,624	\$ 156,600	\$ 33,965	\$ 54,803

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, 2022

<u>REVENUE RECEIVED</u>	<u>Education</u>	<u>Oper. & Maint.</u>	<u>Transportation</u>	<u>Total Memo Only</u>
From Local Sources:				
Tuition:				
Summer School-In State	\$ 8,799	\$ -0-	\$ -0-	\$ 8,799
CTE Tuition-Other Districts-In State	854,802	-0-	-0-	854,802
Adult Pupils In State	38,983	-0-	-0-	38,983
Interest on Investments	1,266	-0-	-0-	1,266
District/School Activities:				
Fees	-0-	-0-	-0-	-0-
Other - Student Services - Kits	54,340	-0-	-0-	54,340
Student Activity Fund Revenue:	90,215	-0-	-0-	90,215
Other Revenues:				
Payments - Other Local Districts	64,964	354,588	1,000	420,552
Sale of Vocational Projects	329,362	-0-	-0-	329,362
Other Local Fees	-0-	-0-	-0-	-0-
Other Local Revenues	<u>11,102</u>	<u>-0-</u>	<u>-0-</u>	<u>11,102</u>
Total Revenue from Local Sources	<u>\$1,453,833</u>	<u>\$354,588</u>	<u>\$1,000</u>	<u>\$1,809,421</u>
From State Sources:				
Restricted Grants-in-Aid:				
CTE - Secondary Program Improvement	\$ 699,676	\$ -0-	\$ -0-	\$ 699,676
Transportation - Regular/Vocational	-0-	-0-	25,861	25,861
School Infrastructure	<u>-0-</u>	<u>50,000</u>	<u>-0-</u>	<u>50,000</u>
Total Revenue from State Sources	<u>\$ 699,676</u>	<u>\$ 50,000</u>	<u>\$ 25,861</u>	<u>\$ 775,537</u>
From Federal Sources	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Other Restricted Revenue from Federal Sources	<u>\$ 45,838</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 45,838</u>
Total Direct Revenue Received	<u>\$ 2,199,347</u>	<u>\$ 404,588</u>	<u>\$ 26,861</u>	<u>\$2,630,796</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, 2022

