

Kankakee Community College

Kankakee, Illinois

Annual Financial Report
Year Ended June 30, 2022



TABLE OF CONTENTS

**Page
Number**

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT 1 - 4

Management’s Discussion and Analysis 5 - 14

Basic Financial Statements

Statement of Net Position/Net Assets..... 15

Statement of Revenues, Expenses, and Changes in Net Position/Net Assets 16

Statement of Cash Flows..... 17 – 18

Component Unit – Kankakee Community College Foundation, Inc.

 Statement of Financial Position 19

 Statement of Activities 20

 Statement of Functional Expenses 21

Notes to Financial Statements.....22 - 56

Required Supplementary Information

Schedule of Share of Net Pension Liability 57

Schedule of Pension Contributions..... 58

Schedule of Share of Net OPEB Liability 59

Schedule of OPEB Contributions..... 60

Notes to Required Supplementary Information 61 - 62

SPECIAL REPORTS SECTION

Supplemental Financial Information

Supplemental Financial Information Section 63

Uniform Financial Statements..... 64- 73

Certification of Chargeback Reimbursement..... 74

Other Supplemental Financial Information

Reconciliation of Fund Equity to Net Position..... 75

Reconciliation of Changes in Fund Equity to Changes in Net Position 76

Budgetary Comparison Schedule – Educational Fund..... 77

Schedule of Revenues and Comparison with Budget – Educational Fund 78 – 80

**SPECIAL REPORTS SECTION
(Continued)**

Budgetary Comparison Schedule	
Operations and Maintenance Fund	81
College Bookstore Fund	82
Athletics Fund	83
Student Center.....	84
College Center.....	85
Esports.....	86
Fitness Center	87
Schedule of Bonds Payable.....	88
Balance Sheet – All Fund Types	89 - 91
Combining Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net Position (Deficit) - All Fund Types	92 - 95
Assessed Valuations, Tax Rates, Tax Extensions, and Tax Collections.....	96
<u>State Grant Activity and Schedule of Enrollment Data</u>	
INDEPENDENT AUDITOR’S REPORT ON STATE ADULT EDUCATION AND FAMILY LITERACY GRANTS FINANCIAL STATEMENTS.....	97 - 98
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR STATE ADULT EDUCATION AND FAMILY LITERACY GRANTS.....	99
State Adult Education and Family Literacy Funds:	
Balance Sheet	100
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	101
ICCB Compliance Statement for the Adult Education and Family Literacy Grant – Expenditure Amounts and Percentages for ICCB Grant Funds Only	102
Notes to ICCB Grant Programs Financial Statements.....	103
Background Information on State Grant Activity.....	104
INDEPENDENT ACCOUNTANT’S REPORT ON ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED	105
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	106 - 107
Note to Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed.....	108

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*109 - 110**

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE.....111 - 113**

Schedule of Expenditures of Federal Awards..... 114

Notes to the Schedule of Expenditures of Federal Awards 115

Schedule of Findings and Questioned Costs.....116 - 117

Summary Schedule of Prior Audit Findings 118

Corrective Action Plan 119

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Kankakee Community College - Community College District 520 (the "College") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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 Kankakee Community College - Community College District 520 (the "College"), as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Kankakee Community College Foundation were not audited in accordance with Government Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the College adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, schedule of share of net pension liability, schedule of pension contributions, schedule of share of net OPEB liability, and schedule of OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental financial information section as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other supplemental financial information listed in the special reports section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
December 19, 2022

Kankakee Community College District 520

Management's Discussion and Analysis

This section of Kankakee Community College District 520's (the College) annual financial report presents its discussion and analysis of the College's financial performance during the fiscal years ended June 30, 2022 and 2021. Please read it in conjunction with the College's financial statements. Responsibility for the completeness and fairness of this information rests with the College.

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 College's financial statements, including the portion of the College's activities they cover and the types of information they contain.

Major Features of the College Financial Statements	
Scope	Entire District
Required financial statements	* Statement of net position * Statement of revenues, expenses and changes in net position * 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 College statements report information about the College as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the College's assets, liabilities, deferred outflow of resources and deferred inflow of resources. All of the current year revenues and expenses are accounted for in the activities regardless of when cash was received or paid.

Kankakee Community College District 520

Management's Discussion and Analysis

The statements report the College's net position and how they changed during the year. Net position is the difference between the College's assets, liabilities, deferred outflow of resources and deferred inflow of resources, which is one way to measure the College's financial health or position.

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

The Statement of Revenues, Expenses, and Changes in Net Position/Net Assets focus on both the gross costs and the net costs of College activities which are supported mainly by property taxes and by state and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

The Kankakee Community College Foundation, Inc. (the Foundation) is administered and operated exclusively for the benefit of the College. However, the Foundation is not a subsidiary or affiliate of the College and is not directly or indirectly controlled by the College. The resources of the Foundation are disbursed at the discretion of the Foundation's independent board of directors in accordance with donor restrictions and foundation policy.

Although the Foundation is independent of the College in all respects, the College has concluded that the Foundation is a "component unit" of the College as defined by GASB Statement No. 39 and GASB Statement No. 61. Therefore, the Foundation's Financial Statements are included in the College's Financial Statements in a separate exhibit. See the Notes to the Financial Statements for further discussion.

FINANCIAL HIGHLIGHTS

The financial highlights of the College are as follows:

- The Equalized Assessed Valuation of the College increased by \$148.4 million or 5.3%. Over the previous three years the College had averaged a 4.49% annual increase.
- Overall revenues were \$51.8 million; overall expenses were \$46.8 million.
- Credit hour enrollment decreased 7.78% to 40,495 hours.

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

Net Position

The College's combined net position increased 12.2% to \$45.0 million for fiscal 2022. The College's financial position increase is primarily due to a decrease in actual expenditures as compared to budgeted expenditures as well Higher Education Emergency Relief (HEERF) funding.

Kankakee Community College District 520

Management's Discussion and Analysis

Condensed Statement of Net Position (in millions of dollars)				
	<u>2022</u>	<u>2021*</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets	\$ 45.0	\$ 40.4	\$ 4.6	11.4
Non-current assets	43.1	40.8	2.3	5.6
Total assets	<u>88.1</u>	<u>81.2</u>	<u>6.9</u>	8.5
Deferred outflows of resources	0.3	0.4	(0.1)	0.0
Total assets and deferred outflows	<u>88.4</u>	<u>81.6</u>	<u>6.8</u>	8.3
Current liabilities	8.7	7.4	1.3	17.6
Long-term obligations	23.2	23.6	(0.4)	(1.7)
Total liabilities	<u>31.9</u>	<u>31.0</u>	<u>0.9</u>	2.9
Deferred inflows of resources	11.5	10.5	1.0	9.5
Total liabilities and deferred inflows	<u>43.4</u>	<u>41.5</u>	<u>1.9</u>	4.6
Net position				
Invested in capital assets, net	31.9	29.4	2.5	8.5
Restricted	10.3	5.3	5.0	94.3
Unrestricted	<u>2.8</u>	<u>5.4</u>	<u>(2.6)</u>	48.1
Total net position	<u>\$ 45.0</u>	<u>\$ 40.1</u>	<u>\$ 4.9</u>	12.2

*2021 was not restated for the implementation of GASB87 related to leases.

Changes in Net Position

The College's total revenues were \$51.8 million. State grants account for 10.6% and State of IL on-behalf payments for 16.0% while federal sources account for 27.6%. Real estate and other taxes account for about 29.0%, tuition and student fees 13.9%, and the balance is from miscellaneous sources.

The total cost of all programs and services was \$46.8 million. The College's program related expenses are predominantly instructional cost, academic support, student services and public services, which were \$21.0 million or 44.8% of total expenses. Operations and maintenance of the College's facilities were \$4.3 million or 9.2% of total expenses. Scholarships and awards were \$5.2 million or 11.1% of expenses. Auxiliary enterprises representing operations such as the bookstore and student activities were \$2.6 million or 5.6% of total expenses, which by definition are to be self-supporting. The College's administrative/business activities, including institutional support were \$10.7 million or 22.9% of total expenses.

Total revenues exceeded expenses, increasing net position by \$5.0 million over last year.

Fiscal Year 2022 Compared to 2021

Net tuition and fee revenue increased slightly by \$0.2 million or 2.9% due to an accounting change within summer semester revenue recognition combined with an overall enrollment decrease of 7.78% over last year.

Kankakee Community College District 520

Management's Discussion and Analysis

Auxiliary revenue decreased by \$0.1 million or 10.0% and other revenues decreased by \$0.2 million or 25.0%.

Instructional expenses decreased by \$2.2 million and academic support decreased by \$0.5 million. Student services expenses decreased by \$0.6 million or 20.0% due to a decrease in expenditures covered by HEERF grants. There was no change in public services.

Auxiliary enterprises increased \$0.4 million or 18.2% due to an increased allocation from SURS payroll and benefits.

Operations and maintenance expenses decreased by \$0.1 million or 2.3%. Institutional support increased by \$1.4 million or 15.1%.

Scholarships and awards increased \$2.5 million or 92.6% due to the increase in institutional scholarships due to HEERF grant funds. Depreciation expense decreased by \$0.2 million.

Non-operating revenues (expenses) increased by \$2.8 million or 6.9% primarily due to the increase of federal grant revenues from HEERF grant funds. State grants increased by \$0.3 million or 5.8%. State of Illinois on-behalf payments decreased by \$3.9 million or 32.0%. Federal grants increased \$5.1 million or 55.4% due to receiving Higher Education Emergency Relief (HEERF) funding. Taxes increased by \$1.6 million due to higher extensions based on a significant increase in equalized assessed value.

Kankakee Community College District 520

Management's Discussion and Analysis

Changes in Net Position from Operating Results (in millions of dollars)

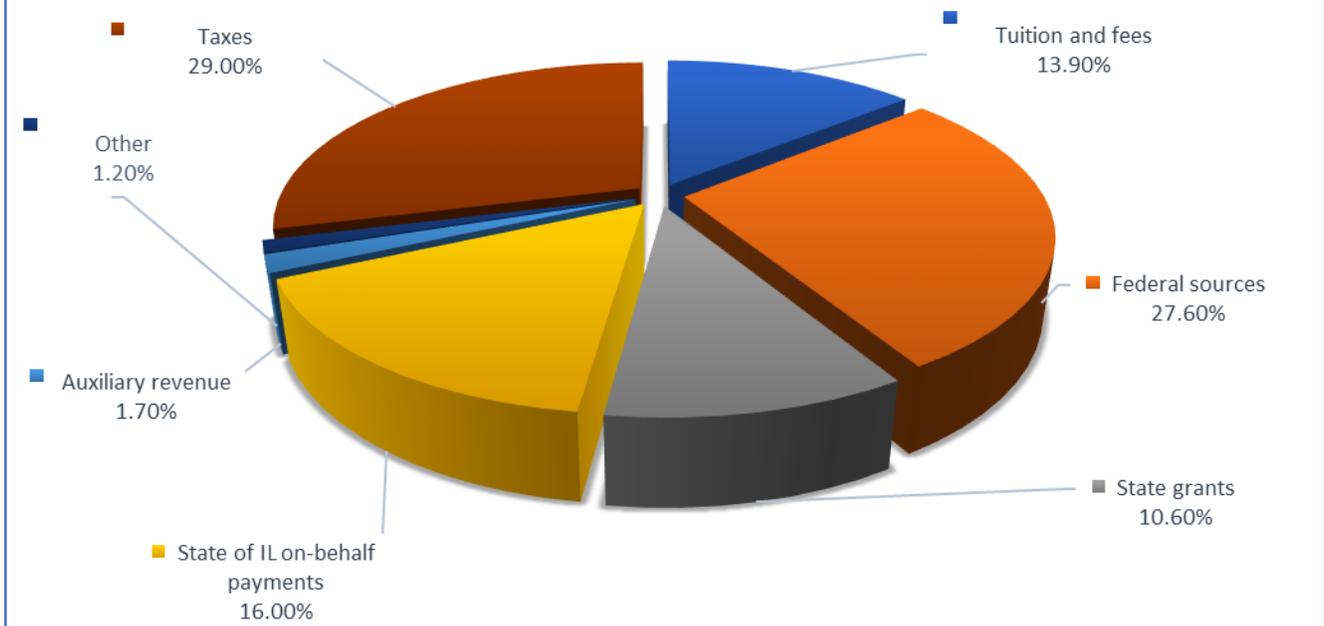
	<u>2022</u>	<u>2021*</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating revenues:				
Tuition and fees	\$ 7.2	\$ 7.0	\$ 0.2	2.9
Auxiliary revenue	0.9	1.0	(0.1)	(10.0)
Total operating revenues	<u>8.1</u>	<u>8.0</u>	<u>0.1</u>	<u>1.3</u>
Less operating expenses				
Instructional	12.0	14.2	(2.2)	(15.5)
Academic support	2.1	2.6	(0.5)	(19.2)
Student services	2.4	3.0	(0.6)	(20.0)
Public services	4.5	4.5	-	-
Auxiliary enterprises	2.6	2.2	0.4	18.2
Operations and maintenance	4.3	4.4	(0.1)	(2.3)
Institutional support	10.7	9.3	1.4	15.1
Scholarships and awards	5.2	2.7	2.5	92.6
Depreciation	2.7	2.9	(0.2)	(6.9)
Total operating expenses	<u>46.5</u>	<u>45.8</u>	<u>0.7</u>	<u>1.5</u>
Operating Income (loss)	<u>(38.4)</u>	<u>(37.8)</u>	<u>(0.6)</u>	<u>1.6</u>
Non-operating revenues (expenses):				
State grants and contracts	5.5	5.2	0.3	5.8
State of Illinois on-behalf payments	8.3	12.2	(3.9)	(32.0)
Federal grants and contracts	14.3	9.2	5.1	55.4
Taxes	15.0	13.4	1.6	11.9
Other	0.6	0.8	(0.2)	(25.0)
Interest expense	(0.3)	(0.2)	(0.1)	50.0
Non-operating revenues (expenses), net	<u>43.4</u>	<u>40.6</u>	<u>2.8</u>	<u>6.9</u>
Increase (decrease) in net position	5.0	2.8	2.2	78.6
Net position:				
Net position, beginning of year, restated	<u>40.0</u>	<u>37.3</u>	<u>2.7</u>	<u>7.2</u>
Net position, end of year	<u>\$ 45.0</u>	<u>\$ 40.1</u>	<u>\$ 4.9</u>	<u>12.2</u>

*2021 was not restated for the implementation of GASB87 related to leases.

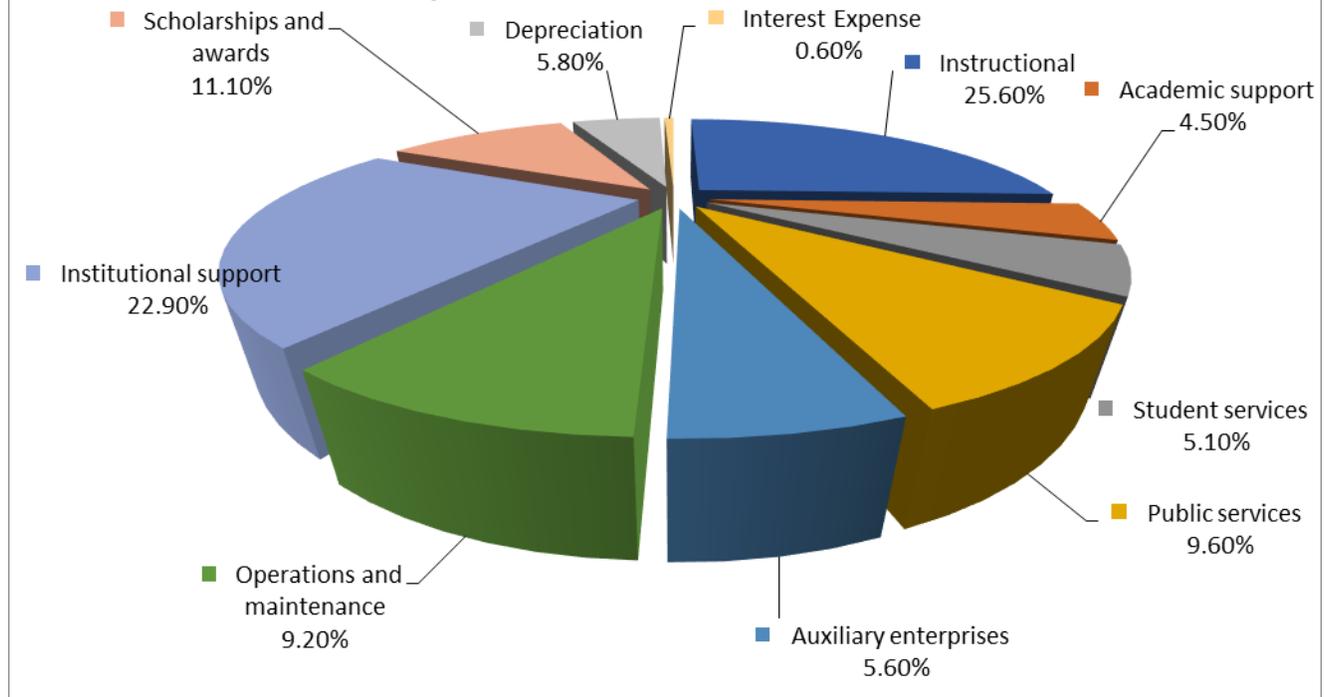
Kankakee Community College District 520

Management's Discussion and Analysis

Sources of Revenue for Fiscal Year 2022



Expenses for Fiscal Year 2022



Kankakee Community College District 520

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

As of June 30, 2022, the College had \$42.8 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 Note 3 to the financial statements.) Total depreciation and amortization expense for the year was \$2.7 million, while additions and disposals to building and improvement, equipment, and construction in progress amounted to \$4.6 million.

