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ACCOUNTANTS AND CONSULTANTS

October 2, 2012

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

In planning and performing our audit of the financial statements of the business-type activities and the discretely presented component unit of Kankakee Community College District 520 (District) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Groskreutz, Schmidt, Abraham, Eshleman & Gerretse

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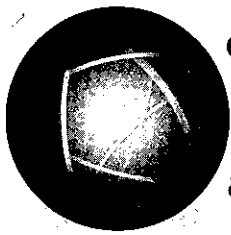
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ACCOUNTANTS AND CONSULTANTS

October 2, 2012

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of Kankakee Community College District 520 (District) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 1, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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The Board of Trustees
Kankakee Community College District 520
October 2, 2012
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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 2, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees and management of Kankakee Community College District 520 and is not intended to be, and should not be, used by anyone other than these specified parties.

Groskreutz, Schmidt, Abraham, Eskleman & Gerretze

**KANKAKEE COMMUNITY COLLEGE
DISTRICT 520**

Audited Financial Statements

June 30, 2012

**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ANNUAL FINANCIAL STATEMENTS
Fiscal year ended June 30, 2012**

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ANNUAL FINANCIAL STATEMENTS
Fiscal year ended June 30, 2012

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ANNUAL FINANCIAL STATEMENTS
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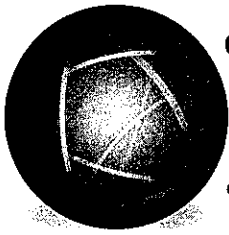
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ANNUAL FINANCIAL STATEMENTS
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ACCOUNTANTS AND CONSULTANTS

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, 2012, which collectively comprise the District's 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, 2012, and the respective changes in financial position and cash flows 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 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.

Groszkreutz, Schmidt, Abraham, Eskleman & Gerretse

October 2, 2012

**KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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, 2012 and 2011. 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, 2012**

FINANCIAL HIGHLIGHTS

The financial highlights of the District are as follows:

- The Equalized Assessed Valuation of the District decreased by \$80 million or 3.5%. Over the previous three years the District had averaged a 4.1% annual increase.
- Overall revenues were \$42.2 million; overall expenses were \$38.1 million.
- Credit hour enrollment decreased 1.5% to 105,691 hours.

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

Net Assets.

The District's combined net assets increased 17.4% to \$37.7 million for fiscal 2012.

Condensed Statement of Net Assets (in millions of dollars)				
	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets	\$35.6	\$32.1	3.5	10.9
Non-current assets	22.5	20.5	2.0	9.8
Total assets	<u>\$58.1</u>	<u>\$52.6</u>	<u>5.5</u>	<u>10.5</u>
Current liabilities	\$12.6	\$13.9	\$(1.3)	(9.4)
Long-term obligations	7.8	6.6	1.2	18.2
Total liabilities	<u>\$20.4</u>	<u>\$20.5</u>	<u>(0.1)</u>	<u>(0.5)</u>
Net assets				
Invested in capital assets, net	\$14.4	\$11.5	2.9	25.2
Restricted	3.3	2.6	0.7	26.9
Unrestricted	<u>20.0</u>	<u>18.0</u>	<u>2.0</u>	<u>11.1</u>
Total net assets	<u><u>\$37.7</u></u>	<u><u>\$32.1</u></u>	<u><u>\$ 5.6</u></u>	<u><u>17.4</u></u>

Changes in Net Assets.

The District's total revenues were \$42.2 million. State and federal sources account for the largest share of the revenue comprising 54.74%. Real estate and other taxes account for about 23.22%, tuition and student fees about 17.54%, and the balance is from miscellaneous sources.

The total cost of all programs and services was \$38.1 million. The District's program related expenses are predominantly instructional cost, academic support, student services and public services, which were \$16.3 million or 42.8% of total expenses. Operations and maintenance of the District's facilities were \$2.6 million or 6.8% of total expenses. Scholarships and awards were \$4.2 million or 11.0% of expenses. Independent operations represent auxiliary operations such as the bookstore, child care and student activities were \$3.3 million or 8.7% of total expenses, which by their nature are self-supporting. The District's administrative/business activities, including institutional support were \$9.6 million or 25.2% of total expenses.

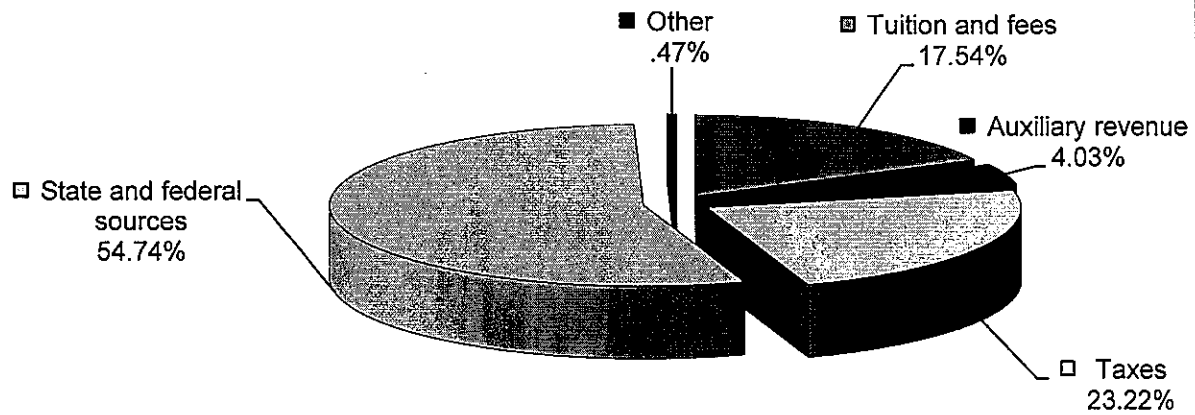
KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Total revenues exceeded expenses, increasing net assets by 4.1 million over last year.

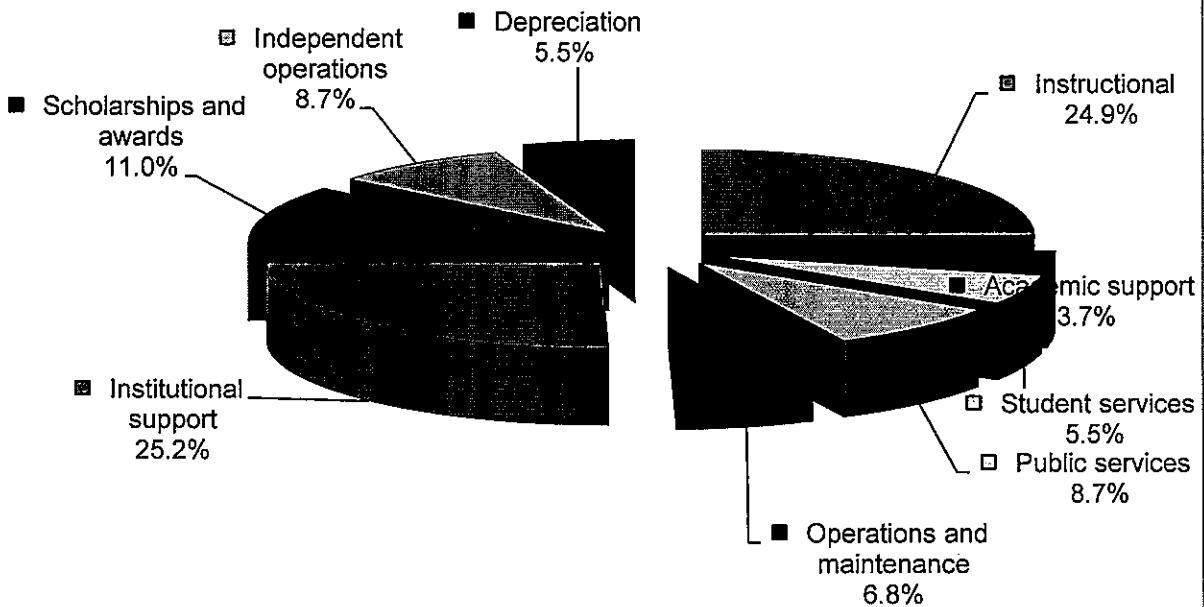
Changes in Net Assets from Operating Results (in millions of dollars)				
	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues				
Operating revenues:				
Tuition and fees	\$7.4	\$7.6	(0.2)	(2.6)
State and federal grants	16.4	16.0	0.4	2.5
Auxiliary revenue	1.7	2.8	(1.1)	(39.3)
Other	0.4	0.1	0.3	300.0
Non-operating revenues:				
Taxes	9.8	9.6	0.2	2.1
State and federal sources	6.7	6.6	0.1	1.5
Other	(0.2)	(1.7)	1.5	(88.2)
Total revenues	<u>42.2</u>	<u>41.0</u>	<u>1.2</u>	<u>2.9</u>
Expenses				
Instructional	9.5	8.8	0.7	8.0
Academic support	1.4	1.7	(0.3)	(17.6)
Student services	2.1	2.0	0.1	5.0
Public services	3.3	3.6	(0.3)	(8.3)
Operations and maintenance	2.6	2.3	0.3	13.0
Institutional support	9.6	9.1	0.5	5.5
Scholarships and awards	4.2	6.0	(1.8)	(30.0)
Independent operations	3.3	3.2	0.1	3.1
Depreciation	2.1	1.9	0.2	10.5
Total expenses	<u>38.1</u>	<u>38.6</u>	<u>(0.5)</u>	<u>(1.3)</u>
Increase (decrease) in net assets	4.1	2.4	1.7	141.2
Net assets:				
July 1, 2011	32.1	29.7	2.4	8.1
Prior period adjustment	1.5	0.0	0.0	0.0
July 1, 2011, restated	<u>33.6</u>	<u>29.7</u>	<u>2.4</u>	<u>8.1</u>
June 30, 2012	<u>37.7</u>	<u>32.1</u>	<u>5.6</u>	<u>17.4</u>

**KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Sources of Revenues for Fiscal Year 2012



Expenses for Fiscal Year 2012



**KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

As of June 30, 2012, the District had \$22.5 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 \$2.1 million, while building improvements and additions to equipment and furniture amounted to \$2.6 million.

