

**KANKAKEE COMMUNITY COLLEGE
DISTRICT 520**

Audited Financial Statements

June 30, 2011

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ANNUAL FINANCIAL STATEMENTS
Fiscal year ended June 30, 2011

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-8
<u>Basic Financial Statements</u>		
A	Statement of Net Assets	9
B	Statement of Revenues, Expenses and Changes in Net Assets	10
C	Statement of Cash Flows	11-12
	Notes to Financial Statements	13-25
<u>Schedule</u>		
<u>Supplemental Financial Information Section</u>		
1	Reconciliation of Total Fund Equity to Net Assets	26
2	Reconciliation of Changes in Fund Equity to Changes in Net Assets	27
3	Combining Balance Sheet - Governmental Funds	28-29
4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	30-31
5	Combining Balance Sheet - Proprietary Fund Types	32-33
6	Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Types	34-35
7	Combining Balance Sheet - Governmental Fund Types - General Fund	36
8	Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Types - General Fund	37

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ANNUAL FINANCIAL STATEMENTS
Fiscal year ended June 30, 2011

TABLE OF CONTENTS

- 2 -

<u>Schedule</u>		<u>Page</u>
9	Budgetary Comparison Schedule - Educational Fund	38
10	Schedule of Revenues and Comparison with Budget - Educational Fund	39
11	Schedule of Expenditures and Comparison with Budget - Educational Fund	40-41
12	Budgetary Comparison Schedule - Operations and Maintenance Fund	42
13	Budgetary Comparison Schedule - College Bookstore Fund	43
14	Budgetary Comparison Schedule - Athletics Fund	44
15	Budgetary Comparison Schedule - Child Care Center Fund	45
16	Budgetary Comparison Schedule - Student Center Fund	46
17	Budgetary Comparison Schedule - College Center Fund	47
18	Budgetary Comparison Schedule - Radio Station Fund	48
19	Balance Sheet - Workforce Investment Act Funds	49
20	Statement of Revenues, Expenditures and Change in Fund Balance - Workforce Investment Act Funds	50
21	Balance Sheet - Kankakee Community College Foundation	51
22	Statement of Revenues, Expenditures and Change in Fund Balance - Kankakee Community College Foundation	52
23	Balance Sheet - Adult Literacy Initiative Volunteers Expanded	53
24	Statement of Revenues, Expenditures and Change in Fund Balance and Comparison with Budget - Adult Literacy Initiative Volunteers Expanded	54
25	Uniform Financial Statement - All Funds Summary	55-56

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ANNUAL FINANCIAL STATEMENTS
Fiscal year ended June 30, 2011

TABLE OF CONTENTS

- 3 -

<u>Schedule</u>		<u>Page</u>
26	Uniform Financial Statement - Summary of Fixed Assets and Debt	57
27	Uniform Financial Statement - Schedule of Operating Funds Revenues by Source	58
28	Uniform Financial Statement - Schedule of Operating Funds Expenditures by Program and by Object	59
29	Uniform Financial Statement - Restricted Purposes Funds - Revenues and Expenditures	60
30	Uniform Financial Statement - Current Funds - Expenditures by Activity	61
31	Schedules of Assessed Valuations, Rates, Extensions and Collections	62
32	Schedule of Legal Debt Margin	63
33	Schedule of Bonds Payable	64-65
34	Illinois Community College Board - Certification of Chargeback Reimbursement	66
<u>Illinois Community College Board</u> <u>State Grants Financial Compliance Section</u>		
	Independent Auditors' Report - ICCB Grants	67
35	Balance Sheet - Workforce Development Business and Industry Grant	68
36	Statement of Revenues and Expenditures - Workforce Development Business and Industry Grant	69
37	ICCB Compliance Statement for Workforce Development Business and Industry Grant	70

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ANNUAL FINANCIAL STATEMENTS
Fiscal year ended June 30, 2011

TABLE OF CONTENTS

- 4 -

<u>Schedule</u>		<u>Page</u>
38	Balance Sheet – Career and Technical Education Program Improvement Grant	71
39	Statement of Revenues and Expenditures – Career and Technical Education Program Improvement Grant	72
40	Balance Sheet- Student Success Grant	73
41	Statement of Revenues and Expenditures – Student Success Grant	74
42	Balance Sheets - State Adult Education and Family Literacy Restricted Funds	75
43	Statement of Revenues and Expenditures State Adult Education and Family Literacy Restricted Funds	76
44	State Adult Education and Family Literacy Restricted Funds Expenditure Amounts and Percentages	77
	Notes to Financial Statements-ICCB Grants	78
	Background Information on State Grant Activity	79-80
	Independent Auditors' Report - Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	81
45	Schedule of Enrollment Data and other Bases upon Which Claims are Filed	82
46	Reconciliation of Total Semester Credit Hours	83
	Student Residency Verification Process	84



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ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Kankakee Community College District 520
Kankakee, Illinois 60901

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of

KANKAKEE COMMUNITY COLLEGE DISTRICT 520

as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kankakee Community College District 520's (District) management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 of material misstatement. The financial statements of the Kankakee Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the District'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 at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying supplemental financial information section as listed in the table of contents (including the "Illinois Community College Board State Grants Financial Compliance Section") is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Groskreutz, Schmidt, Abraham, Eskleman & Gerretze

October 4, 2011

**KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

This section of Kankakee Community College District No. 520's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal years ended June 30, 2011 and 2010. Please read it in conjunction with the District's financial statements. Responsibility for the completeness and fairness of this information rests with the District.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999 and Statement No. 35 *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* issued in November 1999.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements.

The basic financial statements also include the notes which explain some of the information in the statements and provide more detailed data.

The following figure summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Major Features of the College Financial Statements	
Scope	Entire College
Required financial statements	* Statement of net assets * Statement of revenues, expenses and changes in net assets * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resource focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year revenues and expenses are accounted for in the activities regardless of when cash was received or paid.

The statements report the District's net assets and how they changed during the year. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities must be considered.

**KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

FINANCIAL HIGHLIGHTS

The financial highlights of the District are as follows:

- The Equalized Assessed Valuation of the District increased by \$76.7 million or 3.3%. Over the previous three years the District had averaged a 5.3% annual increase.
- Overall revenues were \$41.0 million; overall expenses were \$38.6 million.
- Credit hour enrollment increased 3.6% to 107,308 hours.

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

Net Assets.

The District's combined net assets increased 8.1% to \$32.1 million for fiscal 2011.

Condensed Statement of Net Assets (in millions of dollars)				
	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets	\$32.1	\$31.2	0.9	2.9
Non-current assets	20.5	19.8	0.7	3.5
Total assets	\$52.6	\$51.0	1.6	3.1
Current liabilities	\$13.9	\$12.9	\$1.0	7.8
Long-term obligations	6.6	8.3	(1.7)	(20.5)
Total liabilities	\$20.5	\$21.2	(0.7)	(3.3)
Net assets				
Invested in capital assets, net	\$11.5	\$12.5	(1.0)	(8.0)
Restricted	2.6	4.7	(2.1)	(44.7)
Unrestricted	18.0	12.5	5.5	44.0
Total net assets	<u>\$32.1</u>	<u>\$29.7</u>	<u>\$2.4</u>	8.1

Changes in Net Assets.

The District's total revenues were \$41.0 million. State and federal sources account for the largest share of the revenue comprising 55.4%. Real estate and other taxes account for about 23.4%, tuition and student fees about 18.5%, and the balance is from miscellaneous sources.

The total cost of all programs and services was \$38.6 million. The District's program related expenses are predominantly instructional cost, academic support, student services and public services, which were \$16.1 million or 41.9% of total expenses. Operations and maintenance of the District's facilities were \$2.3 million or 5.9% of total expenses. Scholarships and awards were \$6.0 million or 15.3% of expenses. Independent operations represent auxiliary operations such as the bookstore, child care and student activities were \$3.2 million or 8.4% of total expenses, which by their nature are self-supporting. The District's administrative/business activities, including institutional support were \$9.1 million or 23.6% of total expenses.

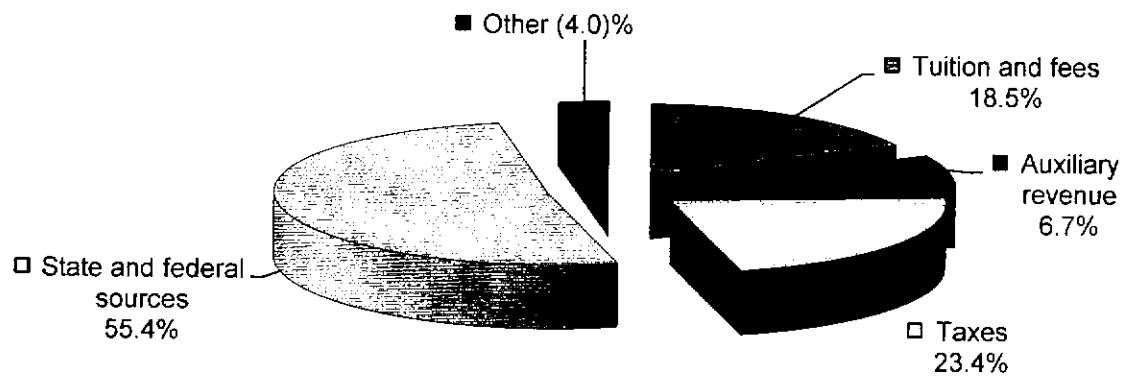
**KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Total revenues exceeded expenses, increasing net assets by 2.4 million over last year.

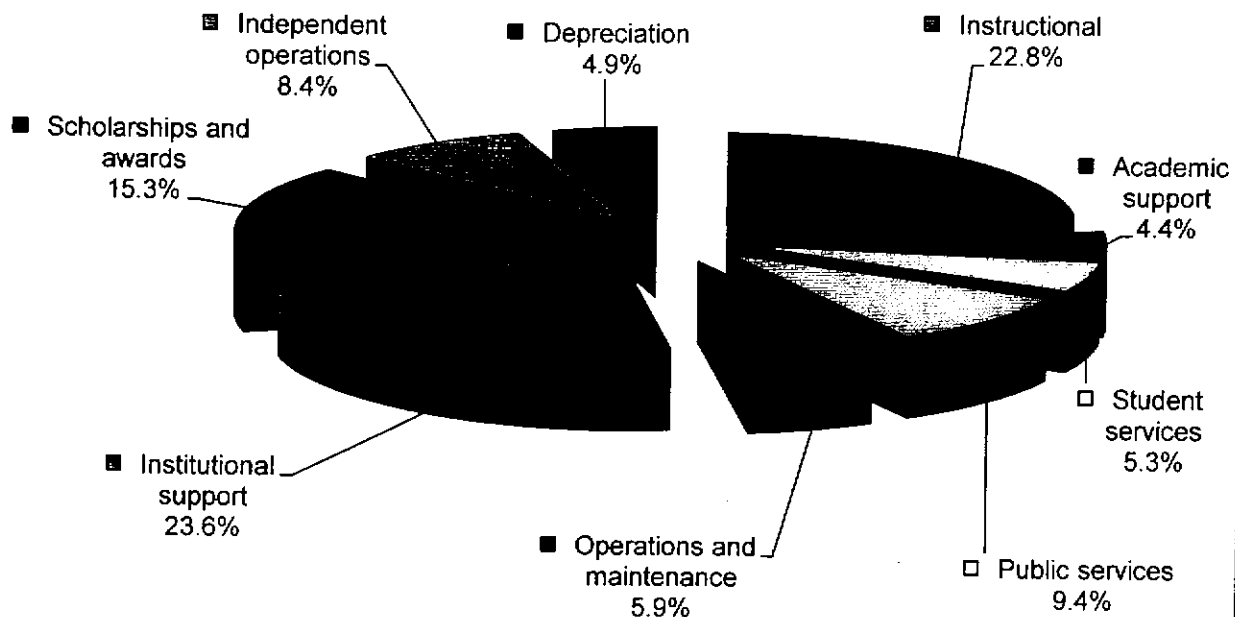
Changes in Net Assets from Operating Results (in millions of dollars)				
	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues				
Operating revenues:				
Tuition and fees	\$7.6	\$6.6	\$1.0	15.2
State and federal grants	16.0	14.7	1.3	8.8
Auxiliary revenue	2.8	2.6	0.2	7.7
Other	0.1	0.2	(0.1)	(50.0)
Non-operating revenues:				
Taxes	9.6	9.0	0.6	6.7
State and federal sources	6.6	5.6	1.0	17.9
Other	(1.7)	(0.7)	(1.0)	142.9
Total revenues	<u>41.0</u>	<u>38.0</u>	<u>3.0</u>	<u>7.9</u>
Expenses				
Instructional	8.8	8.5	0.3	3.5
Academic support	1.7	1.7	-	-
Student services	2.0	2.2	(0.2)	(9.1)
Public services	3.6	4.2	(0.6)	(14.3)
Operations and maintenance	2.3	2.8	(0.5)	(17.9)
Institutional support	9.1	8.5	0.6	7.1
Scholarships and awards	6.0	5.4	0.6	11.1
Independent operations	3.2	3.0	0.2	6.7
Depreciation	1.9	1.7	0.2	11.8
Total expenses	<u>38.6</u>	<u>38.0</u>	<u>0.6</u>	<u>1.6</u>
Increase (decrease) in net assets	2.4	0.0	2.4	-
Net assets:				
Beginning of the year	<u>29.7</u>	<u>29.7</u>	<u>0.0</u>	<u>0.0</u>
End of the year	<u>\$32.1</u>	<u>\$29.7</u>	<u>\$2.4</u>	<u>8.1</u>

**KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Sources of Revenues for Fiscal Year 2011



Expenses for Fiscal Year 2011



**KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

As of June 30, 2011, the District had \$20.4 million in capital assets, net of depreciation, including the main campus, several off campus sites, instructional equipment, office equipment and furniture and fixtures. (More detailed information about capital assets can be found in Notes 1 and 3 to the financial statements.) Total depreciation expense for the year was \$1.9 million, while building improvements and additions to equipment and furniture amounted to \$2.5 million.

Capital Assets (net of depreciation, in millions of dollars)				
	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land	\$0.4	\$0.4	\$0.0	0.0
Land improvements	1.7	1.7	0.0	0.0
Buildings and improvements	28.5	28.0	0.5	1.8
Furniture and equipment	22.4	20.5	1.9	9.3
	<u>53.0</u>	<u>50.6</u>	<u>2.4</u>	<u>4.7</u>
Less accumulated depreciation	<u>32.6</u>	<u>30.9</u>	<u>1.7</u>	<u>5.5</u>
Total	<u>\$20.4</u>	<u>\$19.7</u>	<u>\$0.7</u>	3.6

Long-Term Debt:

The District's outstanding debt at year end is shown in the following schedule. More detailed information about the District's debt is presented in Note 5 to the financial statements.

Outstanding Long-Term Debt		
	<u>2011</u>	<u>2010</u>
Outstanding Debt, beginning of the year	\$9.6	\$8.2
Debt Issued:		
College Bonds	0.0	6.0
Debt Retired:	<u>(1.6)</u>	<u>(4.6)</u>
Outstanding Debt, end of the year	<u>\$8.0</u>	<u>\$9.6</u>

Debt service requirements over the next 5 years average \$1.7 million per year.

**KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

FACTORS AFFECTING THE DISTRICT'S FUTURE

Enrollment Growth and Student Success

The college experienced an overall growth of 3.6% in credit hour enrollment during fiscal 2011. Financially, enrollment increases are positive for the District in terms of tuition and state reimbursement revenues. Increases in enrollment also result in some capacity issues, which the District is addressing in various ways. Going forward, the District will have an even greater focus on student success. Across the institution, District staff is in the process of developing strategies to enhance retention and to help ensure increasing numbers of students achieve their educational goals.

North Extension Center

The District has engaged an architectural firm to develop plans for the renovation of a donated property which will serve as an extension center in the northern section of the district. With the fastest growing communities in the northern part of the district, this facility will provide convenient traditional educational programming for a growing population. Also, because it is located near much of the industrial and retail activity in the community, it will serve a natural site for corporate education offerings. It is anticipated that the facility will be available for occupation during fall semester, 2012.

Construction Project

The District is currently planning an Advanced Technological Education Center (ATEC). In the ATEC, emerging technologies, such as solar-thermal, solar-PV, and small-wind energy technologies will be taught. The Center is also being designed as a "train the trainer" facility to assist educators in our region in enhancing the training at their institutions. KCC received a National Science Foundation planning grant that sponsored these advances. The ATEC will also be a model of the technologies taught there, and it will serve as a model to the community for energy conservation and sustainability. The college awaits the release of a state appropriation of \$5 million for this project.

Kankakee Community College Foundation, Inc.

During this fiscal year, the KCC Foundation, now a separate legal entity from the District, received 501(c)(3) status. Funds in the amount of \$2.1 million have been transferred to the Foundation, and in the beginning of fiscal year 2012 the final portion of funds were transferred as well. New software has been implemented to enhance the management of the foundation and improve donor relationships.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Vice President of Finance and Administration, 100 College Drive, Kankakee, Illinois 60901.

BASIC FINANCIAL STATEMENTS

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KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF NET ASSETS
June 30, 2011

<u>Assets</u>	<u>Primary Government</u> <u>Kankakee Community</u> <u>College</u>	<u>Component Unit</u> <u>Kankakee Community</u> <u>College Foundation, Inc.</u>
Current assets:		
Cash and cash equivalents	\$ 9,525,929	\$ 833,025
Short-term investments	2,995,494	
Receivables, net of uncollectible amounts:		
Property taxes	9,283,038	
Federal and state sources	4,882,899	
Tuition and fees	4,381,768	
Accrued interest	4,915	1,161
Other	397,790	
Inventories	561,985	
Prepaid expenses	119,066	
Total current assets	32,152,884	834,186
Investments, at fair value		3,711,340
Capital assets, net	20,463,238	
Total assets	52,616,122	4,545,526
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	3,190,305	
Bonds payable - current portion	1,740,000	
Accrued compensated absences	104,103	
Deferred tuition and fees revenue	3,872,447	
Deferred property tax revenue	4,641,519	
Deferred government grants and other claims	312,138	
Total current liabilities	13,860,512	
Long-term liabilities:		
Accrued compensated absences	310,653	
Bonds payable - less current portion	6,300,000	
Total long-term liabilities	6,610,653	
Total liabilities	20,471,165	-0-
<u>Net Assets</u>		
Invested in capital assets, net of related debt	11,522,264	
Restricted for expendable:		
Debt service	1,045,882	
Capital projects and improvements	1,209,997	
Scholarships and awards	403,622	
Permanently restricted		3,046,856
Temporarily restricted		1,477,024
Unrestricted	17,963,192	21,646
Total net assets	\$ 32,144,957	\$ 4,545,526

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the year ended June 30, 2011

	<u>Primary Government</u> Kankakee Community College	<u>Component Unit</u> Kankakee Community College Foundation, Inc
<u>Revenues</u>		
Operating revenues:		
Student tuition and fees, net	\$ 7,606,220	
Federal grants and contracts	12,080,825	
State grants and contracts	3,989,249	
Auxiliary enterprise revenue	2,757,012	
Other operating revenues	113,057	
Total operating revenues	<u>26,546,363</u>	<u>\$ 0</u>
<u>Expenses</u>		
Operating expenses:		
Instructional	8,810,497	
Academic support	1,721,639	
Student services	2,029,611	
Public service	3,639,794	
Operations and maintenance of plant	2,264,671	
Institutional support	9,092,114	142,000
Scholarship and awards	5,916,628	10,764
Auxiliary enterprises	3,249,287	
Depreciation	1,873,529	
Total operating expenses	<u>38,597,770</u>	<u>152,764</u>
Operating income (loss)	<u>(12,051,407)</u>	<u>(152,764)</u>
<u>Non-operating Revenues (Expenses)</u>		
State grants and contracts	6,314,441	
Federal grants and contracts	8,404	
Property taxes	9,086,813	
Personal property replacement tax	514,194	
Investment income	36,199	489,244
Gain (loss) on disposal of assets	(10,559)	
Gifts and donations	584,559	604,051
Other non-operating revenues	115,347	
Contribution to component unit	(2,150,000)	
Contribution from primary government		2,150,000
Interest expense and fees	(353,552)	
Non-operating revenues (expenses), net	<u>14,145,846</u>	<u>3,243,295</u>
<u>Other Revenues</u>		
Capital grants and contracts	344,049	
Change in net assets	2,438,488	3,090,531
Net assets, July 1, 2010	<u>29,706,469</u>	<u>1,454,995</u>
Net assets, June 30, 2011	<u>\$ 32,144,957</u>	<u>\$ 4,545,526</u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF CASH FLOWS
For the year ended June 30, 2011

	Primary Government Kankakee Community College	Component Unit Kankakee Community College Foundation, Inc.
Cash flows provided (used) by operating activities:		
Tuition and fees	\$ 7,275,924	
Payments to students	(3,969,873)	\$ (10,764)
Payments to suppliers	(17,734,965)	
Payments to employees	(15,810,505)	
Grants and contracts	16,475,960	
Auxiliary enterprise charges	2,757,012	
Other payments	113,057	
	(10,893,390)	(10,764)
Net cash provided (used) by operating activities		
Cash flows provided (used) by noncapital financial activities:		
Local property taxes	8,822,362	
State appropriations	6,199,134	
Federal	8,404	
Gifts and grants received for other than capital purposes:		
Grants and contracts	278,069	
Private gifts for endowment purposes	306,490	462,051
Other receipts	115,347	
	15,729,806	462,051
Net cash provided (used) by noncapital financing activities		
Cash flows provided (used) by capital and related financing activities:		
Capital grants and gifts received	277,236	
Purchases of capital assets	(2,584,575)	
Bond principal payments	(1,575,000)	
Interest and fees paid on bonds	(363,645)	
	(4,245,984)	
Net cash provided (used) by capital and related financing activities		
Cash flows provided (used) by investing activities:		
Contribution to component unit	(2,150,000)	
Contribution from primary government		2,150,000
Proceeds from sales and maturities of investments	10,145,456	1,464,122
Interest on investments	59,755	48,055
Investment advisory fee		(30,849)
Purchase of investments	(7,495,494)	(3,330,703)
	559,717	300,625
Net cash provided (used) by investing activities		
Net increase in cash	1,150,149	751,912
Cash and cash equivalents, July 1, 2010	8,375,780	81,113
Cash and cash equivalents, June 30, 2011	\$ 9,525,929	\$ 833,025

(Continued)

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF CASH FLOWS
(Continued)
For the year ended June 30, 2011

	Primary Government Kankakee Community College	Component Unit Kankakee Community College Foundation, Inc.
Reconciliation of net operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$(12,051,407)	\$ (152,764)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	1,873,529	
Donated services		142,000
(Increase) decrease in operating assets:		
Receivables, net	(1,252,560)	
Inventories	(9,361)	
Prepaid expenses	(61,351)	
Increase (decrease) in operating liabilities:		
Accounts payable	396,275	
Deferred revenue	187,718	
Compensated absences	23,767	
Net cash provided (used) by operating activities	<u>\$ (10,893,390)</u>	<u>\$ (10,764)</u>
Noncash investing, capital and financing activities:		
On-behalf payments for the State Universities Retirement System of Illinois	<u>\$ 2,829,441</u>	<u>\$ -0-</u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Kankakee Community College District No. 520 (District), established in 1966 under the Illinois Public Community College Act, provides baccalaureate, vocational, and continuing education courses to residents of an area encompassing all or part of Kankakee, Iroquois, Ford, Grundy, Livingston and Will counties, serving a population in excess of 130,000. A seven member, locally elected Board of Trustees is the District's ruling body which establishes the policies and procedures by which the District is governed.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The District's financial statements are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose its will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government.

GASB has also set forth criteria to be considered in determining the nature and significance of a relationship with the primary government. These criteria include:

1. The economic resources received or held by an organization are entirely or almost entirely for the direct benefit of the District,
2. The District is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization, and
3. The economic resources received or held by an organization that the District is entitled to, or has the ability to otherwise access, are significant to the District.