Capital Assets (net of depreciation, in millions of dollars)				
	<u>2022</u>	<u>2021*</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land	\$ 2.1	\$ 2.1	\$ -	-
Land improvements	3.8	3.8	-	-
Buildings and improvements	58.5	57.2	1.3	2.3
Furniture and equipment	26.4	26.2	0.2	0.8
Leasehold Improvements	0.9	0.9	-	-
Lease assets	0.7	-	0.7	-
Construction in progress	5.1	2.0	3.1	-
	<u>97.5</u>	<u>92.2</u>	<u>5.3</u>	<u>5.7</u>
Less accumulated depreciation	<u>54.7</u>	<u>51.7</u>	<u>3.0</u>	<u>5.8</u>
Total	<u>\$ 42.8</u>	<u>\$ 40.5</u>	<u>\$ 2.3</u>	<u>5.7</u>

*2021 was not restated for the implementation of GASB87 related to leases.

Kankakee Community College District 520

Management's Discussion and Analysis

Long-Term Liabilities:

The College's outstanding long-term liabilities at year-end are shown in the following schedule. More detailed information about the College's long-term liabilities is presented in Note 4 to the financial statements.

Outstanding Long-Term Liabilities		
	<u>2022</u>	<u>2021*</u>
Outstanding Long-term liabilities, beginning of the year	\$26.4	\$29.3
Debt Issued:		
College Bonds	3.7	0.0
Debt Retired:	(2.4)	(2.3)
Lease Liability	0.3	0.0
Compensated Absences Increase (Decrease):	(0.1)	0.1
Retiree Health Insurance Liability Increase (Decrease):	<u>(1.3)</u>	<u>(0.7)</u>
Outstanding Long-term liabilities, end of the year	<u><u>\$26.6</u></u>	<u><u>\$26.4</u></u>

*2021 was not restated for the implementation of GASB87 related to leases.

Debt service requirements over the next 5 years average \$2.5 million per year.

Kankakee Community College District 520

Management's Discussion and Analysis

FACTORS AFFECTING THE COLLEGE'S FUTURE

Kankakee Community College is led by its seventh president, Dr. Michael Boyd, a visionary leader with a passion for student success. Dr. Boyd serves as a change agent for the College, leading the institution into the future. In March 2020, the College encountered its most challenging events due to the global pandemic COVID-19. Amidst these challenges, Dr. Boyd encouraged all faculty and staff to provide services to students with flexibility and innovation.

As the College continues to recover from the global pandemic COVID-19, faculty continue to implement innovative learning opportunities. In Fall 2022, the College offered its first competency based educational opportunity. In Spring 2023, the College is offering several four-week courses to appeal to the learners who desire learning in shorter timeframes. Several student services are offered virtually as well as in-person including advising, registration, financial aid, accounting, student activities, and mental health counseling.

In addition to strengthening the institution, the College continues to focus on the following goals related to the strategic plan:

- Improve student success through increased enrollment, retention, transfer, and completion rates.
- Create diverse, inclusive, and equitable teaching, learning, and work environments.
- Improve physical and virtual teaching and learning spaces.
- Increase visibility and value in the community.
- Provide development opportunities to enhance KCC employee skills and knowledge.

The facilities master plan aligns with the strategic plan. A recent priority in the facilities plan was focused on redesigning teaching and learning spaces in the original technology building, instructional spaces designed to facilitate high demand career programming in the manufacturing sector served by the College. The redesigned technology building opened in May 2022 offering cutting-edge technology and learning spaces for students interested in the following programs: electrical engineering technology, computer graphics technology, automotive, and law enforcement. The next priority within the facilities plan was the relocation of the College Bookstore to the heart of campus across from the Student Success Center. The College Bookstore is scheduled to open late Spring 2023.

The economic outlook for the College continues to be positive. Significant expansions are occurring at the global bioscience leader CSL Behring and Nucor Steel. The College has a highly diversified economy in manufacturing, bioscience, health care, and transportation which provides access to numerous job opportunities for students of the College. Over the past year, significant investments of renewable energy are occurring in our College providing access to job opportunities related to program offerings at the College. The College's equalized assessed valuation continues an upward trend, with average increases of 4.49% over the past three years.

With new visionary leadership, multiple strategic plans in place, and expanded course options, the College continues its mission of Enhancing Quality of Life through Learning.

Kankakee Community College District 520

Management's Discussion and Analysis

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report provides the College's citizens, taxpayers, customers, and investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the funds it receives.

If you have questions about this report or need additional information, contact the Vice President for Business Affairs, 100 College Drive, Kankakee, Illinois 60901

BASIC FINANCIAL STATEMENTS

Kankakee Community College District 520

Statement of Net Position

June 30, 2022

	Primary Government
ASSETS	
Current assets:	
Cash and cash equivalents	\$24,965,709
Property taxes receivable	13,799,041
Other receivables	5,344,385
Inventory	439,792
Prepaid expenses	451,726
Total current assets	45,000,653
Noncurrent assets:	
Assets held by College Foundation	290,861
Capital assets	96,829,573
Less accumulated depreciation	(54,186,041)
Lease assets	661,084
Less accumulated amortization	(492,506)
Subtotal capital assets, net	42,812,110
Total noncurrent assets	43,102,971
Total assets	88,103,624
DEFERRED OUTFLOWS OF RESOURCES	
Related to OPEB	154,119
Related to pension	155,636
Total deferred outflows of resources	309,755
Total assets and deferred outflows of resources	88,413,379
LIABILITIES	
Current liabilities:	
Accounts payable	1,243,804
Accrued liabilities	1,109,892
Unearned tuition and fees	2,931,731
Accrued compensated absences	416,400
Bonds payable	2,937,084
Lease liability	51,015
Total current liabilities	8,689,926
Noncurrent liabilities:	
Accrued compensated absences	451,101
Net OPEB liability	12,492,243
Bonds payable	10,071,851
Lease liability	220,457
Total noncurrent liabilities	23,235,652
Total liabilities	31,925,578
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	6,901,919
Related to OPEB	4,347,288
Deferred grant revenues	193,783
Total deferred inflows of resources	11,442,990
Total liabilities and deferred inflows of resources	43,368,568
NET POSITION	
Net investment in capital assets	31,926,344
Expendable:	
Capital projects	314,563
Debt service	1,544,625
Self-insurance	2,210,025
Working cash	3,395,438
Audit	106,212
Liability, Protection, and Settlement	2,762,431
Unrestricted	2,785,173
Total net position	\$45,044,811

See Notes to Financial Statements.

Kankakee Community College District 520

Statement of Revenues, Expenses, and Changes in Net Position

For the year ended June 30, 2022

	Primary Government
Operating revenues:	
Student tuition and fees, net of scholarship allowances of \$1,867,583	\$7,216,558
Auxiliary enterprises revenue	932,409
Total operating revenue	8,148,967
Operating expenses:	
Instruction	11,967,101
Academic support	2,061,997
Student services	2,364,365
Public services	4,536,853
Auxiliary services	2,620,992
Operation and maintenance	4,321,939
Institutional support	10,680,941
Scholarships, student grants, and waivers	5,255,128
Depreciation expense	2,673,522
Loss on disposal of fixed assets	16,811
Total operating expenses	46,499,649
Operating income (loss)	(38,350,682)
Nonoperating revenues (expenses):	
State grants	5,511,940
State of Illinois on-behalf payments	8,310,396
Federal grants	14,267,410
Property taxes	13,413,491
Personal property replacement tax	1,586,509
Investment income	37,696
Other nonoperating revenues	614,201
Interest expense	(340,474)
Net nonoperating revenues (expenses)	43,401,169
Change in net position	5,050,487
Net position:	
Beginning of year, as restated	39,994,324
End of year	\$45,044,811

See Notes to Financial Statements.

Kankakee Community College District 520

Statement of Cash Flows

For the year ended June 30, 2022

	Primary Institution Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	\$9,435,912
Payments to suppliers	(14,675,592)
Payments to employees	(15,492,389)
Payments to students for scholarships and student grants	(7,122,711)
Auxiliary enterprise charges	874,928
Net cash flows from operating activities	(26,979,852)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from property taxes	12,953,413
Proceeds from grants	21,385,264
Net cash flows from noncapital financing activities	34,338,677
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(4,825,135)
Bond refunding	3,340,000
New prem (disc)	340,680
Principal paid on bonds payable	(2,155,000)
Interest paid on bonds payable	(586,620)
Lease payments	(94,674)
Lease amortization	90,157
Net cash flows from capital and related financing activities	(3,890,592)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received (paid)	31,853
Net cash flows from investing activities	31,853
Net increase (decrease) in cash and cash equivalents	3,500,086
CASH AND CASH EQUIVALENTS:	
Beginning of year	21,465,623
End of year	\$24,965,709

See Notes to Financial Statements.

Kankakee Community College District 520

Statement of Cash Flows (Continued)

For the year ended June 30, 2022

	<u>Primary Institution</u> <u>Business-Type</u> <u>Activities</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED	
IN OPERATING ACTIVITIES:	
Operating loss	(\$38,350,682)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	2,673,522
Loss on disposal	16,811
State on-behalf payments for fringe benefits	8,310,396
Changes in assets and liabilities:	
Inventory	143,263
Prepaid expenses	(60,502)
Receivables	179,202
Deferred outflows of resources	39,779
Accounts payable	278,250
Accrued liabilities	(1,059,791)
Accrued compensated absences	(78,815)
Deferred inflows of resources	813,627
Unearned tuition and fees	131,379
Other unearned revenue	(16,291)
Net cash used in operating activities	(\$26,979,852)
NONCASH INVESTING, CAPITAL, AND FINANCIAL:	
Acquisition of capital assets using accounts payable	\$469,629
STATE ON-BEHALF PAYMENTS	\$8,310,396

See Notes to Financial Statements.

Kankakee Community College District 520

Component Unit - Kankakee Community College Foundation, Inc.

Statement of Financial Position

June 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$554,931
Certificates of deposits	245,738
Investments	8,822,564
Accrued interest	1,083
Pledge receivable	192,970
Prepaid expenses	1,707

Total assets	\$9,818,993
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LIABILITIES

Current liabilities:

Accounts payable	\$776
Due to Kankakee Community College	290,861

Total liabilities	291,637
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NET ASSETS

Net assets:

With donor restrictions	
Unrestricted	1,411,819
Board designated	473,277
With donor restrictions	7,642,260

Total net assets	9,527,356
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Total liabilities and net assets	\$9,818,993
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See Notes to Financial Statements.

Kankakee Community College District 520

Component Unit - Kankakee Community College Foundation, Inc.

Statement of Activities

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support received:			
Contributions of cash and other financial assets	\$74,381	\$251,532	\$325,913
Contributed nonfinancial assets	160,083	0	160,083
Investment return (loss), net	116,814	(1,168,190)	(1,051,376)
Net assets released from restrictions			
Reclassification of board designated net assets	364,759	(364,759)	0
Restrictions satisfied	174,111	(174,111)	0
Total revenue, gains and other services received	890,148	(1,455,528)	(565,380)
Expenses:			
Program services:			
Scholarships	191,974	0	191,974
Special projects	22,216	0	22,216
Total program services	214,190	0	214,190
Supporting services:			
Management and general	200,287	0	200,287
Fundraising	7,399	0	7,399
Total supporting services	207,686	0	207,686
Total expenses	421,876	0	421,876
Change in net assets	468,272	(1,455,528)	(987,256)
Net assets, beginning of year	1,416,824	9,097,788	10,514,612
Net assets, end of year	\$1,885,096	\$7,642,260	\$9,527,356

See Notes to Financial Statements.

Kankakee Community College District 520

Component Unit - Kankakee Community College Foundation, Inc.

Statement of Functional Expenses

For the year ended June 30, 2022

	Program Services			Supporting Services			Grand Total
	Scholarships	Special Projects	Total	Management and General	Fundraising	Total	
Alumni events	\$0	\$0	\$0	\$7,997	\$0	\$7,997	\$7,997
Audit	0	0	0	7,515	0	7,515	7,515
Continuing education	0	0	0	4,224	0	4,224	4,224
Contractual	0	832	832	0	2,464	2,464	3,296
Donor cultivation	0	0	0	13,955	0	13,955	13,955
Grants & scholarship	191,974	0	191,974	0	0	0	191,974
Gifts/In-kind	0	0	0	160,083	0	160,083	160,083
Instructional supplies	0	0	0	0	0	0	0
Insurance	0	0	0	1,739	0	1,739	1,739
Maintenance/Support fees	0	0	0	0	0	0	0
Meals	0	3,672	3,672	0	1,565	1,565	5,237
Meeting/Conference	0	0	0	0	0	0	0
Student support	0	15,139	15,139	0	3,320	3,320	18,459
Software	0	0	0	4,774	0	4,774	4,774
Supplies	0	2,366	2,366	0	0	0	2,366
Travel	0	207	207	0	0	0	207
Other	0	0	0	0	50	50	50
Total expenses	\$191,974	\$22,216	\$214,190	\$200,287	\$7,399	\$207,686	\$421,876

See Notes to Financial Statements.

Kankakee Community College District 520

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of entity

Kankakee Community College – College District 520 (the College) 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 College's ruling body which establishes the policies and procedures by which the District is governed.

The accounting policies of the College 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 College reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements.

Financial reporting entity

The financial reporting entity consists of the primary government, as well as its component unit, the Kankakee Community College Foundation, Inc. (the Foundation), which is a legally separate organization. The discretely presented component unit has been deemed essential to the fair presentation of the College. The discretely presented component unit will be presented in separate financial statements as part of the government-wide financial statements to emphasize that it is legally separate from the government.

The Foundation, for which the College is not financially accountable, is accountable, is created to act primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College 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 College by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of, the College, 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.

The Foundation is a not-for-profit organization that separately reports its financial results under topic 958 of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC 958), also. Separately audited financial statements for the Foundation under FASB are available upon request from the Foundation at: 100 College Drive, Kankakee, IL 60901.

Measurement focus, basis of accounting, and financial statement presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College'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 incurred. All significant intra-fund transactions have been eliminated.

Kankakee Community College District 520

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes, state appropriations and federal, state and local grants. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grant and state appropriations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal period when the uses are first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

New Accounting Pronouncement

Management adopted new accounting guidance GASB Statement No. 87, Leases. GASB No. 87 improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. See Note 13 for the restatement of beginning net position.

Cash and cash equivalents

Cash includes deposits held at banks plus small amounts maintained for a change fund. Cash equivalents are defined as short-term investments readily converted to cash with original maturities of three months or less. The College has deposits with financial institutions, which at times exceed the federally insured limits. Management does not believe this represents any significant risk to the College.

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.

Investments

Investment securities are stated at fair value based on quoted market prices. Income is recognized on the accrual basis of accounting. The types of investments allowed are regulated by Illinois State laws and include municipal bonds, fixed income mutual funds, U.S. Government or Illinois obligations, insured deposits or other investments of state or national banks, Federal National Mortgage Association obligations, Illinois Funds, and agreements collateralized by securities or mortgages in an amount at least equal to the fair value of the funds deposited.

Kankakee Community College District 520

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Receivables

All property tax, student tuition and governmental claims and grant receivables are expected to be received within one year. Governmental claims and grants are from state and federal funding agencies. The College has a reserve of \$409,582 for uncollectible student tuition and fees. The College wrote off approximately \$139,941 of tuition and fees during the year ended June 30, 2022.

Property taxes

The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board's resolution, property tax levies are allocated 50 percent for each of the two fiscal years after the levy year. Accordingly, the College estimates 50 percent of property taxes extended for the 2021 tax year and collected in 2022 are recorded as revenue in fiscal year 2022. The remaining 50 percent of revenues related to tax year 2021 has been deferred and will be recorded as revenue in fiscal year 2022. The 50 percent allocation is an approximation based on tax collections in prior years.

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the taxing bodies their respective share of collections. Taxes levied in one year become due and payable in two installments during the following year, generally on June 1st and September 1st. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1, immediately following the levy year.