Capital Assets (net of depreciation, in millions of dollars)				
	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land	\$1.4	\$0.4	\$1.0	250.0
Land improvements	1.7	1.7	0.0	0.0
Buildings and improvements	30.1	28.5	1.6	5.6
Furniture and equipment	23.8	22.4	1.4	6.3
	<u>57.0</u>	<u>53.0</u>	<u>4.0</u>	<u>7.5</u>
Less accumulated depreciation	<u>34.5</u>	<u>32.6</u>	<u>1.9</u>	<u>5.8</u>
Total	<u><u>\$22.5</u></u>	<u><u>\$20.4</u></u>	<u><u>\$2.1</u></u>	10.3

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>2012</u>	<u>2011</u>
Outstanding Debt, beginning of the year	\$8.0	\$9.6
Debt Issued:		
College Bonds	3.0	0.0
Debt Retired:	<u>(1.7)</u>	<u>(1.6)</u>
Outstanding Debt, end of the year	<u><u>\$9.3</u></u>	<u><u>\$8.0</u></u>

Debt service requirements over the next 5 years average \$1.9 million per year.

KANKAKEE COMMUNITY COLLEGE DISTRICT NO. 520
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

FACTORS AFFECTING THE DISTRICT'S FUTURE

Enrollment and Student Success

Enrollment remained relatively steady in fiscal 2012, with a modest decline of 1.5% in credit hour enrollment. An Enrollment Management team has been re-energized and has developed strategies for targeting specific markets to help ensure enrollment stability. The District also has a comprehensive focus on student success, with faculty and staff across the institution developing strategies to enhance retention and to help ensure increasing numbers of students achieve their educational goals.

North Extension Center

Construction will soon begin on a new extension center in the northern sector of the college 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 spring 2014.

Grant Success

During 2012, college staff developed additional grant proposals to supplement programming that might not otherwise be possible with limited operating funds. The college has been notified that it has been awarded a National Science Foundation grant in the amount of \$855,000 to provide trained technicians for renewable energy jobs and establish strategies to create the renewable energy jobs for those technicians. The college has also been awarded a federal Trade Adjustment Assistance grant in the amount of \$525,000 to assist in providing a steady supply of skilled workers and close the skills gap to meet manufacturing needs into the next decade. The college will continue to explore grant opportunities to meet the needs of our students and district constituents.

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, 2012

	<u>Primary Government</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 13,855,589
Short-term investments	3,495,000
Receivables, net of uncollectible amounts:	
Property taxes	9,233,249
Federal and state sources	4,419,521
Tuition and fees	3,287,428
Accrued interest	8,061
Other	181,819
Due from component unit	190,609
Inventories	588,510
Prepaid expenses	323,501
Total current assets	35,583,287
Capital assets, net	22,486,413
Total assets	58,069,700
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and accrued expenses	2,645,121
Bonds payable - current portion	1,760,000
Accrued compensated absences	125,401
Deferred tuition and fees revenue	3,202,069
Deferred property tax revenue	4,664,728
Deferred government grants and other claims	156,615
Total current liabilities	12,553,934
Long-term liabilities:	
Accrued compensated absences	288,550
Bonds payable - less current portion	7,540,000
Total long-term liabilities	7,828,550
Total liabilities	20,382,484
<u>Net Assets</u>	
Invested in capital assets, net of related debt	14,355,059
Restricted for expendable:	
Debt service	1,058,524
Capital projects and improvements	2,287,200
Unrestricted	19,986,433
Total net assets	\$ 37,687,216

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the year ended June 30, 2012

	<u>Primary Government</u>
<u>Revenues</u>	
Operating revenues:	
Student tuition and fees, net	\$ 7,445,218
Federal grants and contracts	11,792,841
State grants and contracts	4,616,785
Local grants and contracts	2,596
Auxiliary enterprise revenue	1,718,084
Other operating revenues	366,982
	<u>25,942,506</u>
<u>Expenses</u>	
Operating expenses:	
Instructional	9,527,707
Academic support	1,423,478
Student services	2,089,714
Public service	3,356,515
Operations and maintenance of plant	2,588,105
Institutional support	9,590,632
Scholarship and awards	4,205,023
Auxiliary enterprises	3,285,013
Depreciation	2,060,324
	<u>38,126,511</u>
Total operating expenses	<u>38,126,511</u>
Operating income (loss)	<u>(12,184,005)</u>
<u>Non-operating Revenues (Expenses)</u>	
State grants and contracts	6,671,969
Property taxes	9,322,609
Personal property replacement tax	473,022
Investment income	50,743
Gain (loss) on disposal of assets	(14,844)
Gifts and donations	75,404
Other non-operating revenues	134,352
Contribution to component unit	(400,937)
Interest expense and fees	(297,364)
	<u>16,014,954</u>
Non-operating revenues (expenses), net	<u>16,014,954</u>
<u>Other Revenues</u>	
Capital grants and contracts	231,310
	<u>231,310</u>
Change in net assets	4,062,259
	<u>4,062,259</u>
Net assets, July 1, 2011	32,144,957
Prior period adjustment	1,480,000
	<u>1,480,000</u>
Net assets, July 1, 2011, restated	33,624,957
	<u>33,624,957</u>
Net assets, June 30, 2012	<u>\$ 37,687,216</u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF CASH FLOWS
For the year ended June 30, 2012

	<u>Primary Government</u>
Cash flows provided (used) by operating activities:	
Tuition and fees	\$ 8,474,136
Payments to students	(5,833,087)
Payments to suppliers	(16,961,896)
Payments to employees	(16,283,349)
Grants and contracts	18,465,511
Auxiliary enterprise charges	1,718,084
Other payments	366,982
Net cash provided (used) by operating activities	(10,053,619)
Cash flows provided (used) by noncapital financial activities:	
Local property taxes	9,395,607
State appropriations	6,979,129
Gifts and grants received for other than capital purposes:	
Grants and contracts	75,404
Other receipts	134,352
Net cash provided (used) by noncapital financing activities	16,584,492
Cash flows provided (used) by capital and related financing activities:	
Capital grants and gifts received	298,123
Proceeds from bond issuance	3,000,000
Purchases of capital assets	(2,618,343)
Bond principal payments	(1,740,000)
Interest and fees paid on bonds	(288,146)
Net cash provided (used) by capital and related financing activities	(1,348,366)
Cash flows provided (used) by investing activities:	
Contribution to component unit	(400,937)
Proceeds from sales and maturities of investments	4,250,493
Interest on investments	47,597
Purchase of investments	(4,750,000)
Net cash provided (used) by investing activities	(852,847)
Net increase in cash	4,329,660
Cash and cash equivalents, July 1, 2011	9,525,929
Cash and cash equivalents, June 30, 2012	\$ 13,855,589

(Continued)

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF CASH FLOWS
(Continued)
For the year ended June 30, 2012

	<u>Primary Government</u>
Reconciliation of net operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (12,184,005)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	2,060,324
(Increase) decrease in operating assets:	
Receivables, net	1,682,130
Inventories	(26,525)
Prepaid expenses	(204,435)
Increase (decrease) in operating liabilities:	
Accounts payable	(554,402)
Deferred revenue	(825,901)
Compensated absences	(805)
Net cash provided (used) by operating activities	\$ (10,053,619)
Noncash investing, capital and financing activities:	
On-behalf payments for the State Universities Retirement System of Illinois	\$ 3,607,109

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMPONENT UNIT - KANKAKEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2012

<u>Assets</u>	<u>Component Unit</u>
Cash and cash equivalents	\$ 511,772
Accrued interest	3,140
Total current assets	514,912
Investments, at fair value	4,518,927
Total assets	<u>\$ 5,033,839</u>
 <u>Liabilities</u>	
Accounts payable	\$ 7,790
Due to primary government	190,609
Deferred revenue	14,730
Total current liabilities	<u>213,129</u>
 <u>Net Assets</u>	
Unrestricted	140,373
Temporarily restricted	1,433,342
Permanently restricted	3,246,995
Total net assets	<u>4,820,710</u>
Total liabilities and net assets	<u>\$ 5,033,839</u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMPONENT UNIT - KANKAKEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and support:				-
Contribution from primary government	\$ 81,878	\$ 291,835	\$ 27,224	\$ 400,937
Contributions	5,733	157,321	83,985	247,039
Donated material and services	163,796			163,796
Grants		150,000		150,000
Fundraising	51,192			51,192
Investment income, net	99,157	253		99,410
Net realized and unrealized gain (loss) on investments	(169,618)			(169,618)
Net assets released from restrictions	554,028	(554,028)		-0-
Total revenues and support	<u>786,166</u>	<u>45,381</u>	<u>111,209</u>	<u>942,756</u>
Expenses and losses:				
Fundraising	39,341			39,341
Operations	223,339			223,339
Scholarships	193,070			193,070
Special projects	211,822			211,822
Total expenses and losses	<u>667,572</u>	<u>-0-</u>	<u>-0-</u>	<u>667,572</u>
Change in net assets	118,594	45,381	111,209	275,184
Transfers	133	(89,063)	88,930	-0-
Net assets, July 1, 2011	21,646	1,477,024	3,046,856	4,545,526
Net assets, June 30, 2012	<u>\$ 140,373</u>	<u>\$ 1,433,342</u>	<u>\$ 3,246,995</u>	<u>\$ 4,820,710</u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMPONENT UNIT - KANKAKEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2012

