Kankakee Area Career Center

Bourbonnais, Illinois

Annual Report

June 30, 2026

Russell Leigh & Associates LLC
Certified Public Accountants
228 East Main Street
Hoopeston, Illinois 60942

Kankakee Area Career Center
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Independent Auditor's Report

Board of Control
Kankakee Area Career Center
Bourbonnais, Illinois

Opinions
We have audited the accompanying financial statements of the Kankakee Area Career Center as of and for the fiscal years ended June 30, 2026 and June 30, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the Table of Contents.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Kankakee Area Career Center as of June 30, 2026 and June 30, 2025, and its revenues received and expenditures disbursed during the fiscal year then ended, in accordance with the financial reporting provisions prescribed and permitted by the Illinois State Board of Education as described in Note 1C.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of the report, 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 each fund of Kankakee Area Career Center, as of June 30, 2026 and June 30, 2025, or the changes in its financial position for the fiscal years then ended.

Basis for Opinions
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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kankakee Area Career Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principals
As described in Note 1C of the financial statements, the financial statements are prepared by Kankakee Area Career Center on the basis of the financial reporting provisions prescribed and permitted 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. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter - Basis of Accounting
We draw attention to Note 1C 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 but permitted by the Illinois State Board of Education. Our opinion is not modified with respect to that matter.

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Responsibilities of Management for the Financial Statements
The Center administration is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions prescribed and permitted by the Illinois State Board of Education as described in Note 1C. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kankakee Area Career Center ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Kankakee Area Career Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kankakee Area Career Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters
Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kankakee Area Career Center's basic financial statements. The information provided on the supplementary schedules 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 Information
Management is responsible for the other information included in the annual report. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required By Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2026 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 described 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 effectiveness of Kankakee Area Career Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kankakee Area Career Center's internal control over financial reporting and compliance.

Russell Leigh & Associates LLC

Hoopeston, Illinois
October 15, 2026

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Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters based on an
Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

Board of Control
Kankakee Area Career Center
Bourbonnais, Illinois

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 years ended June 30, 2026 and June 30, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents and have issued our report thereon dated October 15, 2026. 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 Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, on the regulatory 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 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 Kankakee Area Career Center's internal control.

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, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected 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.

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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 and Other Matters

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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the District'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
October 15, 2026

Kankakee Area Career Center
Statement of Assets, Liabilities and Fund Balance
arising from Cash Transactions
As of June 30, 2026

ASSETS	Education	Operation & Maint.	Transportation	General Fixed Assets	Total Memorandum Only
Cash in Bank	$ 1,343,816	$ 109,846	$ 41,477	$ -0-	$ 1,495,139
Revolving Fund	-0-	-0-	-0-	-0-	-0-
Activity Fund Cash	75,819	-0-	-0-	-0-	75,819
Fixed Assets	-0-	-0-	-0-	6,851,461	6,851,461
Amount to be Provided for Payment of Long-Term Debt	-0-	-0-	-0-	-0-	-0-
TOTAL ASSETS	$ 1,419,635	$ 109,846	$ 41,477	$ 6,851,461	$ 8,422,419
LIABILITIES & FUND BALANCE					
Current Liabilities:					
Total Current Liabilities	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Long-Term Liabilities:					
Total Long-Term Liabilities	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Total Liabilities	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Fund Balance:					
Investment in General Fixed Assets	$ -0-	$ -0-	$ -0-	$ 6,851,461	$ 6,851,461
Reserved	-0-	-0-	-0-	-0-	-0-
Reserved for School Activity Funds	75,819	-0-	-0-	-0-	75,819
Unreserved	1,343,816	109,846	41,477	-0-	1,495,139
Total Fund Balance	$ 1,419,635	$ 109,846	$ 41,477	$ 6,851,461	$ 8,422,419
TOTAL LIABILITIES & FUND BALANCE	$ 1,419,635	$ 109,846	$ 41,477	$ 6,851,461	$ 8,422,419

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 from Cash Transactions
For the Year Ended June 30, 2026