As defined above by GASB, the accompanying financial statements present the District (the primary government) and its two component units: Kankakee Community College Foundation, an association for which the District is financially accountable and Kankakee Community College Foundation, Inc. for which the District is not financially accountable.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued):

Due to its financial accountability, the operation of the **Kankakee Community College Foundation** (the Association) is so intertwined with the District that it is, in substance, the same as the District and controlled by the District's Trustees. Therefore, in conformity with generally accepted accounting principles, its financial statements are reported as if it were part of the District's operation (blended presentation).

The Kankakee Community College Foundation, Inc. (the Foundation), for which the District is not financially accountable, is created to act primarily as a fund-raising organization to supplement the resources that are available to the District in support of its programs. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District. Therefore, in conformity with generally accepted accounting principles, its financial statements are presented in a separate column (discrete presentation), in the accompanying report.

Separately audited financial statements for the component unit are available upon request from the Foundation at: 100 College Drive, Kankakee, IL 60901.

Measurement Focus, Basis of Accounting and Basis of Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which the levy is intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant intra-agency transactions have been eliminated.

Revenue and Expense Recognition

The District presents its revenues and expenses as operating or non-operating based on recognition definitions from GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating activities are those activities that are necessary and essential to the mission of the District.

Operating revenues include activities that have the characteristics of exchange transactions such as charges for tuition and fees, sales and services, auxiliary services and other user fees. Contracts and grants from various state and federal sources are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the District.

Restricted funds received for specific program operating purposes are considered as the results of exchange transactions between the District and the grantor, where the District performs contractual program services for the providing sources. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the District, as well as investment income and property taxes are considered non-operating since these are either investing, capital or non-capital financing activities.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued):

Operating expenses are all expense transactions incurred other than those related to investing, capital or non-capital financing activities and include cost of sales and services, administrative expenses and depreciation on capital assets. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor non-operating activities and are presented after non-operating activities on the accompanying Statement of Revenues, Expenses and Changes in Net Assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Inventories

Inventories are valued at the lower of cost or market, on a first-in, first-out basis. Inventories consist of expendable supplies and items held for consumption and resale by the College Center and College bookstore. The cost of sales is recorded as an expense at the time individual inventory items are utilized or sold.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Property Taxes

Property taxes are recognized as revenue in the year for which the taxes are intended to finance, regardless of when collected. Pursuant to a Board of Trustees resolution, property tax levies are allocated 50 percent in the fiscal year the levy is passed and 50 percent in the following fiscal year. Based on this, 50 percent of the property tax levies passed in December 2010, was recognized as receivable for the year ended June 30, 2011. The other 50 percent of the 2010 levy is intended to finance the 2012 fiscal year and accordingly, is reported as deferred revenue. The 2011 tax levy, which attaches as an enforceable lien on property as of January 1, 2011, has not been recorded as a receivable as of June 30, 2011, as the tax has not yet been levied by the College and will not be levied until December 2011, and therefore, the levy is not measurable at June 30, 2011.

Property taxes are levied each year on the basis of the equalized assessed property values in the District as of January 1 of that year. Assessed values are established by each of the respective counties. Property taxes are billed and collected by the various counties included within the District's boundaries.

These taxes are assessed in December and become an enforceable lien on the property as of the preceding January 1. A reduction for collection losses, based on historical collection experience, has been provided to reduce the taxes receivable to the estimated amount to be collected. Property taxes are payable by the property owner in two equal installments on or about June 1 and September 1, 2011.

The personal property replacement tax is recorded on the accrual basis based on amounts held by the State.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued):

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings and improvements	25 - 50 years
Furniture and equipment	8 - 10 years
Improvements other than buildings	25 years

Compensated Absences

Employees may accumulate vacation days up to the maximum recognized by the State University Retirement System. However, upon termination, a maximum allocation of twenty (20) days is paid to the employee. All compensated absences which are earned during the year are therefore reported as an expense and as a liability.

Deferred Revenue

Property taxes which have been levied but have not been recorded as revenues are deferred. Deferred tuition and fees revenue represents that portion of tuition and other fees received before June 30, 2011, but applicable to sessions occurring after June 30, 2011. Deferred government claims and grants represent monies received before all eligibility requirements imposed by the provider have been met.

Internal Service Activities

Both revenues and expenses related to internal service activities including central supplies, facility use, maintenance, health insurance and telecommunications have been eliminated.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued):

Net Assets

The District's net assets are classified as follows:

Invested in capital assets - This represents the District's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted net assets - expendable - This includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources when they are needed.

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

Federal Awards Programs

The District participates in several federally funded grant programs which include Pell Grants, SEOG Grants, Federal Work-Study, Direct Loans, Workforce Investment Act and Perkins programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the grantors, but the District believes that disallowed expenditures, discovered in subsequent audits, if any, will not have a material effect on the financial position of the District.

On-Behalf Payments for Fringe Benefits and Salaries

The District recognizes as revenues and expenses contributions made by the State of Illinois to the State Universities Retirement Systems on behalf of the District's employees. In fiscal year 2011, the State made contributions of \$2,829,441 (see Note 2).

Tuition and Fees Receivable

Tuition and fees are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to revenue and a credit to valuation allowance based on its assessment of the current status of individual accounts.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - RETIREMENT FUND COMMITMENTS:

State Universities Retirement System:

A. Plan Description

The District contributes to the State University Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.surs.org or by calling 1-800-275-7877.

B. Funding Policy

Plan members are required to contribute 8.00 percent of their annual covered salary. Substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 24.21 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ending June 30, 2011, 2010 and 2009 were \$2,963,617, \$2,654,018, and \$1,612,064, respectively, equal to the required contributions for each year.

NOTE 3 - CHANGES IN CAPITAL ASSETS:

	<u>Balance</u> July 1, 2010	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> June 30, 2011
Land	\$ 422,820			\$ 422,820
Land improvements	1,697,348			1,697,348
Building and improvements	28,038,285	\$ 496,403		28,534,688
Equipment	<u>20,466,885</u>	<u>2,088,172</u>	\$118,912	<u>22,436,145</u>
Total capital assets	50,625,338	2,584,575	118,912	53,091,001
Less accumulated depreciation	<u>30,862,587</u>	<u>1,873,529</u>	<u>108,353</u>	<u>32,627,763</u>
Capital assets, net	<u>\$19,762,751</u>	\$ <u>711,046</u>	\$ <u>10,559</u>	<u>\$20,463,238</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS:

Investing is performed in accordance with investment policy adopted by the Board of Trustees of the District. That policy limits investments to certificates of deposit, savings accounts, or time deposits of financial institutions which maintain a main or branch office within the boundaries of the District, United States Treasury bonds, notes or bills and Illinois Funds.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

Deposits

The District's investment policy required all uninsured deposits with financial institutions to be fully collateralized with the collateral held by an independent third party acting as the District's agent and held in the name of the District.

At June 30, 2011, the carrying amount of the District's deposits was \$12,521,423, and the bank balance was \$13,095,925. The entire bank balance was covered through federal depository insurance or by collateral held by the District or its agent, in the District's name.

NOTE 5 - LONG-TERM LIABILITIES:

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$ 9,615,000		\$1,575,000	\$8,040,000	\$1,740,000
Compensated absences	<u>390,989</u>	<u>\$23,767</u>	<u> </u>	<u>414,756</u>	<u>104,103</u>
Total long-term liabilities	<u>\$10,005,989</u>	<u>\$23,767</u>	<u>\$1,575,000</u>	<u>\$8,454,756</u>	<u>\$1,844,103</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - LONG-TERM LIABILITIES (Continued):

Long-term liabilities are comprised of the following:

General Obligation Bonds:

\$2,320,000 General Obligation Community College serial bonds dated January 1, 2006, due in annual installments on December 1, of amounts ranging from \$300,000 to \$485,000, through December 2012, plus interest ranging from 4.7% to 4.9%, payable semiannually.	\$ 845,000
\$6,200,000 General Obligation Community College serial bonds dated January 1, 2008, due in annual installments on December 1, of amounts ranging from \$115,000 to \$1,530,000, through December 2014, plus interest ranging from 3.5% to 4.05% payable semiannually	4,485,000
\$3,000,000 General Obligation Community College serial bonds dated March 1, 2010, due in annual installments on December 1, of amounts ranging from \$90,000 to \$1,300,000 through December 2016, plus interest ranging from 3.25% to 5% payable semiannually.	<u>2,710,000</u>
	8,040,000
Less: amount due in one year	<u>(1,740,000)</u>
	\$ <u>6,300,000</u>

The annual requirement to amortize all outstanding bonds payable, including interest of \$701,504 follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$1,740,000	\$265,021	\$2,005,021
2013	1,520,000	197,375	1,717,375
2014	1,755,000	133,663	1,888,663
2015	1,530,000	74,813	1,604,813
2016	1,300,000	27,463	1,327,463
2017	<u>195,000</u>	<u>3,169</u>	<u>198,169</u>
	<u>\$8,040,000</u>	<u>\$701,504</u>	<u>\$8,741,504</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - LONG-TERM LIABILITIES (Continued):

Compensated Absences

Vested portion of the vacation and sick leave and other employee benefits	<u>\$414,756</u>
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NOTE 6 - RELATED PARTY TRANSACTIONS:

The following describes transactions between the District and its component unit for the year ended June 30, 2011:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Kankakee Community College Foundation	Kankakee Community College Foundation, Inc.	\$2,150,000	To move assets to the new organization

NOTE 7 - DATE OF MANAGEMENT REVIEW:

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 4, 2011, the date that the financial statements were available to be issued.

NOTE 8 - KANKAKEE COMMUNITY FOUNDATION, INC. - COMPONENT UNIT:

SIGNIFICANT ACCOUNTING POLICIES:

Organization and nature of activities – The Kankakee Community College Foundation, Inc. (the Foundation), is a tax exempt nonprofit corporation committed to providing scholarships and financial assistance to students and expenses to third parties on behalf of students in the Kankakee and surrounding areas. The Foundation is reported as a component unit of the District and is discretely presented on the District's financial statements. The Foundation receives cash contributions annually from the District which it invests in short-term investments, equities, bonds, and other investment vehicles to earn income which it uses in the pursuit of its mission statement.

Basis of accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 8 – KANKAKEE COMMUNITY FOUNDATION, INC. – COMPONENT UNIT
(Continued):

Basis of presentation – The Foundation follows Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958. This establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. It also requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Foundation to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. A description of the three net asset categories follows:

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

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met whether by the actions of the Foundation and/or the passage of time.

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

Income tax status – The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation had no unrelated business taxable income at June 30, 2011.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents consists of cash, money market funds, and highly liquid investments with original maturities of three months or less at the date of acquisition.

Investments – The Foundation, under the direction of its Board, authorizes investments in common stock, mutual funds, money markets and obligations issued or guaranteed by instrumentalities or agencies of the United States of America. The Board of the Foundation contractually delegates investment oversight to investment managers. Investments in equity securities with readily determinable fair values and all debt securities are stated at fair value. Fair value is determined based on quoted market prices. Unrealized gains or losses on investments resulting from market fluctuations are recorded in the statement of revenues, expenses and change in net assets in the period that fluctuations occur. Gains and losses are included in the change in unrestricted net assets unless a donor or law temporarily or permanently restricts their use. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 8 - KANKAKEE COMMUNITY FOUNDATION, INC. - COMPONENT UNIT
(Continued):

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of the following at June 30, 2011:

Brokerage money market	\$535,823
Cash	26
Certificates of deposit	<u>297,176</u>
	<u>\$833,025</u>

Deposits

The Foundation maintains cash deposits with financial institutions consisting of money market accounts and certificates of deposit. At June 30, 2011, the carrying amount and the bank balance of the Foundation's deposits with financial institutions was \$535,849 in its two money market accounts and \$297,176 in certificates of deposits for a total of \$833,025, of which \$297,176 was covered by federal depository insurance and \$535,849 was uninsured and uncollateralized.