	2022 <u>Budget</u>	2022 <u>Actual</u>	(Over) Under <u>Budget</u>	2021 <u>Actual</u>
Expenditures Disbursed:				
Instruction:				
Regular Programs:				
Salaries	\$ 982,525	\$ 953,582	\$ 28,943	\$ 940,055
Employee Benefits	245,544	229,084	16,460	223,345
Purchased Services	38,366	28,170	10,196	32,904
Supplies and Materials	128,674	122,124	6,550	110,747
Capital Outlay	18,000	19,699	(1,699)	42,589
Other Objects	2,336	7,606	(5,270)	2,607
Total Regular Programs	<u>\$1,415,445</u>	<u>\$ 1,360,265</u>	<u>\$ 55,180</u>	<u>\$1,352,247</u>
CTE – Programs				
Purchased Services	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Supplies and Maintenance	50,000	164,253	(114,253)	107,269
Total CTE – Programs	<u>\$ 50,000</u>	<u>\$ 164,253</u>	<u>\$ (114,253)</u>	<u>\$ 107,269</u>
Student Activity Fund Expenditure	<u>\$ 107,768</u>	<u>\$ 107,768</u>	<u>\$ -0-</u>	<u>\$ 46,151</u>
Other Objects				
Total Student Activity Expenditures	<u>\$ 107,768</u>	<u>\$ 107,768</u>	<u>\$ -0-</u>	<u>\$ 46,151</u>
TOTAL INSTRUCTION	<u>\$1,573,213</u>	<u>\$1,632,286</u>	<u>\$ (59,073)</u>	<u>\$1,505,667</u>
Support Services-Pupils:				
Guidance Services:				
Salaries	\$ 46,750	\$ 46,750	\$ -0-	\$ -0-
Employee Benefits	14,849	16,065	(1,216)	-0-
Total Support Services-Guidance	<u>\$ 61,599</u>	<u>\$ 62,815</u>	<u>\$ (1,216)</u>	<u>\$ -0-</u>
Support Services – Instructional Staff:				
Educational Media Services:				
Supplies and Materials	\$ 6,900	\$ 7,104	\$ (204)	\$ 21,116
Total Education Media Services	<u>\$ 6,900</u>	<u>\$ 7,104</u>	<u>\$ (204)</u>	<u>\$ 21,116</u>
TOTAL SUPPORT SERVICES – INSTRUCTIONAL STAFF	<u>\$ 6,900</u>	<u>\$ 7,104</u>	<u>\$ (204)</u>	<u>\$ 21,116</u>
Support Services – General Administration:				
Board of Education Services:				
Purchased Services	\$ 27,500	\$ 24,971	\$ 2,529	\$ 25,770
Other Objects	100	-0-	100	-0-
Total Board of Education Services	<u>\$ 27,600</u>	<u>\$ 24,971</u>	<u>\$ 2,629</u>	<u>\$ 25,770</u>
Executive Administration Services:				
Salaries	\$ 223,821	\$ 223,375	\$ 446	\$ 216,036
Employee Benefits	79,231	73,501	5,730	75,808
Purchased Services	47,650	38,942	8,708	42,225
Supplies and Materials	13,300	14,072	(772)	13,140
Total Executive Administration	<u>\$ 364,002</u>	<u>\$ 349,890</u>	<u>\$ 14,112</u>	<u>\$ 347,209</u>
TOTAL SUPPORT SERVICES – GENERAL ADMINISTRATION	<u>\$ 391,602</u>	<u>\$ 374,861</u>	<u>\$ 16,741</u>	<u>\$ 372,979</u>
Support Services – School Administration:				
Office of the Principal Services				
Salaries	\$ 137,485	\$ 137,482	\$ 3	\$ 112,299
Employee Benefits	42,409	41,633	776	39,273
Purchased Services	6,000	9,068	(3,068)	6,732
Supplies and Materials	41,300	49,930	(8,630)	39,225
Total Office of the Principal Services	<u>\$ 227,194</u>	<u>\$ 238,113</u>	<u>\$ (10,919)</u>	<u>\$ 197,529</u>
TOTAL SUPPORT SERVICES – SCHOOL ADMINISTRATION	<u>\$ 227,194</u>	<u>\$ 238,113</u>	<u>\$ (10,919)</u>	<u>\$ 197,529</u>
TOTAL SUPPORTING SERVICES	<u>\$ 687,295</u>	<u>\$ 682,893</u>	<u>\$ 4,402</u>	<u>\$ 591,624</u>
Provision for Contingencies	\$ 500	\$ -0-	\$ 500	\$ -0-
Total Direct Expenditures Disbursed	<u>\$2,261,008</u>	<u>\$2,315,179</u>	<u>\$ (54,171)</u>	<u>\$2,097,291</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, 2022

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	(Over) Under <u>Budget</u>	<u>2021</u> <u>Actual</u>
Expenditures Disbursed:				
Supporting Services:				
Supporting Services – Business:				
Operations and Maintenance of Plant				
Services:				
Salaries	\$ 48,310	\$ 15,959	\$ 32,351	\$ 50,213
Employee Benefits	5,081	1,370	3,711	5,935
Purchased Services	181,797	207,040	(25,243)	170,559
Supplies and Materials	68,900	70,910	(2,010)	60,773
Capital Outlay	<u>50,000</u>	<u>54,333</u>	<u>(4,333)</u>	<u>66,164</u>
TOTAL OPERATIONS AND MAINTENANCE OF PLANT SERVICES	<u>\$ 354,088</u>	<u>\$ 349,612</u>	<u>\$ 4,476</u>	<u>\$ 353,644</u>
Provision for Contingencies	<u>\$ 500</u>	<u>\$ -0-</u>	<u>\$ 500</u>	<u>\$ -0-</u>
Total Expenditures Disbursed	<u>\$ 354,588</u>	<u>\$ 349,612</u>	<u>\$ 4,976</u>	<u>\$ 353,644</u>