Capital assets

Capital assets include land, land improvements, buildings and equipment. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition 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 asset lives are not capitalized. Gains and losses realized upon retirement or disposition of capital assets are recognized in Statement of Revenues, Expenses, and Changes in Net Position/Net Assets as incurred. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

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

Leases

The College is a lessee in one noncancelable lease. If the contract provides the College the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Kankakee Community College District 520

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments are provided or can be calculated using an index or a rate.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the College's incremental borrowing rate. The College uses the incremental borrowing rate based on the information available at the commencement date for all leases. The College's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset for leases is amortized on a straight-line basis over the lease term.

For all underlying classes of assets, the College has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the College is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense.

For all underlying classes of assets, the College separates lease and non-lease components of an agreement to determine the lease payment.

Unearned tuition and fee revenue

Tuition and fee revenues received prior to the end of the fiscal year that are related to the subsequent fiscal year.

Long-term debt

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position/net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded in other assets or liabilities.

Compensated absences

Employees may accumulate vacation days up to the maximum (fifty-six (56) days) recognized by the State University Retirement System. All compensated absences, which are earned during the year, are therefore reported as an expense and as a liability.

Kankakee Community College District 520

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Other post-employment (OPEB) obligations

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and to OPEB expense, information about the plan net position of the College Insurance Plan ("CIP") and additions to/deductions from CIP's plan net position has been determined on the same basis as they are reported by CIP. For this purpose, OPEB payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a OPEB plan that is used to provide OPEB to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to OPEB or (2) the non-employer is the only entity with a legal obligation to make contributions directly to an OPEB plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

Deferred inflows and outflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time.

The deferred contributions to SURS represent the federal, trust, or grant contributions made by the College to SURS subsequent to the pension liability measurement date. The contributions will be recognized as an expense in the next fiscal year.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time. Deferred revenue, which is derived from property taxes, are deferred and recognized as an inflow of resources in the period that the amounts become available.

Kankakee Community College District 520

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Deferred inflows and outflows of resources (continued)

Other postemployment benefits (OPEB) expense, as well as deferred outflows of resources and deferred inflows of resources related to OPEB, should be recognized for the employers' (and non-employer contributing entity's) proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB.

Other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense beginning in the current period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive), determined as of the beginning of the measurement period.

Internal service activities

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

Classification of revenues and expenses

Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees and sales and service fees. Revenue from exchange transactions is recognized when earned. Student tuition and fees are recorded on the statement of revenues, expenses, and changes in net position, net of scholarship allowance and student aid. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as local property taxes, state appropriations, most federal, state and local grants and interest. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

Federal financial assistance programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Federal Direct Loan programs. Federal programs are audited in accordance with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Uniform Guidance Compliance Supplement.

On-behalf payments for fringe benefits and salaries

Contributions made by the State of Illinois relating to the State Universities Retirement Systems and College Insurance Plan on behalf of the College's employees are recognized by the College as revenues and expenses. In fiscal year 2022, the state made contributions of \$8,310,396.

Kankakee Community College District 520

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Pensions

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS) and additions to/deductions from SURS plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For financial reporting purposes, the State of Illinois (State) and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the College) and the non-employer entity (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The College recognizes its proportionate share of the State's pension expense relative to the College's employees as non-operating revenue and pension expense, with the expense further allocated to the related function by employees.

Net position

The College's net position is classified as follows:

Net investment in capital assets – This represents the College's total investment in capital assets, net of accumulated depreciation and related debt.

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

Unrestricted – 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 College and may be used at the discretion of the governing board to meet current expenses for any purpose.

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, expenses, gains, losses, and other changes in net position during the reporting period. Material estimates that are particularly susceptible to significant change in the near term relate to depreciation on capital assets, allowance for doubtful accounts, and the fair value of investments. Actual results could differ from those estimates.

Kankakee Community College District 520

Notes to Financial Statements

Note 2 Cash

The College's cash and deposits throughout the year and at year-end consisted of demand deposit accounts and certificates of deposit. The College classifies these accounts between cash and deposits on the statement of net position according to liquidity and intended use.

Cash and deposits as of June 30, 2022 consist of the following:

	Carrying Amount
Cash on hand	\$5,598
Deposits with financial institutions	24,960,111
Total	\$24,965,709

Custodial credit risk – deposits – Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, the College's deposits may not be returned to it. The College's policies require deposits in excess of the federally insured amounts be collateralized at the rate of 110% of such deposits. As of June 30, 2022, the bank balances of the College's deposits were \$25,569,243. The College had pledged securities of \$23,919,395 and FDIC coverage of \$1,649,848.

Note 3 Capital Assets

A summary of the changes in capital assets for the College for the year ended June 30, 2022, is as follows:

	Restated Balance June 30, 2021	Additions	Disposals and Transfers	Balance June 30, 2022
Land	\$2,142,785	\$0	\$0	\$2,142,785
Constructions in progress	2,060,897	4,045,624	(1,033,083)	5,073,438
Land improvements	3,782,678	0	0	3,782,678
Building and improvements	57,154,398	358,297	1,033,083	58,545,778
Equipment	26,234,586	421,214	(239,688)	26,416,112
Leasehold improvements	868,782	0	0	868,782
Lease assets	661,084	0	0	661,084
Total capital assets	92,905,210	4,825,135	(239,688)	97,490,657
Less accumulated depreciation & amortization	52,137,745	2,763,679	(222,877)	54,678,547
Capital assets, net	\$40,767,465	\$2,061,456	(\$16,811)	\$42,812,110

Kankakee Community College District 520

Notes to Financial Statements

Note 4 Long-Term Debt

The following is a summary of the long-term debt activity for the year ended June 30, 2022:

	Restated Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due Within One Year
Long-term debt:					
General obligation bonds	\$11,095,000	\$3,340,000	\$2,155,000	\$12,280,000	\$2,675,000
Bond premiums (discounts)	634,401	340,680	246,146	728,935	262,084
Lease liability	366,146	0	94,674	271,472	51,015
Compensated absences	946,316	296,522	375,337	867,501	416,400
OPEB liability	13,748,158	0	1,255,915	12,492,243	N/A
Totals	\$26,790,021	\$3,977,202	\$4,127,072	\$26,640,151	\$3,404,499

Details on the debt as of June 30, 2022 are as follows:

General Obligation Bonds:

\$3,370,000 taxable general obligation Community College serial bonds dated February 4, 2016, due in annual installments on December 1, of amounts ranging from \$50,000 to \$2,000,000 through December 2022, plus interest ranging from .9% to 3.25% payable semiannually \$970,000

\$3,305,000 general obligation Community College serial bonds dated February 29, 2016, due in annual installments on December 1, of amounts ranging from \$65,000 to \$1,940,000 through December 2023, plus interest of 3% payable semiannually 3,040,000

\$5,070,000 general obligation Community College serial bonds dated June 27, 2019, due in annual installments on December 1, of amounts ranging from \$85,000 to \$2,390,000 through December 2025, plus interest of 5% payable semiannually 4,930,000

\$3,340,000 general obligation Community College serial bonds dated October 18, 2021, due in annual installments on December 1, of amounts ranging from \$455,000 to \$1,145,000 through December 2026, plus interest of 3.5% payable semiannually 3,340,000

Total general obligation bonds 12,280,000

Add: unamortized premium on bond issuance 728,935

Total bonds payable 13,008,935

Less: amount due in one year 2,937,084

Bonds payable-long-term portion \$10,071,851

Kankakee Community College District 520

Notes to Financial Statements

Note 4 Long-Term Debt (continued)

Leases

The College entered into an agreement to lease copiers. The lease agreement commenced in October 2017 and required 60 monthly payments of \$5,636. There are no variable components of the lease. The lease liability was measured at a discount rate of 7.75%, which is based on the College's estimated incremental borrowing rate. The lease liability was \$16,692 at June 30, 2022. Additionally, the College recorded a lease asset, net of amortization, of \$14,071 at June 30, 2022.

At June 30, 2022, the future minimum lease payments were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$16,692	\$216	\$16,908

The College entered into an agreement to lease copiers. The lease agreement commenced in July 2018 and required 60 monthly payments of \$1,999. There are no variable components of the lease. The lease liability was measured at a discount rate of 8.00%, which is based on the College's estimated incremental borrowing rate. The lease liability was \$22,982 at June 30, 2022. Additionally, the College recorded a lease asset, net of amortization, of \$4,963 at June 30, 2022.

At June 30, 2022, the future minimum lease payments were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$22,982	\$1,006	\$23,988

The College entered into an agreement to lease building space. The lease agreement commenced in March 2013 and required 240 monthly payments starting at \$1,721, increasing annually. The lease liability was measured at a discount rate of 7.00%, which is based on the College's estimated incremental borrowing rate. The lease liability was \$231,798 at June 30, 2022. Additionally, the College recorded a lease asset, net of amortization, of \$149,544 at June 30, 2022.

At June 30, 2022, the future minimum lease payments were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$11,341	\$15,873	\$27,214
2024	13,003	15,027	28,030
2025	14,812	14,059	28,871
2026	16,777	12,960	29,737
2027	18,911	11,718	30,629
2028-2032	133,433	34,059	167,492
2033	23,520	620	24,140
	<u>\$231,798</u>	<u>\$104,316</u>	<u>\$336,114</u>

Kankakee Community College District 520

Notes to Financial Statements

Note 4 Long-Term Debt (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2022, including interest, are as follows:

Year Ending June 30,	General Obligation Bonds	Lease Liability	Compensated Absences	Total Principal	Interest	Total Principal And Interest
2023	\$2,675,000	\$51,015	\$416,400	\$3,142,415	\$459,246	\$3,601,661
2024	2,765,000	13,003	451,101	3,229,104	367,002	3,596,106
2025	2,875,000	14,812	0	2,889,812	251,596	3,141,408
2026	2,820,000	16,777	0	2,836,777	117,648	2,954,425
2027	1,145,000	18,911	0	1,163,911	31,755	1,195,666
2028-2032	0	133,433	0	133,433	34,059	167,492
2033-2037	0	23,521	0	23,521	620	24,141
Total	\$12,280,000	\$271,472	\$867,501	\$13,418,973	\$1,261,926	\$14,680,889

The following is a schedule of the legal debt margin of the College as of June 30, 2022:

Assessed valuation – 2021 levy	\$2,781,568,689
Debt limit – 2.875% of assessed valuation	79,970,100
Less indebtedness	(12,551,472)
Legal debt margin, June 30, 2022	\$67,418,628

Note 5 Defined Benefit Pension Plans

General Information about the Pension Plan

Plan Description. The College contributes to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (State) 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 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's financial reporting entity and is included in the State's Annual Comprehensive Financial Report (ACFR) as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 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.

Kankakee Community College District 520

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2021 can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

Contributions. The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2021 and fiscal year 2022, respectively, was 12.70% and 12.32% of employee payroll. The normal cost is equal to the value of current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State’s General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

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

Net Pension Liability.

The net pension liability (NPL) was measured as of June 30, 2021. At June 30, 2021, SURS reported a NPL of \$28,528,477,079.

Employer Proportionate Share of Net Pension Liability.

The amount of the proportionate share of the net pension liability to be recognized for the College is \$0. The proportionate share of the State’s net pension liability associated with the College is \$100,328,663 or 0.3517%. The College’s proportionate share changed by 0.0000% from 0.2390% since the last measurement date on June 30, 2020. This amount is not recognized in the College’s financial statements. The NPL and total pension liability as of June 30, 2021 was determined based on the June 30, 2020 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2020.

Kankakee Community College District 520

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

Defined Benefit Pension Expense.

At June 30, 2021, SURS defined benefit plan reported a collective net pension expense of \$2,342,460,058.

Employer Proportionate Share of Pension Expense.

The employer proportionate share of collective defined benefit pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2020. As a result, the College recognized on-behalf revenue and pension expense of \$8,237,940 for the fiscal year ended June 30, 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Defined Benefit Pensions.

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$113,467,689	\$0
Changes in assumption	776,968,084	0
Net difference between projected and actual earnings on pension plan investments	0	2,283,514,660
Total	\$890,435,773	\$2,283,514,660

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses:

Year Ending June 30	Net Deferred Outflows of Resources
2022	\$34,095,451
2023	(197,005,703)
2024	(538,343,058)
2025	(691,825,577)
Total	(\$1,393,078,887)

Employer Deferral of Fiscal Year 2022 Contributions

The College paid \$155,636 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2022. These contributions were made subsequent to the pension liability measurement date of June 30, 2021, and are recognized as Deferred Outflows of Resources as of June 30, 2022.

Kankakee Community College District 520

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.75 percent, including inflation
Investment rate of return	6.50 percent beginning with the actuarial valuation as of June 30, 2021

Mortality rates were based on the Pub-2010 employee and retiree gender distinct tables with projected with generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Traditional Growth		
Global Public Equity	41.0%	6.30%
Stabilized Growth		
Credit Fixed Income	14.0%	1.82%
Core Real Assets	5.0%	3.92%
Options Strategies	6.0%	4.20%
Non-Traditional Growth		
Private Equity	7.5%	10.45%
Non-Core Real Assets	2.5%	8.83%
Inflation Sensitive		
U.S. TIPS	6.0%	(0.22%)
Principal Protection		
Core Fixed Income	8.0%	(0.81%)
Crisis Risk Offset		
Systematic Trend Following	6.5%	3.45%
Alternative Risk Premia	3.0%	2.30%
Long Duration	6.5%	0.91%
Total	100%	4.43%
Inflation		2.25%
Expected arithmetic return		6.68%

Kankakee Community College District 520

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

Discount Rate. A single discount rate of 6.12% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 1.92% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2021). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.12%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.12%	Current Single Discount Rate Assumption 6.12%	1% Increase 7.12%
<u>\$35,000,704,353</u>	<u>\$28,528,477,079</u>	<u>\$23,155,085,730</u>

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

Note 6 Defined Contribution Pension Plan

General Information about the Pension Plan

Plan Description. The College contributes to the Retirement Savings Plan (RSP) administered by the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State of Illinois (State) makes substantially all 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 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 governed by Chapter 40, Act 5, Article 15 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. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Benefits Provided. A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2021, can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

Kankakee Community College District 520

Notes to Financial Statements

Note 6 Defined Contribution Pension Plan (Continued)

Contributions. All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from “trust, federal, and other funds” as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State’s General Assembly.

Forfeitures. Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee’s RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee’s own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State’s contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State’s General Assembly.

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense

For the year ended June 30, 2021, the State’s contributions to the RSP on behalf of individual employers totaled \$76,280,832. Of this amount, \$70,403,460 was funded via an appropriation from the State and \$5,877,372 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense

The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2021. The College’s share of pensionable contributions was 0.1432%. As a result, the College recognized revenue and defined contribution pension expense of \$109,206 from this special funding situation during the year ended June 30, 2022, of which \$8,414 constituted forfeitures.

Kankakee Community College District 520

Notes to Financial Statements

Note 7 Other Post-Employment Benefits

Plan Administration. The Community College Health Insurance Security Fund (CCHISF) (also known as The College Insurance Program, ("CIP") is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. The CIP was established under the State Employees Group Insurance Act of 1971, as amended, 5 ILCS 375/6.9 (f), which became effective July 1, 1999. The purpose of the CCHISF is to receive and record all revenues from the administration of health benefit programs under Article 15 of the Illinois Pension Code. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan with a special funding situation that covers retired employees and their dependents of Illinois community college districts throughout the State of Illinois, excluding the City Colleges of Chicago. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to CIP were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the State Universities Retirement System and the boards of trustees of the various community college districts.

Plan membership. All members receiving benefits from the State Universities Retirement System (SURS) who have been full-time employees of a community college district or an association of a community college who have paid the required active member CIP contributions prior to retirement are eligible to participate in CIP. Survivors of an annuitant or benefit recipient eligible for CIP coverage are also eligible for coverage under CIP.

Benefit Provisions. A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the CCHISF's financial statements of the Department may be obtained by accessing the website at www.auditor.illinois.gov/Audit-Reports/CMS-CCHISF.asp.

Benefits Provided. CIP health coverage includes provisions for medical, prescription drugs, vision, dental and behavioral health benefits. Eligibility to participate in the CIP is defined in the State Employees Group Insurance Act of 1971 (ACT) (5 ILCS 375/3). The Act (5 ILCS 375/6.9) also establishes health benefits for community college benefit recipients and dependent beneficiaries.

Contributions. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of the salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriate Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1071 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF.

Kankakee Community College District 520

Notes to Financial Statements

Note 7 Other Post-Employment Benefits (continued)

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Net OPEB Liability. The net OPEB liability was measured as of June 30, 2021. CIP reported a net OPEB liability at June 30, 2021 of \$1,735,532,864.