INVESTMENTS:

At June 30, 2011, the Foundation's investments consist of the following:

U.S. Treasury obligations	\$ 191,394
U.S. Government agencies	141,013
Mutual Funds	517,198
Preferred Stock	173,529
Common Stock	<u>2,688,206</u>
Total Investments	<u>\$3,711,340</u>

Interest Rate Risk

The investments in the securities of U.S. government agencies were all rated AA+ by Standard & Poor's, and AAA by Moody's Investor Services. The securities of U.S. government agencies at June 30, 2011 consist of the following:

FNMA	\$ 80,085
FHLMC	<u>60,928</u>
	<u>\$141,013</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 8 – KANKAKEE COMMUNITY FOUNDATION, INC. – COMPONENT UNIT
(Continued):

The Foundation invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on initial investment would be higher than anticipated. The Foundation invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

Investment income was comprised of the following for the year ended June 30, 2011:

Interest and dividend income	\$ 48,727
Net realized and unrealized gain (loss) on investments	471,366
Investment expenses:	
Third party investment management and custodian fees and other expenses	<u>(30,849)</u>
Investment income, net	<u>\$489,244</u>

FAIR VALUE MEASUREMENTS:

FASB ASC 820 *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 8 – KANKAKEE COMMUNITY FOUNDATION, INC. – COMPONENT UNIT
(Continued):

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011.

Mutual Funds: Unit value calculated daily based on the observable net asset value of the underlying investment.

U.S. Treasury obligation, U. S. Government securities, preferred and common stock: Valued at the closing price reported on the active market on which securities are traded.

Money Market: Value is calculated daily based upon the observable asset value of the underlying investment.

The preceding methodologies described may produce a fair value calculation that may not be indicative of net realizable value or reflective future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury obligations	\$ 191,394			\$ 191,394
U.S. Government securities	141,013			141,013
Preferred Stock	173,529			173,529
Common Stock	2,688,206			2,688,206
Mutual funds	517,198			517,198
Money market	_____	\$535,849	_____	535,849
Total assets, at fair value	<u>\$3,711,340</u>	<u>\$535,849</u>	<u>\$-0-</u>	<u>\$4,247,189</u>

DONATED SERVICES:

Donated services are recognized as contributions in accordance with FASB ASC 968-605-50, *Accounting for Contributions Received and Contributions Made* if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

For the year ended June 30, 2011, the Foundation received contributed administrative services totaling \$142,000 from Kankakee Community College District 520, a related party.

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SUPPLEMENTAL FINANCIAL INFORMATION

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KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SUPPLEMENTAL FINANCIAL INFORMATION SECTION
June 30, 2011

The following supplemental financial information (Schedules 1 to 34) is presented for management information purposes. Governmental funds are prepared using the modified accrual basis of accounting prescribed by the NCGA Statement No. 1 and related interpretations. Proprietary funds are prepared using the accrual basis of accounting.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
RECONCILIATION OF TOTAL FUND EQUITY TO NET ASSETS
June 30, 2011

Governmental Funds equity	\$ 14,726,439
Proprietary Funds equity	<u>4,777,650</u>
Total fund equity	19,504,089
Reconciling items:	
Capital assets	20,463,238
Compensated absences	(388,174)
Deferred salaries	(212,397)
Deferred tuition	843,331
Bonds payable	(8,040,000)
Accrued interest on bonds	<u>(25,130)</u>
Net assets	<u>\$ 32,144,957</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
RECONCILIATION OF CHANGES IN FUND EQUITY
TO CHANGES IN NET ASSETS
For the year ended June 30, 2011

Net change in fund equity - Governmental Funds	\$ (663,455)
Net change in fund equity - Proprietary Funds	<u>849,809</u>
Total change in fund equity	186,354
Reconciling items:	
Addition of capital assets	2,584,575
Gain (loss) on disposal of capital assets	(10,559)
Depreciation	(1,873,529)
Change in deferred summer salaries	(13,497)
Change in compensated absences	(14,511)
Change in deferred summer tuition	(5,439)
Bond principal payments	1,575,000
Change in accrued interest on bonds	<u>10,094</u>
Change in net assets	<u>\$ 2,438,488</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

<u>Assets</u>	<u>Educational Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Capital Projects Fund</u>
Cash	\$ 3,722,683	\$ 1,728,132	\$ 444,577
Investments	1,000,247	500,000	
Receivables, net of uncollectible amounts:			
Property taxes	4,523,699	1,336,511	422,517
Replacement taxes	57,277	6,013	
Other federal and state sources	2,059,704	237,075	
Tuition and fees	4,381,768		
Accrued interest	429	325	
Other			
Due from other funds	1,229,417	57,673	5,890
Prepaid expenditures	285,927	16,213	
Total assets	<u>\$ 17,261,151</u>	<u>\$ 3,881,942</u>	<u>\$ 872,984</u>
 <u>Liabilities</u>			
Accounts payable and accrued expenditures	\$ 1,152,532	\$ 492,050	\$ 2,078
Due to other funds	222,862		
Deferred revenue	6,270,612	1,024,960	210,909
Total liabilities	<u>7,646,006</u>	<u>1,517,010</u>	<u>212,987</u>
 <u>Fund Balance</u>			
Fund balance (deficit):			
Reserved for scholarships and awards			
Reserved for capital improvements	200,000	350,000	659,997
Reserved for debt service			
Reserved for prepaid expenditures	285,927	16,213	
Unreserved	9,129,218	1,998,719	
Total fund balance	<u>9,615,145</u>	<u>2,364,932</u>	<u>659,997</u>
Total liabilities and fund balance	<u>\$ 17,261,151</u>	<u>\$ 3,881,942</u>	<u>\$ 872,984</u>

Debt Service Fund	Restricted Purposes Funds	Audit Fund	Liability, Protection and Settlement Fund	Total
\$ 37,888		\$ 9,933	\$ 391,862	\$ 6,335,075 1,500,247
2,015,958		70,343	914,010	9,283,038 63,290
	\$ 2,522,830			4,819,609 4,381,768
	225,000			754
	155,717	3,000	124,622	225,000
	7,077		240	1,576,319
<u>\$ 2,053,846</u>	<u>\$ 2,910,624</u>	<u>\$ 83,276</u>	<u>\$ 1,430,734</u>	<u>\$ 28,494,557</u>
	\$ 1,343,980		\$ 16,916	\$ 3,007,556
	932,698		368,011	1,523,571
<u>\$ 1,007,964</u>	230,324	<u>\$ 35,126</u>	457,096	9,236,991
<u>1,007,964</u>	<u>2,507,002</u>	<u>35,126</u>	<u>842,023</u>	<u>13,768,118</u>
	403,622			403,622
1,045,882				1,209,997
	7,077		240	1,045,882
	(7,077)	48,150	588,471	309,457
				11,757,481
<u>1,045,882</u>	<u>403,622</u>	<u>48,150</u>	<u>588,711</u>	<u>14,726,439</u>
<u>\$ 2,053,846</u>	<u>\$ 2,910,624</u>	<u>\$ 83,276</u>	<u>\$ 1,430,734</u>	<u>\$ 28,494,557</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the year ended June 30, 2011

	Educational Fund	Operations and Maintenance Fund	Capital Projects Fund
Revenues:			
Local government sources	\$ 4,472,812	\$ 1,296,597	\$ 324,380
State government sources	8,999,357	869,109	
Federal government sources		8,404	
Student tuition and fees	8,978,776	869,575	
Gifts and donations			
Interest	7,087	6,017	34
Other	145,822	138,555	
Total revenues	22,603,854	3,188,257	324,414
Expenditures:			
Instructional	8,725,965		
Academic support	1,500,085		
Student services	1,722,095		
Public services	396,053		
Operations and maintenance		3,613,581	102,299
Scholarship and awards			
Institutional support	8,299,808	325,768	
Debt service:			
Principal retirement			
Interest and fixed charges			
Total expenditures	20,644,006	3,939,349	102,299
Net change in fund balances	1,959,848	(751,092)	222,115
Fund balance, July 1, 2010	7,655,297	3,116,024	437,882
Fund balance, June 30, 2011	<u>\$ 9,615,145</u>	<u>\$ 2,364,932</u>	<u>\$ 659,997</u>

Debt Service Fund	Restricted Purposes Funds	Audit Fund	Liability Protection and Settlement Fund	Total
\$ 1,971,137		\$ 74,227	\$ 947,660	\$ 9,086,813
	\$ 949,418			10,817,884
	16,386,392			16,394,796
	583,559			9,848,351
272	13,493	8	132	583,559
	3,069			27,043
<u>1,971,409</u>	<u>17,935,931</u>	<u>74,235</u>	<u>947,792</u>	<u>47,045,892</u>
	304,738			9,030,703
	250,032			1,750,117
	352,790			2,074,885
	4,717,340			5,113,393
	14,403,125			3,715,880
	43,814	44,500	968,709	14,403,125
1,575,000				9,682,599
363,645				1,575,000
<u>1,938,645</u>	<u>20,071,839</u>	<u>44,500</u>	<u>968,709</u>	<u>363,645</u>
				47,709,347
32,764	(2,135,908)	29,735	(20,917)	(663,455)
<u>1,013,118</u>	<u>2,539,530</u>	<u>18,415</u>	<u>609,628</u>	<u>15,389,894</u>
<u>\$ 1,045,882</u>	<u>\$ 403,622</u>	<u>\$ 48,150</u>	<u>\$ 588,711</u>	<u>\$ 14,726,439</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING BALANCE SHEET - PROPRIETARY FUND TYPES
June 30, 2011

	College Bookstore Fund	Athletics Fund	Child Care Center Fund
<u>Assets</u>			
Cash	\$ 1,365,186	\$ 395,892	\$ 46,403
Investments	1,495,247		
Receivables, net of uncollectible amounts:			
Accrued interest	4,161		
Other	172,790		
Due from other funds	22,167	5,607	3,269
Inventories	537,106		
Prepaid expenses	4,512		
Total assets	<u>\$ 3,601,169</u>	<u>\$ 401,499</u>	<u>\$ 49,672</u>
<u>Liabilities</u>			
Accounts payable and accrued expenses	\$ 59,526	\$ 7,062	\$ 11,956
Accrued compensated absences	5,448	9,140	3,344
Due to other funds			
Deferred revenue		263,179	16,689
Total liabilities	64,974	279,381	31,989
<u>Fund Equity</u>			
Retained earnings (deficit):	<u>3,536,195</u>	<u>122,118</u>	<u>17,683</u>
Total liabilities and fund equity	<u>\$ 3,601,169</u>	<u>\$ 401,499</u>	<u>\$ 49,672</u>

Schedule 5

<u>Student Center Fund</u>	<u>College Center Fund</u>	<u>Radio Station Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
\$ 252,997	\$ 16,817		\$ 1,113,559	\$ 3,190,854 1,495,247
2,346	27 24,879	\$ 2,436		4,161 172,790 35,852 561,985 22,006
<u>255,343</u>	<u>41,723</u>	<u>17,494</u>	<u>1,113,559</u>	<u>5,482,895</u>
\$ 2,236 3,516		\$ 247 5,134 88,601 65,125	\$ 76,590	\$ 157,617 26,582 88,601 432,445
<u>87,452</u>		<u>159,107</u>	<u>76,590</u>	<u>705,245</u>
93,204	-0-			
<u>162,139</u>	<u>41,723</u>	<u>(139,177)</u>	<u>1,036,969</u>	<u>4,777,650</u>
<u>\$ 255,343</u>	<u>\$ 41,723</u>	<u>\$ 19,930</u>	<u>\$ 1,113,559</u>	<u>\$ 5,482,895</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPES
For the year ended June 30, 2011

	College Bookstore Fund <u>(Schedule 13)</u>	Athletics Fund <u>(Schedule 14)</u>	Child Care Center Fund <u>(Schedule 15)</u>
Revenues:			
Federal government sources			\$ 8,355
Student fees		\$ 399,644	40,677
Sales and services	\$ 2,699,375	2,974	96,665
Interest	8,328	524	
Other		<u>63,842</u>	<u>505</u>
Total revenues	2,707,703	466,984	146,202
Expenses:			
Independent operations	<u>2,248,661</u>	<u>426,190</u>	<u>157,542</u>
Net income (loss)	459,042	40,794	(11,340)
Retained earnings (deficit), July 1, 2010	<u>3,077,153</u>	<u>81,324</u>	<u>29,023</u>
Retained earnings (deficit), June 30, 2011	<u>\$ 3,536,195</u>	<u>\$ 122,118</u>	<u>\$ 17,683</u>

