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October 7, 2014

To the Board of Education
Kankakee School District 111
Kankakee, Illinois

We have audited the regulatory basis financial statements of the individual funds of Kankakee School District 111 for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 16, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kankakee School District 111 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2013-2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule includes the corrected misstatements of the financial statements. Management has corrected all misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 7, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on the Other Supplemental Information as listed in the table of contents (except for the Schedules of Per Capita Tuition Charge and Schedule of Disbursements Per Student) which accompany the financial statements and the schedule of expenditures of federal awards (SEFA).

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

We were not engaged to report on the Schedules of Per Capita Tuition Charge and Schedule of Disbursements Per Student, which accompany the financial statements. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Kankakee School District 111 and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Smith, Koelling, Dykstra and Ohm, P.C.

Prepared by _____

**Kankakee School District No. 111
Audit Adjustments**

4350

Reviewed by _____

Page 1
10/01/14

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
10.01DL	Adjusting	06/30/14					
		10-4991-00000-000-4991	Medicaid Matching-Adm Outreac		55,739.00		
		10-4992-00000-000-4992	Medicaid Matching-Fee for Svc	55,739.00			
			Reclass grant revenue			0.00	24-04
10.02JM	Adjusting	06/30/14					
		10-8400-00000-000-0000	Transfer to Debt Srv - Cap Lease F	57,052.00			
		10-8500-00000-000-0000	Transfer to Debt Srv - Cap Lease li	5,689.00			
		10-2660-54000-068-0000	EQUIPMENT		62,741.00		
			Transfer to debt svc for cap lease payment			0.00	PF
10.03CH	Adjusting	06/30/14					
		10-4951-00000-000-4951	S.T.E.P.	7,204.00			
		10-3999-00000-000-0000	Miscellaneous - State		7,204.00		
			Reclass DHS STEP revenue from fed to state			0.00	24-06
10.04CH	Adjusting	06/30/14					
		10-4999-00000-006-4999	Federal Library Grant	3,722.00			
		10-3800-00000-000-0000	Per Capita Library Grant		3,722.00		
			Reclass Per Capital Library Grant from fed to state revenue			0.00	24-L

Prepared by _____

**Kankakee School District No. 111
Audit Adjustments**

4350

Reviewed by _____

Page 2
10/01/14

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
10.05CH	Adjusting	06/30/14					
		10-4094-00000-000-4094	BACK TO BOOKS LIBRARY TE	5,000.00			
		10-3999-00000-009-3999	BACK TO BOOKS		5,000.00		
			Reclass Back to Books grant from fed to state revenue			0.00	24-L
10.06CH	Adjusting	06/30/14					
		10-4999-00000-003-4999	ADOLESCENT CLINIC	89,379.00			
		10-3999-00000-003-3999	Clinic Reimbursement		89,379.00		
			Reclass state health revenues			0.00	24-13
20.01CH	Adjusting	06/30/14					
		20-9999-00000-000-0000	Reserved Fund Balance		122,037.00		
		20-9999-00000-704-0000	Unreserved Fund Balance	122,037.00			
			Adjust spec ed rsvd fb to actual			0.00	21-03
30.01JM	Adjusting	06/30/14					
		30-5300-61000-004-0000	2004 BOND		655,935.00		
		30-5150-62400-001-0100	BONDS	655,935.00			
			Reclass interest portion of debt payment			0.00	15

Prepared by _____

**Kankakee School District No. 111
Audit Adjustments**

4350

Reviewed by _____

Page 3
10/01/14

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
30.02JM	Adjusting	06/30/14					
		30-5370-60000-000-0000	Payments on Principal	57,052.00			
		30-5270-60000-000-0000	Interest - Cap Lease	5,689.00			
		30-7420-00000-000-0000	Transfer In - Cap Lease Prin		57,052.00		
		30-7520-00000-000-0000	Transfer In - Cap Lease Interest		5,689.00		
			Transfer from Ed fund for cap lease payment			0.00	PF
60.01JM	Adjusting	06/30/14					
		60-7110-00000-000-0000	Oth Sources-Abatement of Workin		6,000,000.00		
		60-7210-00000-000-0000	Debt proceeds - bond principal	6,000,000.00			
			record transfer of debt proceeds			0.00	15-1
70.01JM	Adjusting	06/30/14					
		70-7210-00000-000-0000	Proceeds from bond		6,000,000.00		
		70-8110-00000-000-0000	Other Uses - Abatement of Workin	6,000,000.00			
		70-7210-00000-000-0000	Proceeds from bond	306,517.00			
		70-7220-00000-000-0000	Premium on sale of bonds		306,517.00		
			Record debt proceeds			0.00	15-1
		TOTAL		<u>13,371,015.00</u>	<u>13,371,015.00</u>	<u>0.00</u>	

**KANKAKEE SCHOOL DISTRICT 111
KANKAKEE, ILLINOIS**

Annual Financial Report

**As of and for the Year Ended
June 30, 2014**

**Kankakee School District 111
 Annual Financial Report
 As of and for the year ended June 30, 2014**

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Kankakee School District 111
Annual Financial Report
As of and for the year ended June 30, 2014

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Independent Auditor's Report

To the Board of Education
Kankakee School District 111
Kankakee, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Kankakee School District 111, which comprise the basic financial statements and the related notes to the financial statements, as listed in the table of contents, as of and for the year ended June 30, 2014.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Illinois State Board of Education (ISBE) Title 23 of the Illinois Administrative Code, Part 100, as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the financial statements are prepared by Kankakee School District 111 on the basis of the financial reporting provisions of ISBE Title 23 of the Illinois Administrative Code, Part 100, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of ISBE.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kankakee School District 111, as of June 30, 2014, or the changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of Kankakee School District 111 as of June 30, 2014, and the changes in regulatory basis financial position thereof for the year then ended in accordance with the financial reporting provisions of ISBE Title 23 of the Administrative Code, Part 100, described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kankakee School District No. 111's financial statements. The accompanying information listed in the table of contents as Other Supplemental Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Supplemental Information, except for the Schedules of Per Capita Tuition Charge and Schedule of Disbursements Per Student, 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information, except for the Schedules of Per Capita Tuition Charge and Schedule of Disbursements Per Student, is fairly stated in all material respects in relation to the financial statements as a whole.