Employer Proportionate Share of Net OPEB Liability. The amount of the proportionate share of the net OPEB liability to be recognized for the College is \$12,492,243 or 0.7198%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was a decrease of 0.0345%. The proportionate share of the State's net OPEB liability associated with the College is \$12,492,243. The total proportionate share of the net OPEB liability associated with the College is \$24,984,486. The net OPEB liability and total OPEB liability as of June 30, 2021 was determined based on the June 30, 2020 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net OPEB liability is the actual reported OPEB contributions made to CIP during fiscal year 2021.

OPEB Expense. At June 30, 2021, CIP reported a collective net OPEB expense/(income) of (\$8,291,172).

Employer Proportionate Share of OPEB Expense. The employer proportionate share of collective OPEB expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective OPEB expense is the actual reported OPEB contributions made to CIP during fiscal year 2021. As a result, the College recognized on-behalf revenue and expense of (\$36,750) for the fiscal year ended June 30, 2022. Additionally, the College recognized OPEB expense/(income) of (\$399,387) for the fiscal year ended June 30, 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. Deferred outflows of resources are the consumption of net position by the OPEB plan that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by the OPEB plan that is applicable to future reporting periods.

Kankakee Community College District 520

Notes to Financial Statements

Note 7 Other Post-Employment Benefits (continued)

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The College's Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$79,055	\$913,035
Changes in assumption	0	2,386,414
Net difference between projected and actual earnings on OPEB plan investments	0	360
Changes in proportion and differences between employer contributions and share of contributions	8,678	1,047,479
Total deferred amounts to be recognized in pension expense in future periods	87,733	4,347,288
OPEB contributions made subsequent to the measurement date	66,386	0
Total	\$154,119	\$4,347,288

The College reported \$66,386 as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Year ended June 30:	Net Deferred Inflows of Resources
2023	(\$709,926)
2024	(709,926)
2025	(709,926)
2026	(709,926)
2027	(709,926)
2028	(709,925)
Total	(\$4,259,555)

Kankakee Community College District 520

Notes to Financial Statements

Note 7 Other Post-Employment Benefits (continued)

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years
Healthcare cost trend rates	Trend used for fiscal year 2021 based on premium increases. For fiscal years on and after 2022, trend starts at 8.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.25%.
Asset Valuation Method	Market value

Kankakee Community College District 520

Notes to Financial Statements

Note 7 Other Post-Employment Benefits (continued)

Assumptions and Other Inputs (continued)

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 Whited Collar Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2017.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2018.

Discount Rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's "20-year Municipal GO AA Index" has been selected. The discount rates are 1.92% as of June 30, 2021, and 2.45% as of June 30, 2020. The decrease in the single discount rate from 2.45% to 1.92% caused the total OPEB liability to increase by approximately \$114.7 million from 2020 to 2021.

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

Sensitivity of Net OPEB Liability to Changes in the Single Discount Rate

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 1.92% at June 30, 2021, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher or lower than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2021 to the Single Discount Rate Assumption			
	1% Decrease (0.92%)	Current Single Discount Rate Assumption (1.92%)	1% Increase (2.92%)
Net OPEB liability	\$14,232,335	\$12,492,243	\$10,989,514

Kankakee Community College District 520

Notes to Financial Statements

Note 7 Other Post-Employment Benefits (continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.00% in 2022 decreasing to an ultimate trend rate of 4.25% in 2038.

Sensitivity of Net OPEB Liability as of June 30, 2021 to the Healthcare Cost Trend Rate Assumption

	Healthcare Cost Trend		
	1% Decrease (a)	Rates Assumption	1% Increase (b)
Net OPEB liability	\$10,293,410	\$12,492,243	\$15,437,131

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2022 decreasing to an ultimate trend rate of 3.25% in 2038.
- (b) One percentage point increase in healthcare trend rates are 9.00% in 2022 decreasing to an ultimate trend rate of 5.25% in 2038.

Note 8 Risk Management

The College is exposed to various risks of loss related to torts, property damage and general business risks. The College utilizes conventional outside insurance to cover its exposure to such liabilities and worker's compensation claims with standard retention levels. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For uninsured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The College is a defendant in various lawsuits. Although the outcome of these lawsuits is presently not determinable, in the opinion of the College's attorney and management, the resolution of these matters will not materially affect the financial condition of the College. Therefore, there is no provision for estimated claims.

The College accounts for and finances its uninsured risks of loss related to medical care, outpatient prescription drug costs, and dental care. A third-party administrator provides administrative services for this self-insurance plan. Under this program, the fund provides coverage of the College's employee medical insurance when individual claims exceeded \$120,000 with an unlimited maximum benefit per individual per life-time and aggregate claims exceeded \$3,463,210 over an annual liability period.

The reserve for health care costs reported in the fund at June 30, 2022 is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statement indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liability includes all known claims.

Kankakee Community College District 520

Notes to Financial Statements

Note 8 Risk Management (continued)

The following is a reconciliation of changes in the reserve for health care costs for the current fiscal year and two prior fiscal years. The reserve is based on deposits net of changes.

	2022	2021
Reserve for health care costs at July 1	\$140,426	\$166,931
Claims incurred during the period	2,747,497	2,338,667
Payments on claims	(2,643,895)	(2,365,172)
<u>Reserve for health care costs at June 30</u>	<u>\$244,028</u>	<u>\$140,426</u>

The reserve for health care costs is recorded with the accounts payable and accrued liabilities categories on the statements of net position as of June 30, 2022 and 2021, respectively.

Note 9 Impact of Pending Accounting Pronouncements

GASB Statement No. 91, Conduit Debt Obligations provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The College has not determined the effect of this Statement.

GASB Statement No. 92, Omnibus 2021, improves the consistency of several practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The College has not determined the effect of this Statement.

GASB Statement No. 93, Replacement of Interbank Offered Rates, amends certain hedge accounting from GASB Statement No. 53 and variable lease payments in accordance with GASB Statement No. 87. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The College has not determined the effect of this Statement.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, provides more guidance for accounting and financial reporting for availability payments arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The College has not determined the effect of this Statement.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), defines a SBITA, establishes a right-to-use subscription asset and liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The College has not determined the effect of this Statement.

GASB Statement No. 99, Omnibus 2022, improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and 2023. The College has not determined the effect of this Statement.

Kankakee Community College District 520

Notes to Financial Statements

Note 9 Impact of Pending Accounting Pronouncements (continued)

GASB Statement No. 100, Accounting Changes and Error Corrections, enhances accounting and financial reporting for accounting changes in error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The College has not determined the effect of this Statement.

GASB Statement No. 101, Compensated Absences, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The College has not determined the effect of this Statement.

Note 10 Component Unit

The following are the significant accounting policies and footnotes related to the component unit which do not conflict with the College.

Summary of Significant Accounting Policies

Nature of Business

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

Basis of Accounting

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

Basis of Presentation

The financial statements of the Foundation are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide"). Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions and Revenues

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restriction support. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restriction support that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as without donor restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at fair value at the date of the donation.

The Foundation reports gifts of land, buildings, and equipment as without donor support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

Contributions and Revenues (continued)

A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Pledges Receivable

Unconditional pledges receivable are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional. As of June 30, 2022, pledges receivables were \$192,970 less allowances. Management has assessed the collectability of pledges receivable and determined they are fully collectible as of June 30, 2022.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation files Forms 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Forms 990 filed by the Foundation are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 filed by the Foundation are no longer subject to examination for tax years before June 30, 2016.

Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

Included on the statement of activities is expenses by function with natural classification detail. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various methods. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting service category when identifiable and possible.

Cash and Cash Equivalents

The Foundation considers Cash, money markets and all liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and certificates of deposits. As of June 30, 2022, the bank balances of the Foundation's deposits were \$608,943. Of that bank balance, \$495,943 was covered by federal depository insurance and \$113,205 was undercollateralized.

Certificates of Deposit

The Foundation holds non-brokered certificates of deposit which are carried at cost.

Investments and Investment Earnings

Investments consist primarily of assets invested in alternative investments and marketable equity securities. Investments in equity securities with readily determinable fair values are measured at the fair value in the statement of financial position. Alternative investments are measured at the net asset value per share as a practical expedient in the statement of financial position. Investment income or loss is included in the statement of activities as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Contributed nonfinancial assets

Contributed nonfinancial assets are to be recognized in the financial statements. The services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. The Foundation receives contributed nonfinancial assets generally in the form of contributed time by volunteers. However, these contributed nonfinancial assets are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. Contributed nonfinancial assets funded by the College are recognized in the financial statements and included in supporting services.

Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

For the year ended June 30, 2022, the Foundation received contributed administrative services totaling \$157,821 from the College, a related party. The Foundation also received operational supplies valued at \$2,262 from various businesses and individuals during the year ended June 30, 2022.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Foundation has evaluated subsequent events through September 19, 2022 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2022 have been incorporated herein.

Pending Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

Cash and Cash Equivalents:

Cash and cash equivalents consist of the following at June 30, 2022:

Brokerage money market	\$195,418
Brokerage cash	0
Checking	359,513
<hr/>	
Total	\$554,931
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Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Liquidity and Availability of Financial Assets:

The Foundation's primary sources of support are contributions, fundraising and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. The following table reflects the Foundation's financial assets as of June 30, 2022, reduced by amounts not available for general expenditures:

Total financial assets	\$9,767,286
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	1,635,381
Board designated restrictions	473,277
Perpetual endowments	6,006,879
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,651,749</u>

Investments

Interest, dividends, realized and unrealized gains and losses attributable to investments have been distributed based on each fund's percentage holdings of that investment. The investments at June 30, 2022 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
U.S. treasury obligations	\$105,786	\$117,973	\$(12,187)
U.S. government agencies	64,950	69,790	(4,840)
Mutual funds	4,729,555	5,044,997	(315,442)
Exchange-traded and closed-end funds	2,510,977	2,382,603	128,374
Corporate bonds	57,902	65,160	(7,258)
Preferred stock	190,111	212,451	(22,340)
Common stock	1,163,283	1,033,288	129,995
<hr/>			
Total investments	<u>\$8,822,564</u>	<u>\$8,926,262</u>	<u>\$(103,698)</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2022:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$52,712	\$204,940	\$257,652
Unrealized gains (losses)	(55,478)	(1,531,963)	(1,587,441)
Realized gains (losses)	1,968	276,445	278,413
<hr/>			
Total	<u>\$(798)</u>	<u>\$(1,050,578)</u>	<u>\$(1,051,376)</u>

Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Changes in endowment net assets for the year ended June 30, 2022:

<u>Endowment net assets, July 1, 2021</u>	<u>\$6,970,202</u>
Contributions	10,600
Investment income (loss), net	(912,175)
<u>Net assets related from restrictions</u>	<u>(61,748)</u>
<u>Change in endowment net assets</u>	<u>(963,323)</u>
<u>Endowment net assets, June 30, 2022</u>	<u>\$6,006,879</u>

The Foundation's investment objectives for endowment funds include that they exist in perpetuity, and therefore, should provide for grant making in perpetuity. To attain this goal, the objective is to maintain purchasing power and grow the aggregate portfolio value at the rate of inflation over the investment horizon.

In order to meet its needs, the Foundation emphasizes total return, that is, the aggregate return from capital appreciation and dividend and interest income. The primary objective in the investment management for the Foundation's assets are to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

The Investment/Finance Committee establishes the expendable portion of the combined endowment investment accounts for the coming year as of December 31. The expendable portion will be set at no more than 5% of the rolling five-year average (or all years if less than five) portfolio value. This is based on the total return system which includes interest, dividends, realized and unrealized gains/losses. Each sub account will be allocated its proportionate share of the expendable funds based on the average balances. Distributions are made semi-annually as agreed to with the College and in accordance with donor restrictions. Income available for spending is calculated each December 31 and is reviewed and approved by the Investment/Finance Committee annually.

Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Net Assets with Donor Restrictions:

Net assets with donor restrictions consist of the following as of June 30, 2022:

Subject to expenditure for specified purpose:	
Student scholarships, awards and College support	\$1,117,128
Endowment subject to spending policy and appropriation	6,006,879
	<hr/>
Net assets with donor restrictions	\$7,124,007

The Foundation reports gifts or cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2022 for scholarships, awards and College support totaled \$195,810.

Pledge Receivable:

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. The breakdown of pledges receivable as of June 30, 2022 is as follows:

Total Pledges Receivable	\$200,000
Less discounts to net present value	(7,030)
	<hr/>
Pledges Receivable	\$192,970
	<hr/>
Amounts due in:	
Less than one year	\$100,000
Due in more than one year	92,970
	<hr/>
Pledges Receivable	\$192,970

Fair Value of Financial Instruments:

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Fair Value of Financial Instruments (continued):

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of investments in investment companies have a value of their capital account or net asset value calculated in accordance with, or in a manner consistent with U.S. generally accepted accounting principles (referred to as NAV). As a practical expedient, the Foundation is permitted under U.S. GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with U.S. GAAP. The Foundation adopted FASB Accounting Standards Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, and therefore is not required to assign a level in the hierarchy to investments measured using NAV.

Equity Investments

Investments in equity vehicles are comprised of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

At June 30, 2022, the Foundation's approximate fair value hierarchy for investments valued at fair value were as follows:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
U.S. treasury obligations	\$105,786	\$105,786	\$0	\$0
U.S. government agencies	64,950	64,950	0	0
Mutual funds	4,729,555	4,729,555	0	0
Exchange-traded and closed-end funds	2,510,977	2,510,977	0	0
Corporate bonds	57,902	57,902	0	0
Preferred stock	190,111	190,111	0	0
Common stock	1,163,283	1,163,283	0	0
Total	\$8,822,564	\$8,822,564	\$0	\$0

Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Fair Value of Financial Instruments (continued):

Information regarding the fair value of assets and liabilities measured at fair value on a nonrecurring basis as of June 30, 2022 follows:

Assets measured at fair value on a nonrecurring basis:	Total	Nonrecurring Fair Value Measurements At Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Contributed nonfinancial assets				
Services	\$157,821	\$0	\$0	\$157,821
Advertising	2,262	0	0	2,262
Total	\$160,083	\$0	\$0	\$160,083

The following presents quantitative information about nonrecurring Level 3 fair value measurements at June 30, 2022:

	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range
Contributed services	\$157,821	Market Approach	Fair value of assets contributed to Foundation	N/A
Advertising	2,262	Market Approach	Fair value of assets contributed to Foundation	N/A
Total	\$160,083			

Related Parties:

The Foundation is a component unit of Kankakee Community College District 520 (College) for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the College's financial statements. The College provides office space and support services for the Foundation. The estimated fair value of such in-kind benefits to the Foundation was \$157,821 for the year ended June 30, 2022 and is recognized as both a revenue and expense in the statement of activities. The Foundation paid the College \$191,974 for scholarships and awards and had during the year ended June 30, 2022. At June 30, 2022, the Foundation had accounts payable of \$290,861 to the College.

Kankakee Community College District 520

Notes to Financial Statements

Note 10 Component Unit (continued)

Contributed Nonfinancial Assets:

Contributed nonfinancial assets consist of the following:

Advertising	\$2,262
Contributed services	157,821
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Total contributed nonfinancial assets	\$160,083

The Foundation recognizes contributed nonfinancial assets within revenues, including contributed advertising and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed advertising was used to promote the Foundation and fundraising activities. Contributed advertising is valued and reported at the estimated fair value in the financial statements based on current rates for similar advertising services. Contributed services recognized comprise professional services from College accounting and administrative personnel handling the Foundation's financial records and operational activities.

Reclassification of Net Assets Due to Board Designation:

During fiscal year 2022, the Foundation made changes in net assets based upon board designation. The Foundation transferred \$364,759 from net assets with donor restrictions to net assets without donor restrictions. The transfer was made to properly reflect the board designated net assets in the net assets without donor restrictions.

Note 11 Contingencies and Commitments

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the College expects such amounts, if any, to be immaterial.

Note 12 Subsequent Events

The College has evaluated subsequent events through December 19, 2022 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2022 have been incorporated herein. There are no other subsequent events that require disclosure.

In August 2022, the College entered into a construction contract with Johnson Downs Construction in the amount of \$545,850 for the Bookstore Relocation Project. The project started in August 2022 and was completed in November 2022.

Kankakee Community College District 520

Notes to Financial Statements

Note 13 **Current Year Restatement**

During the fiscal year, the College made a prior-period adjustments to the financial statements to implement GASB Statement No. 87 related to leases in compliance with accounting principles generally accepted in the United States.