	<u>Component Unit</u>
Cash flows from (used for) operating activities:	
Change in net assets	\$ 275,184
Items required to reconcile change in net assets to net cash from (used for) operating activities:	
Net appreciation in value of investments	169,618
(Increase) decrease in operating assets:	
Accrued interest	(1,979)
Increase (decrease) in operating liabilities:	
Accounts payable	7,790
Due to primary government	190,609
Deferred revenue	<u>14,730</u>
Net cash from (used for) operating activities	<u>655,952</u>
Cash flows from (used for) investing activities:	
Proceeds from sale of investments	2,239,934
Purchase of investments	<u>(3,217,139)</u>
Net cash from (used for) investing activities	<u>(977,205)</u>
Net increase (decrease) in cash	(321,253)
Cash and cash equivalents, July 1, 2011	<u>833,025</u>
Cash and cash equivalents, June 30, 2012	<u>\$ 511,772</u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 component unit, Kankakee Community College Foundation, Inc., for which the District is not financially accountable.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

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 as separate statements 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, 2012

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 2011, was recognized as revenue for the year ended June 30, 2012. The other 50 percent of the 2011 levy is intended to finance the 2013 fiscal year and accordingly, is reported as receivables and deferred revenue as of June 30, 2012. The 2012 tax levy, which attaches as an enforceable lien on property as of January 1, 2012, has not been recorded as a receivable as of June 30, 2012, as the tax has not yet been levied by the College and will not be levied until December 2012, and therefore, the levy is not measurable at June 30, 2012.

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, 2012.

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, 2012

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, 2012, but applicable to sessions occurring after June 30, 2012. 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, 2012

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, 2012, 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 2012, the State made contributions of \$3,607,109 (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, 2012

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 34.51 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, 2012, 2011 and 2010 were \$3,761,823, \$2,963,617, and \$2,654,018, respectively, equal to the required contributions for each year.

NOTE 3 - CHANGES IN CAPITAL ASSETS:

The beginning balances of the capital assets were restated by \$1,480,000 to reflect the value of certain unrecorded building and land donated to the District in fiscal year 2011. A summary of changes in capital assets of the District for the year ended June 20, 2012 is as follows:

	Balance July 1, 2011 <u>(Restated)</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, 2012
Land	\$ 1,426,821			\$ 1,426,821
Land improvements	1,697,348			1,697,348
Building and improvements	29,010,687	\$1,054,382		30,065,069
Equipment	<u>22,436,143</u>	<u>1,563,963</u>	<u>\$151,258</u>	<u>23,848,848</u>
Total capital assets	54,570,999	2,618,345	151,258	57,038,086
Less accumulated depreciation	<u>32,627,763</u>	<u>2,060,324</u>	<u>136,414</u>	<u>34,551,673</u>
Capital assets, net	<u>\$21,943,236</u>	<u>\$ 558,021</u>	<u>\$ 14,844</u>	<u>\$22,486,413</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012, the carrying amount of the District's deposits was \$17,350,589, and the bank balance was \$17,808,242. 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, 2012 is as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$8,040,000	\$3,000,000	\$1,740,000	\$9,300,000	\$1,760,000
Compensated absences	<u>414,756</u>	<u> </u>	<u>805</u>	<u>413,951</u>	<u>125,401</u>
Total long-term liabilities	<u>\$8,454,756</u>	<u>\$3,000,000</u>	<u>\$1,740,805</u>	<u>\$9,713,951</u>	<u>\$1,885,401</u>

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.

\$ 400,000

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 - LONG-TERM LIABILITIES (Continued):

\$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	3,410,000
\$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.	2,490,000
\$3,000,000 General Obligation Community College serial bonds dated March 1, 2012, due in annual installments on December 1, of amounts ranging from \$110,000 to \$1,330,000 through December 2017, plus interest ranging from 1.25% to 2% payable semiannually.	<u>3,000,000</u>
	9,300,000
Less: amount due in one year	(1,760,000)
	<u>\$7,540,000</u>

The annual requirement to amortize all outstanding bonds payable, including interest of \$679,337 follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$1,760,000	\$264,984	\$2,024,984
2014	1,890,000	184,938	2,074,938
2015	1,640,000	124,251	1,764,251
2016	1,810,000	70,976	1,880,976
2017	1,525,000	28,282	1,553,282
2018	<u>675,000</u>	<u>5,906</u>	<u>680,906</u>
	<u>\$9,300,000</u>	<u>\$679,337</u>	<u>\$9,979,337</u>

Compensated Absences

Vested portion of the vacation and sick leave and other employee benefits	<u>\$413,951</u>
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KANKAKEE COMMUNITY COLLEGE DISTRICT 520
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 - RELATED PARTY TRANSACTIONS:

The following describes transactions between the District and its component unit for the year ended June 30, 2012:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Kankakee Community College Foundation	Kankakee Community College Foundation, Inc.	\$400,937	To move assets to the new organization

NOTE 7 - RESTATEMENT OF NET ASSETS:

The District has restated its net assets as of July 1, 2011 to record the value of certain donated capital assets inadvertently omitted in fiscal year 2011.

Net assets, July 1, 2011, as previously reported	<u>\$32,144,957</u>
Prior period adjustment:	
Record receipt of donated building and land	<u>1,480,000</u>
Net assets, July 1, 2011, restated	<u>\$33,624,957</u>

NOTE 8 - DATE OF MANAGEMENT REVIEW:

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 2, 2012, the date that the financial statements were available to be issued.

SUPPLEMENTAL FINANCIAL INFORMATION

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KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SUPPLEMENTAL FINANCIAL INFORMATION SECTION
June 30, 2012

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, 2012

Governmental Funds equity	\$ 18,802,741
Proprietary Funds equity	<u>5,659,518</u>
Total fund equity	24,462,259
Reconciling items:	
Capital assets	22,486,413
Compensated absences	(386,326)
Deferred salaries	(357,852)
Deferred tuition	817,071
Bonds payable	(9,300,000)
Accrued interest on bonds	<u>(34,349)</u>
Net assets	<u><u>\$ 37,687,216</u></u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
RECONCILIATION OF CHANGES IN FUND EQUITY
TO CHANGES IN NET ASSETS
For the year ended June 30, 2012

Net change in fund equity - Governmental Funds	\$ 4,076,302
Net change in fund equity - Proprietary Funds	<u>881,868</u>
Total change in fund equity	4,958,170
 Reconciling items:	
Addition of capital assets	2,618,343
Gain (loss) on disposal of capital assets	(14,844)
Depreciation	(2,060,324)
Change in deferred summer salaries	(145,455)
Change in compensated absences	1,848
Change in deferred summer tuition	(26,261)
Bond principal payments	1,740,000
Proceeds from bond issuance	(3,000,000)
Change in accrued interest on bonds	<u>(9,218)</u>
Change in net assets	<u>\$ 4,062,259</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	<u>Educational Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Capital Projects Fund</u>
<u>Assets</u>			
Cash	\$ 4,851,497	\$ 4,010,092	
Investments	2,000,000	500,000	
Receivables, net of uncollectible amounts:			
Property taxes	4,427,633	1,307,881	\$ 411,076
Replacement taxes	73,334	12,941	
Other federal and state sources	2,256,853	342,926	
Tuition and fees	3,478,037		
Accrued interest	3,986	801	
Other			
Due from other funds	1,134,021	53,174	75,695
Prepaid expenditures	647,839	596	
	<u>\$ 18,873,200</u>	<u>\$ 6,228,411</u>	<u>\$ 486,771</u>
<u>Liabilities</u>			
Accounts payable and accrued expenditures	\$ 787,787	\$ 351,962	\$ 205,289
Due to other funds	255,399	75,876	11,466
Deferred revenue	5,374,247	1,125,207	237,816
	<u>6,417,433</u>	<u>1,553,045</u>	<u>454,571</u>
<u>Fund Balance</u>			
Fund balance (deficit):			
Reserved for capital improvements	1,145,000	1,110,000	32,200
Reserved for debt service			
Reserved for prepaid expenditures	647,839	596	
Unreserved	10,662,928	3,564,770	
	<u>12,455,767</u>	<u>4,675,366</u>	<u>32,200</u>
Total fund balance	<u>\$ 18,873,200</u>	<u>\$ 6,228,411</u>	<u>\$ 486,771</u>
Total liabilities and fund balance	<u>\$ 18,873,200</u>	<u>\$ 6,228,411</u>	<u>\$ 486,771</u>

Schedule 3

<u>Debt Service Fund</u>	<u>Restricted Purposes Funds</u>	<u>Audit Fund</u>	<u>Liability, Protection and Settlement Fund</u>	<u>Total</u>
\$ 56,836		\$ 31,686	\$ 357,866	\$ 9,307,977 2,500,000
2,013,169		68,572	1,004,918	9,233,249 86,275 4,333,246 3,478,037 4,787 344
	\$ 1,733,467			1,511,053
	344		104,630	655,097
	143,533		252	
	6,410			
<u>\$ 2,070,005</u>	<u>\$ 1,883,754</u>	<u>\$ 100,258</u>	<u>\$ 1,467,666</u>	<u>\$ 31,110,065</u>
\$ 1,275	\$ 1,123,789		\$ 18,288	\$ 2,488,390
	683,523		430,154	1,456,418
1,010,206	76,442	\$ 34,379	504,219	8,362,516
<u>1,011,481</u>	<u>1,883,754</u>	<u>34,379</u>	<u>952,661</u>	<u>12,307,324</u>
				2,287,200
1,058,524				1,058,524
	6,410		252	655,097
	(6,410)	65,879	514,753	14,801,920
<u>1,058,524</u>	<u>-0-</u>	<u>65,879</u>	<u>515,005</u>	<u>18,802,741</u>
<u>\$ 2,070,005</u>	<u>\$ 1,883,754</u>	<u>\$ 100,258</u>	<u>\$ 1,467,666</u>	<u>\$ 31,110,065</u>