REVENUE RECEIVED	Education	Operation & Maint.	Transportation	Total Memorandum Only
Local Revenue	$ 1,424,355	$ 470,000	$ 1,000	$ 1,895,355
State Revenue	865,053	50,000	8,879	923,932
Federal Revenue	-0-	-0-	-0-	-0-
On-Behalf Revenue	549,554	-0-	-0-	549,554
Flow-Through	103,081	-0-	-0-	103,081
Total Revenue Received	$ 2,942,043	$ 520,000	$ 9,879	$ 3,471,922
EXPENDITURES DISBURSED				
Instruction	$ 1,409,567	$ -0-	$ -0-	$ 1,409,567
Support Services	743,533	467,925	20,585	1,232,043
Payments to Other Districts and Governmental Units	-0-	-0-	-0-	-0-
On-Behalf Payments	549,554	-0-	-0-	549,554
Debt Service	-0-	-0-	-0-	-0-
Total Expenditures Disbursed	$ 2,702,654	$ 467,925	$ 20,585	$ 3,191,164
Excess (Deficiency) of Revenue Received over Expenditures Disbursed	239,389	52,075	(10,706)	280,758
OTHER FINANCING SOURCES (USES)				
Other Financing Sources	-0-	-0-	-0-	-0-
Other Financing Uses	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	-0-	-0-	-0-	-0-
Excess (Deficiency) of Revenue Received & Other Financing Sources over Expenditures Disbursed & Other Financing (Uses)	239,389	52,075	(10,706)	280,758
Beginning Fund Balance	1,180,246	57,771	52,183	1,290,200
Ending Fund Balance	$ 1,419,635	$ 109,846	$ 41,477	$ 1,570,958

The accompanying notes are an integral part of this report.

Kankakee Area Career Center
Statement of Revenue Received, Expenditures Disbursed,
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2026

	Education		Operation & Maint.		Transportation	
REVENUE RECEIVED	Budget	Actual	Budget	Actual	Budget	Actual
Local Revenue	$ 1,413,752	$ 1,424,355	$ 470,000	$ 470,000	$ 1,000	$ 1,000
State Revenue	865,054	865,053	-0-	50,000	10,000	8,879
Federal Revenue	103,081	-0-	-0-	-0-	-0-	-0-
On-Behalf Revenue	715,379	549,554	-0-	-0-	-0-	-0-
Flow-Through	-0-	103,081	-0-	-0-	-0-	-0-
Total Revenue Received	$ 3,097,266	$ 2,942,043	$ 470,000	$ 520,000	$ 11,000	$ 9,879
EXPENDITURES DISBURSED						
Instruction	$ 1,543,351	$ 1,409,567	$ -0-	$ -0-	$ -0-	$ -0-
Support Service	762,389	743,533	447,388	467,925	22,198	20,585
Payments to Other Districts & Governmental Units	-0-	-0-	-0-	-0-	-0-	-0-
On-Behalf Payments	715,379	549,554	-0-	-0-	-0-	-0-
Provision for Contingencies	500	-0-	500	-0-	-0-	-0-
Total Expenditures Disbursed	$ 3,021,619	$ 2,702,654	$ 447,888	$ 467,925	$ 22,198	$ 20,585
Excess (Deficiency) of Revenue Received over Expenditures Disbursed	75,647	239,389	22,112	52,075	(11,198)	(10,706)
OTHER FINANCING SOURCES (USES)						
Other Financing Sources	-0-	-0-	-0-	-0-	-0-	-0-
Other Financing Uses	-0-	-0-	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	-0-	-0-	-0-	-0-	-0-	-0-
Excess (Deficiency) of Revenue Received & Other Financing Sources over Expenditures Disbursed & Other Financing Sources (Uses)	75,647	239,389	22,112	52,075	(11,198)	(10,706)
Beginning Fund Balance	1,180,246	1,180,246	57,771	57,771	52,183	52,183
Ending Fund Balance	$ 1,255,893	$ 1,419,635	$ 79,883	$ 109,846	$ 40,985	$ 41,477

The accompanying notes are an integral part of this report.

Kankakee Area Career Center
Statement of Revenue Received
For the Fiscal Year Ended June 30, 2026