<u>Student Center Fund (Schedule 16)</u>	<u>College Center Fund (Schedule 17)</u>	<u>Radio Station Fund (Schedule 18)</u>	<u>Health Insurance Fund</u>	<u>Total</u>
\$ 177,269		\$ 166,215		\$ 8,355
3,163	\$ 31,076	61,951	\$ 2,065,724	783,805
304				4,960,928
15,221				9,156
<u>195,957</u>	<u>31,076</u>	<u>228,166</u>	<u>2,065,724</u>	<u>5,841,812</u>
<u>187,299</u>	<u>36,119</u>	<u>207,062</u>	<u>1,729,130</u>	<u>4,992,003</u>
8,658	(5,043)	21,104	336,594	849,809
<u>153,481</u>	<u>46,766</u>	<u>(160,281)</u>	<u>700,375</u>	<u>3,927,841</u>
<u>\$ 162,139</u>	<u>\$ 41,723</u>	<u>\$ (139,177)</u>	<u>\$ 1,036,969</u>	<u>\$ 4,777,650</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES - GENERAL FUND
June 30, 2011

<u>Assets</u>	<u>Educational Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Total</u>
Cash	\$ 3,722,683	\$ 1,728,132	\$ 5,450,815
Investments	1,000,247	500,000	1,500,247
Receivables, net of uncollectible amounts:			
Property taxes	4,523,699	1,336,511	5,860,210
Replacement taxes	57,277	6,013	63,290
Other federal and state sources	2,059,704	237,075	2,296,779
Tuition and fees	4,381,768		4,381,768
Accrued interest	429	325	754
Due from other funds	1,229,417	57,673	1,287,090
Prepaid expenditures	285,927	16,213	302,140
	<u>\$ 17,261,151</u>	<u>\$ 3,881,942</u>	<u>\$ 21,143,093</u>
<u>Liabilities</u>			
Accounts payable and accrued expenditures	\$ 1,152,532	\$ 492,050	\$ 1,644,582
Due to other funds	222,862		222,862
Deferred revenue	6,270,612	1,024,960	7,295,572
	<u>7,646,006</u>	<u>1,517,010</u>	<u>9,163,016</u>
<u>Fund Balance</u>			
Fund balance:			
Reserved for capital improvements	200,000	350,000	550,000
Reserved for prepaid expenditures	285,927	16,213	302,140
Unreserved	9,129,218	1,998,719	11,127,937
	<u>9,615,145</u>	<u>2,364,932</u>	<u>11,980,077</u>
Total fund balance	<u>9,615,145</u>	<u>2,364,932</u>	<u>11,980,077</u>
Total liabilities and fund balance	<u>\$ 17,261,151</u>	<u>\$ 3,881,942</u>	<u>\$ 21,143,093</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES - GENERAL FUND
For the year ended June 30, 2011

	Educational Fund	Operations and Maintenance Fund	Total
Revenues:			
Local government sources	\$ 4,472,812	\$ 1,296,597	\$ 5,769,409
State government sources	8,999,357	869,109	9,868,466
Federal government sources		8,404	8,404
Student tuition and fees	8,978,776	869,575	9,848,351
Interest	7,087	6,017	13,104
Other	145,822	138,555	284,377
Total revenues	22,603,854	3,188,257	25,792,111
Expenditures:			
Instructional	8,725,965		8,725,965
Academic support	1,500,085		1,500,085
Student services	1,722,095		1,722,095
Public services	396,053		396,053
Operations and maintenance		3,613,581	3,613,581
Institutional support	8,299,808	325,768	8,625,576
Total expenditures	20,644,006	3,939,349	24,583,355
Net change in fund balances	1,959,848	(751,092)	1,208,756
Fund balance, July 1, 2010	7,655,297	3,116,024	10,771,321
Fund balance, June 30, 2011	\$ 9,615,145	\$ 2,364,932	\$ 11,980,077

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
EDUCATIONAL FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Revenues (Schedule 10):			
Local government sources	\$ 4,410,235	\$ 4,472,812	\$ 4,326,372
State government sources	3,193,099	8,999,357	7,996,002
Federal government sources			101,579
Student tuition and fees	8,670,280	8,978,776	7,058,961
Interest	25,500	7,087	25,448
Other	172,247	145,822	157,504
Total revenues	<u>16,471,361</u>	<u>22,603,854</u>	<u>19,665,866</u>
Expenditures (Schedule 11):			
Instructional	7,659,284	8,725,965	8,424,152
Academic support	1,484,196	1,500,085	1,619,875
Student services	1,543,084	1,722,095	1,763,335
Public services	370,025	396,053	422,912
Institutional support	6,637,956	8,299,808	8,036,734
Total expenditures	<u>17,694,545</u>	<u>20,644,006</u>	<u>20,267,008</u>
Excess (deficiency) of revenues over expenditures	<u>(1,223,184)</u>	<u>1,959,848</u>	<u>(601,142)</u>
Other financing sources:			
Proceeds from bond issuance			1,500,000
Transfers in			55,595
Total other financing sources	<u>-0-</u>	<u>-0-</u>	<u>1,555,595</u>
Net change in fund balance	<u>\$ (1,223,184)</u>	<u>\$ 1,959,848</u>	<u>\$ 954,453</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF REVENUES AND COMPARISON WITH BUDGET
EDUCATIONAL FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Local government sources:			
General property taxes	\$ 4,410,235	\$ 4,472,812	\$ 4,326,372
State government sources:			
State apportionment/equalization	2,747,098	5,494,180	4,910,687
ICCB Career and Technical Education	123,049	210,390	199,782
Replacement taxes	322,952	465,346	358,837
Payments made to State Universities Retirement System of Illinois on behalf of Kankakee Community College for covered employees		2,829,441	2,526,696
Total state government sources	3,193,099	8,999,357	7,996,002
Federal government sources:			
Appropriation/equalization			101,579
Student tuition and fees:			
Tuition	8,011,311	8,321,460	6,631,156
Fees	656,962	656,306	425,717
Other	2,007	1,010	2,088
Total student tuition and fees	8,670,280	8,978,776	7,058,961
Interest	25,500	7,087	25,448
Other	172,247	145,822	157,504
Total revenues	\$ 16,471,361	\$ 22,603,854	\$ 19,665,866

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF EXPENDITURES AND COMPARISON WITH BUDGET
EDUCATIONAL FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Instructional:			
Salaries	\$ 6,804,005	\$ 7,125,326	\$ 6,886,296
Employee benefits		675,825	590,555
Contractual services	329,372	506,191	336,252
Material and supplies	241,125	217,862	238,196
Conferences and meetings	93,515	60,211	54,064
Fixed charges	19,540	15,583	16,339
Utilities	22,650	27,750	20,380
Capital outlay	26,777	32,755	163,966
Other	122,300	64,462	118,104
Total instructional	7,659,284	8,725,965	8,424,152
Academic support:			
Salaries	1,023,630	1,022,147	1,053,081
Employee benefits		106,021	100,368
Contractual services	212,780	168,046	233,320
Material and supplies	188,948	173,343	200,430
Conferences and meetings	12,596	8,908	9,896
Utilities	10,182	13,650	9,938
Capital outlay	36,060	7,970	12,421
Other			421
Total academic support	1,484,196	1,500,085	1,619,875
Student services:			
Salaries	1,430,950	1,416,930	1,465,054
Employee benefits		191,897	183,223
Contractual services	4,408	2,788	3,854
Material and supplies	63,034	68,467	65,919
Conferences and meetings	19,163	13,022	16,137
Fixed charges	9,932	4,818	8,432
Utilities	14,397	16,994	13,418
Capital outlay	1,200	1,080	
Other		6,099	7,298
Total student services	1,543,084	1,722,095	1,763,335
Public services:			
Salaries	244,921	243,400	265,051
Employee benefits		26,669	27,417
Contractual services	32,400	24,004	29,360
Material and supplies	27,886	31,007	29,043
Conferences and meetings	17,282	17,088	10,806
Utilities	1,536	1,752	1,296
Other	46,000	52,133	59,939
Total public services	370,025	396,053	422,912

(continued)

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF EXPENDITURES AND COMPARISON WITH BUDGET
EDUCATIONAL FUND

(Continued)

For the year ended June 30, 2011
 (With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Institutional support:			
Salaries	\$ 2,135,610	\$ 2,067,822	\$ 2,106,673
Employee benefits	1,848,655	3,363,593	3,172,610
Contractual services	753,439	953,790	714,540
Material and supplies	315,261	315,266	333,451
Conferences and meetings	98,171	90,970	106,618
Fixed charges	170	233	193
Utilities	19,256	25,373	21,609
Capital outlay	455,969	418,465	659,995
Other	961,425	1,043,829	845,527
Chargebacks	50,000	20,467	75,518
	<u>6,637,956</u>	<u>8,299,808</u>	<u>8,036,734</u>
Total institutional support			
	<u>\$ 17,694,545</u>	<u>\$ 20,644,006</u>	<u>\$ 20,267,008</u>
Total expenditures			

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
OPERATIONS AND MAINTENANCE FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Revenues:			
Local government sources:			
General property taxes	\$ 1,302,790	\$ 1,296,597	\$ 1,289,792
State government sources:			
State apportionment/equalization	391,160	820,261	559,578
Replacement taxes	33,900	48,848	37,668
Total state government sources	425,060	869,109	597,246
Federal government sources		8,404	
Student tuition	869,574	869,575	688,668
Interest	6,900	6,017	12,014
Other	92,794	138,555	117,813
Total revenues	2,697,118	3,188,257	2,705,533
Expenditures:			
Operations and maintenance:			
Salaries	869,799	898,247	959,801
Employee benefits		168,132	154,009
Contractual services	99,903	95,310	104,510
Materials and supplies	231,032	190,263	178,099
Conference and meetings	2,100	1,117	1,802
Fixed charges	100,525	98,484	92,103
Utilities	921,007	782,914	949,490
Capital outlay	2,027,994	1,378,402	630,038
Other	2,650	712	517
Total operations and maintenance	4,255,010	3,613,581	3,070,369
Institutional support:			
Contractual services	134,770	263,025	158,856
Materials and supplies			29
Fixed charges	52,410	51,372	52,531
Other	53,785	11,371	62,950
Total institutional support	240,965	325,768	274,366
Total expenditures	4,495,975	3,939,349	3,344,735
Excess (deficiency) of revenues over expenditures	(1,798,857)	(751,092)	(639,202)
Other financing sources:			
Proceeds from bond issuance			1,500,000
Net change in fund balance	\$ (1,798,857)	\$ (751,092)	\$ 860,798

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
COLLEGE BOOKSTORE FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Revenues:			
Sales and services	\$ 2,676,921	\$ 2,699,375	\$ 2,602,041
Interest	8,100	8,328	15,374
Total revenues	<u>2,685,021</u>	<u>2,707,703</u>	<u>2,617,415</u>
Expenses:			
Independent operations:			
Salaries	114,886	106,406	120,100
Employee benefits	23,208	17,450	15,587
Contractual services	15,800	19,005	14,521
Material and supplies	2,049,600	1,966,697	1,801,481
Conferences and meetings			55
Utilities	576	657	486
Other	130,686	138,446	126,498
Total expenses	<u>2,334,756</u>	<u>2,248,661</u>	<u>2,078,728</u>
Income before transfers	350,265	459,042	538,687
Transfers in (out)	<u>(40,000)</u>		<u>(138,223)</u>
Net income	<u>\$ 310,265</u>	<u>\$ 459,042</u>	<u>\$ 400,464</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
ATHLETICS FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Revenues:			
Student fees	\$ 376,505	\$ 399,644	\$ 387,515
Sales and services	3,000	2,974	2,996
Interest	1,175	524	1,774
Other	115,500	63,842	110,194
Total revenues	496,180	466,984	502,479
Expenses:			
Independent operations:			
Salaries	157,983	155,955	112,529
Employee benefits	17,474	18,782	12,283
Contractual services	52,052	46,895	48,778
Material and supplies	42,301	40,630	37,587
Conferences and meetings	147,944	129,761	188,364
Fixed charges	500	975	500
Utilities	576	657	486
Capital outlay	40,000		35,385
Other	37,350	32,535	41,568
Total expenses	496,180	426,190	477,480
Net income	\$ -0-	\$ 40,794	\$ 24,999