	<u>Net Position</u> <u>June 30, 2022</u>
Net Position, beginning of year, as previously reported	\$40,101,735
<u>GASB Statement No. 87 implementation</u>	<u>(107,411)</u>
<u>Net position, beginning of year, as restated</u>	<u>\$39,994,324</u>

Required Supplementary Information

Kankakee Community College District 520

Schedule of Share of Net Pension Liability

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2014)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%	0%			
Proportion amount of the collective net pension liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$100,328,663	\$107,682,979	\$102,875,295	\$98,650,469	\$93,515,659	\$98,606,011	\$89,176,468			
College defined benefit covered payroll	\$12,324,407	\$13,071,288	\$12,957,659	\$12,832,132	\$12,969,639	\$13,735,863	\$13,755,070			
Proportion of collective net pension liability associated with the College as a percentage of defined benefit covered payroll	814.06%	823.81%	793.93%	768.78%	721.04%	717.87%	648.32%			
SURS plan net position as a percentage of total pension liability	45.45%	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%			

Note: The College implemented GASB No. 68 in fiscal year 2015. The information is presented for as many years as available. The schedule is intended to show information for 10 years.

Kankakee Community College District 520

Schedule of Pension Contributions

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2014)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Federal, trust, grant and other contribution	\$155,636	\$152,514	\$162,582	\$139,029	\$139,567	\$140,569	\$176,970	\$155,372		
Contribution in relation to required contribution	155,636	152,514	162,582	139,029	139,567	140,569	176,970	155,372		
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
College covered payroll	\$12,180,000	\$12,324,407	\$13,071,288	\$12,957,659	\$12,832,132	\$12,969,639	\$13,735,863	\$13,755,070		
Contribution as a percentage of covered - employee payroll	1.28%	1.24%	1.24%	1.07%	1.09%	1.08%	1.29%	1.13%		

Note: The College implemented GASB No. 68 in fiscal year 2015. The information is presented for as many years as available. The schedule is intended to show information for 10 years.

Kankakee Community College District 520

Schedule of Share of Net OPEB Liability

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2016)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net OPEB liability	0.72%	0.75%	0.77%	0.78%	1%					
Proportion amount of the collective net OPEB liability	\$12,492,243	\$13,748,158	\$14,530,209	\$14,758,978	\$14,341,851					
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with the College	\$12,492,243	\$13,748,131	\$14,530,209	\$14,758,978	\$14,152,960					
Total collective net OPEB liability associated with the College	\$24,984,486	\$27,496,289	\$29,060,418	\$29,517,956	28,494,811					
College covered payroll	\$12,324,407	\$13,071,288	\$12,957,659	\$12,832,132	\$12,969,639					
Proportion of collective net OPEB liability associated with the College as a percentage of covered payroll	202.72%	210.36%	224.27%	230.03%	219.70%					
College insurance plan net position as a percentage of total OPEB liability	-6.38%	-5.07%	-4.13%	-3.54%	-2.87%					

Note: The College implemented GASB No. 75 in fiscal year 2017. The information is presented for as many years as available. The schedule is intended to show information for 10 years.

Kankakee Community College District 520

Schedule of OPEB Contributions

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2016)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statorily required contribution	\$66,386	\$66,926	\$69,366	\$69,064	\$68,365	\$68,230	\$71,943			
Contribution in relation to the required statorily	66,386	66,926	69,366	69,064	68,365	68,230	71,943			
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
College covered payroll	\$12,180,000	\$12,324,407	\$13,071,288	\$12,957,659	\$12,832,132	\$12,969,639	\$13,735,863			
Contribution as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%			

Note: The College implemented GASB No. 75 in fiscal year 2018. The information is presented for as many years as available. The schedule is intended to show information for 10 years.

See Accompanying Notes to Required Supplementary Information

Kankakee Community College District 520

Notes to Required Supplementary Information

Note 1 **Changes of Benefit Terms:**

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2021.

Note 2 **Changes of Assumptions:**

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021.

- Salary increase. Change in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, while maintaining the underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects maintaining an assumed real rate of return of 4.25 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Early retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.
- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

Note 3 **Changes of OPEB Benefit Terms:**

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2021.

Kankakee Community College District 520

Notes to Required Supplementary Information

Note 4 Changes of OPEB Assumptions:

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of CIP. An experience review for the years June 30, 2014 to June 30, 2017, resulting in the adoption of new assumptions as of June 30, 2020. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2019:

- The discount rate was changed from 2.45 percent at June 30, 2020, to 1.92 percent at June 30, 2021.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2020, projected plan cost for plan year end June 30, 2021, premium changes through plan year end 2021, and expectation of future trend increases after June 30, 2021.
- Since the Excise Tax was repealed, the Excise Tax trend adjustment was removed.
- Per capita claim costs for plan year end June 30, 2021, were updated based on projected claims and enrollment experience through June 30, 2021 and updated premium rates through plan year end 2022.
- Healthcare plan participation rates by plan were updated based on observed experience.

Supplemental Financial Information

Kankakee Community College District 520

Supplemental Financial Information Section

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 Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net position, the Uniform Financial Statements are completed using the modified accrual basis of accounting and a current financial resource measurement focus.

The Uniform Financial Statements include the following:

- No. 1 - All Funds Summary
- No. 2 - Summary of Capital Assets and Long-Term Debt
- No. 3 - Operating Funds Revenues and Expenditures
- No. 4 - Restricted Purposes Fund Revenues and Expenditures
- No. 5 - Current Funds Expenditures by Activity

Certificate of Chargeback Reimbursement

- No. 6 - Certificate of Chargeback Reimbursement

Kankakee Community College District 520

Uniform Financial Statement #1

All Funds Summary

For the year ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund
Fund balance (deficit) at July 1, 2021	\$8,580,374	\$4,518,923	\$1,165,947	\$1,257,697
Revenue:				
Local taxes	7,420,722	1,971,741	1,292,349	2,838,370
All other local government	0	0	0	0
ICCB grants	3,431,245	231,571	1,096,488	0
All other state revenue	0	0	0	0
Federal revenue	445,565	59,510	0	0
Student tuition and fees	8,274,735	325,225	0	0
On-Behalf CIP	0	0	0	0
On-Behalf SURS	0	0	0	0
All other revenue	65,524	429,340	797	275
Total revenue	19,637,791	3,017,387	2,389,634	2,838,645
Expenditures:				
Instruction	7,797,355	0	0	0
Academic support	1,330,057	0	0	0
Student services	1,412,317	0	0	0
Public service	380,542	0	0	0
Auxiliary services	0	0	0	0
Operation and maintenance	0	2,958,395	524,066	0
Institutional support	6,715,408	262,366	0	1,800
Scholarships, student grants, and waivers	0	0	0	0
Principal retirement	84,860	9,814	0	2,155,000
Interest	6,760	16,607	0	468,013
Building construction, building improvements, and equipment	41,193	90,638	4,277,933	0
Total expenditures	17,768,492	3,337,820	4,801,999	2,624,813
Other financing sources (uses):				
Bond proceeds	1,289,257	548,327	1,770,000	73,096
Transfers in	0	0	140,657	0
Transfers out	0	(140,657)	0	0
	1,289,257	407,670	1,910,657	73,096
Fund balance (deficit) at June 30, 2022	\$11,738,930	\$4,606,160	\$664,239	\$1,544,625

Kankakee Community College District 520

Uniform Financial Statement #1

All Funds Summary

(Continued)

For the year ended June 30, 2022

	Auxiliary Enterprise Fund	Restricted Purpose Fund	Working Cash Fund
Fund balance (deficit) at July 1, 2021	\$7,578,298	(\$392,280)	\$3,377,932
Revenue:			
Local taxes	0	0	0
All other local government	0	0	0
ICCB grants	0	260,478	0
All other state revenue	0	492,158	0
Federal revenue	485,300	13,277,035	0
Student tuition and fees	484,902	0	0
On-Behalf CIP	0	(36,750)	0
On-Behalf SURS	0	8,347,146	0
All other revenue	1,058,753	11,137	17,506
Total revenue	2,028,955	22,351,204	17,506
Expenditures:			
Instruction	0	4,399,252	0
Academic support	0	820,081	0
Student services	0	985,485	0
Public service	0	4,190,064	0
Auxiliary services	1,930,340	702,326	0
Operation and maintenance	0	242,907	0
Institutional support	0	3,159,989	0
Scholarships, student grants, and waivers	0	7,122,711	0
Principal retirement	0	0	0
Interest	0	0	0
Building construction, building improvements, and equipment	0	415,371	0
Total expenditures	1,930,340	22,038,186	0
Other financing sources (uses):			
Bond proceeds	0	0	0
Transfers in	45,000	0	0
Transfers out	(45,000)	0	0
	0	0	0
Fund balance (deficit) at June 30, 2022	\$7,676,913	(\$79,262)	\$3,395,438

Kankakee Community College District 520

Uniform Financial Statement #1

All Funds Summary

(Continued)

For the year ended June 30, 2022

	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance (deficit) at July 1, 2021	\$85,259	\$2,558,733	\$28,730,883
Revenue:			
Local taxes	64,676	1,412,142	15,000,000
All other local government	0	0	0
ICCB grants	0	0	5,019,782
All other state revenue	0	0	492,158
Federal revenue	0	0	14,267,410
Student tuition and fees	0	0	9,084,862
On-Behalf CIP	0	0	-36,750
On-Behalf SURS	0	0	8,347,146
All other revenue	27	947	1,584,306
Total revenue	64,703	1,413,089	53,758,914
Expenditures:			
Instruction	0	0	12,196,607
Academic support	0	0	2,150,138
Student services	0	0	2,397,802
Public service	0	0	4,570,606
Auxiliary services	0	0	2,632,666
Operation and maintenance	0	636,929	4,362,297
Institutional support	43,750	572,462	10,755,775
Scholarships, student grants, and waivers	0	0	7,122,711
Principal retirement	0	0	2,249,674
Interest	0	0	491,380
Building construction, building improvements, and equipment	0	0	4,825,135
Total expenditures	43,750	1,209,391	53,754,791
Other financing sources (uses):			
Bond proceeds	0	0	3,680,680
Transfers in	0	0	185,657
Transfers out	0	0	(185,657)
	0	0	3,680,680
Fund balance (deficit) at June 30, 2022	\$106,212	\$2,762,431	\$32,415,686

Kankakee Community College District 520

Uniform Financial Statement #2

Summary of Capital Assets and Long-Term Debt *

For the year ended June 30, 2022

	Balance July 1, 2021	Additions	Deletions	Reclassification	Balance June 30, 2022
Capital assets:					
Sites and improvements	\$5,925,463	\$0	\$0	\$0	\$5,925,463
Buildings, additions and improvements	58,023,180	358,297	0	1,033,083	59,414,560
Equipment	26,234,586	421,214	239,688	0	26,416,112
Construction in process	2,060,897	4,045,624	0	(1,033,083)	5,073,438
Lease assets	661,084	0	0	0	661,084
Total capital assets	92,905,210	4,825,135	239,688	0	97,490,657
Accumulated depreciation	51,735,396	2,673,522	222,877	0	54,186,041
Accumulated amortization	402,349	90,157	0	0	492,506
Total depreciation & amortization	52,137,745	2,763,679	222,877	0	54,678,547
Net capital assets	\$40,767,465	\$2,061,456	\$16,811	\$0	\$42,812,110
Long-Term Debt:					
Bonds payable	\$11,095,000	\$3,340,000	\$2,155,000	\$0	\$12,280,000
Bond premium	634,401	340,680	246,146	0	728,935
Lease liability	366,146	0	94,674	0	271,472
Compensated absences	946,316	296,522	375,337	0	867,501
OPEB liability	13,748,158	0	1,255,915	0	12,492,243
Total long-term debt	\$26,790,021	\$3,977,202	\$4,127,072	\$0	\$26,640,151

* Kankakee Community College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2022.

Kankakee Community College District 520

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

For the year ended June 30, 2022

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	\$6,072,189	\$1,733,765	\$7,805,954
Corporate personal property replacement tax	1,348,533	237,976	1,586,509
Tuition chargeback revenue	0	0	0
Total local government	7,420,722	1,971,741	9,392,463
State government:			
ICCB base operating grant	1,947,125	102,480	2,049,605
ICCB equalization grant	1,161,819	129,091	1,290,910
ICCB career and technical education	235,628	0	235,628
Other state sources	86,673	0	86,673
Total state government	3,431,245	231,571	3,662,816
Federal government:			
Department of Education	445,565	59,510	505,075
Total federal government	445,565	59,510	505,075
Student tuition and fees:			
Tuition	7,584,123	325,225	7,909,348
Fees	690,612	0	690,612
Total tuition and fees	8,274,735	325,225	8,599,960
Other sources:			
Interest	3,870	4,302	8,172
Other	61,654	425,038	486,692
Total other sources	65,524	429,340	494,864
Total revenue	19,637,791	3,017,387	22,655,178
Less nonoperating items *			
Tuition chargeback revenue	0	0	0
Adjusted revenue	\$19,637,791	\$3,017,387	\$22,655,178

* Intercollege revenues that do not generate related local college credit hours are subtracted to allow for statewide comparisons.

Kankakee Community College District 520

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures (Continued)

For the year ended June 30, 2022

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$7,797,355	\$0	\$7,797,355
Academic support	1,330,057	0	1,330,057
Student services	1,412,317	0	1,412,317
Public services	380,542	0	380,542
Auxiliary services	0	0	0
Operation and maintenance of plant	0	3,049,033	3,049,033
Institutional support	6,848,221	288,787	7,137,008
Scholarships, student grants, and waivers	0	0	0
Total expenditures	17,768,492	3,337,820	21,106,312
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	\$17,768,492	\$3,337,820	\$21,106,312
By object:			
Salaries	\$11,194,012	\$1,096,575	\$12,290,587
Employee benefits	1,689,165	223,692	1,912,857
Contractual services	1,275,671	277,116	1,552,787
General materials and supplies	985,155	268,664	1,253,819
Conference and meeting expense	142,911	1,366	144,277
Fixed charges	98,581	209,839	308,420
Utilities	4,923	937,520	942,443
Capital outlay	72,525	283,553	356,078
Other	2,305,549	39,495	2,345,044
Total expenditures	17,768,492	3,337,820	21,106,312
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	\$17,768,492	\$3,337,820	\$21,106,312

* Intercollege revenues that do not generate related local college credit hours are subtracted to allow for statewide comparisons.

Kankakee Community College District 520

Uniform Financial Statement #4

Restricted Purposes Fund Revenues and Expenditures

For the year ended June 30, 2022

Revenue by source:

State government:

ICCB:	
State Adult Education Restricted Funds	\$260,478
Other	0
SURS on behalf contributions	8,347,146
CIP on behalf contributions	(36,750)
Other	492,158
<hr/>	<hr/>
Total state government	9,063,032

Federal government:

Department of Education:

College Work Study Grants	122,737
Pell Grants	3,227,210
FSEOG	94,604
Direct Loans	407,537
Federal Adult Basic	141,152
Trio - Student Support Services	289,737
Trio - Upward Bound	445,479
Trio - Talent Search	266,593
HEERF	6,249,329
GEER	269,901

Department of Labor:

WIOA	1,399,077
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Other Federal Government Sources:

Perkins Title III	199,289
Perkins Reserve	94,294
ECACE	3,079
IDOT HCCTP	39,553
IGEN - AHU & Lighting	27,464

<hr/>	<hr/>
Total federal government	13,277,035

<hr/>	<hr/>
Other sources	11,137

<hr/>	<hr/>
Total restricted purposes fund revenues	\$22,351,204
<hr/>	<hr/>

Kankakee Community College District 520

Uniform Financial Statement #4

Restricted Purposes Fund Revenues and Expenditures (Continued)

For the year ended June 30, 2022

Expenditures by program:

Instruction	\$4,409,192
Academic support	820,081
Student services	985,485
Public services	4,222,337
Auxiliary services	702,326
Operations and maintenance	270,371
Institutional support	3,505,683
Scholarships, student grants, and waivers	7,122,711

Total restricted purposes fund expenditures
by program

\$22,038,186

Expenditures by object:

Salaries	\$2,169,115
Employee benefits (including on-behalf)	8,801,402
Contractual services	639,807
General materials and supplies	1,219,208
Travel, conference and meeting expense	50,884
Fixed charges	18,845
Utilities	0
Capital outlay	75,177
Other	9,063,748

Total restricted purposes fund expenditures by object

\$22,038,186

Kankakee Community College District 520

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2022

Instruction:	
Instructional programs	\$8,401,759
Other	3,804,788
<hr/> Total instructional	<hr/> 12,206,547
Academic support:	
Library center	358,743
Instructional materials center	30,371
Educational media center	284,126
Academic computing support	354,279
Academic administration and planning	137,105
Other academic support	985,514
<hr/> Total academic support	<hr/> 2,150,138
Student services:	
Admissions and records	280,409
Counseling and career guidance	874,196
Financial aid administration	226,945
Other student services	1,016,252
<hr/> Total student services	<hr/> 2,397,802
Public service/continuing education:	
Community education	907,048
Customized training	203,462
Community services	307,482
Other public service	3,184,887
<hr/> Total public service/continuing education	<hr/> 4,602,879
Organized research	0
<hr/> Auxiliary services	<hr/> 2,632,666
Operations and maintenance of plant:	
Maintenance	748,686
Custodial	765,795
Grounds	335,195
Campus Security	636,929
Transportation	36,576
Plant utilities	930,592
Administration	232,189
Other operations and maintenance	270,371
<hr/> Total operations and maintenance of plant	<hr/> 3,956,333

* Current Funds include Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; and Liability, Protection, and Settlement.