REVENUE RECEIVED	Education	Oper. & Maint.	Transportation	Total Memo Only
From Local Sources:				
Tuition:				
Summer School (In-State)	$ -0-	$ -0-	$ -0-	$ -0-
CTE Tuition - Other Districts (In-State)	1,226,400	-0-	-0-	1,226,400
Adult - Pupils (In-State)	-0-	-0-	-0-	-0-
Interest on Investments	2,082	-0-	-0-	2,082
Fees	-0-	-0-	-0-	-0-
Other - Student Services - Kits	54,799	-0-	-0-	54,799
Student Activity Fund Revenue	119,071	-0-	-0-	119,071
Other Revenue:				
Services Provided Other Districts	-0-	-0-	-0-	-0-
Payments - Other Local Districts	4,552	470,000	1,000	475,552
Sale of Vocational Projects	-0-	-0-	-0-	-0-
Other Local Revenue	17,451	-0-	-0-	17,451
Total Revenue from Local Sources	$ 1,424,355	$ 470,000	$ 1,000	$ 1,895,355
From Flow-Through Sources:				
Flow-Through from Federal Sources	$ 103,081	$ -0-	$ -0-	$ 103,081
Total Revenue from Flow-Through Sources	$ 103,081	$ -0-	$ -0-	$ 103,081
From State Sources:				
Restricted Grants-in-Aid:				
CTE - Secondary Program Improvement	$ 865,053	$ -0-	$ -0-	$ 865,053
Transportation - Regular/Vocational	-0-	-0-	8,879	8,879
School Infrastructure	-0-	50,000	-0-	50,000
Total Revenue from State Sources	$ 865,053	$ 50,000	$ 8,879	$ 923,932
From Federal Sources:				
Other Restricted Revenue from Federal Sources	$ -0-	$ -0-	$ -0-	$ -0-
Total Revenue from Federal Sources	$ -0-	$ -0-	$ -0-	$ -0-
Total Revenue Received	$ 2,392,489	$ 520,000	$ 9,879	$ 2,922,368

The accompanying notes are an integral part of this report.

Kankakee Area Career Center
Comparative Statement of Expenditures Disbursed
(And Comparison with Budget)
Education Fund
For the Fiscal Years Ended June 30, 2026 and 2025

	2026 Budget	2026 Actual	(Over) Under Budget	2025 Actual
Expenditures Disbursed:				
INSTRUCTION:				
Regular Programs:				
Salaries	$ 945,951	$ 905,611	$ 40,340	$ 903,037
Employee Benefits	201,494	188,275	13,219	203,361
Purchased Services	127,656	91,042	36,614	27,586
Supplies and Materials	143,250	84,676	58,574	92,260
Capital Outlay	15,000	3,745	11,255	6,876
Other Objects	10,000	19,877	(9,877)	4,116
Total Regular Programs	$ 1,443,351	$ 1,293,226	$ 150,125	$ 1,237,236
CTE Programs:				
Supplies and Materials	$ -0-	$ -0-	$ -0-	$ -0-
Total CTE Programs	$ -0-	$ -0-	$ -0-	$ -0-
Student Activity Fund Expenditures:				
Other Objects	$ 100,000	$ 116,341	$ (16,341)	$ 103,795
Total Summer School Programs	$ 100,000	$ 116,341	$ (16,341)	$ 103,795
TOTAL INSTRUCTION	$ 1,543,351	$ 1,409,567	$ 133,784	$ 1,341,031
SUPPORT SERVICES:				
Support Services - Pupils:				
Guidance Services				
Salaries	$ 47,025	$ 47,025	$ -0-	$ 47,186
Employee Benefits	14,569	14,447	122	13,252
Supplies and Materials	-0-	2,558	(2,558)	1,075
TOTAL SUPPORT SERVICES - PUPILS	$ 61,594	$ 64,030	$ (2,436)	$ 61,513
Support Services - Instructional Staff:				
Educational Media Services:				
Supplies and Materials	$ 8,400	$ -0-	$ 8,400	$ -0-
TOTAL SUPPORT SERVICES - INSTRUCTIONAL STAFF	$ 8,400	$ -0-	$ 8,400	$ -0-
Support Services - General Administration:				
Board of Education Services:				
Purchased Services	$ 43,500	$ 34,806	$ 8,694	$ 27,458
Other Objects	-0-	62	(62)	-0-
Total Board of Education Services	$ 43,500	$ 34,868	$ 8,632	$ 27,458

The accompanying notes are an integral part of this report.