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, 2022

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	(Over) Under <u>Budget</u>	<u>2021</u> <u>Actual</u>
Expenditures Disbursed:				
Supporting Services:				
Supporting Services – Business:				
Pupil Transportation Services:				
Salaries	\$ 1,462	\$ 1,461	\$ 1	\$ 19,479
Employee Benefits	471	471	-0-	1,853
Purchased Services	32,000	26,123	5,877	10,100
Supplies and Materials	<u>4,000</u>	<u>1,976</u>	<u>2,024</u>	<u>1,691</u>
 TOTAL PUPIL TRANSPORTATION SERVICES	 <u>\$ 37,933</u>	 <u>\$ 30,031</u>	 <u>\$ 7,902</u>	 <u>\$ 33,123</u>
 Total Expenditures Disbursed	 <u>\$ 37,933</u>	 <u>\$ 30,031</u>	 <u>\$ 7,902</u>	 <u>\$ 33,123</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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Government Accounting Standards Board (GASB) issued *Statement 34 Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. The Statement establishes new financial reporting requirements for state and local governments throughout the United States. Implementation was required for fiscal year ending June 30, 2004. The district elected not to implement GASB 34. Instead, the district adopted a regulatory basis of accounting as prescribed the Illinois State Board of Education.

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

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

The Career Center 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 include, but it's 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 Career 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 Career Center 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. Career Center 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 include both the Transportation Fund, the Illinois Municipal Retirement/Social Security Fund, and the Tort Immunity Fund are used to account for cash received from special sources (other than those accounted for in the Debt Service Fund, Capital Project Funds or Fiduciary Funds) that are legally restricted to cash disbursements for specified purposes.

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.

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 district capitalizes all assets over \$5,000.

The Career Center records purchase of property and equipment as expenditures of various funds when paid.

GENERAL FIXED ASSETS AND GENERAL LONG-TERM DEBT ACCOUNT GROUP

No depreciation has been provided on fixed assets. Accumulated depreciation totaling \$3,911,054 has been reported on the Illinois Local Education Agency annual financial report. The depreciation methods used are straight-line over the lives that were set by the Illinois State Board of Education are as follows:

Land	N/A
Buildings & Improvements	50
Improvements other than buildings	20
Equipment	3-10

The Career Center records purchase of property and equipment as expenditures of various funds when paid.

The account group is not "a fund." It is concerned only with the measurement of financial position. It is 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 Career Center 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 12, 2021.

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

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

1. Prior to August 15, the Director 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 cost in the financial statements. 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 and 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 Career Center as a whole.

Prior year financial is presented on the financial statement for financial analysis only.

Prior year statements were audited by our firm with the opinion dated September 14, 2020

2. CASH AND INVESTMENTS

As of June 30, 2022, the Career Center had the following cash deposits and investments:

Cash deposits with local financial institutions	<u>\$1,719,796</u>
Total Cash and Investments	<u>\$1,719,796</u>

Investments Authorized by *Illinois Compiled Statutes* and the District's Investment Policy:

The district is allowed to invest in securities as authorized by Chapter 30 Section ILCS 235/2, 235/5 and 105 ILCS 5/8-7 of the *Illinois Compiled Statutes*. The district's investment policy is consistent with the *Illinois Compiled Statutes*.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the investment maturity, the greater the sensitivity of its fair value to changes in market interest rates. The Career Center's investment policy does not specifically address interest rate risk; however, one of the ways the Career Center manages its exposure to interest rate risk is by limiting its purchases of long-term investments. At June 30, 2021, the Career Center's investments were deposits in financial institutions. The deposits are all demand deposits.

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Career Center's investment policy requires a rating at the time of the purchase at one of the three highest classifications established by at least two standard rating services. The Career Center's deposits with financial institutions are not subject to credit risk rating.

Concentration of Credit Risk:

The investment policy of the Career Center contains no limitations on the amount that can be invested in any one issuer. Deposits with financial institutions are exempt from the 5% investment in any one issuer disclosure.