**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the year ended June 30, 2012**

	Educational Fund	Operations and Maintenance Fund	Capital Projects Fund
Revenues:			
Local government sources	\$ 4,503,206	\$ 1,345,218	\$ 418,070
State government sources	9,883,294	1,239,966	
Federal government sources		91,106	
Student tuition and fees	8,778,795	1,349,520	
Gifts and donations			
Interest	29,412	2,334	27
Other	173,716	136,790	
Total revenues	23,368,423	4,164,934	418,097
Expenditures:			
Instructional	9,337,936		
Academic support	1,494,987		
Student services	1,753,064		
Public services	379,203		
Operations and maintenance		3,171,506	1,045,894
Scholarship and awards			
Institutional support	9,062,611	191,079	
Debt service:			
Principal retirement			
Interest and fixed charges			
Total expenditures	22,027,801	3,362,585	1,045,894
Excess (deficiency) of revenues over expenditures	1,340,622	802,349	(627,797)
Other financing sources (uses):			
Proceeds from bond issuance	1,500,000	1,500,000	
Transfers in (out)		8,085	
Total other financing sources (uses)	1,500,000	1,508,085	-0-
Net change in fund balances	2,840,622	2,310,434	(627,797)
Fund balance, July 1, 2011	9,615,145	2,364,932	659,997
Fund balance, June 30, 2012	\$ 12,455,767	\$ 4,675,366	\$ 32,200

Schedule 4

<u>Debt Service Fund</u>	<u>Restricted Purposes Funds</u>	<u>Audit Fund</u>	<u>Liability Protection and Settlement Fund</u>	<u>Total</u>
\$ 2,028,823	\$ 2,596 778,720 17,616,839	\$ 66,625	\$ 960,667	\$ 9,325,205 11,901,980 17,707,945 10,128,315 32,116 43,801 319,083
11,965	32,116 5,577	4 3,000	59	
<u>2,040,788</u>	<u>18,435,848</u>	<u>69,629</u>	<u>960,726</u>	<u>49,458,445</u>
	337,180 7,387 367,948 3,404,952 14,711,233	51,900	1,034,432	9,675,116 1,502,374 2,121,012 3,784,155 4,217,400 14,711,233 10,340,022
1,740,000 288,146				1,740,000 288,146
<u>2,028,146</u>	<u>18,828,700</u>	<u>51,900</u>	<u>1,034,432</u>	<u>48,379,458</u>
<u>12,642</u>	<u>(392,852)</u>	<u>17,729</u>	<u>(73,706)</u>	<u>1,078,987</u>
	(10,770)			3,000,000 (2,685)
<u>-0-</u>	<u>(10,770)</u>	<u>-0-</u>	<u>-0-</u>	<u>2,997,315</u>
12,642	(403,622)	17,729	(73,706)	4,076,302
<u>1,045,882</u>	<u>403,622</u>	<u>48,150</u>	<u>588,711</u>	<u>14,726,439</u>
<u>\$ 1,058,524</u>	<u>\$ -0-</u>	<u>\$ 65,879</u>	<u>\$ 515,005</u>	<u>\$ 18,802,741</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING BALANCE SHEET - PROPRIETARY FUND TYPES
June 30, 2012

	<u>College Bookstore Fund</u>	<u>Athletics Fund</u>	<u>Child Care Center Fund</u>
<u>Assets</u>			
Cash	\$ 2,310,948	\$ 428,099	\$ 73,231
Investments	995,000		
Receivables, net of uncollectible amounts:			
Accrued interest	3,275		
Other	170,125		
Due from other funds	6,964	7,395	3,458
Inventories	567,799		
Prepaid expenses	4,705	195	
Total assets	<u>\$ 4,058,816</u>	<u>\$ 435,689</u>	<u>\$ 76,689</u>
<u>Liabilities</u>			
Accounts payable and accrued expenses	\$ 3,535	\$ 12,267	\$ 4,301
Accrued compensated absences	6,071	9,192	2,811
Due to other funds	332	256	
Deferred revenue		294,587	14,679
Total liabilities	9,938	316,302	21,791
<u>Fund Equity</u>			
Retained earnings (deficit)	<u>4,048,878</u>	<u>119,387</u>	<u>54,898</u>
Total liabilities and fund equity	<u>\$ 4,058,816</u>	<u>\$ 435,689</u>	<u>\$ 76,689</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>
\$ 273,583	\$ 18,620		\$ 1,443,131	\$ 4,547,612 995,000
2,888	7,536 20,711	\$ 11,350 2,702		3,275 181,475 30,943 588,510 26,252
<u>195</u>		<u>21,157</u>		<u>26,252</u>
<u>\$ 276,666</u>	<u>\$ 46,867</u>	<u>\$ 35,209</u>	<u>\$ 1,443,131</u>	<u>\$ 6,373,067</u>
\$ 4,653 3,624 42 103,206	\$ 4,487 144	\$ 1,187 5,927 84,804 65,494	\$ 91,950	\$ 122,380 27,625 85,578 477,966
<u>111,525</u>	<u>4,631</u>	<u>157,412</u>	<u>91,950</u>	<u>713,549</u>
<u>165,141</u>	<u>42,236</u>	<u>(122,203)</u>	<u>1,351,181</u>	<u>5,659,518</u>
<u>\$ 276,666</u>	<u>\$ 46,867</u>	<u>\$ 35,209</u>	<u>\$ 1,443,131</u>	<u>\$ 6,373,067</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, 2012

	College Bookstore Fund (Schedule 13)	Athletics Fund (Schedule 14)	Child Care Center Fund (Schedule 15)
Revenues:			
Federal government sources			\$ 9,089
Student fees		\$ 390,373	39,106
Sales and services	\$ 2,767,235	2,287	113,380
Interest	6,942		
Other	170	84,152	5,931
Total revenues	2,774,347	476,812	167,506
Expenses:			
Independent operations	2,261,664	482,228	130,291
Income (loss) before transfers	512,683	(5,416)	37,215
Transfers in		2,685	
Net income (loss)	512,683	(2,731)	37,215
Retained earnings (deficit), July 1, 2011	3,536,195	122,118	17,683
Retained earnings (deficit), June 30, 2012	<u>\$ 4,048,878</u>	<u>\$ 119,387</u>	<u>\$ 54,898</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>
				\$ 9,089
\$ 175,784		\$ 158,442		763,705
523	\$ 41,494	89,531	\$ 2,254,817	5,269,267
22,893				6,942
				<u>113,146</u>
199,200	41,494	247,973	2,254,817	6,162,149
196,198	40,981	230,999	1,940,605	5,282,966
3,002	513	16,974	314,212	879,183
				<u>2,685</u>
3,002	513	16,974	314,212	881,868
162,139	41,723	(139,177)	1,036,969	4,777,650
<u>\$ 165,141</u>	<u>\$ 42,236</u>	<u>\$ (122,203)</u>	<u>\$ 1,351,181</u>	<u>\$ 5,659,518</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES - GENERAL FUND
June 30, 2012

<u>Assets</u>	<u>Educational Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Total</u>
Cash	\$ 4,851,497	\$ 4,010,092	\$ 8,861,589
Investments	2,000,000	500,000	2,500,000
Receivables, net of uncollectible amounts:			
Property taxes	4,427,633	1,307,881	5,735,514
Replacement taxes	73,334	12,941	86,275
Other federal and state sources	2,256,853	342,926	2,599,779
Tuition and fees	3,478,037		3,478,037
Accrued interest	3,986	801	4,787
Due from other funds	1,134,021	53,174	1,187,195
Prepaid expenditures	647,839	596	648,435
 Total assets	 <u>\$ 18,873,200</u>	 <u>\$ 6,228,411</u>	 <u>\$ 25,101,611</u>
 <u>Liabilities</u>			
Accounts payable and accrued expenditures	\$ 787,787	\$ 351,962	\$ 1,139,749
Due to other funds	255,399	75,876	331,275
Deferred revenue	5,374,247	1,125,207	6,499,454
 Total liabilities	 <u>6,417,433</u>	 <u>1,553,045</u>	 <u>7,970,478</u>
 <u>Fund Balance</u>			
Fund balance:			
Reserved for capital improvements	1,145,000	1,110,000	2,255,000
Reserved for prepaid expenditures	647,839	596	648,435
Unreserved	10,662,928	3,564,770	14,227,698
 Total fund balance	 <u>12,455,767</u>	 <u>4,675,366</u>	 <u>17,131,133</u>
 Total liabilities and fund balance	 <u>\$ 18,873,200</u>	 <u>\$ 6,228,411</u>	 <u>\$ 25,101,611</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, 2012