Kankakee Area Career Center
Comparative Statement of Expenditures Disbursed
(And Comparison with Budget)
Education Fund
For the Fiscal Years Ended June 30, 2026 and 2025

	2026 Budget	2026 Actual	(Over) Under Budget	2025 Actual
Executive Administration Services:				
Salaries	$ 273,081	$ 237,811	$ 35,270	$ 219,202
Employee Benefits	86,323	85,121	1,202	70,966
Purchased Services	47,200	41,502	5,698	41,245
Supplies and Materials	17,575	14,845	2,730	10,708
Total Executive Administration Services	$ 424,179	$ 379,279	$ 44,900	$ 342,121
TOTAL SUPPORT SERVICES - GENERAL ADMINISTRATION	$ 467,679	$ 414,147	$ 53,532	$ 369,579
Support Services - School Administration:				
Office of the Principal Services:				
Salaries	$ 123,436	$ 151,906	$ (28,470)	$ 162,970
Employee Benefits	33,880	36,823	(2,943)	38,784
Purchased Services	12,500	15,713	(3,213)	14,446
Supplies and Materials	54,900	60,853	(5,953)	52,389
Other Objects	-0-	61	(61)	-0-
Total Office of the Principal Services	$ 224,716	$ 265,356	$ (40,640)	$ 268,589
TOTAL SUPPORT SERVICES - SCHOOL ADMINISTRATION	$ 224,716	$ 265,356	$ (40,640)	$ 268,589
TOTAL SUPPORT SERVICES	$ 762,389	$ 743,533	$ 18,856	$ 699,681
Provision for Contingencies	500	-0-	500	-0-
TOTAL DIRECT EXPENDITURES DISBURSED	$ 2,306,240	$ 2,153,100	$ 153,140	$ 2,040,712

The accompanying notes are an integral part of this report.

Kankakee Area Career Center
Comparative Statement of Expenditures Disbursed
(And Comparison with Budget)
Operations and Maintenance Fund
For the Fiscal Year Ended June 30, 2026 and 2025

	2026 Budget	2026 Actual	(Over) Under Budget	2025 Actual
Expenditures Disbursed:				
SUPPORT SERVICES:				
Operations and Maintenance of Plant Services:				
Salaries	$ 14,174	$ 30,761	$ (16,587)	$ 12,626
Employee Benefits	1,046	2,353	(1,307)	966
Purchased Services	265,275	243,159	22,116	252,828
Supplies and Materials	84,100	70,502	13,598	77,116
Capital Outlay	82,793	121,150	(38,357)	73,368
TOTAL OPERATIONS AND MAINTENANCE OF PLANT SERVICES	$ 447,388	$ 467,925	$ (20,537)	$ 416,904
TOTAL SUPPORT SERVICES	$ 447,388	$ 467,925	$ (20,537)	$ 416,904
Provision for Contingencies	500	-0-	500	-0-
TOTAL DIRECT EXPENDITURES DISBURSED	$ 447,888	$ 467,925	$ (20,037)	$ 416,904

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 Years Ended June 30, 2026 and 2025

	2026 Budget	2026 Actual	(Over) Under Budget	2025 Actual
Expenditures Disbursed:				
SUPPORT SERVICES:				
Pupil Transportation Services:				
Salaries	$ 1,769	$ 1,769	$ -0-	$ 1,668
Employee Benefits	429	435	(6)	408
Purchased Services	19,000	18,381	619	16,472
Supplies and Materials	1,000	-0-	1,000	-0-
TOTAL PUPIL TRANSPORTATION SERVICES	$ 22,198	$ 20,585	$ 1,613	$ 18,548
TOTAL SUPPORT SERVICES	$ 22,198	$ 20,585	$ 1,613	$ 18,548
TOTAL DIRECT EXPENDITURES DISBURSED	$ 22,198	$ 20,585	$ 1,613	$ 18,548

The accompanying notes are an integral part of this report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 by the Illinois State Board of Education.

A. Principals Used to Determine the Scope of the Reporting Entity

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

The Center has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Center, including joint agreements which serve pupils from numerous Centers, should be included within its financial reporting entity. The criteria include, but are not limited to whether the Center 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 a part of this organization after applying the manifesting of oversight, scope of public services, 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 1000 W Road, Bourbonnais, Illinois 60914.

B. Basis of Presentation - Fund Accounting

The accounts of the Center are organized on the basis 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, revenue received and expenditures disbursed. The Center maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements. These funds are grouped as required for reports filed with the Illinois State Board of Education. Center resources are allocated to and accounted for in individual funds based upon the purpose which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the district:

GOVERNMENTAL FUND TYPES

Governmental Funds are those through which most governmental functions of the Center are financed. The acquisition, use and balances of the Center'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 and Maintenance Fund, is the general operating fund of the system. 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.