Kankakee Community College District 520

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity (Continued)

For the year ended June 30, 2022

Institutional support:	
Executive management	935,982
Fiscal operations	905,561
Community relations	718,355
Administrative support services	0
Board of trustees	26,240
General institution	6,223,813
Institutional research	0
Administrative data processing	1,491,155
Other institutional support	957,797
<hr/> Total institutional support	<hr/> 11,258,903
Scholarships, student grants, and waivers	7,122,711
<hr/>	<hr/>
Total current funds expenditures	\$46,327,979

* Current Funds include Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; and Liability, Protection, and Settlement.

Kankakee Community College District 520

Certification of Chargeback Reimbursement For Fiscal Year 2023

All fiscal year 2021 noncapital audited operating expenditures from the following funds:

1	Education Fund	\$17,635,679	
2	Operations and Maintenance Fund	3,220,761	
3	Public Building Commission Operation and Maintenance Fund	524,066	
4	Bond and Interest Fund	1,800	
5	Public Building Commission Rental Fund	0	
6	Restricted Purposes Fund	13,312,419	
7	Audit Fund	43,750	
8	Liability, Protection, and Settlement Fund	1,209,391	
9	Auxiliary Enterprises Fund (subsidy only)	<u>0</u>	
10	Total noncapital expenditures (sum of lines 1-6)		<u><u>\$35,947,866</u></u>
11	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$1,899,109</u>	
12	Total costs included (line 10 plus line 11)		<u><u>\$37,846,975</u></u>
13	Total certified semester credit hours for FY 2021	<u>40,495</u>	
14	Per capita cost (line 12 divided by line 13)		\$ 934.62
15	All FY 2021 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>\$14,453,722</u>	
16	FY 2021 state and federal grants per semester credit hour (line 15 divided by line 13)		356.93
17	District's average ICCB grant rate (excluding equalization grants) for FY 2022		45.52
18	District's student tuition and fee rate per semester credit hour for FY 2022		<u>165.00</u>
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		<u><u>\$367.17</u></u>

Approved: Beth Nunley
Vice President of Business Affairs

December 19, 2022
Date

[Signature]
President

December 19, 2022
Date

Other Supplemental Financial Information

Kankakee Community College District 520

Reconciliation of Fund Equity to Net Position

June 30, 2022

Governmental funds equity	\$24,738,773
Proprietary funds equity	7,676,913
<hr/>	
Total fund equity	32,415,686
<hr/>	
Reconciling items:	
Capital assets, net	42,812,110
Deferred contractually required contributions	155,636
Compensated absences	(836,052)
Deferred salaries	(68,399)
Unearned tuition	570,167
Bonds payable	(13,008,935)
Lease liability	(271,472)
OPEB deferred inflows	(4,347,288)
OPEB deferred outflows	154,119
OPEB liability	(12,492,243)
Accrued interest on bonds	(38,518)
<hr/>	
Net position	\$45,044,811
<hr/> <hr/>	

Kankakee Community College District 520

Reconciliation of Changes in Fund Equity

to Changes in Net Position

For the year ended June 30, 2022

Net change in fund equity - governmental funds	\$3,586,188
Net change in fund equity - proprietary funds	98,615
<hr/>	
Total change in fund equity	3,684,803
<hr/>	
Reconciling items:	
Addition of capital assets	4,825,135
Depreciation	(2,673,522)
Loss on Disposal of Assets	(16,811)
Bond proceeds	(3,680,680)
Change in deferred contractually required contributions	3,122
Change in unearned summer salaries	47,346
Change in compensated absences	61,848
Change in unearned summer tuition	(721)
Bond principal payments	2,155,000
Amortization of premium on bond issuance	246,146
Change in OPEB deferred inflows	(813,627)
Change in OPEB deferred outflows	(42,901)
Change in OPEB liability	1,255,915
Lease payments	94,674
Lease Amortization	(90,157)
Change in accrued interest on bonds	(5,083)
<hr/>	
Change in net position	\$5,050,487

Kankakee Community College District 520

Budgetary Comparison Schedule

Educational Fund

For the year ended June 30, 2022

(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Revenues:			
Local government sources	\$5,970,360	\$6,072,189	\$5,736,053
Federal government sources	267,612	445,565	359,026
State government sources	3,672,417	4,779,778	4,007,824
Student tuition and fees	8,229,974	8,274,735	8,324,071
Interest	5,550	3,870	7,619
Other	71,804	61,654	216,743
Total revenues	18,217,717	19,637,791	18,651,336
Expenditures:			
Instructional	9,345,380	7,797,355	7,841,108
Academic support	1,517,593	1,330,057	1,726,647
Student services	1,334,207	1,412,317	1,558,737
Public services	423,897	380,542	417,287
Institutional support	8,552,917	6,848,221	6,407,191
Total expenditures	21,173,994	17,768,492	17,950,970
Excess (deficiency) of revenues over expenditures	(2,956,277)	1,869,299	700,366
Other financing sources (uses)			
Proceeds from issuance of long-term debt	1,250,000	1,289,257	0
Transfers in	606,247	0	209,001
Net change in fund balance	(\$1,100,030)	\$3,158,556	\$909,367

Kankakee Community College District 520

Schedule of Revenues and Comparison with Budget

Educational Fund

For the year ended June 30, 2022

(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Revenues:			
Local government sources:			
General property taxes	\$5,970,360	\$6,072,189	\$5,736,053
Federal government sources:			
Department of Education	267,612	445,565	359,026
State government sources:			
State apportionment/equalization	2,933,153	3,165,151	3,109,356
ICCB Career and Technical education	230,393	235,628	242,519
Replacement taxes	508,871	1,378,999	655,949
	3,672,417	4,779,778	4,007,824
Student tuition:			
Tuition	7,496,865	7,584,073	7,601,250
Fees	732,909	690,612	722,350
Other	200	50	471
	8,229,974	8,274,735	8,324,071
Interest	5,550	3,870	7,619
Other	71,804	61,654	216,743
Total revenues	\$18,217,717	\$19,637,791	\$18,651,336

Kankakee Community College District 520
Schedule of Expenditures and Comparison with Budget
Educational Fund
For the year ended June 30, 2022
(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Instructional:			
Salaries	6,775,465	6,631,051	6,716,036
Employee benefits	11,175	744,470	665,645
Contractual services	100,162	85,279	70,719
Material and supplies	349,810	291,020	302,645
Conference and meetings	99,722	37,650	19,946
Fixed charges	4,200	1,667	2,549
Capital outlay	73,377	5,371	63,568
Other	1,931,469	847	0
	9,345,380	7,797,355	7,841,108
Academic support:			
Salaries	1,013,602	886,313	798,534
Employee benefits	750	137,919	108,719
Contractual services	348,949	193,881	346,215
Material and supplies	140,322	110,264	459,895
Conferences and meetings	13,770	1,680	5,789
Capital outlay	0	0	7,495
Other	200	0	0
	1,517,593	1,330,057	1,726,647
Student services:			
Salaries	1,181,123	1,119,023	1,216,571
Employee benefits	0	225,753	199,990
Contractual services	22,700	(21,461)	42,631
Material and supplies	89,109	78,323	76,358
Conferences and meetings	41,275	10,634	4,341
Utilities	0	45	572
Capital outlay	0	0	18,274
	1,334,207	1,412,317	1,558,737
Public services:			
Salaries	280,822	214,444	251,447
Employee benefits	0	37,546	46,333
Contractual services	55,000	73,892	77,376
Material and supplies	63,275	30,266	30,734
Conferences and meetings	10,900	5,564	1,106
Other	13,900	18,830	10,291
	423,897	380,542	417,287

Kankakee Community College District 520
Schedule of Expenditures and Comparison with Budget
Educational Fund (Continued)
For the year ended June 30, 2022
(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Institutional support:			
Salaries	2,334,856	2,343,181	2,240,376
Employee benefits	1,762,286	543,477	538,800
Contractual services	900,068	944,080	733,904
Material and supplies	528,265	475,282	506,847
Conferences and meetings	140,150	87,383	32,686
Fixed charges	200	5,294	0
Utilities	3,620	4,878	3,972
Capital outlay	543,260	67,154	248,435
Other	2,340,212	2,285,872	2,102,171
Debt service:			
Principal retirement	0	84,860	0
Interest	0	6,760	0
	8,552,917	6,848,221	6,407,191
Total expenditures	\$21,173,994	\$17,768,492	\$17,950,970

Kankakee Community College District 520

Budgetary Comparison Schedule

Operations and Maintenance Fund

For the year ended June 30, 2022

(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Revenues:			
Local government sources:			
General property taxes	\$1,708,393	\$1,733,765	\$1,640,780
State government sources:			
State apportionment/equalization	215,952	231,571	227,975
Replacement taxes	84,424	237,976	110,063
Total state government sources	300,376	469,547	338,038
Federal government sources	8,479	59,510	126,815
Student tuition	330,660	325,225	339,711
Interest	5,987	4,302	13,951
Other	251,112	425,038	433,337
Total revenues	2,605,007	3,017,387	2,892,632
Expenditures:			
Operations and maintenance:			
Salaries	1,186,963	1,096,575	1,046,399
Employee benefits	0	223,692	187,129
Contractual services	160,560	207,920	163,356
Materials and supplies	254,900	254,860	213,580
Conference and meetings	4,880	1,366	1,298
Fixed charges	31,000	5,499	24,998
Utilities	859,990	937,520	753,395
Capital outlay	603,069	283,553	293,545
Other	420,131	38,048	36,394
Total operations and maintenance	3,521,493	3,049,033	2,720,094
Institutional support:			
Employee benefits	215,828	0	0
Contractual services	154,000	69,196	28,199
Materials and supplies	10,300	13,804	9,685
Fixed charges	121,964	177,919	125,886
Capital outlay	5,000	0	67,256
Other	1,200	1,447	1,359
Debt service:			
Principal retirement	0	9,814	0
Interest	0	16,607	0
Total institutional support	508,292	288,787	232,385
Total expenditures	4,029,785	3,337,820	2,952,479
Other financing sources (uses):			
Proceeds from issuance of long-term debt	500,000	548,327	0
Transfer in	500,000	0	0
Transfer out	(140,657)	(140,657)	(1,000,000)
Total other financing sources (uses)	859,343	407,670	(1,000,000)
Net change in fund balance	(\$565,435)	\$87,237	(\$1,059,847)

Kankakee Community College District 520

Budgetary Comparison Schedule

College Bookstore Fund

For the year ended June 30, 2022

(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Revenues:			
Sales and services	\$1,319,838	\$908,365	\$997,739
Federal government sources - lost revenue	0	435,029	659,256
Interest	1,600	1,687	13,232
Other	1,000,000	0	0
Total revenues	2,321,438	1,345,081	1,670,227
Expenses:			
Independent operation:			
Salaries	126,254	109,509	92,708
Employee benefits	12,986	9,462	6,819
Contractual services	21,500	19,449	18,628
Material and supplies	1,046,300	804,543	1,002,566
Conferences and meetings	750	0	49
Capital outlay	1,250,000	0	0
Other	6,928	7,530	7,308
Total expenses	2,464,718	950,493	1,128,078
Transfers:			
Transfers out	(1,141,105)	(45,000)	0
Net income (loss)	(\$1,284,385)	\$349,588	\$542,149

Kankakee Community College District 520

Budgetary Comparison Schedule

Athletics Fund

For the year ended June 30, 2022

(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Revenues:			
Student fees	\$320,349	\$311,550	\$295,681
Sales and services	4,000	3,051	0
Federal government sources - lost revenue	0	25,582	35,470
Interest	0	66	510
Other	85,000	115,848	60,470
Total revenues	409,349	456,097	392,131
Expenses:			
Independent operation:			
Salaries	200,504	188,123	186,275
Employee benefits	21,104	25,475	15,993
Contractual services	109,765	112,032	83,692
Material and supplies	53,314	54,110	53,813
Conferences and meetings	156,767	173,159	107,104
Fixed charges	8,500	6,380	6,145
Other	500	55	590
Total expenses	550,454	559,334	453,612
Transfers:			
Transfers in	141,105	45,000	0
Net income (loss)	\$0	(\$58,237)	(\$61,481)

Kankakee Community College District 520

Budgetary Comparison Schedule

Student Center Fund

For the year ended June 30, 2022

(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Revenues:			
Student fees	\$159,548	\$155,166	\$232,582
Federal government sources - lost revenue	0	21,031	(59,522)
Interest	144	173	588
Other	50,000	95	0
Total revenues	209,692	176,465	173,648
Expenses:			
Independent operation:			
Salaries	95,778	52,766	64,065
Employee benefits	10,982	6,662	8,477
Contractual services	20,271	25,275	7,058
Material and supplies	3,435	3,268	11,701
Conferences and meetings	4,226	1,342	50
Capital outlay	0	0	0
Other	75,000	12,957	9,507
Total expenses	209,692	102,270	100,858
Net income	\$0	\$74,195	\$72,790

Kankakee Community College District 520

Budgetary Comparison Schedule

College Center Fund

For the year ended June 30, 2022

(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Revenues:			
Sales and services	\$9,000	\$7,562	\$6,967
Interest	0	9	34
Total revenues	9,000	7,571	7,001
Expenses:			
Independent operations:			
Material and supplies	9,000	7,208	8,266
Net income (loss)	\$0	\$363	(\$1,265)

Kankakee Community College District 520

Budgetary Comparison Schedule

Esports Fund

For the year ended June 30, 2022

(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Revenues:			
Student fees	\$18,700	\$18,186	\$0
Federal government sources - lost revenue	0	1,777	7,963
Interest	0	7	6
Total revenues	18,700	19,970	7,969
Expenses:			
Independent operations:			
Conferences and meetings	18,700	9	0
Total expenses	18,700	9	0
Net income	\$0	\$19,961	\$7,969

Kankakee Community College District 520

Budgetary Comparison Schedule

Fitness Center Fund

For the year ended June 30, 2022

(With Comparative totals for 2021)

	2022		2021
	Budget	Actual	Actual
Revenues:			
Sales and services	\$13,500	\$13,431	\$14,450
Federal government sources - lost revenue	0	1,881	1,696
Interest	12	13	46
Other	300	359	405
Total revenues	13,812	15,684	16,597
Expenses:			
Independent operation:			
Salaries	8,520	7,626	10,224
Contractual services	400	921	892
Material and supplies	400	93	1,527
Other	2,000	0	1,897
Total expenses	11,320	8,640	14,540
Net income	\$2,492	\$7,044	\$2,057

Kankakee Community College District 520

Schedule of Bonds Payable

For the year ended June 30, 2022

	Series 2016A	Series 2016B	Series 2019	Series 2021B	Totals
Date of issue	February 4, 2016	February 29, 2016	June 27, 2019	October 18, 2021	
Interest rates	0.90% to 3.25%	3.00%	5.00%	3.50%	
Principal redemption date	December 1, 2022	December 1, 2022	December 1, 2022	December 1, 2022	
Interest payments dates	June 1 and December 1				
Original issue	\$3,370,000	\$3,305,000	\$5,070,000	\$3,340,000	\$15,085,000
Paid to date	(2,400,000)	(265,000)	(140,000)	0	(2,805,000)
Balance, June 30, 2022	\$970,000	\$3,040,000	\$4,930,000	\$3,340,000	\$12,280,000

Due as follows:

Year ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$970,000	\$15,763	\$1,100,000	\$74,700	\$150,000	\$242,750	\$455,000	\$108,938
2024	0	0	1,940,000	29,100	355,000	230,125	470,000	92,750
2025	0	0	0	0	2,390,000	161,500	485,000	76,037
2026	0	0	0	0	2,035,000	50,875	785,000	53,813
2027	0	0	0	0	0	0	1,145,000	20,037
	\$970,000	\$15,763	\$3,040,000	\$103,800	\$4,930,000	\$685,250	\$3,340,000	\$351,575

Year ending June 30,	Principal	Interest	Totals
2023	\$2,675,000	\$442,151	\$3,117,151
2024	2,765,000	351,975	3,116,975
2025	2,875,000	237,537	3,112,537
2026	2,820,000	104,688	2,924,688
2027	1,145,000	20,037	1,165,037
	\$12,280,000	\$1,156,388	\$13,436,388