	Educational Fund	Operations and Maintenance Fund	Total
Revenues:			
Local government sources	\$ 4,503,206	\$ 1,345,218	\$ 5,848,424
State government sources	9,883,294	1,239,966	11,123,260
Federal government sources		91,106	91,106
Student tuition and fees	8,778,795	1,349,520	10,128,315
Interest	29,412	2,334	31,746
Other	173,716	136,790	310,506
Total revenues	23,368,423	4,164,934	27,533,357
Expenditures:			
Instructional	9,337,936		9,337,936
Academic support	1,494,987		1,494,987
Student services	1,753,064		1,753,064
Public services	379,203		379,203
Operations and maintenance		3,171,506	3,171,506
Institutional support	9,062,611	191,079	9,253,690
Total expenditures	22,027,801	3,362,585	25,390,386
Excess of revenues over expenditures	1,340,622	802,349	2,142,971
Other financing sources:			
Proceeds from bond issuance	1,500,000	1,500,000	3,000,000
Transfers in		8,085	8,085
Total other financing sources	1,500,000	1,508,085	3,008,085
Net change in fund balances	2,840,622	2,310,434	5,151,056
Fund balance, July 1, 2011	9,615,145	2,364,932	11,980,077
Fund balance, June 30, 2012	<u>\$ 12,455,767</u>	<u>\$ 4,675,366</u>	<u>\$ 17,131,133</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
EDUCATIONAL FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	Budget	Actual	Actual
Revenues (Schedule 10):			
Local government sources	\$ 4,561,588	\$ 4,503,206	\$ 4,472,812
State government sources	4,780,687	9,883,294	8,999,357
Federal government sources			
Student tuition and fees	8,844,516	8,778,795	8,978,776
Interest	7,875	29,412	7,087
Other	119,424	173,716	145,822
Total revenues	<u>18,314,090</u>	<u>23,368,423</u>	<u>22,603,854</u>
Expenditures (Schedule 11):			
Instructional	8,291,275	9,337,936	8,725,965
Academic support	1,513,303	1,494,987	1,500,085
Student services	1,537,250	1,753,064	1,722,095
Public services	382,514	379,203	396,053
Institutional support	7,890,811	9,062,611	8,299,808
Total expenditures	<u>19,615,153</u>	<u>22,027,801</u>	<u>20,644,006</u>
Excess (deficiency) of revenues over expenditures	<u>(1,301,063)</u>	<u>1,340,622</u>	<u>1,959,848</u>
Other financing sources:			
Proceeds from bond issuance	<u>1,500,000</u>	<u>1,500,000</u>	
Net change in fund balance	<u>\$ 198,937</u>	<u>\$ 2,840,622</u>	<u>\$ 1,959,848</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF REVENUES AND COMPARISON WITH BUDGET
EDUCATIONAL FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	Budget	Actual	Actual
Local government sources:			
General property taxes	\$ 4,561,588	\$ 4,503,206	\$ 4,472,812
State government sources:			
State apportionment/equalization	4,206,819	5,642,281	5,494,180
ICCB Career and Technical Education	230,956	230,956	210,390
Replacement taxes	342,912	402,069	465,346
Payments made to State Universities Retirement System of Illinois on behalf of Kankakee Community College for covered employees		3,607,109	2,829,441
Other		879	
Total state government sources	<u>4,780,687</u>	<u>9,883,294</u>	<u>8,999,357</u>
Student tuition and fees:			
Tuition	8,292,660	8,205,224	8,321,460
Fees	551,006	572,341	656,306
Other	850	1,230	1,010
Total student tuition and fees	<u>8,844,516</u>	<u>8,778,795</u>	<u>8,978,776</u>
Interest	7,875	29,412	7,087
Other	119,424	173,716	145,822
Total revenues	<u>\$ 18,314,090</u>	<u>\$ 23,368,423</u>	<u>\$ 22,603,854</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF EXPENDITURES AND COMPARISON WITH BUDGET
EDUCATIONAL FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	Budget	Actual	Actual
Instructional:			
Salaries	\$ 7,324,435	\$ 7,487,797	\$ 7,125,326
Employee benefits		755,588	675,825
Contractual services	340,767	486,746	506,191
Material and supplies	299,026	278,874	217,862
Conferences and meetings	100,467	83,509	60,211
Fixed charges	19,040	14,338	15,583
Utilities	31,556	41,257	27,750
Capital outlay	55,519	53,774	32,755
Other	120,465	136,053	64,462
Total instructional	8,291,275	9,337,936	8,725,965
Academic support:			
Salaries	932,346	886,756	1,022,147
Employee benefits	2,500	103,614	106,021
Contractual services	271,368	226,281	168,046
Material and supplies	219,680	197,482	173,343
Conferences and meetings	8,490	6,918	8,908
Utilities	13,395	12,958	13,650
Capital outlay	65,374	60,828	7,970
Other	150	150	
Total academic support	1,513,303	1,494,987	1,500,085
Student services:			
Salaries	1,403,895	1,421,591	1,416,930
Employee benefits		211,596	191,897
Contractual services	7,437	3,324	2,788
Material and supplies	70,689	57,920	68,467
Conferences and meetings	30,278	21,860	13,022
Fixed charges	4,818	4,818	4,818
Utilities	17,260	21,497	16,994
Capital outlay	2,873	2,847	1,080
Other		7,611	6,099
Total student services	1,537,250	1,753,064	1,722,095
Public services:			
Salaries	250,160	213,963	243,400
Employee benefits		31,646	26,669
Contractual services	31,200	37,700	24,004
Material and supplies	25,294	23,784	31,007
Conferences and meetings	17,940	13,912	17,088
Utilities	1,920	2,679	1,752
Capital outlay	1,000	873	
Other	55,000	54,646	52,133
Total public services	382,514	379,203	396,053

(Continued)

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

(Continued)

For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Institutional support:			
Salaries	\$ 2,430,068	\$ 2,419,944	\$ 2,067,822
Employee benefits	2,077,533	4,193,400	3,363,593
Contractual services	734,337	312,178	953,790
Material and supplies	382,523	328,787	315,266
Conferences and meetings	191,224	159,188	90,970
Fixed charges	417	433	233
Utilities	29,406	32,079	25,373
Capital outlay	878,938	622,184	418,465
Other	1,146,365	983,861	1,043,829
Chargebacks	<u>20,000</u>	<u>10,557</u>	<u>20,467</u>
Total institutional support	<u>7,890,811</u>	<u>9,062,611</u>	<u>8,299,808</u>
Total expenditures	<u>\$ 19,615,153</u>	<u>\$ 22,027,801</u>	<u>\$ 20,644,006</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
OPERATIONS AND MAINTENANCE FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	Budget	Actual	Actual
Revenues:			
Local government sources:			
General property taxes	\$ 1,347,500	\$ 1,345,218	\$ 1,296,597
State government sources:			
State apportionment/equalization	796,499	1,028,809	820,261
Replacement taxes	62,901	70,953	48,848
Other	59,096	140,204	
Total state government sources	918,496	1,239,966	869,109
Federal government sources	91,106	91,106	8,404
Student tuition	1,415,252	1,349,520	869,575
Interest	6,100	2,334	6,017
Other	369,100	136,790	138,555
Total revenues	4,147,554	4,164,934	3,188,257
Expenditures:			
Operations and maintenance:			
Salaries	934,297	852,135	898,247
Employee benefits		158,471	168,132
Contractual services	97,799	197,635	95,310
Materials and supplies	256,472	213,650	190,263
Conference and meetings	1,208	2,209	1,117
Fixed charges	104,213	102,676	98,484
Utilities	868,134	752,742	782,914
Capital outlay	2,934,287	891,028	1,378,402
Other	4,500	960	712
Total operations and maintenance	5,200,910	3,171,506	3,613,581
Institutional support:			
Contractual services	170,023	120,544	263,025
Fixed charges	53,982	54,871	51,372
Other	55,640	15,664	11,371
Total institutional support	279,645	191,079	325,768
Total expenditures	5,480,555	3,362,585	3,939,349
Excess (deficiency) of revenues over expenditures	(1,333,001)	802,349	(751,092)
Other financing sources:			
Proceeds from bond issuance	1,500,000	1,500,000	
Transfer in	233,000	8,085	
Total other financing sources	1,733,000	1,508,085	-0-
Net change in fund balance	\$ 399,999	\$ 2,310,434	\$ (751,092)

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
COLLEGE BOOKSTORE FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	Budget	Actual	Actual
Revenues:			
Sales and services	\$ 2,604,200	\$ 2,767,235	\$ 2,699,375
Interest	4,000	6,942	8,328
Other		170	
Total revenues	2,608,200	2,774,347	2,707,703
Expenses:			
Independent operations:			
Salaries	108,449	109,435	106,406
Employee benefits	24,023	17,292	17,450
Contractual services	19,025	19,025	19,005
Material and supplies	1,929,030	1,954,595	1,966,697
Conferences and meetings		304	
Utilities	1,020	1,005	657
Equipment		440	
Other	145,000	159,568	138,446
Total expenses	2,226,547	2,261,664	2,248,661
Income before transfers	381,653	512,683	459,042
Transfers in (out)	(160,000)		
Net income	\$ 221,653	\$ 512,683	\$ 459,042

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
ATHLETICS FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	Budget	Actual	Actual
Revenues:			
Student fees	\$ 386,670	\$ 390,373	\$ 399,644
Sales and services	3,000	2,287	2,974
Interest	500		524
Other	75,500	84,152	63,842
Total revenues	465,670	476,812	466,984
Expenses:			
Independent operations:			
Salaries	184,296	179,991	155,955
Employee benefits	6,868	21,307	18,782
Contractual services	51,285	49,810	46,895
Material and supplies	47,352	44,127	40,630
Conferences and meetings	149,156	154,361	129,761
Fixed charges	1,200	1,656	975
Utilities	720	1,005	657
Other	24,793	29,971	32,535
Total expenses	465,670	482,228	426,190
Income (loss) before transfers	-0-	(5,416)	40,794
Transfers in		2,685	
Net income (loss)	\$ -0-	\$ (2,731)	\$ 40,794