The Special Revenue Fund, which include the Transportation Fund, the Illinois Municipal Retirement/Social Security Fund, and the Tort Immunity Fund is used to account for cash received from special sources (other than those accounted for in the Debt Service Fund, Capital Project Fund, or Fiduciary Fund) 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 financial 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.

GENERAL FIXED ASSETS AND GENERAL LONG-TERM DEBT ACCOUNT GROUP

No depreciation has been provided on fixed assets. Accumulated depreciation totaling $4,687,239 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 years
Improvements other than buildings	20 years
Equipment	3 - 10 years

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.

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 organizations capitalizes all assets over $5000. The estimated useful lives are determined by the Illinois State Board of Education.

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

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The 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, revenues are 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 exists, which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payable 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 and for the Expendable Trust Fund 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 105, Section 5, Paragraph 17.1 of the Illinois Revised Statutes. The budget was passed on September 20, 2025.

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

The 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 taxpayer 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 fund 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 Center has adopted a formal written investment and cash management policy. The institutions in which investments are made must be 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 was placed on it.

G. Total Memorandum Only

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 system as a whole.

Prior year financial statements were audited by our firm with the opinion dated October 15, 2026.

2. CASH AND INVESTMENTS

As of June 30, 2026, the Center had the following cash deposits and investments:

Cash deposits with local financial institutions	$ 1,570,958
Total Cash and Investments	$ 1,570,958

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

The Center 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 Center'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 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. One of the ways the Center manages its exposure to interest rate risk is by limiting its purchases of long term investments. At June 30, 2026, the Center's investments were deposits and certificates of deposit in financial institutions. All deposits are demand or term deposits or government security investments with maturities less than thirteen months.

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 Center's deposits with financial institutions are not subject to credit risk rating.

Concentration of Credit Risk:

The investment policy of the district 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:

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 Center'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 Center in the Center's name.

The Center's deposits with financial institutions were fully collateralized during the year.

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 Center's investments are directly subject to foreign currency risk.

3. CHANGES IN GENERAL FIXED ASSETS

	Balance 7/1/25	Additions	Deletions	Balance 6/30/26
Land	$ 284,504	$ -0-	$ -0-	$ 284,504
Fixed Assets Being Depreciated				
Improvements	502,079	-0-	-0-	502,079
Building and Improvements	3,515,541	120,093	-0-	3,635,634
Capitalized Equipment	2,424,442	4,802	-0-	2,429,244
Total Fixed Assets Being Depreciated	$ 6,442,062	$124,895	$ -0-	$ 6,566,957
Fixed Assets (reported)	6,726,566	$124,895	$ -0-	$ 6,851,461
Accumulated Depreciation	(4,540,190)	(147,049)	-0-	(4,687,239)
Total General Fixed Assets	$ 2,186,376	$ (22,154)	$ -0-	$ 2,164,222

4. RETIREMENT PLANS

The aggregate pension expense recognized by the Center during the year ended June 30, 2026 for all pension plans was $(116,267).

(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 https://www.trsil.org/financial/cafrs/fy2025; 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 I 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.

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 one-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 and amended by Public Act 101-0001 and Public Act 102-0718, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. 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 a retirement annuity. Both programs began in 2019 and are 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, 2025, 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, 2026, 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 $549,554 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, 2026, were $7,465, and are deferred because they were paid after the June 30, 2025 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, 2018.

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, 2026, the employer pension contribution was 10.34 percent of salaries paid from federal and special trust funds as determined in the June 30, 2024 actuarial valuation. For the year ended June 30, 2024, salaries totaling $-0- were paid from federal and special trust funds that required employer contributions of $-0-. These contributions are deferred because they were paid after the June 30, 2025 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, 2026, the employer paid $-0- to TRS for employer contributions dues on salary increases in excess of 6 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, 2025, 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	$ 97,819
State's proportionate share of the net pension liability associated with the employer	7,860,536
Total	$ 7,958,355

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025, and rolled forward to June 30, 2025. 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, 2025, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2025, the employer's proportion was 0.0001154184 percent, which was a decrease of (.0000094039) from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the employer recognized pension expense of $549,554 and revenue of $549,554 for support provided by the state. At June 30, 2026, 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
Differences between expected and actual experience	$ 273	$ 157
Net difference between projected and actual earnings on pension plan investments	-0-	1,396
Changes of assumptions	1,015	19
Changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	11,925
Employer contributions subsequent to the measurement date	-0-	-0-
Total	$ 1,288	$ 13,497