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
CHILD CARE CENTER FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Revenues:			
Federal government sources	\$ 7,500	\$ 8,355	\$ 6,827
Student fees	38,735	40,677	15,836
Sales and services	85,000	96,665	83,606
Interest	200		43
Other	300	505	
Total revenues	131,735	146,202	106,312
Operating expenses:			
Independent operations:			
Salaries	103,116	120,523	95,967
Employee benefits	18,985	18,143	15,872
Material and supplies	8,750	10,688	7,724
Conferences and meetings	250	505	45
Fixed charges	250	250	250
Utilities	384	438	324
Capital outlay	7,790	6,995	
Total expenses	139,525	157,542	120,182
Net income (loss)	\$ (7,790)	\$ (11,340)	\$ (13,870)

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
STUDENT CENTER FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Revenues:			
Student fees	\$ 177,386	\$ 177,269	\$ 170,856
Sales and services	500	3,163	795
Interest	404	304	1,259
Other	6,550	15,221	34,188
Total revenues	184,840	195,957	207,098
Expenses:			
Independent operations:			
Salaries	86,834	81,196	63,104
Employee benefits	15,626	18,191	13,635
Contractual services	34,300	38,158	29,497
Material and supplies	2,881	3,523	3,549
Conferences and meetings	10,175	16,021	19,841
Utilities	2,884	5,309	4,308
Capital outlay	1,000	945	7,945
Other	31,140	23,956	20,307
Total expenses	184,840	187,299	162,186
Net income	\$ -0-	\$ 8,658	\$ 44,912

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
COLLEGE CENTER FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Revenues:			
Sales and services	\$ 35,000	\$ 31,076	\$ 43,437
Interest			23
Total revenues	35,000	31,076	43,460
Expenses:			
Independent operations:			
Material and supplies	35,000	36,119	31,194
Net income (loss)	\$ -0-	\$ (5,043)	\$ 12,266

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
RADIO STATION FUND
For the year ended June 30, 2011
(With comparative totals for 2010)

	2011		2010
	Budget	Actual	Actual
Revenues:			
Student fees	\$ 156,939	\$ 166,215	\$ 166,984
Sales and services	67,500	61,951	55,697
Other			6,000
Total revenues	224,439	228,166	228,681
Expenses:			
Independent operations:			
Salaries	107,480	104,996	124,441
Employee benefits	18,018	16,378	14,720
Contractual services	72,150	72,517	61,294
Material and supplies	3,935	3,986	4,944
Conferences and meetings	4,840	2,206	5,903
Fixed charges	10,500		20,675
Utilities	3,216	1,539	5,777
Other	4,300	5,377	1,286
Capital outlay		63	
Total expenses	224,439	207,062	239,040
Income (loss) before transfers	-0-	21,104	(10,359)
Transfers in			6,000
Net income (loss)	\$ -0-	\$ 21,104	\$ (4,359)

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
WORKFORCE INVESTMENT ACT FUNDS
June 30, 2011

Assets

Receivables, less allowance for uncollectible amounts:	
Federal and state government sources	\$ 819,147
Prepaid expenditures	<u>6,987</u>
Total assets	<u>\$ 826,134</u>

Liabilities

Accounts payable and accrued expenditures	\$ 61,660
Due to other funds	758,361
Deferred revenue	<u>6,113</u>
Total liabilities	<u>826,134</u>

Fund Balance

Fund balance (deficit):	
Reserved for prepaid expenditures	6,987
Unreserved	<u>(6,987)</u>
Total fund balance	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 826,134</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
WORKFORCE INVESTMENT ACTIVITIES
For the year ended June 30, 2011

Revenues:	
State government sources	\$ 62,997
Federal government sources	2,321,494
Other	<u>3,069</u>
Total revenues	<u>2,387,560</u>
Expenditures:	
Public services:	
Salaries	543,023
Benefits	159,350
Contractual services	62,759
Materials and supplies	30,236
Conferences and meetings	70,044
Fixed charges	44,746
Utilities	15,070
Capital outlay	980
Other	<u>1,461,352</u>
Total expenditures	<u>2,387,560</u>
Change in fund balance	-0-
Fund balance, July 1, 2010	<u>-0-</u>
Fund balance, June 30, 2011	<u>\$ -0-</u>

**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
KANKAKEE COMMUNITY COLLEGE FOUNDATION
June 30, 2011**

Assets

Cash	\$ 395,076
Due from other funds	<u>7,598</u>
Total assets	<u><u>\$ 402,674</u></u>

Liabilities

Accounts payable	\$ 1,737
------------------	----------

Fund Balance

Reserved for scholarship and awards	<u>400,937</u>
Total liabilities and fund balance	<u><u>\$ 402,674</u></u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
KANKAKEE COMMUNITY COLLEGE FOUNDATION
For the year ended June 30, 2011

Revenues:	
Interest	\$ 13,493
Gifts and donations	<u>304,404</u>
Total revenues	<u>317,897</u>
Expenditures:	
Scholarships and awards	306,490
Contribution to component unit	<u>2,150,000</u>
Total expenditures	<u>2,456,490</u>
Net change in fund balance	(2,138,593)
Fund balance, July 1, 2010	<u>2,539,530</u>
Fund balance, June 30, 2011	<u><u>\$ 400,937</u></u>

**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
ADULT LITERACY INITIATIVE VOLUNTEERS EXPANDED
June 30, 2011**

Assets

Cash	\$ 1,453
------	----------

Liabilities and Fund Balance

Accounts payable and accrued expenses	\$ 1,453
---------------------------------------	----------

Fund balance	-0-
--------------	-----

Total liabilities and fund balance	\$ 1,453
------------------------------------	----------

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE AND COMPARISON WITH BUDGET
ADULT LITERACY INITIATIVE VOLUNTEERS EXPANDED
For the year ended June 30, 2011

	Actual	Budget	Variance Favorable (Unfavorable)
Revenues:			
State source	\$ 55,000	\$ 55,000	\$ -0-
Expenditures:			
Personnel	39,702	42,297	2,595
Fringe benefits	13,500	8,180	(5,320)
Travel	273	1,000	727
Supplies	809	200	(609)
Materials		1,200	1,200
Voluntary training/support	286	1,223	937
Other	430	900	470
Total expenditures	55,000	55,000	-0-
Change in fund balance	-0-	-0-	-0-
Fund balance, July 1, 2010	-0-	-0-	-0-
Fund balance, June 30, 2011	\$ -0-	\$ -0-	\$ -0-

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
For the year ended June 30, 2011

Uniform Financial Statements

The Uniform Financial Statements are required by the Illinois Community College Board for the purpose of providing consistent audited data for every community college district. Regardless of the basis of accounting used for a College's balance sheet and statement of revenues and expenditures, the Uniform Financial Statements are completed using the modified accrual basis of accounting prescribed by the NCGA Statement No. 1 and related interpretations.

The Uniform Financial Statements include the following:

- Schedule 25 - All Funds Summary
 - Schedule 26 - Summary of Fixed Assets and Debt
 - Schedule 27 - Schedule of Operating Funds Revenues by Source
 - Schedule 28 - Schedule of Operating Funds Expenditures by Program and by Object
 - Schedule 29 - Restricted Purposes Funds Revenues and Expenditures
 - Schedule 30 - Current Funds Expenditures by Activity
-

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
ALL FUNDS SUMMARY
For the year ended June 30, 2011

	Educational Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)
Fund balance, July 1, 2010	\$ 7,655,297	\$ 3,116,024	\$ 437,882
Revenues:			
Local tax revenue	4,938,158	1,345,445	324,380
ICCB grants	5,704,570	820,261	
All other state revenue			
Federal revenue		8,404	
Student tuition and fees	8,978,776	869,575	
All other revenue	152,909	144,572	34
Total revenue	<u>19,774,413</u>	<u>3,188,257</u>	<u>324,414</u>
Expenditures:			
Instruction	8,725,965		
Academic support	1,500,085		
Student services	1,722,095		
Public service/continuing education	396,053		
Auxiliary			
Operations and maintenance		3,613,581	102,299
Institutional support	5,449,900	325,768	
Scholarships, grants, waivers	20,467		
Total expenditures	<u>17,814,565</u>	<u>3,939,349</u>	<u>102,299</u>
Fund balance, June 30, 2011	<u>\$ 9,615,145</u>	<u>\$ 2,364,932</u>	<u>\$ 659,997</u>

Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Audit Fund	Liability, Protection Settlement Fund	Total
\$ 1,013,118	\$ 3,927,841	\$ 2,539,530	\$ 18,415	\$ 609,628	\$ 19,317,735
1,971,137			74,227	947,660	9,601,007
		604,107			7,128,938
		345,311			345,311
	8,355	12,416,519			12,433,278
	783,805				10,632,156
272	5,049,652	600,121	8	132	5,947,700
1,971,409	5,841,812	13,966,058	74,235	947,792	46,088,390
		304,738			9,030,703
		250,032			1,750,117
		352,790			2,074,885
		4,717,340			5,113,393
	4,992,003				4,992,003
1,938,645		43,814	44,500	968,709	8,771,336
		10,433,252			10,453,719
1,938,645	4,992,003	16,101,966	44,500	968,709	45,902,036
\$ 1,045,882	\$ 4,777,650	\$ 403,622	\$ 48,150	\$ 588,711	\$ 19,504,089

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
SUMMARY OF FIXED ASSETS AND DEBT
For the year ended June 30, 2011

	Fixed Asset/Debt Account Groups <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Fixed Asset/Debt Account Groups <u>June 30, 2011</u>
Fixed assets:				
Sites and improvements	\$ 2,120,168			\$ 2,120,168
Buildings, additions, and improvements	28,038,285	\$ 496,403		28,534,688
Equipment	20,466,885	2,088,172	\$ 118,912	22,436,145
Less: accumulated depreciation	<u>30,862,587</u>	<u>1,873,529</u>	<u>108,353</u>	<u>32,627,763</u>
Net fixed assets	<u>\$ 19,762,751</u>	<u>\$ 711,046</u>	<u>\$ 10,559</u>	<u>\$ 20,463,238</u>
Fixed debt:				
Bonds payable	\$ 9,615,000		\$ 1,575,000	\$ 8,040,000
Other fixed liabilities	<u>390,989</u>	<u>\$ 23,767</u>		<u>414,756</u>
Total fixed liabilities	<u>\$ 10,005,989</u>	<u>\$ 23,767</u>	<u>\$ 1,575,000</u>	<u>\$ 8,454,756</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
SCHEDULE OF OPERATING FUNDS REVENUES BY SOURCE
For the year ended June 30, 2011

	Educational Fund	Operations and Maintenance Fund	Total Operating Funds
Local government revenue:			
Local taxes	\$ 4,472,812	\$ 1,296,597	\$ 5,769,409
Replacement taxes	465,346	48,848	514,194
Total local government	4,938,158	1,345,445	6,283,603
State government:			
ICCB - Base Operating grant	2,607,825	393,594	3,001,419
ICCB - Equalization grants	2,886,355	355,612	3,241,967
ICCB - Career & technical education	210,390		210,390
ICCB - other		71,055	71,055
Total state government	5,704,570	820,261	6,524,831
Federal Government:			
Other		8,404	8,404
Student tuition and fees:			
Tuition	8,321,460	852,877	9,174,337
Fees	657,316	16,698	674,014
Total student tuition and fees	8,978,776	869,575	9,848,351
Other sources:			
Investment revenue	7,087	6,017	13,104
Other	145,822	138,555	284,377
Total other sources	152,909	144,572	297,481
Total revenues	\$ 19,774,413	\$ 3,188,257	\$ 22,962,670

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
SCHEDULE OF OPERATING FUNDS EXPENDITURES
BY PROGRAM AND BY OBJECT
For the year ended June 30, 2011