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
CHILD CARE CENTER FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues:			
Federal government sources	\$ 10,500	\$ 9,089	\$ 8,355
Student fees	38,735	39,106	40,677
Sales and services	101,818	113,380	96,665
Other	<u>2,420</u>	<u>5,931</u>	<u>505</u>
Total revenues	<u>153,473</u>	<u>167,506</u>	<u>146,202</u>
Operating expenses:			
Independent operations:			
Salaries	131,254	100,090	120,523
Employee benefits	19,694	13,801	18,143
Material and supplies	12,050	10,297	10,688
Conferences and meetings	450	3,470	505
Fixed charges	450	435	250
Utilities	480	670	438
Capital outlay	<u>1,470</u>	<u>1,528</u>	<u>6,995</u>
Total expenses	<u>165,848</u>	<u>130,291</u>	<u>157,542</u>
Net income (loss)	<u>\$ (12,375)</u>	<u>\$ 37,215</u>	<u>\$ (11,340)</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
STUDENT CENTER FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	Budget	Actual	Actual
Revenues:			
Student fees	\$ 174,117	\$ 175,784	\$ 177,269
Sales and services	500	523	3,163
Interest	300		304
Other	17,800	22,893	15,221
Total revenues	192,717	199,200	195,957
Expenses:			
Independent operations:			
Salaries	94,814	88,838	81,196
Employee benefits	15,523	18,238	18,191
Contractual services	32,634	29,056	38,158
Material and supplies	4,164	4,047	3,523
Conferences and meetings	2,003	1,642	16,021
Utilities	2,980	4,405	5,309
Capital outlay			945
Other	39,930	49,972	23,956
Total expenses	192,048	196,198	187,299
Net income	\$ 669	\$ 3,002	\$ 8,658

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
COLLEGE CENTER FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues:			
Sales and services	\$ 35,000	\$ 41,494	\$ 31,076
Expenses:			
Independent operations:			
Material and supplies	<u>35,000</u>	<u>40,981</u>	<u>36,119</u>
Net income (loss)	<u>\$ -0-</u>	<u>\$ 513</u>	<u>\$ (5,043)</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BUDGETARY COMPARISON SCHEDULE
RADIO STATION FUND
For the year ended June 30, 2012
(With comparative totals for 2011)

	2012		2011
	Budget	Actual	Actual
Revenues:			
Student fees	\$ 156,939	\$ 158,442	\$ 166,215
Sales and services	78,068	89,531	61,951
Total revenues	235,007	247,973	228,166
Expenses:			
Independent operations:			
Salaries	105,911	106,704	104,996
Employee benefits	17,755	17,528	16,378
Contractual services	84,242	78,660	72,517
Material and supplies	4,560	2,036	3,986
Conferences and meetings	4,840	2,994	2,206
Fixed charges	10,815	10,805	
Utilities	3,384	4,392	1,539
Capital outlay		3,290	63
Other	3,500	4,590	5,377
Total expenses	235,007	230,999	207,062
Net income	\$ -0-	\$ 16,974	\$ 21,104

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
WORKFORCE INVESTMENT ACT FUNDS
June 30, 2012

<u>Assets</u>	
Receivables, less allowance for uncollectible amounts:	
Federal and state government sources	\$ 372,828
Other	344
Prepaid expenditures	<u>5,930</u>
Total assets	<u><u>\$ 379,102</u></u>
<u>Liabilities</u>	
Accounts payable and accrued expenditures	\$ 35,304
Due to other funds	341,208
Deferred revenue	<u>2,590</u>
Total liabilities	<u>379,102</u>
<u>Fund Balance</u>	
Fund balance (deficit):	
Reserved for prepaid expenditures	5,930
Unreserved	<u>(5,930)</u>
Total fund balance	<u>-0-</u>
Total liabilities and fund balance	<u><u>\$ 379,102</u></u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
WORKFORCE INVESTMENT ACTIVITIES
For the year ended June 30, 2012

Revenues:	
State government sources	\$ 107,706
Federal government sources	1,368,152
Other	<u>5,366</u>
Total revenues	<u>1,481,224</u>
Expenditures:	
Public services:	
Salaries	502,458
Benefits	164,372
Contractual services	32,456
Materials and supplies	28,211
Conferences and meetings	49,135
Fixed charges	42,908
Utilities	19,234
Capital outlay	4,351
Other	<u>638,099</u>
Total expenditures	<u>1,481,224</u>
Change in fund balance	-0-
Fund balance, July 1, 2011	<u>-0-</u>
Fund balance, June 30, 2012	<u>\$ -0-</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
ADULT LITERACY INITIATIVE VOLUNTEERS EXPANDED
June 30, 2012

Assets

Cash	\$ 431
Grants receivable	1,610
	<hr/>
Total assets	\$ 2,041
	<hr/> <hr/>

Liabilities and Fund Balance

Accounts payable and accrued expenses	\$ 2,041
Fund balance	-0-
	<hr/>
Total liabilities and fund balance	\$ 2,041
	<hr/> <hr/>

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, 2012

	Actual	Budget	Variance Favorable (Unfavorable)
Revenues:			
State source	\$ 56,610	\$ 56,610	\$ -0-
Expenditures:			
Personnel	37,702	37,730	28
Fringe benefits	15,589	15,470	(119)
Supplies	2,209	2,290	81
Voluntary training/support	775	800	25
Other	335	320	(15)
Total expenditures	56,610	56,610	-0-
Change in fund balance	-0-	-0-	-0-
Fund balance, July 1, 2011	-0-	-0-	-0-
Fund balance, June 30, 2012	\$ -0-	\$ -0-	\$ -0-

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
For the year ended June 30, 2012

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 23 - All Funds Summary
 - Schedule 24 - Summary of Fixed Assets and Debt
 - Schedule 25 - Schedule of Operating Funds Revenues by Source
 - Schedule 26 - Schedule of Operating Funds Expenditures by Program and by Object
 - Schedule 27 - Restricted Purposes Funds Revenues and Expenditures
 - Schedule 28 - Current Funds Expenditures by Activity
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KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
ALL FUNDS SUMMARY
For the year ended June 30, 2012

	Educational Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)
Fund balance, July 1, 2011	<u>\$ 9,615,145</u>	<u>\$ 2,364,932</u>	<u>\$ 659,997</u>
Revenues:			
Local tax revenue	4,905,275	1,416,171	418,070
All Other Local Revenue			
ICCB grants	5,873,237	1,028,809	
All other state revenue	879	140,204	
Federal revenue		91,106	
Student tuition and fees	8,778,795	1,349,520	
All other revenue	<u>1,703,128</u>	<u>1,639,124</u>	<u>27</u>
Total revenue	<u>21,261,314</u>	<u>5,664,934</u>	<u>418,097</u>
Expenditures:			
Instruction	9,337,936		
Academic support	1,494,987		
Student services	1,753,064		
Public service/continuing education	379,203		
Auxiliary			
Operations and maintenance		3,171,506	1,045,894
Institutional support	5,455,502	191,079	
Scholarships, grants, waivers			
Total expenditures	<u>18,420,692</u>	<u>3,362,585</u>	<u>1,045,894</u>
Net transfers		<u>8,085</u>	
Fund balance, June 30, 2012	<u>\$ 12,455,767</u>	<u>\$ 4,675,366</u>	<u>\$ 32,200</u>

Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Audit Fund	Liability, Protection Settlement Fund	Total
\$ 1,045,882	\$ 4,777,650	\$ 403,622	\$ 48,150	\$ 588,711	\$ 19,504,089
2,028,823			66,625	960,667	9,795,631
		2,596			2,596
		477,548			7,379,594
		301,172			442,255
	9,089	17,616,839			17,717,034
	763,705				10,892,020
11,965	5,389,355	37,693	3,004	59	8,784,355
2,040,788	6,162,149	18,435,848	69,629	960,726	55,013,485
		337,180			9,675,116
		7,387			1,502,374
		367,948			2,121,012
		3,404,952			3,784,155
	5,282,966				5,282,966
2,028,146					6,245,546
			51,900	1,034,432	6,732,913
		14,711,233			14,711,233
2,028,146	5,282,966	18,828,700	51,900	1,034,432	50,055,315
	2,685	(10,770)			-0-
\$ 1,058,524	\$ 5,659,518	\$ -0-	\$ 65,879	\$ 515,005	\$ 24,462,259

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
SUMMARY OF FIXED ASSETS AND DEBT
For the year ended June 30, 2012

	Fixed Asset/Debt Account Groups July 1, 2011	Additions	Deletions	Fixed Asset/Debt Account Groups June 30, 2012
Fixed assets:				
Sites and improvements	\$ 3,124,169			\$ 3,124,169
Buildings, additions, and improvements	29,010,687	\$ 1,054,382		30,065,069
Equipment	22,436,143	1,563,963	\$ 151,258	23,848,848
Less: accumulated depreciation	<u>32,627,763</u>	<u>2,060,324</u>	<u>136,414</u>	<u>34,551,673</u>
Net fixed assets	<u>\$ 21,943,236</u>	<u>\$ 558,021</u>	<u>\$ 14,844</u>	<u>\$ 22,486,413</u>
Fixed debt:				
Bonds payable	\$ 8,040,000	\$ 3,000,000	\$ 1,740,000	\$ 9,300,000
Other fixed liabilities	<u>414,756</u>		<u>805</u>	<u>413,951</u>
Total fixed liabilities	<u>\$ 8,454,756</u>	<u>\$ 3,000,000</u>	<u>\$ 1,740,805</u>	<u>\$ 9,713,951</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
SCHEDULE OF OPERATING FUNDS REVENUES BY SOURCE
For the year ended June 30, 2012