$(12,209) 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, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ended June 30,	
2026	$ (3,383)
2027	$ (3,486)
2028	$ (2,674)
2029	$ (2,040)
2030	$ (626)

Actuarial Assumptions

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
Mortality	Pub T-2010 mortality tables, reflecting adjustments for TRS experience, with generational improvement based on the 2024 Adjusted Scale MP-2021

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37.0%	4.59%
Private Equity	15.0%	7.93%
Public Income	15.0%	3.52%
Private Credit	8.0%	6.70%
Real Estate	16.0%	4.76%
Infra/Other Real Assets	2.0%	5.38%
Diversifying Strategies	6.0%	2.83%
Cash Equivalents	1.0%	.25%
Total	100.0%	

The 2025 capital market assumption and TRS's current target asset allocation were provided by RVK, TRS investment consultant.

Discount Rate

At June 30, 2025, the discount rate used to measure the total pension liability was a blended rate of 7.00 percent, which was the same as the June 30, 2024 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, 2025 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. All projected future payments were covered, so the 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 7.00 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	$ 121,688	$ 97,819	$ 78,013

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2025 is available in the separately issued TRS *Comprehensive Annual Financial Report.*

(B) Illinois Municipal Retirement Fund

IMRF 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 administrator of a 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, detailed information about the pension plan's fiduciary net position, and required supplementary information. That 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 could 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 lease 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 of 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 Covered by Benefit Terms
As of December 31, 2025, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	17
Inactive Plan Members entitled to but not yet receiving benefits	17
Active Plan Members	13
Total	47

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 2025 was 0.76%. For the fiscal year ended June 30, 2026, the Employer contributed $3,508 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 Asset/Liability
The Employer's net pension (asset)/liability was measured as of December 31, 2025. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of that date. The amount is included in the Prepaids/Accrued Expense on the Statement of Fiduciary Net Position.

Actuarial Assumptions
The following are the methods and assumptions used to determine total pension liability at December 31, 2025:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was 2.25%.
- **Salary Increases** were 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2023 valuation according to an experience study from years 2020 to 2022.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-meian income, General Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
- For **Active Members**, the Pub-2010, Amount Weighted, below-median income, General, Employee Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

- 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, 2025:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	32.5%	7.35%
International Equities	18.0%	7.45%
Fixed Income	24.0%	4.75%
Real Estate	10.5%	6.25%
Alternative Investments	14.0%	3.90-8.50%
Cash Equivalents	1.0%	3.00%
Total	100.0%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. 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 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit 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 position 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 4.83%, 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, 2024	$ 1,549,355	$ 1,664,392	$ (115,037)
Changes for the year:			
Service Cost	44,383	0	44,383
Interest on the Total Pension Liability	110,886	0	110,886
Changes of Benefit Terms	0	0	0
Differences Between Expected and Actual Experience of the Total Pension Liability	(52,584)	0	(52,584)
Changes of Assumptions	0	0	0
Contributions - Employer	0	3,509	(3,509)
Contributions - Employees	0	20,771	(20,771)
Net Investment Income	0	261,631	(261,631)
Benefit Payments, including Refunds of Employee Contributions	(84,163)	(84,163)	0
Other (Net Transfer)	0	116,263	(116,263)
Net Changes	18,522	318,011	(299,489)
Balances at December 31, 2025	$ 1,567,877	$ 1,982,403	$ (414,526)

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.

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Net Pension Liability/(Asset)	$ (234,583)	$ (414,526)	$ (558,258)

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

For the year ended June 30, 2026, the Employer recognized pension expense of $(118,645). At June 30, 2026, 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	$ 0	$ 27,323
Changes of assumptions	0	0
Net Difference between projected and actual earnings on pension plan investments	68,813	164,446
Total Deferred Amounts to be recognized in pension expense in future periods.	68,813	191,769
Pension Contributions made subsequent to the Measurement Date	0	0
Total Deferred Amounts Related to Pensions	$ 68,813	$ 191,769

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
2026	$ (6,000)
2027	(51,616)
2028	(37,557)
2029	(27,783)
2030	0
Thereafter	0
Total	$ (122,956)

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
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%
2022	7,741	7,740	1	307,436	2.43%
2023	2,685	2,685	0	315,824	0.85%
2024	2,772	2,772	0	342,202	0.81%
2025	3,508	3,509	(1)	461,584	0.76%

(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.