Custodial Credit Risk-Deposits

Custodial Credit Risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. *Illinois Compiled Statutes* do not contain requirements that would limit the exposure to custodial credit risk for deposits. However, the district's investment policy requires that all amounts deposited or invested with financial institutions in excess of any insurance limit be collateralized by securities held by the district in the Career Center's name. All of the Career Center had deposits with financial institutions that were insured and collateralized.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. None of the Career Center's investments are directly subject to foreign currency risk.

3. CHANGES IN GENERAL FIXED ASSETS

	Balance 7/01/21	Additions	Deletions	Balance 6/30/22
Land	\$ 284,504	\$ -0-	\$ -0-	\$ 284,504
Other Improvements	465,792	36,287	-0-	502,079
Building & Improvements	3,399,583	-0-	-0-	3,399,583
Capitalized Equipment	<u>2,002,862</u>	<u>37,745</u>	<u>-0-</u>	<u>2,040,609</u>
Fixed Assets (Reported)	6,152,741	74,032	-0-	6,226,773
Accumulated Depr.	<u>4,020,955</u>	<u>115,376</u>	<u>-0-</u>	<u>4,136,331</u>
Total Net Fixed Assets	<u>\$2,131,786</u>	<u>\$ 41,344</u>	<u>\$ -0-</u>	<u>\$2,090,442</u>

6. RETIREMENT PLANS

The aggregate pension expense recognized by The District during the year ended June 30, 2022 for all pension plans was \$31,044.

(A) Illinois Teachers' Retirement System
General Information about the Pension Plan

Plan Description

The employer 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. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. 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 TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trsil.org/financial/cafrs/fy2018.com>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888)678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of three percent of the original benefit or on-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2024. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2021, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On behalf contributions to TRS.

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2022, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$661,354 in pension contributions from the state of Illinois.

2.2 formula contributions.

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2022, were \$7,794.38, and are deferred because they were paid after the June 30, 2021 measurement date.

Federal and special trust fund contributions.

When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2022

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2022, the employer pension contribution was 10.31 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2022, salaries totaling \$23,251 were paid from federal and special trust funds that required employer contributions of \$2397.18. These contributions are deferred because they were paid after the June 30, 2021 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2022, the employer paid \$-0- to TRS for employer contributions dues on salary increases in excess of 6 percent, \$-0- for salary increases in excess of 3 percent and \$-0- for sick leave days granted in excess of the normal annual allotment.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 110,017
State's proportionate share of the net pension liability associated with the employer	<u>9,220,564</u>
Total	\$ <u>9,330,581</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, then rolled forward to June 30, 2021. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2020, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2020, the employer's proportion was .0001410266 percent, which was a decrease of .000027115 from its proportion measure of June 30, 2020.

For the year ended June 30, 2022, the employer recognized pension expense of \$661,354 and revenue of \$661,354 for support provided by the state. At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 631	\$ 454
Net difference between projected and actual earnings on pension plan investments	-0-	7,380
Changes of assumptions	49	544
Changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	13,712
Employer contributions subsequent to the measurement date	-0-	-0-
Total	\$ 680	\$ 20,090

\$21,409 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2023	\$(7,134)
2024	\$(6,036)
2025	\$(4,294)
2026	\$(3,642)
2027	\$ (303)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

In the June 30, 2020 actuarial valuation, mortality rates were based on the Pub-2010 Table with appropriate adjustments for TRS experience. The rates are based on a fully generational basis using projection table MP-2020. In the June 30, 2020 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments to TRS experience. The rates were used on a fully generational basis using projection table MP-2017.