	Educational Fund	Operations and Maintenance Fund	Total Operating Funds
Local government revenue:			
Local taxes	\$ 4,503,206	\$ 1,345,218	\$ 5,848,424
Replacement taxes	402,069	70,953	473,022
Total local government	4,905,275	1,416,171	6,321,446
State government:			
ICCB - Base Operating grant	2,787,972	491,995	3,279,967
ICCB - Equalization grants	2,854,309	503,702	3,358,011
ICCB - Career & technical education	230,956		230,956
ICCB - other		33,112	33,112
Other	879	140,204	141,083
Total state government	5,874,116	1,169,013	7,043,129
Federal Government:			
Other		91,106	91,106
Student tuition and fees:			
Tuition	8,205,224	1,349,520	9,554,744
Fees	573,571		573,571
Total student tuition and fees	8,778,795	1,349,520	10,128,315
Other sources:			
Investment revenue	29,412	2,334	31,746
Other	1,673,716	1,636,790	3,310,506
Total other sources	1,703,128	1,639,124	3,342,252
Total revenues	\$ 21,261,314	\$ 5,664,934	\$ 26,926,248

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
SCHEDULE OF OPERATING FUNDS EXPENDITURES
BY PROGRAM AND BY OBJECT
For the year ended June 30, 2012

	Educational Fund	Operations and Maintenance Fund	Total Operating Funds
By program:			
Instructional	\$ 9,337,936		\$ 9,337,936
Academic support	1,494,987		1,494,987
Student services	1,753,064		1,753,064
Public services	379,203		379,203
Operations and maintenance		\$ 3,171,506	3,171,506
Institutional support	5,455,502	191,079	5,646,581
Total expenditures	18,420,692	3,362,585	21,783,277
Less non-operating items:			
Tuition chargeback	(10,557)		(10,557)
Adjusted expenditures	\$ 18,410,135	\$ 3,362,585	\$ 21,772,720
By object:			
Salaries	\$ 12,430,051	\$ 852,135	\$ 13,282,186
Employee benefits	1,688,735	158,471	1,847,206
Contractual services	1,066,229	318,179	1,384,408
General materials and supplies	886,847	213,650	1,100,497
Conference and meeting expenses	285,387	2,209	287,596
Fixed charges	19,589	157,547	177,136
Utilities	110,470	752,742	863,212
Capital outlay	740,506	891,028	1,631,534
Other	1,192,878	16,624	1,209,502
Total expenditures	18,420,692	3,362,585	21,783,277
Less non-operating items:			
Tuition chargeback	(10,557)		(10,557)
Adjusted expenditures	\$ 18,410,135	\$ 3,362,585	\$ 21,772,720

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
RESTRICTED PURPOSES FUNDS
REVENUES AND EXPENDITURES
For the year ended June 30, 2012

Revenue by source:	
Total local government	\$ 2,596
State government:	
ICCB - workforce development grant	67,706
ICCB -program improvement grant	18,753
ICCB - adult education	317,134
ICCB -other	73,955
Other	301,172
Total state government	778,720
Federal government:	
Department of Education	15,626,509
Department of Labor	1,598,957
Department of Health & Human Services	37,922
Other	353,451
Total federal government	17,616,839
Other sources	37,693
Total restricted purposes funds revenues	<u>\$ 18,435,848</u>
Expenditures by program:	
Instructional	\$ 337,180
Academic support	7,387
Student services	367,948
Public service/continuing education	3,404,952
Scholarships, grants and waivers	14,711,233
Total restricted purposes fund expenditures by program	<u>\$ 18,828,700</u>
Expenditures by object:	
Salaries	\$ 2,006,798
Employee benefits	507,550
Contractual services	292,583
Student financial aid	14,178,900
General materials and supplies	154,469
Conference and meeting expenses	92,236
Fixed charges	64,204
Utilities	25,918
Capital outlay	259,050
Other	1,246,992
Total restricted purposes funds expenditures by object	<u>\$ 18,828,700</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
UNIFORM FINANCIAL STATEMENT
CURRENT FUNDS
EXPENDITURES BY ACTIVITY
For the year ended June 30, 2012

Instructional programs	\$ 9,675,116
Academic support:	
Library center	336,604
Instructional materials center	26,757
Educational Media Services	333,747
Academic computing support	432,184
Academic administration and planning	176,665
Other	196,417
Total academic support	<u>1,502,374</u>
Student services support:	
Admissions and records	418,770
Counseling and career services	833,504
Financial aid administration	263,581
Other	605,157
Total student services support	<u>2,121,012</u>
Public service/continuing education:	
Community education	180,506
Customized training (instructional)	183,474
Community services	15,223
Other	3,404,952
Total public service/continuing education	<u>3,784,155</u>
Auxiliary services	<u>5,282,964</u>
Operations and maintenance of plant:	
Maintenance	1,149,059
Custodial services	608,244
Grounds	386,377
Campus security	240,211
Transportation	37,636
Utilities	735,563
Administration	258,626
Total operations and maintenance of plant	<u>3,415,716</u>
Institutional support:	
Executive management	1,037,842
Fiscal operations	927,447
Community relations	703,596
Board of trustees	42,940
General institutional	2,292,957
Other	1,477,359
Total institutional support	<u>6,482,141</u>
Scholarships, students' grants and waivers	<u>14,721,797</u>
Total current funds expenditures	<u>\$ 46,985,275</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULES OF ASSESSED VALUATIONS, RATES,
EXTENSIONS AND COLLECTIONS
For the tax levy years 2011, 2010 and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assessed valuation (by county):			
Ford	\$ 14,437,174	\$ 13,815,864	\$ 13,394,754
Grundy	2,115,670	2,051,935	1,973,815
Iroquois	317,271,292	317,513,873	297,599,969
Kankakee	1,894,014,947	1,977,242,120	1,936,178,230
Livingston	63,155,837	60,492,105	45,321,358
Will	911,693	752,073	746,443
Total assessed valuation	<u>\$ 2,291,906,613</u>	<u>\$ 2,371,867,970</u>	<u>\$ 2,295,214,569</u>
Tax rates:			
Educational Fund	.139	.139	.138
Liability, Protection and Settlement Fund	.044	.039	.039
Capital Projects Fund	.018	.018	.011
Bond and Interest Fund	.088	.086	.085
Audit Fund	.003	.003	.002
Operations and Maintenance Fund	.040	.040	.039
Additional Educational and Operations and Maintenance Levy	<u>.072</u>	<u>.071</u>	<u>.070</u>
Total tax rates	<u>.404</u>	<u>.396</u>	<u>.384</u>
Tax extensions:			
Educational Fund	\$ 3,189,579	\$ 3,290,478	\$ 3,164,328
Liability, Protection and Settlement Fund	1,002,889	917,951	901,237
Capital Projects Fund	411,522	424,787	249,693
Bond and Interest Fund	2,020,857	2,036,661	1,950,772
Audit Fund	65,571	67,643	48,316
Operations and Maintenance Fund	916,720	945,787	895,810
Additional Educational and Operations and Maintenance Levy	<u>1,650,482</u>	<u>1,680,716</u>	<u>1,606,123</u>
Total Extensions	<u>\$ 9,257,620</u>	<u>\$ 9,364,023</u>	<u>\$ 8,816,279</u>
Tax Collections	<u>\$ 33,118</u>	<u>\$ 9,361,338</u>	<u>\$ 8,791,973</u>
Percentage of extensions collected	<u>0.36%</u>	<u>99.97%</u>	<u>99.72%</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF LEGAL DEBT MARGIN
June 30, 2012

Assessed Valuation - 2011 levy year	<u>\$ 2,291,906,613</u>
Statutory debt limitation - 2.875% of assessed valuation	\$ 65,892,315
General obligation bonds outstanding	<u>9,300,000</u>
Legal debt margin	<u>\$ 56,592,315</u>

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KANKAKEE COMMUNITY COLLEGE DISTRICT 520
SCHEDULE OF BONDS PAYABLE
 June 30, 2012

	Series 2006B	Series 2008B	Series 2010A
Date of issue	January 1, 2006	January 1, 2008	March 1, 2010
Interest rates	4.7% to 4.9%	3.5% to 4.05%	3.25% to 3.5%
Principal redemption date	December 1	December 1	December 1
Interest payments dates	June 1 and December 1	June 1 and December 1	June 1 and December 1
Original issue	\$ 2,320,000	\$ 6,200,000	\$ 2,400,000
Paid to date	(1,920,000)	(2,790,000)	
Balance, June 30, 2012	<u>\$ 400,000</u>	<u>\$ 3,410,000</u>	<u>\$ 2,400,000</u>

Due as follows:

Year ending June 30,	Series 2006B		Series 2008B		Series 2010A	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 400,000	\$ 9,800	\$ 900,000	\$ 108,550	\$ 130,000	\$ 76,888
2014			1,530,000	62,988	225,000	70,675
2015			980,000	17,150	550,000	57,663
2016					1,300,000	27,463
2017					195,000	3,169
2018						
	<u>\$ 400,000</u>	<u>\$ 9,800</u>	<u>\$ 3,410,000</u>	<u>\$ 188,688</u>	<u>\$ 2,400,000</u>	<u>\$ 235,858</u>

**KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ILLINOIS COMMUNITY COLLEGE BOARD
CERTIFICATION OF CHARGEBACK REIMBURSEMENT
For Fiscal Year 2013**

All Fiscal Year 2012 Non-Capital Audited Operating
Expenditures from the Following Funds:

Educational Fund	\$ 17,680,186
Operations and Maintenance Fund	2,471,557
Bond and Interest Fund	2,028,146
Restricted Purpose Fund	12,335,626
Audit Fund	51,900
Liability, Protection, and Settlement Fund	<u>1,034,432</u>