5. OVER-EXPENDITURE OF BUDGET

The Center operated within the legal confines of the budget during fiscal year 2026 in all funds except the Operations and Maintenance Fund which was over-expended by $20,037.

6. ACCUMULATED UNPAID VACATION AND SICK PAY

The liability of the 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.

7. CONTINGENCIES

The Center receives federal and state grant funds which are subject to audit by the granting agencies. The Center received these funds based on expenditure reports submitted by the Center. The grant expenditures have not been audited by the State Board of Education. Based on prior experience, the administration believes that the Center will not incur significant losses from possible grant disallowances.

8. RISK MANAGEMENT

The Center's risk management are recorded in the Education Fund and automobile coverage in the Transportation Fund. Significant losses are covered by commercial insurance for all major programs. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

9. BENEFITS

A. Employee Benefits
The Center maintains a health insurance policy for the Center's employees. The Center pays a portion of the premium for all full-time employees. The 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 insurance benefits through the system they receive retirement from. The district also offers Cobra Insurance coverage to employees that need health insurance after retirement. The retiree pays the full cost of the insurance.

10. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

11. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund loans outstanding at June 30, 2026.

12. INTERFUND TRANSFERS

There were no interfund transfers during the fiscal year ended June 30, 2026.

13. COMMON BANK ACCOUNTS

Separate bank accounts are not maintained for all district funds; instead certain funds maintain their uninvested cash balance 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.

14. RELATED PARTY/JOINT AGREEMENTS

The System 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. SUBSEQUENT EVENTS

Management evaluated subsequent events through October 15, 2026, the date which the financial statements were available to be issued and determined there were no significant events that needed to be disclosed.

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 District, 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 that are subject to 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, 2026, 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, 2026, 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 or 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 are Unreserved Fund Balances in the Education, Operations and Maintenance, and Working Cash Funds.

F. Regulatory - Fund Balance Definitions - Reserved Fund Balances are those balances that are reserved for a specified 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 specified 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.

Generally Accepted Accounting Principles

Fund	Non-spendable	Restricted	Committed	Assigned	Unassigned
Education	0	75,819	0	0	1,343,816
Operations & Maintenance	0	0	0	0	109,846
Transportation	0	0	0	0	41,477

Regulatory Basis

Fund	Financial Statements-Reserved	Financial Statements-Unreserved
Education	75,819	1,343,816
Operations & Maintenance	0	109,846
Transportation	0	41,477

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 INFORMATION

Audit / Tax / Consult
Russell Leigh
& Associates LLC • Certified Public Accountants

Independent Auditor's Report on Supplemental Information

To the Board of Education
Kankakee Area Career Center
Bourbonnais, Illinois

We have audited the regulatory basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kankakee Area Career Center, as of and for the year ended June 30, 2026, and the related notes to the financial statement, which collectively comprise Kankakee Area Career Center's basic regulatory basis financial statements. We issued our report thereon dated October 15, 2026, which contained an unmodified opinion on those financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Consolidated Year-End Financial Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Consolidated Year-End Financial Report is fairly stated in all material respects in relation to the basic financial statements as a whole.

Russell Leigh & Assoc. LLC

Russell Leigh & Associates LLC

Hoopeston, Illinois
October 15 , 2026

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Kankakee Area Career Center
Activity Funds
For the Year Ended June 30, 2026

Fund	Balance 07/01/2025	Receipts	Disbursements	Balance 06/30/2026
Student Activity	$ 51,731.76	$ 82,223.38	$ 84,279.16	$ 49,675.98
Spaulding/Lawrence Golf Memorial	21,357.68	36,847.60	32,062.53	26,142.75
Total	$ 73,089.44	$ 119,070.98	$ 116,341.67	$ 75,818.73

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2025 Contribution Rate*

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2025 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): 18 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 13 years for most employers (five employers were financed over 14 years; one employer was financed over 15 years; two employers were financed over 16 years; one employer was financed over 19 years; three employers were financed over 22 years; four employers were financed over 23 years; and one employer was financed over 24 years).
Asset Valuation Method:	5 year smoothed market; 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%
Salary Increases:	2.85% to 13.75%, 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 2023 valuation pursuant to an experience study of the period 2020 to 2022.
Mortality:	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

Other Information:

Notes:	There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2023, actuarial valuation.