	Educational Fund	Operations and Maintenance Fund	Total Operating Funds
By program:			
Instructional	\$ 8,725,965		\$ 8,725,965
Academic support	1,500,085		1,500,085
Student services	1,722,095		1,722,095
Public services	396,053		396,053
Operations and maintenance		\$ 3,613,581	3,613,581
Institutional support	5,449,900	325,768	5,775,668
Scholarships, grants, waivers	20,467		20,467
Total expenditures	17,814,565	3,939,349	21,753,914
Less non-operating items:			
Tuition chargeback	(64,553)		(64,553)
Adjusted expenditures	\$ 17,750,012	\$ 3,939,349	\$ 21,689,361
By object:			
Salaries	\$ 11,875,625	\$ 898,247	\$ 12,773,872
Employee benefits	1,534,564	168,132	1,702,696
Contractual services	1,654,819	358,335	2,013,154
General materials and supplies	805,945	190,263	996,208
Conference and meeting expenses	190,199	1,117	191,316
Fixed charges	20,634	149,856	170,490
Utilities	85,519	782,914	868,433
Capital outlay	460,270	1,378,402	1,838,672
Other	1,186,990	12,083	1,199,073
Total expenditures	17,814,565	3,939,349	21,753,914
Less non-operating items:			
Tuition chargeback	(64,553)		(64,553)
Adjusted expenditures	\$ 17,750,012	\$ 3,939,349	\$ 21,689,361

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
RESTRICTED PURPOSES FUNDS
REVENUES AND EXPENDITURES
For the year ended June 30, 2011

Revenue by source:

State government:

ICCB - workforce development grant	\$ 62,997
ICCB -program improvement grant	17,170
ICCB - adult education	286,332
ICCB -other	237,608
Other	345,311
Total state government	<u>949,418</u>

Federal government:

Department of Education	9,689,207
Department of Labor	2,518,325
Department of Health & Human Services	37,922
Other	171,065
Total federal government	<u>12,416,519</u>

Other sources

600,121

Total restricted purposes funds revenues \$ 13,966,058

Expenditures by program:

Instructional	\$ 304,738
Academic support	250,032
Student services	352,790
Public service/continuing education	4,717,340
Auxiliary services	43,814
Scholarships, grants and waivers	10,433,252
Total restricted purposes fund expenditures by program	<u>\$ 16,101,966</u>

Expenditures by object:

Salaries	\$ 2,142,203
Employee benefits	482,351
Contractual services	248,962
General materials and supplies	207,833
Conference and meeting expenses	155,142
Fixed charges	63,807
Utilities	20,521
Capital outlay	676,458
Other	12,104,689
Total restricted purposes funds expenditures by object	<u>\$ 16,101,966</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
CURRENT FUNDS
EXPENDITURES BY ACTIVITY
For the year ended June 30, 2011

Instructional programs	\$ 9,030,703
Academic support:	
Library center	326,394
Instructional materials center	373,706
Academic computing support	320,752
Academic administration and planning	334,211
Other	395,054
Total academic support	1,750,117
Student services support:	
Admissions and records	411,427
Counseling and career services	792,160
Financial aid administration	312,659
Other	558,639
Total student services support	2,074,885
Public service/continuing education:	
Community education	154,397
Customized training (instructional)	179,434
Community services	10,087
Other	4,769,475
Total public service/continuing education	5,113,393
Auxiliary services	5,035,817
Operations and maintenance of plant:	
Maintenance	1,120,809
Custodial services	638,952
Grounds	556,160
Campus security	235,457
Transportation	60,849
Utilities	772,924
Administration	228,430
Total operations and maintenance of plant	3,613,581
Institutional support:	
Executive management	1,447,561
Fiscal operations	352,068
Community relations	664,914
Board of trustees	34,720
General institutional	2,539,127
Other	1,750,487
Total institutional support	6,788,877
Scholarships, students' grants and waivers	10,453,719
Total current funds expenditures	\$ 43,861,092

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULES OF ASSESSED VALUATIONS, RATES,
EXTENSIONS AND COLLECTIONS
For the tax levy years 2010, 2009 and 2008

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assessed valuation (by county):			
Ford	\$ 13,815,864	\$ 13,394,754	\$ 12,870,564
Grundy	2,051,935	1,973,815	1,892,855
Iroquois	317,513,873	297,599,969	289,248,915
Kankakee	1,977,242,120	1,936,178,230	1,895,040,757
Livingston	60,492,105	45,321,358	42,621,762
Will	752,073	746,443	776,103
Total assessed valuation	<u>\$ 2,371,867,970</u>	<u>\$ 2,295,214,569</u>	<u>\$ 2,242,450,956</u>
Tax rates:			
Educational Fund	.139	.138	.137
Liability, Protection and Settlement Fund	.039	.039	.033
Capital Projects Fund	.018	.011	.012
Bond and Interest Fund	.086	.085	.084
Audit Fund	.003	.002	.002
Operations and Maintenance Fund	.040	.039	.039
Additional Educational and Operations and Maintenance Levy	<u>.071</u>	<u>.070</u>	<u>.070</u>
Total tax rates	<u>.396</u>	<u>.384</u>	<u>.377</u>
Tax extensions:			
Educational Fund	\$ 3,290,478	\$ 3,164,328	\$ 3,071,583
Liability, Protection and Settlement Fund	917,951	901,237	736,597
Capital Projects Fund	424,787	249,693	267,043
Bond and Interest Fund	2,036,661	1,950,772	1,881,401
Audit Fund	67,643	48,316	44,121
Operations and Maintenance Fund	945,787	895,810	874,894
Additional Educational and Operations and Maintenance Levy	<u>1,680,716</u>	<u>1,606,123</u>	<u>1,569,640</u>
Total Extensions	<u>\$ 9,364,023</u>	<u>\$ 8,816,279</u>	<u>\$ 8,445,279</u>
Tax Collections	<u>\$ 30,390</u>	<u>\$ 8,791,973</u>	<u>\$ 8,444,059</u>
Percentage of extensions collected	<u>0.32%</u>	<u>99.72%</u>	<u>99.99%</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF LEGAL DEBT MARGIN
June 30, 2011

Assessed Valuation - 2010 levy year	<u>\$ 2,371,867,970</u>
Statutory debt limitation - 2.875% of assessed valuation	\$ 68,191,204
General obligation bonds outstanding	<u>8,040,000</u>
Legal debt margin	<u>\$ 60,151,204</u>

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KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF BONDS PAYABLE
June 30, 2011

	Series 2006B	Series 2008B
Date of issue	January 1, 2006	January 1, 2008
Interest rates	4.7% to 4.9%	3.5% to 4.05%
Principal redemption date	December 1	December 1
Interest payments dates	June 1 and December 1	June 1 and December 1
Original issue	\$2,320,000	\$6,200,000
Paid to date	<u>(1,475,000)</u>	<u>(1,715,000)</u>
Balance, June 30, 2010	<u>\$ 845,000</u>	<u>\$4,485,000</u>

Due as follows:

Year ending June 30,	Principal	Interest	Principal	Interest
2012	\$ 445,000	\$ 30,502	\$1,075,000	\$ 145,581
2013	400,000	9,800	900,000	108,550
2014			1,530,000	62,988
2015			980,000	17,150
2016				
2017				
	<u>\$ 845,000</u>	<u>\$ 40,302</u>	<u>\$4,485,000</u>	<u>\$ 334,269</u>

Series 2010A		Series 2010B		Totals		
March 1, 2010 3.25% to 3.5% December 1 June 1 and December 1 \$2,400,000		March 1, 2010 4.75% to 5.0% December 1 June 1 and December 1 \$ 600,000 (290,000)		\$ 11,520,000 (3,480,000)		
<u>\$2,400,000</u>		<u>\$ 310,000</u>		<u>\$ 8,040,000</u>		
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
	\$ 79,163	\$ 220,000	\$ 9,775	\$ 1,740,000	\$ 265,021	\$2,005,021
\$ 130,000	76,888	90,000	2,137	1,520,000	197,375	1,717,375
225,000	70,675			1,755,000	133,663	1,888,663
550,000	57,663			1,530,000	74,813	1,604,813
1,300,000	27,463			1,300,000	27,463	1,327,463
195,000	3,169			195,000	3,169	198,169
<u>\$2,400,000</u>	<u>\$ 315,021</u>	<u>\$ 310,000</u>	<u>\$ 11,912</u>	<u>\$ 8,040,000</u>	<u>\$ 701,504</u>	<u>\$8,741,504</u>

**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ILLINOIS COMMUNITY COLLEGE BOARD
CERTIFICATION OF CHARGEBACK REIMBURSEMENT
For Fiscal Year 2012**

All Fiscal Year 2011 Non-Capital Audited Operating
Expenditures from the Following Funds:

Educational Fund	\$ 17,354,295
Operations and Maintenance Fund	2,560,947
Bond and Interest Fund	1,938,645
Restricted Purpose Fund	15,425,508
Audit Fund	44,500
Liability, Protection, and Settlement Fund	<u>964,613</u>

Total All Non-Capital Operating Expenditures \$ 38,288,508

Plus Depreciation on Capital Outlay Expenditures
(Equipment, Buildings and Fixed Equipment Paid
from Non-State and Non-Federal Monies) 1,568,540

Total Costs Included \$ 39,857,048

Total Certified Semester Credit Hours for
Fiscal Year 2011 107,308

Per Capita Cost Per Semester Credit Hour \$ 371.43


All Fiscal Year 2011 State and Federal Grants
for Non-Capital Expenditures, Except ICCB Grants \$ 18,935,206

Fiscal Year 2011 State and Federal Grants Per
Semester Credit Hour (176.46)

District's Average Credit Hour Grant Rate for
the Fiscal Year 2011 (32.63)

District's Student Tuition and Fees Per Semester
Credit Hour for Fiscal Year 2011 (107.00)

Chargeback Reimbursement Per Semester
Credit Hour \$ 55.34


Approved by: Chief Fiscal Officer

9/30/2011
Date


Approved by: President

9/30/11
Date

ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS FINANCIAL COMPLIANCE SECTION

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ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Kankakee Community College District 520
Kankakee, Illinois 60901

We have audited the accompanying balance sheets of the Workforce Development Business and Industry Grant, Career and Technical Education Program Improvement Grant, Student Success Grant, and State Adult Education and Family Literacy Restricted Funds Programs of the Kankakee Community College District 520 as of June 30, 2011, and the related statements of revenues and expenditures and ICCB compliance statements for the year then ended. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between the Kankakee Community College District 520 and the Illinois Community College Board. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

As discussed in the notes, the financial statements referred to above present only the Workforce Development Business and Industry Grant, Career and Technical Education Program Improvement Grant, Student Success Grant, and State Adult Education and Family Literacy Restricted Funds Programs and do not purport to, and do not, present fairly the financial position of the Kankakee Community College District 520, as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Workforce Development Business and Industry Grant, Career and Technical Education Program Improvement Grant, Student Success Grant, and State Adult Education and Family Literacy Restricted Funds Programs of Kankakee Community College District 520 as of June 30, 2011, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles.