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	16.7%	6.2%
U.S. equities small/mid cap	2.2	7.4
International equities developed	10.6	6.9
Emerging market equities	4.5	9.2
U.S. bonds core	3.0	1.6
Cash Equivalents	2.0	.1
Tips	1.0	.8
International debt developed	1.0	.4
Emerging international debt	4.0	4.4
Real estate	16.0	5.9
Real return	10.0	6.5
Hedge Funds	10.0	3.8
Private equity	15.0	10.4
Infrastructure	4.0	6.3
Total	<u>100%</u>	

Discount Rate

At June 30, 2021, the discount rate used to measure the total pension liability was a blended rate of 7.0 percent, which was the same as the June 30, 2020 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2021 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2-member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$136,253	\$110,017	\$ 88,224

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2021 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

Payable to TRS

If the employer reported payables to TRS, information required by Statement #68 should be issued TRS Comprehensive Annual Financial Report.

(B) Illinois Municipal Retirement Fund

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 managed by the Illinois Municipal Retirement Fund (IMRF), the administration of multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available comprehensive annual Financial Report that includes financial statements and detailed information. The report may be obtained on-line at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties should adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	14
Inactive Plan Members entitles to but not yet receiving benefits	18
Active Plan Members	<u>10</u>
Total	42

Contributions

As set by statute, The Employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to financial the retirement coverage of its own employees. The Employer's annual contribution rate for calendar year 2021 was 5.27%. For the fiscal year ended June 30, 2022, the Employer contributed \$11,549 to the plan. The 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's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Employer's net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Fair Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75% including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality rate improvements projected using scale MP-2020 were used.
- For **Disabled Retirees**, the Pub-2010 Amount-Weighted, below-median income, General Disabled retiree, Male and Female (both adjusted) table, and future mortality improvements projected using scale MP-2020
- For **Active Members**, the Pub-2010, Amount Weighted, below-median income, General, Employee Male and Female (both adjusted) table, and future mortality improvements projected using scale MP-2020.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2021:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate Of Return</u>
Domestic Equity	39%	1.9%
International Equity	15%	3.15%
Fixed Income	25%	(0.60)%
Real Estate	10%	3.3%
Alternative Investments	10%	1.70-5.50%
Cash Equivalents	<u>1%</u>	<u>(0.90)%</u>
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2021. The projection of cash flow used to determine this Single Discount Rate assumed that the plan member's contributions will be made at the current contribution rate, and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pensions fiduciary net position was projected to be available to make all projected future benefits payments of current active and inactive employees. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net pension is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met.)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 1.84%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2020	<u>\$1,222,997</u>	<u>\$1,477,788</u>	<u>\$ (254,791)</u>
Changes for the year:			
Service Cost	36,598	-	36,598
Interest on the Total Pension Liability	87,699	-	87,699
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(1,036)	-	(1,036)
Changes of Assumptions	-0-	-	-0-
Contributions – Employer	-	16,584	(16,584)
Contributions – Employees	-	14,161	(14,161)
Net Investment Income	-	249,844	(249,844)
Benefit Payments, including Refunds of Employee Contributions	(63,314)	(63,314)	-
Other (Net Transfer)	-	11,472	(11,472)
Net Changes	<u>59,947</u>	<u>228,747</u>	<u>(168,800)</u>
Balances at December 31, 2019	<u>\$1,282,944</u>	<u>\$1,706,535</u>	<u>\$ 423,591</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25% as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher.

	Current Discount		
	1% Lower	Rate	1% Higher
	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
Net Pension Liability (Asset)	\$(277,118)	\$(423,591)	\$(541,845)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Employer recognized pension expense of \$11,549. At June 30, 2022, the Employer reported deferred outflows or resources and deferred inflows or resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 1,354	\$ 684
Changes of assumptions	-0-	5,817
Net Difference between projected and actual earnings On pension plan investments	<u>31,866</u>	<u>226,518</u>
Total Deferred Amounts to be recognized in Pension expense in future periods	33,220	233,019
Pension Contributions made subsequent to the Measurement Date	<u>-0-</u>	<u>-0-</u>
Total Deferred Amounts Related to Pensions	<u>\$33,220</u>	<u>\$233,019</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows Of Resources
2021	\$ (46,651)
2022	(76,470)
2023	(47,985)
2024	(28,693)
2025	-
Thereafter	-
Total	<u>\$(199,799)</u>