Kankakee Community College District 520

Balance Sheet - All Fund Types

June 30, 2022

ASSETS	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest
Cash and cash equivalents	\$8,227,227	\$3,725,797	\$0	\$0
Receivables:				
Property taxes	6,192,021	1,768,384	1,335,266	3,104,887
Government claims and grants	505,322	38,990	0	0
Other	2,944,281	11,821	0	0
Advances to other funds	1,799,959	139,244	45,192	0
Inventory	0	0	0	0
Prepaid items	413,835	0	0	0
Due from component unit	290,861	0	0	0
Capital assets, net	0	0	0	0
Total assets	20,373,506	5,684,236	1,380,458	3,104,887
Deferred outflows of resources:				
Deferred OPEB	0	0	0	0
Deferred pension	0	0	0	0
Total deferred outflows	0	0	0	0
Total assets and deferred outflows	\$20,373,506	\$5,684,236	\$1,380,458	\$3,104,887
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts payable	\$1,189,061	\$0	\$0	\$0
Accrued liabilities	615,185	78,251	0	0
Advances from other funds	672,044	0	48,354	7,287
Unearned tuition and fees	3,061,197	115,325	0	0
Accrued compensated absences	0	0	0	0
OPEB liability	0	0	0	0
Bonds payable, net of unamortized premiums (discounts)	0	0	0	0
Total liabilities	5,537,487	193,576	48,354	7,287
Deferred inflows of resources:				
Deferred property taxes	3,097,089	884,500	667,865	1,552,975
Deferred grant revenue	0	0	0	0
Deferred OPEB	0	0	0	0
Total deferred inflows	3,097,089	884,500	667,865	1,552,975
Fund balance/net position (deficit):				
Net investment in capital assets	0	0	0	0
Reserved for capital improvements	1,329,562	715,403	349,676	0
Restricted	0	0	314,563	1,544,625
Unrestricted	10,409,368	3,890,757	0	0
Total fund balance/net position (deficit)	11,738,930	4,606,160	664,239	1,544,625
Total liabilities, deferred inflows of resources, and fund balances/net position	\$20,373,506	\$5,684,236	\$1,380,458	\$3,104,887

Kankakee Community College District 520

Balance Sheet - All Fund Types (Continued)

June 30, 2022

ASSETS	Auxiliary Enterprises Fund	Restricted Purpose	Working Cash Fund	Audit	Liability, Protection, and Settlement Fund
Cash and cash equivalents	\$7,277,971	\$0	\$3,395,438	\$73,235	\$2,266,041
Receivables:					
Property taxes	0	0	0	65,977	1,332,506
Government claims and grants	0	1,737,405	0	0	0
Other	106,566	0	0	0	0
Advances to other funds	544,976	525,500	0	0	101,445
Inventory	439,792	0	0	0	0
Prepaid items	8,340	74,971	0	0	22,979
Due from component unit	0	0	0	0	0
Capital assets, net	0	0	0	0	0
Total assets	8,377,645	2,337,876	3,395,438	139,212	3,722,971
Deferred outflows of resources:					
Deferred OPEB	0	0	0	0	0
Deferred pension	0	0	0	0	0
Total deferred outflows	0	0	0	0	0
Total assets and deferred outflows	\$8,377,645	\$2,337,876	\$3,395,438	\$139,212	\$3,722,971
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$54,743	\$0	\$0	\$0	\$0
Accrued liabilities	253,807	88,981	0	0	35,150
Advances from other funds	35,357	2,134,374	0	0	258,900
Unearned tuition and fees	325,376	0	0	0	0
Accrued compensated absences	31,449	0	0	0	0
OPEB liability	0	0	0	0	0
Bonds payable, net of unamortized premiums (discounts)	0	0	0	0	0
Total liabilities	700,732	2,223,355	0	0	294,050
Deferred inflows of resources:					
Deferred property taxes	0	0	0	33,000	666,490
Deferred grant revenue	0	193,783	0	0	0
Deferred OPEB	0	0	0	0	0
Total deferred inflows	0	193,783	0	33,000	666,490
Fund balance/net position (deficit):					
Net investment in capital assets	0	0	0	0	0
Reserved for capital improvements	0	0	0	0	0
Restricted	2,210,025	0	3,395,438	106,212	2,762,431
Unrestricted	5,466,888	(79,262)	0	0	0
Total fund balance/net position (deficit)	7,676,913	(79,262)	3,395,438	106,212	2,762,431
Total liabilities, deferred inflows of resources, and fund balances/net position	\$8,377,645	\$2,337,876	\$3,395,438	\$139,212	\$3,722,971

Kankakee Community College District 520

Balance Sheet - All Fund Types (Continued)

June 30, 2022

	GASB				Adjusted Totals
	Fund Totals	General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
ASSETS					
Cash and cash equivalents	\$24,965,709	\$0	\$0	\$0	\$24,965,709
Receivables:					
Property taxes	13,799,041	0	0	0	13,799,041
Government claims and grants	2,281,717	0	0	0	2,281,717
Other	3,062,668	0	0	0	3,062,668
Advances to other funds	3,156,316	0	0	(3,156,316)	0
Inventory	439,792	0	0	0	439,792
Prepaid items	520,125	0	0	(68,399)	451,726
Due from component unit	290,861	0	0	0	290,861
Capital assets, net	0	42,643,532	168,578	0	42,812,110
Total assets	48,516,229	42,643,532	168,578	(3,224,715)	88,103,624
Deferred outflows of resources:					
Deferred OPEB	0	0	154,119	0	154,119
Deferred pension	0	0	0	155,636	155,636
Total assets	0	0	154,119	155,636	309,755
Total assets and deferred outflows	\$48,516,229	\$42,643,532	\$322,697	(\$3,069,079)	\$88,413,379
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$1,243,804	\$0	\$0	\$0	\$1,243,804
Accrued liabilities	1,071,374	0	38,518	0	1,109,892
Advances from other funds	3,156,316	0	0	(3,156,316)	0
Unearned tuition and fees	3,501,898	0	0	(570,167)	2,931,731
Accrued compensated absences	31,449	0	0	836,052	867,501
OPEB liability	0	0	12,492,243	0	12,492,243
Bonds payable, net of unamortized premiums (discounts)	0	0	13,008,935	0	13,008,935
Lease liability	0	0	271,472	0	271,472
Total liabilities	9,004,841	0	25,811,168	(2,890,431)	31,925,578
Deferred inflows of resources:					
Deferred property taxes	6,901,919	0	0	0	6,901,919
Deferred grant revenue	193,783	0	0	0	193,783
Deferred OPEB	0	0	4,347,288	0	4,347,288
Total deferred inflows	7,095,702	0	4,347,288	0	11,442,990
Fund balance/net position (deficit):					
Net investment in capital assets	0	42,643,532	(10,717,188)	0	31,926,344
Reserved for capital improvements	2,394,641	0	0	0	2,394,641
Restricted	10,333,294	0	0	0	10,333,294
Unrestricted	19,687,751	0	(19,118,571)	(178,648)	390,532
Total fund balance/net position (deficit)	32,415,686	42,643,532	(29,835,759)	(178,648)	45,044,811
Total liabilities, deferred inflows of resources, and fund balances/net position	\$48,516,229	\$42,643,532	\$322,697	(\$3,069,079)	\$88,413,379

Kankakee Community College District 520

Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types
For the year ended June 30, 2022

	Education	Operations and Maintenance	Operations and Maintenance Restricted
Revenues:			
Local government	\$7,420,722	\$1,971,741	\$1,292,349
State government	3,431,245	231,571	1,096,488
State of Illinois on-behalf payments	0	0	0
Federal government	445,565	59,510	0
Student tuition and fees	8,274,735	325,225	0
Sales and service fees	0	0	0
Interest	3,870	4,302	797
Other	61,654	425,038	0
Total revenues	19,637,791	3,017,387	2,389,634
Expenditures/expenses:			
Current:			
Instruction	7,797,355	0	0
Academic support	1,330,057	0	0
Student services	1,412,317	0	0
Public services	380,542	0	0
Auxiliary services	0	0	0
Operation and maintenance of plant	0	3,049,033	4,801,999
Institutional support	6,756,601	262,366	0
Scholarships, student grants	0	0	0
Depreciation expense	0	0	0
Loss on disposal of fixed assets	0	0	0
Debt service:			
Principal retirement	84,860	9,814	0
Interest	6,760	16,607	0
Total expenditures/expenses	17,768,492	3,337,820	4,801,999
Excess (deficiency) of revenues over expenditures/expenses	1,869,299	(320,433)	(2,412,365)
Other financing sources (uses):			
Proceeds from issuance of long-term debt	1,289,257	548,327	1,770,000
Transfers in	0	0	140,657
Transfers out	0	(140,657)	0
Total other financing sources (uses)	1,289,257	407,670	1,910,657
Net change in fund balance / net position	3,158,556	87,237	(501,708)
Fund balance/net position at beginning of year (deficit), as restated	8,580,374	4,518,923	1,165,947
Fund balance/net position at end of year (deficit)	\$11,738,930	\$4,606,160	\$664,239

Kankakee Community College District 520

Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types (Continued)
For the year ended June 30, 2022

	Bond and Interest	Auxiliary Enterprises Fund	Restricted Purpose
Revenues:			
Local government	\$2,838,370	\$0	\$0
State government	0	0	752,636
State of Illinois on-behalf payments	0	0	8,310,396
Federal government	0	485,300	13,277,035
Student tuition and fees	0	484,902	0
Sales and service fees	0	932,409	0
Interest	275	10,079	0
Other	0	116,265	11,137
Total revenues	2,838,645	2,028,955	22,351,204
Expenditures/expenses:			
Current:			
Instruction	0	0	4,409,192
Academic support	0	0	820,081
Student services	0	0	985,485
Public services	0	0	4,222,337
Auxiliary services	0	1,930,340	702,326
Operation and maintenance of plant	0	0	270,371
Institutional support	1,800	0	3,505,683
Scholarships, student grants	0	0	7,122,711
Depreciation expense	0	0	0
Loss on disposal of fixed assets	0	0	0
Debt service:			
Principal retirement	2,155,000	0	0
Interest	468,013	0	0
Total expenditures/expenses	2,624,813	1,930,340	22,038,186
Excess (deficiency) of revenues over expenditures/expenses	213,832	98,615	313,018
Other financing sources (uses):			
Proceeds from issuance of long-term debt	73,096	0	0
Transfers in	0	45,000	0
Transfers out	0	(45,000)	0
Total other financing sources (uses)	73,096	0	0
Net change in fund balance / net position	286,928	98,615	313,018
Fund balance/net position at beginning of year (deficit), as restated	1,257,697	7,578,298	(392,280)
Fund balance/net position at end of year (deficit)	\$1,544,625	\$7,676,913	(\$79,262)

Kankakee Community College District 520

Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types (Continued)
For the year ended June 30, 2022

	Working Cash Fund	Audit	Liability, Protection, and Settlement Fund
Revenues:			
Local government	\$0	\$64,676	\$1,412,142
State government	0	0	0
State of Illinois on-behalf payments	0	0	0
Federal government	0	0	0
Student tuition and fees	0	0	0
Sales and service fees	0	0	0
Interest	17,506	27	840
Other	0	0	107
Total revenues	17,506	64,703	1,413,089
Expenditures/expenses:			
Current:			
Instruction	0	0	0
Academic support	0	0	0
Student services	0	0	0
Public services	0	0	0
Auxiliary services	0	0	0
Operation and maintenance of plant	0	0	636,929
Institutional support	0	43,750	572,462
Scholarships, student grants	0	0	0
Depreciation expense	0	0	0
Loss on disposal of fixed assets	0	0	0
Debt service:			
Principal retirement	0	0	0
Interest	0	0	0
Total expenditures/expenses	0	43,750	1,209,391
Excess (deficiency) of revenues over expenditures/expenses	17,506	20,953	203,698
Other financing sources (uses):			
Proceeds from issuance of long-term debt	0	0	0
Transfers in	0	0	0
Transfers out	0	0	0
Total other financing sources (uses)	0	0	0
Net change in fund balance / net position	17,506	20,953	203,698
Fund balance/net position at beginning of of year (deficit), as restated	3,377,932	85,259	2,558,733
Fund balance/net position at end of year (deficit)	\$3,395,438	\$106,212	\$2,762,431

Kankakee Community College District 520

Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types (Continued)
For the year ended June 30, 2022

	Fund Totals	GASB			Adjusted Totals
		General Fixed Assets Account	General Long-Term Debt Account	Other Adjustments	
Revenues:					
Local government	\$15,000,000	\$0	\$0	\$0	\$15,000,000
State government	5,511,940	0	0	0	5,511,940
State of Illinois on-behalf payments	8,310,396	0	0	0	8,310,396
Federal government	14,267,410	0	0	0	14,267,410
Student tuition and fees	9,084,862	0	0	(1,868,304)	7,216,558
Sales and service fees	932,409	0	0	0	932,409
Interest	37,696	0	0	0	37,696
Other	614,201	0	0	0	614,201
Total revenues	53,758,914	0	0	(1,868,304)	51,890,610
Expenditures/expenses:					
Current:					
Instruction	12,206,547	(9,940)	(182,160)	(47,346)	11,967,101
Academic support	2,150,138	0	(26,293)	(61,848)	2,061,997
Student services	2,397,802	0	(33,437)	0	2,364,365
Public services	4,602,879	(32,273)	(33,753)	0	4,536,853
Auxiliary services	2,632,666	0	(11,674)	0	2,620,992
Operation and maintenance of plant	8,758,332	(4,396,035)	(40,358)	0	4,321,939
Institutional support	11,142,662	(386,887)	(71,712)	(3,122)	10,680,941
Scholarships, student grants	7,122,711	0	0	(1,867,583)	5,255,128
Depreciation expense	0	2,673,522	0	0	2,673,522
Loss on disposal of fixed assets	0	16,811	0	0	16,811
Debt service:					
Principal retirement	2,249,674	0	(2,249,674)	0	0
Interest	491,380	0	(150,906)	0	340,474
Total expenditures/expenses	53,754,791	(2,134,802)	(2,799,967)	(1,979,899)	46,840,123
Excess (deficiency) of revenues over expenditures/expenses	4,123	2,134,802	2,799,967	111,595	5,050,487
Other financing sources (uses):					
Proceeds from issuance of long-term debt	3,680,680	0	(3,680,680)	0	0
Transfers in	185,657	0	0	0	185,657
Transfers out	(185,657)	0	0	0	(185,657)
Total other financing sources (uses)	3,680,680	0	(3,680,680)	0	0
Net change in fund balance / net position	3,684,803	2,134,802	(880,713)	111,595	5,050,487
Fund balance/net position at beginning of of year (deficit), as restated	28,730,883	40,508,730	(28,955,046)	(290,243)	39,994,324
Fund balance/net position at end of year (deficit)	\$32,415,686	\$42,643,532	(\$29,835,759)	(\$178,648)	\$45,044,811

Kankakee Community College District 520

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections Levy Years 2021, 2020, and 2019

	2021	2020	2019
Assessed Valuations:			
Ford	\$39,663,878	\$38,711,119	\$38,582,972
Groundy	3,331,244	3,120,694	2,868,749
Iroquois	462,529,052	431,571,734	415,482,800
Kankakee	2,190,729,128	2,079,556,626	1,987,089,735
Livingston	83,783,511	78,785,385	75,769,120
Will	1,531,876	1,425,999	1,351,153
Total assessed valuations	\$ 2,781,568,689	\$2,633,171,557	\$2,521,144,529
Tax Rate (per \$100 assessed valuation):			
Bond and Interest Fund	0.1134	0.0975	0.1019
Audit Fund	0.0024	0.0024	0.0024
Fire Prev, Safety, Security	0.0488	0.0476	0.0492
Liability, Protection, and Settlement	0.0412	0.0484	0.0487
Social Security	0.0075	0.0083	0.0097
Prior Year Adjustment	(0.0028)	(0.0022)	(0.0026)
Operations and Maintenance Accounts	0.0400	0.0399	0.0400
Educational Accounts	0.1109	0.1394	0.1400
Additional Tax	0.1400	0.1105	0.1105
Total tax rate	0.5014	0.4918	0.4998
Tax Extensions:			
Bonds and Interest	\$3,118,428	\$2,551,285	\$2,570,087
Audit	65,998	62,801	60,362
Fire Prev, Safety, Security	1,341,969	1,245,550	1,238,625
Liability Insurance	1,339,219	1,483,670	1,470,309
Prior Year Adjustment	(61,340)	(45,750)	(53,744)
Operations & Maintenance	1,099,974	1,044,064	1,007,825
Statewide Avg Addit. Tax	3,049,679	2,891,456	2,784,056
Educational Purposes	3,849,911	3,647,683	3,527,304
Total tax extensions	\$13,803,838	\$12,880,759	\$12,604,824
Tax Collections:	\$4,797	\$12,935,202	\$12,655,499
Percent of extensions collected	0.03%	100.42%	100.40%

State Grant Activity and Schedule of Enrollment Data

INDEPENDENT AUDITOR'S REPORT ON STATE ADULT EDUCATION AND FAMILY LITERACY GRANTS FINANCIAL STATEMENTS

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

Opinion

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants of Kankakee Community College - Community College District 520 (the "College"), as of and for the year ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Adult Education and Family Literacy Grants of Kankakee Community College - Community College District 520 as of June 30, 2022, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 (ICCB) *Fiscal Management Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Adult Education and Family Literacy Grants of Kankakee Community College - Community College District 520, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Notes to ICCB Grant Programs Financial Statements, the financial statements present only the State Adult Education and Family Literacy Grants and do not purport to, and do not present fairly the financial position of Kankakee Community College - Community College District 520 as of June 30, 2022, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grant Programs' financial statements. The ICCB Compliance Statement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Sterling, Illinois
December 19, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR STATE ADULT EDUCATION AND FAMILY LITERACY GRANTS

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

Compliance

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State Adult Education and Family Literacy Grants Program of Kankakee Community College - Community College District 520 (the "College"), which comprise of the statement of net position as of June 30, 2022, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements, and we have issued our report there on dated December 19, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the College failed to materially comply with the terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants. Our audit was not directed primarily toward obtaining knowledge of all such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the College's noncompliance with the above referenced terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants.