Groskreutz, Schmidt, Abraham, Eshleman & Gerretse

October 4, 2011

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
WORKFORCE DEVELOPMENT
BUSINESS AND INDUSTRY GRANT
June 30, 2011

Assets

Grant receivables	\$ 62,997
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Liabilities and Fund Balance

Accounts payable	\$ 433
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Due to other funds	62,564
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Total liabilities	62,997
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Fund balance	-0-
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Total liabilities and fund balance	\$ 62,997
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KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES AND EXPENDITURES
WORKFORCE DEVELOPMENT
BUSINESS AND INDUSTRY GRANT
For the year ended June 30, 2011

Revenues:	
ICCB grants	<u>\$ 62,997</u>
Expenditures:	
Salaries	23,524
Employee benefits	4,844
Contractual services	16,713
Material and supplies	14,721
Travel	2,215
Capital Outlay	<u>980</u>
Total expenditures	<u>62,997</u>
Excess of revenues over expenditures	<u><u>\$ -0-</u></u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ICCB COMPLIANCE STATEMENT FOR
WORKFORCE DEVELOPMENT
BUSINESS AND INDUSTRY GRANT
For the year ended June 30, 2011

	<u>General</u>	<u>Operation of Workforce Development Office</u>	<u>Total</u>
Expenditures:			
Personnel (salaries and benefits)	\$ 4,083	\$ 24,285	\$ 28,368
Contractual services	16,713		16,713
Instructional materials	10,099		10,099
Conferences and meetings		2,215	2,215
Costs of operating a workforce development office:			
Office equipment		980	980
Consumable supplies	1,460	3,162	4,622
Totals	<u>\$ 32,355</u>	<u>\$ 30,642</u>	<u>\$ 62,997</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
CAREER AND TECHNICAL EDUCATION
PROGRAM IMPROVEMENT GRANT
June 30, 2011

Assets

Total assets \$ -0-

Liabilities and Fund Balance

Total liabilities and fund balance \$ -0-

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES AND EXPENDITURES
CAREER AND TECHNICAL EDUCATION
PROGRAM IMPROVEMENT GRANT
For the year ended June 30, 2011

Revenues:		
ICCB grants	\$	17,170
Expenditures:		
Capital outlay		<u>17,170</u>
Excess of revenues over expenditures	\$	<u><u>-0-</u></u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
STUDENT SUCCESS GRANT
June 30, 2011

Assets

Cash \$ 22,748

Liabilities and Fund Balance

Accounts payable \$ 16,429

Due to other funds 6,319

Total liabilities and fund balance \$ 22,748

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES AND EXPENDITURES
STUDENT SUCCESS GRANT
For the year ended June 30, 2011

Revenues:	
ICCB grants	<u>\$ 166,608</u>
Expenditures:	
Salaries	99,937
Employee benefits	13,131
Contractual	45,554
Materials and supplies	3,086
Capital outlay	<u>4,900</u>
Total expenditures	<u>166,608</u>
Excess of revenues over expenditures	<u><u>\$ -0-</u></u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEETS
STATE ADULT EDUCATION AND
FAMILY LITERACY RESTRICTED FUNDS
June 30, 2011

<u>Assets</u>	<u>State Basic</u>	<u>Public Aid</u>	<u>Performance</u>	<u>Total</u>
Grant receivables	\$ 88,961	\$ 34,468	\$ 54,717	\$ 178,146
Due from other funds	27,295	1,841		29,136
Total assets	\$ 116,256	\$ 36,309	\$ 54,717	\$ 207,282
 <u>Liabilities and Fund Balance</u>				
Accounts payable			\$ 246	\$ 246
Accrued expenses			2,050	2,050
Due to other funds	\$ 116,256	\$ 36,309	52,421	204,986
Total liabilities	116,256	36,309	54,717	207,282
Fund balance	-0-	-0-	-0-	-0-
Total liabilities and fund balance	\$ 116,256	\$ 36,309	\$ 54,717	\$ 207,282

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES AND EXPENDITURES
STATE ADULT EDUCATION AND FAMILY LITERACY RESTRICTED FUNDS
For the year ended June 30, 2011

	<u>State Basic</u>	<u>Public Aid</u>	<u>Performance</u>	<u>Total</u>
Revenues:				
ICCB grants	\$ 133,442	\$ 59,089	\$ 93,801	\$ 286,332
Expenditures:				
Instructional and student services:				
Instruction	86,429	39,860	14,488	140,777
Social work services	14,491	6,169	11,737	32,397
Guidance services	14,491	6,169	11,737	32,397
Assessment and testing			4,601	4,601
Student transportation services			5,076	5,076
Child care services			15,118	15,118
Total instructional and student services	<u>115,411</u>	<u>52,198</u>	<u>62,757</u>	<u>230,366</u>
Program support:				
Improvement of instructional services	5,747	1,667		7,414
General administration	3,592	1,542		5,134
Operation and maintenance of plant services	1,197	514	17,864	19,575
Workforce coordination	7,495	3,168		10,663
Data and information services			13,180	13,180
Total program support	<u>18,031</u>	<u>6,891</u>	<u>31,044</u>	<u>55,966</u>
Total expenditures	<u>133,442</u>	<u>59,089</u>	<u>93,801</u>	<u>286,332</u>
Excess of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying notes.

**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATE ADULT EDUCATION AND
FAMILY LITERACY RESTRICTED FUNDS
EXPENDITURE AMOUNTS AND PERCENTAGES
For the Year Ended June 30, 2011**

	<u>Audited Expenditure Amount</u>	<u>Audited Expenditure Percentage</u>
State Basic:		
Instruction (45% minimum required)	\$86,429	65%
General administration (9% maximum allowed)	3,592	3%
State Public Assistance:		
Instruction (45% minimum required)	39,860	67%
General administration (9% maximum allowed)	1,542	3%

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies followed by Kankakee Community College District 520 are as follows:

General

The preceding statements include only those transactions resulting from the Illinois Community College Board (ICCB) Workforce Development Business and Industry Grant, Career and Technical Education Program Improvement Grant, Student Success Grant, and State Adult Education and Family Literacy Restricted Funds Programs. These transactions have been accounted for in the restricted purposes funds.

Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all liabilities for goods and services received as of June 30, 2011. Revenues are recognized as funds are expended. Unexpended grant receipts for grant periods ending on or before June 30, 2011 are reflected as a liability due to the ICCB by October 15.

Fixed Assets

Fixed asset purchases are recorded as capital outlay expenditures and are not capitalized.

Deferred Revenue

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATE GRANTS FINANCIAL COMPLIANCE SECTION
BACKGROUND INFORMATION ON STATE GRANT ACTIVITY
June 30, 2011**

Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment with a small portion of the allocation based upon gross square footage of space at the college.

Equalization Grants

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

Restricted Grants/Special Initiatives

Workforce Development-Business/Industry Grants

Provides funding for a business/industry center at every college to provide a variety of employment training and business services of the classroom.

Restricted Adult Education Grants/State

State Basic

Grant awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and over or persons under the age of 21 and not otherwise in attendance in public school for the purpose of providing adults in the community, and other instruction as may be necessary to increase their qualifications for employment other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high schools and for Americanization and General Education Development Review classes. Included in this grant are funds for support services such as student transportation and child care facilities or provision.

Public Assistance

Grant awarded to Adult Education and Family Literacy providers to pay for any fees, books, and materials incurred in the program for student who are identified as recipients of public assistance.

Performance

Grant awarded to Adult Education and Family Literacy providers based on performance outcomes.

Career and Technical Education Program Improvement Grant

The Career and Technical Education Program Improvement Grant recognizes that keeping career and technical programs current and reflective of the highest quality practices in the workplace is necessary to prepare students to be successful in their chosen careers and to provide employers with the well-trained workforce they require. The grant funds are dedicated to enhancing instruction and academic support activities to strengthen and improve career and technical programs and services.

**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATE GRANTS FINANCIAL COMPLIANCE SECTION
BACKGROUND INFORMATION ON STATE GRANT ACTIVITY
June 30, 2011**

Restricted Adult Education Grants/State (Continued):

Student Success Grant

Student Success Grant funding is intended to provide needed supplemental services to assist students in developing the academic skills necessary to remedy or correct educational deficiencies to allow the attainment of college educational goals. The students to be served by the Student Success Grant are those students with social, economic, physical, or developmental disabilities, and/or academic deficiencies that make it difficult for such a student to adapt to a college environment. Colleges will designate which of their students are eligible for services through the Student Success Grant as determined by college assessment procedures and instruments selected by the colleges.



GROSCKREUTZ
SCHMIDT
ABRAHAM
ESHLEMAN
& GERRETSE

PARTNERS

Larry D. Groskreutz, C.P.A.
M. J. Abraham, C.P.A.
Amy Eshleman, C.P.A.
Dale L. Gerretse, C.P.A.

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ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Kankakee Community College District 520
Kankakee, Illinois 60901

We have audited the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of the Kankakee Community College District 520 for the year ended June 30, 2011. This schedule is the responsibility of the College's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of the Kankakee Community College District 520. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of the Kankakee Community College District 520 for the year ended June 30, 2011 presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed with the Illinois Community College Board in accordance with the regulations of the Illinois Community College Board.

Groskreutz, Schmidt, Abraham, Eshleman & Gerretse

October 4, 2011

- 81 -

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**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES
UPON WHICH CLAIMS ARE FILED
For the year ended June 30, 2011**

	Reimbursable Semester Credit Hours by Term								(Note 3)	
	Summer		Fall		Spring		Total		Total	Restricted
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted		
(Notes 1 and 2)										
Baccalaureate	7,251.0		19,810.5		19,312.0			46,373.5		0.0
Business Occupational	667.0		1,735.0		2,011.5			4,413.5		0.0
Technical Occupational	1,003.0		4,049.5		4,654.5	46.5		9,707.0		46.5
Health Occupational	1,977.0		7,170.5		7,311.0	12.5		16,458.5		12.5
Remedial Development Adult Basic/	1,603.0		5,929.0		4,679.0			12,211.0		0.0
Secondary Education	3,133.5	169.0	3,328.0	3,333.0	3,900.5	4,221.0		10,362.0		7,723.0
Total credit hours certified	15,634.5	169.0	42,022.5	3,333.0	41,868.5	4,280.0		99,525.5		7,782.0

Note 1 - Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements.

Note 2 - Restricted credit hours are supported with more than 50% of restricted sources of funding.

Note 3 - Total of unrestricted and restricted should equal the S-3 record totals.

District Resident Reimbursable Credit Hours		Total
Attending In-District	100,058.5	
Attending Out-of-District on Chargeback or Contractual Agreement	941.5	101,000.0

District 2010 equalized assessed valuation \$2,371,867,970

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS
For the year ended June 30, 2011

<u>Categories</u>	<u>Total Unrestricted Credit Hours</u>	<u>Total Unrestricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>	<u>Total Restricted Credit Hours</u>	<u>Total Restricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	46,373.5	46,373.5	0.0	0.0	0.0	0.0
Business Occupational	4,413.5	4,413.5	0.0	0.0	0.0	0.0
Technical Occupational	9,707.0	9,707.0	0.0	0.0	0.0	0.0
Health Occupational	16,458.5	16,458.5	0.0	0.0	0.0	0.0
Remedial Development	12,211.0	12,211.0	0.0	0.0	0.0	0.0
Adult Basic/Secondary Education	<u>10,362.0</u>	<u>10,362.0</u>	<u>0.0</u>	<u>7,782.0</u>	<u>7,782.0</u>	<u>0.0</u>
Total	<u><u>99,525.5</u></u>	<u><u>99,525.5</u></u>	<u><u>0.0</u></u>	<u><u>7,782.0</u></u>	<u><u>7,782.0</u></u>	<u><u>0.0</u></u>

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

	<u>Total Attending (Unrestricted and Restricted)</u>	<u>Total attending as Certified to the ICCB (Unrestricted and Restricted)</u>	<u>Difference</u>
In-District Residents	92,372.5	92,372.5	0.0
Out-of-District on Chargeback or Contractual Agreement	941.5	37.5	904.0
Total	<u><u>93,314.0</u></u>	<u><u>92,410.0</u></u>	<u><u>904.0</u></u>

	<u>Total Reimbursable</u>	<u>Total reimbursable certified to the ICCB</u>	<u>Difference</u>
Dual credit	2,640.0	2,640.0	0.0
Dual enrollment	1,138.0	1,138.0	0.0
Total	<u><u>3,778.0</u></u>	<u><u>3,778.0</u></u>	<u><u>0.0</u></u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STUDENT RESIDENCY VERIFICATION PROCESS
June 30, 2011

The Kankakee Community College District 520 requires that all credit students provide documentation to verify their permanent residence. This information is used to determine the student's residency for both tuition calculation and submission of reports for state funding purposes.

In order to prove residency, a student must submit, to the Office of Admissions and Registration, one of the following:

- A driver's license or vehicle registration,
- A voter's registration card, or
- other requested documentation

To be classified as a resident, the student must have occupied a dwelling in the community college district for 30 days immediately prior to beginning classes at the community college and must demonstrate district residency by providing the requested documentation.

Residents of a contiguous community college district whose "home" high school, due to consolidation of high school districts, is within Kankakee Community College District 520 will be considered in-district residents for purposes of tuition assessment.

Individuals who do not reside in Kankakee Community College District 520 but work at least 35 hours or more a week within the district are eligible for in-district tuition. Students will be asked to provide proof of employment by submitting a signed affidavit from their in-district employer on company letterhead stating they are employed for 35 hours or more per week.

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