**Multiyear Schedule of Contributions
Last 10 Calendar Years**

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2014	\$ 23,719	\$ 22,850	\$ 869	\$ 300,626	7.60%
2015	8,006	8,006	0	310,327	2.58%
2016	13,143	13,143	0	323,729	4.06%
2017	17,485	17,484	1	345,547	5.06%
2018	11,426	11,426	0	335,073	3.41%
2019	7,276	7,276	0	353,226	2.06%
2020	16,344	16,345	(1)	347,749	4.70%
2021	16,584	16,584	0	314,691	5.27%

*Estimated based on contribution rate of 5.269% and covered valuation payroll of \$314,691.

- (C) Social Security
Employees not qualifying for coverage under the Illinois Downstate Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those not qualifying for coverage under the Illinois Municipal Retirement Fund are covered under social security.

7. ACCUMULATED UNPAID VACATION AND SICK PAY

The liability of the Career Center 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.

8. RISK MANAGEMENT

The Career Center's risk management is recorded in the Education Fund and automobile coverage in the Transportation Fund. Significant losses are covered by commercial insurance (i.e., general, liability, property, workman's comp.) for all major programs. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. During the year ended June 30, 2022, there were no significant reductions in coverage.

9. OVER-EXPENDITURE OF BUDGET

The Career Center operated within the legal confines of the budget during the fiscal 2022, except the Education fund which exceeds the budget by \$54,171.

10. CONTINGENCIES

The Career Center received federal grant funds which are subject to review by the Illinois School Board of Education. The Career Center received these funds based on expenditure reports submitted by the Career Center.

The grant expenditures have not been audited by the State Board of Education. Based on prior experience, the administration believes that the Career Center will not incur significant losses from possible grant disallowances.

11. BENEFITS

A) Employment Benefits

The Career Center maintains a health insurance policy for the district's employees. The Career Center pays the premium for all full-time employees. The Career Center is obligated for monthly premiums and can withdraw with proper notice. Coverages are provided for all medical issues.

B) Post-Employment Benefits

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

12. 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. The most sensitive estimate affecting the financial statements is the estimate of depreciation expense based on the estimated useful lives by asset type.

13. INTERFUND RECEIVABLES AND PAYABLE

There were no interfund loans during the fiscal year ended June 30, 2022.

14. INTERFUND TRANSFER

There were no interfund transfers during the fiscal year ended June 30, 2022.

15. COMMON BANK ACCOUNTS

Separate bank accounts are not maintained for all Career Center funds; instead certain funds maintain their uninvested cash balances in a common interest-bearing checking account with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

13. 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.

14. SUBSEQUENT EVENTS

Management evaluated subsequent events through September 27, 2022, the date which the financial statements were available to be issued and determined there were no significant events that needed to be disclosed.

15. 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 of 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 district 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, 2022, 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, 2022, 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 School 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 School 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 School 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 School Board itself, or (b) the finance committee, or by the Superintendent 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 are shown in the financial statements as Unreserved Fund Balances in the Education, Operating and Maintenance, and Working Cash Funds.
- 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 of a fund.
- G. **Reconciliation of Fund Balance Reporting** – the first five columns of the first table represent 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.

Fund	Generally Accepted Accounting Principles				
	Non-Spendable	Restricted	Committed	Assigned	Unassigned
Education	0	0	0	0	1,439,367
Operations & Maintenance	0	0	0	0	156,600
Transportation	0	0	0	0	54,803

Fund	Regulatory Basis	
	Financial Statements- Reserved	Financial Statements- Unreserved
Education	0	1,439,367
Operations & Maintenance	0	156,600
Transportation	0	54,803

- 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.