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

Wipfli LLP

Sterling, Illinois
December 19, 2022

Kankakee Community College District 520

Balance Sheet

State Adult Education and Family Literacy Funds

June 30, 2022

ASSETS	State Basic	State Performance	Total
Cash	\$7,073	\$7,707	\$14,780
Investments	0	0	0
Receivables	19,539	3,830	23,369
Total assets	\$26,612	\$11,537	\$38,149
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts payable	\$0	\$3,520	\$3,520
Accrued liabilities	10,497	453	10,950
Advances from other funds	16,115	7,564	23,679
Total liabilities	26,612	11,537	38,149
Fund balance	0	0	0
Total liabilities, deferred inflows of resources, and fund balances	\$26,612	\$11,537	\$38,149

Kankakee Community College District 520

Statement of Revenues, Expenditures and Changes in Fund Balance

State Adult Education and Family Literacy Funds

For the year ended June 30, 2022

	State Basic	State Performance	Total
Revenues -			
Grant revenue	\$193,803	\$66,675	\$260,478
Expenditures:			
Instruction	109,757	0	109,757
Contractual services	0	0	0
Social work services	18,901	8,742	27,643
Guidance services	23,483	8,742	32,225
Assessment and testing	0	(344)	(344)
Student transportation services	0	0	0
Literacy services	0	0	0
Subtotal instructional and student services	152,141	17,140	169,281
Improvement of Instructional Services	0	4,303	4,303
Operation & Maintenance of Plant Services	0	0	0
General administration	18,483	8,742	27,225
Workforce coordination	18,483	8,742	27,225
Data and information services	4,696	27,748	32,444
Subtotal program support	41,662	49,535	91,197
Total expenditures	193,803	66,675	260,478
Excess of revenues over expenditures	0	0	0
Fund balance at beginning of year	0	0	0
Fund balance at end of year	\$0	\$0	\$0

Kankakee Community College District 520

ICCB Compliance Statement for the Adult Education and Family Literacy
Grant - Expenditure Amounts and Percentages for ICCB Grant Funds Only
State Adult Education and Family Literacy Funds
For the year ended June 30, 2022

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$109,757	56.63%
General Administration (20% maximum allowed)	\$18,483	9.54%

Kankakee Community College District 520

Notes to ICCB Grant Programs Financial Statements

Note 1 Summary of Significant Accounting Policies

General

The accompanying statements include only those transactions resulting from the State Adult Education & Family Literacy grant programs. These transactions have been accounted for in the College's Restricted Purpose Fund.

Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2022. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2022 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

Fixed Assets

Capital asset purchases are recorded as capital outlay. However, for the Statement of Net Position for the College as a whole, capital assets are capitalized.

Note 2 Payment of Prior Year's Encumbrances

Payments of prior year's encumbrances for goods received prior to August 31 are reflected as expenditures during the current fiscal year.

Kankakee Community College District 520

Background Information on State Grant Activity

Unrestricted Grants

Base Operating Grants - General operating funds provided to colleges are based upon credit enrollment.

Small College Grants - Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. They are intended to help small colleges pay for some of the "fixed costs" of operating a smaller institution.

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

Statewide Initiatives

Special Incentive Grants - A new request to provide flexible funding for unique initiatives needed in the community college system. The grants will be awarded on a Request for Proposal basis and will focus on higher education priorities such as accessibility, affordability, productivity, partnerships, quality, and responsiveness. In addition, a significant proportion of the dollars available will focus on improving the availability of qualified information technology employees in the State of Illinois.

Other Grants - These other grants are additional contractual grants provided for special or specific system related initiatives. These grants are supported by signed contracts between the college and the State of Illinois. A brief description of each grant should be included in this section. A description of the grants supported by grant agreements may be found in the appendix of the grant agreement governing these grants.

Restricted 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 or 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 childcare facilities or provision.

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

**INDEPENDENT ACCOUNTANT’S REPORT ON ENROLLMENT DATA
AND OTHER BASES UPON WHICH CLAIMS ARE FILED**

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

We have examined management of Kankakee Community College - Community College District 520’s (the College) assertion that the College complied with the guidelines of the Illinois Community College Board’s *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Kankakee Community College - Community College District 520 during the period July 1, 2021 through June 30, 2022. The College’s management is responsible for its assertion. Our responsibility is to express an opinion on management’s assertion about the College’s compliance with the specified requirement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management’s assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management’s assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the College’s compliance with the specified requirements.

In our opinion, management’s assertion that the College complied with the guidelines of the Illinois Community College Board’s *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Kankakee Community College - Community College District 520 is fairly stated, in all material respects.



Sterling, Illinois
December 19, 2022

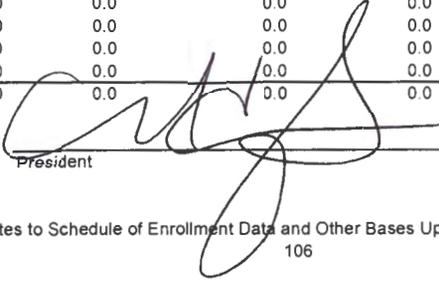
Kankakee Community College District 520

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
For the year ended June 30, 2022

Credit Hour Categories	Total Reimbursable Semester Credit Hours by Term							
	Summer Term		Fall Term		Spring Term		Total All Terms	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	2,546.0	0.0	11,479.0	0.0	10,718.0	0.0	24,743.0	0.0
Business Occupational	123.0	0.0	516.0	0.0	657.0	0.0	1,296.0	0.0
Technical Occupational	314.0	0.0	1,889.0	0.0	2,171.0	0.0	4,374.0	0.0
Health Occupational	1,051.0	0.0	2,858.0	0.0	3,554.0	0.0	7,463.0	0.0
Remedial/Developmental	130.0	0.0	869.0	0.0	555.0	0.0	1,554.0	0.0
Adult Education	0.0	180.5	0.0	406.0	0.0	478.0	0.0	1,064.5
	4,164.0	180.5	17,611.0	406.0	17,655.0	478.0	39,430.0	1,064.5

	In-District (All terms)		Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Reimbursable Credit Hours:	35,826.0	1,049.5	3,306.0	0.0	1,444.0	0.0
Credit Hours on Chargeback or Contractual Agreement:			705.0			
District Equalized Assessed Valuation:			\$2,781,568,689			

Credit Hour Categories	Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
	Correctional Hours	Correctional Hours	Correctional Hours	Correctional Hours
Baccalaureate	0.0	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0	0.0
Technical Occupational	0.0	0.0	0.0	0.0
Health Occupational	0.0	0.0	0.0	0.0
Remedial/Developmental	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0

Signature: 
President

Signature: 
Vice President of Business Affairs

See Notes to Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed.

Kankakee Community College District 520

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed

(Continued)

For the year ended June 30, 2022

Total Reimbursable Semester Credit Hours

Credit Hour Categories	Total Reported in Audit		Difference	Total Reported in Audit		Difference
	Unrestricted Hours	Certified to ICCB Unrestricted Hours		Restricted Hours	Certified to ICCB Restricted Hours	
Baccalaureate	24,743.0	24,743.0	0.0	0.0	0.0	0.0
Business Occupational	1,296.0	1,296.0	0.0	0.0	0.0	0.0
Technical Occupational	4,374.0	4,374.0	0.0	0.0	0.0	0.0
Health Occupational	7,463.0	7,463.0	0.0	0.0	0.0	0.0
Remedial/Developmental	1,554.0	1,554.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	1,064.5	1,064.5	0.0
Total	39,430.0	39,430.0	0.0	1,064.5	1,064.5	0.0

	Total Reported in Audit		Difference	Total Reported in Audit		Difference
	Unrestricted Hours	Certified to ICCB Unrestricted Hours		Restricted Hours	Certified to ICCB Restricted Hours	
In-District Credit Hours:	35,826.0	35,826.0	0.0	1,049.5	1,049.5	0.0
Dual Credit Hours:	3,306.0	3,306.0	0.0	0.0	0.0	0.0
Dual Enrollment Hours:	1,444.0	1,444.0	0.0	0.0	0.0	0.0

Total Correctional Semester Credit Hours

Credit Hour Categories	Total Reported in Audit		Difference	Total Reported in Audit		Difference
	Unrestricted Hours	Certified to ICCB Unrestricted Hours		Restricted Hours	Certified to ICCB Restricted Hours	
Baccalaureate	0.0	0.0	0.0	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0	0.0	0.0	0.0
Technical Occupational	0.0	0.0	0.0	0.0	0.0	0.0
Health Occupational	0.0	0.0	0.0	0.0	0.0	0.0
Remedial/Developmental	0.0	0.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0	0.0

Kankakee Community College District 520

Note to Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed

Note 1 Residency Verification Process

Procedures for Verifying and Classifying Residency

An in-district student is one whose legal residency is within the boundaries of the Kankakee Community College District. New students to the district must reside in the district at least 30 days prior to registration to be eligible for in-district tuition. All students applying for admission to the College are required to certify on the Student Information Form that the address given is correct. They will be subject to dismissal if found inaccurate. Returned mail to the College creates cause to question residency. If an address is questioned, the student will be coded as out-of-district and must display proof of residency in order to regain in-district status. Proof of residency may include a driver's license, voter's registration card, property tax bill, or an apartment lease. For tuition purposes only (not for State funding classification), in-district tuition will be granted to a student who presents either a recent paycheck stub from an in-district employer, a property tax bill for in-district property owned by the student, or an authorized chargeback form. Residents of states other than Illinois will be classified as out-of-state.

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Kankakee Community College - Community College District 520 (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated December 19, 2022.

The financial statements of Kankakee Community College Foundation (a nonprofit organization, discretely presented component unit of the College) were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Kankakee Community College Foundation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College’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 College’s internal control. Accordingly, we do not express an opinion on the effectiveness the College’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Sterling, Illinois
December 19, 2022

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Kankakee Community College - Community College District 520's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2022. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kankakee Community College – Community College District 520 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weakness in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion is on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, as discussed below, we did identify a deficiency in internal control over compliance that we considered to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Sterling, Illinois
December 19, 2022

Kankakee Community College District 520

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
Department of Labor:				
Passed through Kankakee County:				
WIOA Cluster:				
WIOA Adult Program	17.258	17-1B	\$547,807	\$0
WIOA Youth Activities	17.259	17-02/17-02	365,877	0
WIOA Dislocated Workers	17.278	17-1B	456,441	0
Total WIOA Cluster			1,370,125	0
Passed through Kankakee County:				
Trade Adjustment Assistance	17.245	17-1B	28,953	0
Total Department of Labor			1,399,078	0
Department of Transportation:				
Passed through Illinois Department of Transportation				
Highway Construction Careers Training Program	20.205	22HCCTPKCC	39,553	0
Total Department of Transportation			39,553	0
Department of Education:				
Passed through Illinois Community College Board:				
Adult Education:				
Federal Adult Basic	84.002	5200121	141,152	0
Direct award:				
Student Financial Assistance:				
Federal Supplemental Educational Opportunity Grants	84.007		94,604	0
Federal Work Study Program	84.033		122,737	0
Federal Pell Grant Program	84.063		3,227,210	0
Federal Direct Loan Program	84.268		407,537	0
Total Student Financial Aid Cluster			3,852,088	0
Direct award:				
TRIO Cluster:				
TRIO - Student Support Services (m)	84.042A	P042A200558	289,737	0
TRIO - Upward Bound (m)	84.047	P047A170601	445,479	0
TRIO - Talent Search (m)	84.044	P044A210470	266,593	0
Total TRIO Cluster			1,001,809	0
Passed through Illinois Community College Board:				
Career and Technical Education - Basic Grants to States				
Perkins Reserve	84.048	CTE-520-22	94,294	0
Perkins CTE Postsecondary Grants	84.048	CTE53822	199,289	0
Total Perkins			293,583	0
Direct award:				
Education Stabilization Fund:				
COVID-19 - Education Stabilization Fund - Student Portion (m)	84.425E	P425E202075	3,270,623	0
COVID-19 - Education Stabilization Fund - Institutional Portion (m)	84.425F	P425F200600	3,418,566	0
COVID-19 - Education Stabilization Fund - Strengthening Institutions (m)	84.425M	P425M201022	70,248	0
Passed through Illinois Community College Board:				
COVID-19 - Governor's Emergency Education Fund (m)	84.425C	GEER-520	269,901	0
Total Education Stabilization Fund			7,029,338	0
Total Department of Education			12,317,970	0
Department of Health and Human Services:				
Passed through Illinois Community College Board:				
COVID-19 - Child Care and Development Block Grant - ECE	93.575	ECE-52001-22	3,079	0
Total Department of Health and Human Services			3,079	0
Total Federal Awards Expended			\$13,759,680	\$0

(m) Denotes major program

See Notes to the Schedule of Expenditures of Federal Awards

Kankakee Community College District 520

Notes to the Schedule of Expenditures of Federal Awards

Note 1 Significant Accounting Policy

Reporting entity and basis of accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Kankakee Community College – Community College District 520 (the “College”) for the year ended June 30, 2022, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The College elected to not use the 10% de minimis indirect cost rate during the year ended June 30, 2022.

Note 2 Federal Loan Program

For the year ended June 30, 2022, the College acted as a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$407,537.

Note 3 Non-cash Assistance

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2022.

Note 4 Other Federal Award Information

The College did not receive or administer any insurance, loans or loan guarantees during fiscal year ended June 30, 2022.

Kankakee Community College District 520

Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

Finding 2022-001: Reporting

COVID-19 Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF)

CFDA No. 84.425

U.S. Department of Education Direct Award

Grant period: April 25, 2020 through June 30, 2023

Questioned costs: \$0

Condition: The Annual Report had errors relating to the amount of Emergency Financial Aid Grants applied to satisfy student's outstanding account balances in the amount of \$470. The amounts applied to student accounts were accurate but total amount reported in the Annual Report did not reconcile to supporting documentation.

Criteria: Under 34 CFR 75.720(b), all HEERF grantees must submit a HEERF Annual Report. This report should be completed based on all HEERF activities funded from the CARES Act, CRRSAA, and ARP in the applicable reporting period. The U.S. Department of Education requires all information reported on annual report to be accurate.

Cause: The Annual Report discrepancies were due to clerical errors. The College does not have proper internal controls in place to ensure proper reporting.

Effect: The College did not accurately report HEERF amounts on the Annual Report.

Recommendation: We recommend the College implement internal control procedures to ensure proper annual reporting.

View of responsible officials: Management acknowledges the finding and has prepared a corrective action plan.

Kankakee Community College District 520

Summary Schedule of Prior Audit Findings

Prior Year Findings:

June 30, 2021

- I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

- II. Findings and Questioned Costs for Federal Awards

None

June 30, 2020

- I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

- II. Findings and Questioned Costs for Federal Awards

None



Corrective Action Plan for Current Year Findings

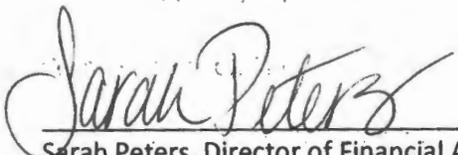
Finding 2022-001: Reporting

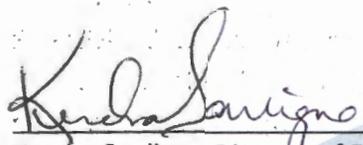
Corrective Action Plan

Create a checklist of reporting requirements to make sure every bullet point is covered in our reporting process. With the support of IT and Institutional Research in pulling data for reporting requirements. Financial Aid will review each student award after posting to ensure our awarding spreadsheet matches the amount entered in Colleague. Reconciliation between general ledger and Financial Aid to ensure numbers match. Financial Aid will send to the Accounting Office for review and confirmation before submission of reports.

Person(s) Responsible: Kendra Souligne and Sarah Peters

Timing for Implementation: In process now


Sarah Peters, Director of Financial Affairs


Kendra Souligne, Director of Financial Aid