Total All Non-Capital Operating Expenditures \$ 35,601,847

Plus Depreciation on Capital Outlay Expenditures
(Equipment, Buildings and Fixed Equipment Paid
from Non-State and Non-Federal Monies) 1,741,442

Total Costs Included \$ 37,343,289

Total Certified Semester Credit Hours for
Fiscal Year 2012 105,691

Per Capita Cost Per Semester Credit Hour \$ 353.33

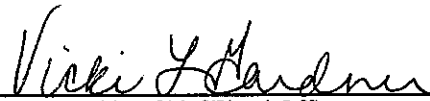
All Fiscal Year 2012 State and Federal Grants
for Non-Capital Expenditures, Except ICCB Grants \$ 12,699,029

Fiscal Year 2012 State and Federal Grants Per
Semester Credit Hour (120.15)


District's Average Credit Hour Grant Rate for
the Fiscal Year 2013 (30.83)

District's Student Tuition and Fees Per Semester
Credit Hour for Fiscal Year 2013 (113.00)

Chargeback Reimbursement Per Semester
Credit Hour \$ 89.35


Approved by: Chief Fiscal Officer

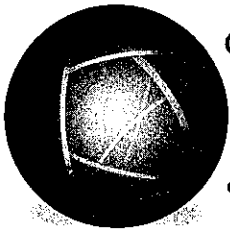
9/27/12
Date


Approved by: President

9/28/12
Date

ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS FINANCIAL COMPLIANCE SECTION

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GROSKREUTZ
SCHMIDT
ABRAHAM
ESHLEMAN
& GERRETSE

PARTNERS

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M.J. Abraham, C.P.A.
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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 balance sheets of the Workforce Development Business and Industry Grant, Career and Technical Education Program Improvement Grant, and State Adult Education and Family Literacy Restricted Funds Programs of the Kankakee Community College District 520 as of June 30, 2012, and the related statements of revenues and expenditures 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 and Kankakee Community College District 520 is in compliance with the provisions of laws, contracts, and Illinois Community College Board policy guidelines for restricted grants.

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, 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, 2012, 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, and State Adult Education and Family Literacy Restricted Funds Programs of Kankakee Community College District 520 as of June 30, 2012, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles.

Groskreutz, Schmidt, Abraham, Eshleman & Gerretse

October 2, 2012

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KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
WORKFORCE DEVELOPMENT
BUSINESS AND INDUSTRY GRANT
June 30, 2012

<u>Assets</u>	
Cash	\$ 393
<u>Liabilities and Fund Balance</u>	
Accounts payable	\$ 15
Due to other funds	378
Total liabilities	393
Fund balance	-0-
Total liabilities and fund balance	\$ 393

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STATEMENT OF REVENUES AND EXPENDITURES
WORKFORCE DEVELOPMENT
BUSINESS AND INDUSTRY GRANT
For the year ended June 30, 2012

Revenues:	
ICCB grants	<u>\$ 67,706</u>
Expenditures:	
Salaries	42,944
Employee benefits	5,223
Material and supplies	13,329
Travel	<u>6,210</u>
Total expenditures	<u>67,706</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, 2012

	<u>General</u>	<u>Operation of Workforce Development Office</u>	<u>Total</u>
Expenditures:			
Personnel (salaries and benefits)		\$ 24,876	\$ 24,876
Contractual services	\$ 21,448		21,448
Instructional materials	4,264		4,264
Conferences and meetings	6,128	89	6,217
Costs of operating a workforce development office:			
Consumable supplies	1,144	9,757	10,901
Totals	<u>\$ 32,984</u>	<u>\$ 34,722</u>	<u>\$ 67,706</u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEET
CAREER AND TECHNICAL EDUCATION
PROGRAM IMPROVEMENT GRANT
June 30, 2012

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, 2012

Revenues:	
ICCB grants	<u>\$ 18,753</u>
Expenditures:	
Materials & supplies	2,503
Capital outlay	<u>16,250</u>
Total expenditures	<u>18,753</u>
Excess of revenues over expenditures	<u><u>\$ -0-</u></u>

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
BALANCE SHEETS
STATE ADULT EDUCATION AND
FAMILY LITERACY RESTRICTED FUNDS
June 30, 2012

<u>Assets</u>	<u>State Basic</u>	<u>Public Aid</u>	<u>Performance</u>	<u>Total</u>
Grant receivables	<u>\$ 34,718</u>	<u>\$ 14,868</u>	<u>\$ 29,697</u>	<u>\$ 79,283</u>
<u>Liabilities and Fund Balance</u>				
Accounts payable			\$ 3,778	\$ 3,778
Accrued expenses			2,077	2,077
Due to other funds	<u>\$ 34,718</u>	<u>\$ 14,868</u>	<u>23,842</u>	<u>73,428</u>
Total liabilities	34,718	14,868	29,697	79,283
Fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 34,718</u>	<u>\$ 14,868</u>	<u>\$ 29,697</u>	<u>\$ 79,283</u>

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, 2012

	<u>State Basic</u>	<u>Public Aid</u>	<u>Performance</u>	<u>Total</u>
Revenues:				
ICCB grants	\$ 138,873	\$ 59,471	\$ 118,790	\$ 317,134
Expenditures:				
Instructional and student services:				
Instruction	90,807	30,148	33,274	154,229
Social work services	14,290	8,975	11,202	34,467
Guidance services	14,290	8,975	11,202	34,467
Assessment and testing			2,497	2,497
Student transportation services			6,000	6,000
Child care services			15,258	15,258
Total instructional and student services	<u>119,387</u>	<u>48,098</u>	<u>79,433</u>	<u>246,918</u>
Program support:				
Improvement of instructional services	5,189	2,314	5,262	12,765
General administration	4,027	2,529		6,556
Operation and maintenance of plant services			16,559	16,559
Workforce coordination	1,342	843		2,185
Data and information services	<u>8,928</u>	<u>5,687</u>	<u>17,536</u>	<u>32,151</u>
Total program support	<u>19,486</u>	<u>11,373</u>	<u>39,357</u>	<u>70,216</u>
Total expenditures	<u>138,873</u>	<u>59,471</u>	<u>118,790</u>	<u>317,134</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, 2012**

	<u>Audited Expenditure Amount</u>	<u>Audited Expenditure Percentage</u>
State Basic:		
Instruction (45% minimum required)	\$90,807	65%
General administration (9% maximum allowed)	4,027	3%
State Public Assistance:		
Instruction (45% minimum required)	30,148	51%
General administration (9% maximum allowed)	2,529	4%

See accompanying notes.

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, and 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, 2012. 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, 2012**

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

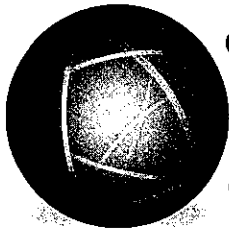
Grant awarded to Adult Education and Family Literacy providers based on performance outcomes.

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

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Dale L. Gerretse, C.P.A.

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, 2012. This schedule is the responsibility of the District'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, 2012 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 2, 2012

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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, 2012**

	Reimbursable Semester Credit Hours by Term								(Note 3)	
	Summer		Fall		Spring		Total Unrestricted	Total Restricted	Total Unrestricted	Total Restricted
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted				
Baccalaureate	6,467.0		20,056.5	18.0	18,857.0		45,380.5	18.0		
Business Occupational	539.0		1,466.0		2,232.5		4,237.5	0.0		
Technical Occupational	766.5		3,572.0	5.0	3,978.5	5.0	8,317.0	10.0		
Health Occupational	1,818.0		6,783.5	8.0	7,275.0		15,876.5	8.0		
Remedial Development Adult Basic/	1,543.5		5,815.0		4,667.0		12,025.5	0.0		
Secondary Education	4,078.0	24.0	1,860.5	5,677.0	2,663.0	5,515.0	8,601.5			11,216.0
Total credit hours certified	15,212.0	24.0	39,553.5	5,708.0	39,673.0	5,520.0	94,438.5			11,252.0

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	98,592.0	
Attending Out-of-District on Chargeback or Contractual Agreement	856.5	99,448.5

District 2011 equalized assessed valuation

\$ 2,291,906,613

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS
For the year ended June 30, 2012

<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	45,380.5	45,380.5	0.0	18.0	18.0	0.0
Business Occupational	4,237.5	4,237.5	0.0	0.0	0.0	0.0
Technical Occupational	8,317.0	8,317.0	0.0	10.0	10.0	0.0
Health Occupational	15,876.5	15,876.5	0.0	8.0	8.0	0.0
Remedial Development	12,025.5	12,025.5	0.0	0.0	0.0	0.0
Adult Basic/Secondary Education	8,601.5	8,273.5	328.0	11,216.0	11,544.0	(328.0)
Total	<u>94,438.5</u>	<u>94,110.5</u>	<u>328.0</u>	<u>11,252.0</u>	<u>11,580.0</u>	<u>(328.0)</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	87,131.0	87,131.0	0.0
Out-of-District on Chargeback or Contractual Agreement	856.5	688.5	168.0
Total	<u>87,987.5</u>	<u>87,819.5</u>	<u>168.0</u>

	<u>Total Reimbursable</u>	<u>Total reimbursable certified to the ICCB</u>	<u>Difference</u>
Dual credit	2,672.0	2,672.0	0.0
Dual enrollment	1,013.0	1,013.0	0.0
Total	<u>3,685.0</u>	<u>3,685.0</u>	<u>0.0</u>

KANKAKEE COMMUNITY COLLEGE DISTRICT 520
STUDENT RESIDENCY VERIFICATION PROCESS
June 30, 2012

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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