KANKAKEE AREA CAREER CENTER
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Fund</u>	<u>Beg. Balance</u> <u>July 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance as of</u> <u>June 30, 2022</u>
Student Activity	\$19,496.32	\$57,448.20	\$59,116.86	\$17,827.66
Spaulding/Lawrence				
Golf Memorial	<u>47,238.11</u>	<u>32,766.48</u>	<u>48,650.76</u>	<u>31,353.83</u>
Total	<u>\$66,734.43</u>	<u>\$90,214.68</u>	<u>\$107,767.62</u>	<u>\$49,181.49</u>

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
(Dollar amounts in thousands)

	<u>FY21</u>	<u>FY20</u>	<u>FY19</u>	<u>FY18</u>	<u>FY17</u>	<u>FY16</u>
Employer's proportion of the net pension liability	.0001410266	.000143781	.0001508698	.0001683021	.0001805392	.0001817914
Employer's proportionate share of the net pension liability	\$ 110,017	\$ 123,924	\$ 122,368	\$ 131,183	\$ 137,929	\$ 143,499
State's proportionate share of the net pension liability associated with the employer	<u>9,220,564</u>	<u>9,706,388</u>	<u>8,708,776</u>	<u>8,986,569</u>	<u>9,495,287</u>	<u>9,634,799</u>
Total	<u>9,330,581</u>	<u>9,830,312</u>	<u>\$8,831,144</u>	<u>\$9,117,752</u>	<u>\$9,633,216</u>	<u>\$9,778,298</u>
Employer's covered-employee Payroll	\$1,264,858	\$1,208,120	\$1,178,626	\$1,205,224	\$ 1,282,440	\$ 1,213,837
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8.70%	10.25%	10.39%	10.88%	10.76%	11.82%
Plan fiduciary net position as a percentage of the total pension liability	45.1%	37.8%	39.6%	40.0%	39.3%	36.4%

**the amounts presented were determined
as of the prior fiscal year end*

SCHEDULE OF THE EMPLOYER CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
(Dollar amounts in thousands)

	<u>FY21</u>	<u>FY20</u>	<u>FY19</u>	<u>FY18</u>	<u>FY17</u>	<u>FY16</u>
Statutorily required contribution	\$ 113,837	\$ 108,731	\$ 106,022	\$ 108,470	\$ 115,419	\$ 109,626
Contributions in relation to the contractually required contribution	<u>113,837</u>	<u>108,731</u>	<u>106,022</u>	<u>108,470</u>	<u>115,419</u>	<u>109,626</u>
Contribution deficiency (excess)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Employer's covered employee payroll	\$1,264,858	\$1,208,120	\$1,178,026	\$1,205,224	\$1,282,440	\$1,213,837
Contributions as a percentage of covered employee payroll	9.00%	9.00%	9.00%	9.00%	9.00%	9.46%

The information in both schedules will accumulate until a full 10-year trend is presented as required by Statement No. 68.

Schedules of Required Supplementary Information
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

	Last 10 Calendar Years									
Calendar Year Ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service Cost	\$ 36,598	\$ 42,464	\$ 41,981	\$ 37,796	\$ 39,785	\$ 36,728	\$ 36,678	\$ 32,155		
Interest on the Total Pension Liability	87,699	84,357	76,068	72,904	67,850	67,765	63,019	56,485		
Benefit Changes	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-		
Differences between Expected and Actual Experience	(1,036)	2,010	29,387	22,587	48,377	(54,512)	10,627	3,357		
Assumption Changes	-0-	(14,625)	0	30,261	(31,214)	0	0	33,073		
Benefit Payments and Refunds	(63,314)	(67,054)	(58,808)	(62,961)	(49,894)	(50,836)	(43,316)	(37,110)		
Net Change in Total Pension Liability	59,947	47,152	90,628	100,587	74,904	(855)	67,008	87,960		
Total Pension Liability – Beginning	<u>1,222,997</u>	<u>1,175,845</u>	<u>1,085,217</u>	<u>984,630</u>	<u>909,726</u>	<u>910,581</u>	<u>843,573</u>	<u>755,613</u>		
Total Pension Liability – Ending (a)	<u>\$1,282,944</u>	<u>\$1,222,997</u>	<u>\$1,175,845</u>	<u>\$1,085,217</u>	<u>\$984,630</u>	<u>\$909,726</u>	<u>\$910,581</u>	<u>\$843,573</u>		
Plan Fiduciary Net Position										
Employer Contributions	\$ 16,584	\$ 16,345	\$ 7,276	\$ 11,426	\$ 17,484	\$ 13,143	\$ 8,006	\$ 22,850		
Employee Contributions	14,161	15,649	15,895	15,078	15,550	14,568	13,965	13,032		
Pension Plan Net Investment Income	249,844	190,718	215,443	(69,379)	189,913	68,855	5,183	60,153		
Benefit Payments and Refunds	(63,314)	(67,054)	(58,808)	(62,961)	(49,894)	(50,836)	(43,316)	(37,110)		
Other	<u>11,472</u>	<u>8,738</u>	<u>3,580</u>	<u>36,314</u>	<u>(15,008)</u>	<u>3,124</u>	<u>(38,523)</u>	<u>1,662</u>		
Net Change in Plan Fiduciary Net Position	228,747	164,396	183,386	(69,522)	158,045	48,854	(54,685)	60,587		
Plan Fiduciary Net Position – Beginning	<u>1,477,788</u>	<u>1,313,392</u>	<u>1,130,006</u>	<u>1,199,528</u>	<u>1,041,483</u>	<u>992,629</u>	<u>1,047,314</u>	<u>986,727</u>		
Plan Fiduciary Net Position – Ending (b)	<u>1,706,535</u>	<u>1,477,788</u>	<u>\$1,130,006</u>	<u>\$1,199,528</u>	<u>\$1,041,483</u>	<u>\$992,629</u>	<u>\$1,047,314</u>	<u>\$1,047,314</u>		
Net Pension Liability (Asset) – Ending (a) – (b)	(423,591)	(254,791)	(137,547)	(44,789)	(214,898)	(131,757)	(82,048)	(203,741)		
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	133.02%	120.83%	111.7%	104.13%	121.83%	114.48%	109.01%	124.15%		
Covered Valuation Payroll	\$ 314,691	\$ 347,748	\$ 353,226	\$ 335,073	\$ 345,547	\$ 323,729	\$ 310,327	\$ 300,626		
Net Pension Liability as a Percentage of Covered Valuation Payroll	(134.61)%	(73.27)%	(37.94)%	(13.37)%	(62.19)%	(40.70)%	(26.44)%	(67.77)%		

(Schedule to be built prospectively from 2014)

Notes to Schedule of Contributions

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 Contribution Rate*

Valuation Date:

Notes Actuarially determined contribution rate are calculated as of December 31
Each year, which is 12 months prior to the beginning of the calendar year in
Which contributions are reported.

Methods and Assumptions Used to Determine 2021 Contribution Rates:

Actuarial Cost Method Aggregate Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period Non-Taxing bodies: 10-year rolling period.
Taxing bodies (Regular, SLEP and ECO groups): 22-year closed period.
Early Retirement Incentive Plan liabilities: A period up to 10 years selected by
the Employer upon adoption of ERI.
SLEP supplemental liabilities attributable to Public Act 94-712 were financed
over 17 years for most employers (five employers were financed over 18 years; one
employer was financed over 19 years; two employers were financed over 20 years; three
employers were financed over 26 years; four employers were financed over 28 years).

Asset Valuation Method	5-Year smoothed market ; 20% corridor
Wage growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality For non-disabled retirees, IMRF specific mortality rates were used with fully
generational projection scale MP-2017 (base year 2015). The IMRF specific
rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality
Tables with adjustments to match current IMRF experience. For disabled retirees,
IMRF specific mortality rates were used with fully generational projection scale
MP-2017 (base year 2015). The IMRF specific rates were developed from the
RP-2014 Disable Retirees Mortality Table applying the same adjustments that
were applied for non-disabled lives. For active members, IMRF specific
mortality rates were used with fully generational projection scale MP-2017
(base year 2015). The IMRF specific rates were developed from the RP-2014
Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

**Based on Valuation Assumptions used in the December 31, 2019 actuarial valuation.*