The Schedules of Per Capita Tuition Charge and Schedule of Disbursements Per Student have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2014, on our consideration of Kankakee School District 111's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Smith, Koelling, Dykstra and Ohm, P.C.

Bourbonnais, Illinois
October 7, 2014

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

Board of Education
Kankakee School District 111
Kankakee, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of Kankakee School District 111, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Kankakee School District 111's basic financial statements, and have issued our report thereon dated October 7, 2014. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the regulatory basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, Title 23 of the Illinois Administrative Code, Part 100, which is a basis of accounting other than accounting principles generally accepted in the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Smith, Koelling, Dykstra and Ohm, P.C.

October 7, 2014

KANKAKEE SCHOOL DISTRICT 111
Statement of Assets and Liabilities
Arising From Cash Transactions
June 30, 2014

Exhibit A

	Educational	Operations and Maintenance	Debt Service	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Student Activity Funds	Account Groups	
											General Fixed Assets	General Long-Term Debt
Assets												
Cash and cash equivalents	\$ 3,789,053	\$ 1,993,082	\$ 62,450	\$ 1,958,770	\$ 74,311	\$ 6,458,703	\$ 5,806,440	\$ 9,173	\$ 205,749	\$ 472,853	\$ -	\$ -
Interfund receivables	-	-	-	-	-	-	11,000	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	-	-	-	-	85,472,201	-
Amount available in Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	62,450
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	-	-	-	14,294,103
Total Assets	\$ 3,789,053	\$ 1,993,082	\$ 62,450	\$ 1,958,770	\$ 74,311	\$ 6,458,703	\$ 5,817,440	\$ 9,173	\$ 205,749	\$ 472,853	\$ 85,472,201	\$ 14,356,553
Liabilities												
Due to student groups	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 472,853	\$ -	\$ -
Interfund payable	-	-	-	-	-	-	-	11,000	-	-	-	-
Other payables	856,433	-	-	-	-	-	-	-	-	-	-	-
Payroll deductions and withholdings	-	-	-	-	-	-	-	-	-	-	-	-
Long-term debt payable	-	-	-	-	-	-	-	-	-	-	-	14,356,553
Total Liabilities	856,433	-	-	-	-	-	-	11,000	-	472,853	-	14,356,553
Fund Equity												
Investment in general fixed assets	-	-	-	-	-	-	-	-	-	-	85,472,201	-
Fund balance - reserved	-	1,384,334	-	-	-	-	-	-	-	-	-	-
Fund (deficit) balance - unreserved	2,932,620	608,748	62,450	1,958,770	74,311	6,458,703	5,817,440	(1,827)	205,749	-	-	-
Total Fund Equity	2,932,620	1,993,082	62,450	1,958,770	74,311	6,458,703	5,817,440	(1,827)	205,749	-	85,472,201	-
Total Liabilities & Fund Equity	\$ 3,789,053	\$ 1,993,082	\$ 62,450	\$ 1,958,770	\$ 74,311	\$ 6,458,703	\$ 5,817,440	\$ 9,173	\$ 205,749	\$ 472,853	\$ 85,472,201	\$ 14,356,553

KANKAKEE SCHOOL DISTRICT 111
Statement of Receipts, Disbursements, Other Financing
Sources and Uses and Changes in Fund Balances
For the year ended June 30, 2014

Exhibit B

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Capital Projects</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>
Receipts									
Local sources	\$ 10,026,434	\$ 2,420,763	\$ 2,574,067	\$ 1,124,073	\$ 1,437,170	\$ 644	\$ 32,841	\$ 1,217,208	\$ 23,619
State sources	29,368,038	100,000	-	2,546,592	52,724	100,000	-	-	-
Federal sources	10,255,348	-	-	167,001	422,955	466,912	-	-	-
Total Direct Receipts	49,649,820	2,520,763	2,574,067	3,837,666	1,912,849	567,556	32,841	1,217,208	23,619
Receipts for on-behalf payments	9,450,966	-	-	-	-	-	-	-	-
Total Receipts	59,100,786	2,520,763	2,574,067	3,837,666	1,912,849	567,556	32,841	1,217,208	23,619
Disbursements									
Instruction	31,646,163	-	-	-	845,630	-	-	-	-
Supporting services	18,338,646	3,117,736	-	3,203,529	1,269,515	1,636,295	-	1,183,194	99,254
Community services	777,870	-	-	527	77,714	-	-	-	-
Payments to other governmental units	1,140,569	-	-	-	-	-	-	-	-
Debt services	-	-	2,681,354	-	-	-	-	-	-
Total Disbursements	51,903,248	3,117,736	2,681,354	3,204,056	2,192,859	1,636,295	-	1,183,194	99,254
Disbursements for on-behalf payments	9,450,966	-	-	-	-	-	-	-	-
Total Disbursements	61,354,214	3,117,736	2,681,354	3,204,056	2,192,859	1,636,295	-	1,183,194	99,254
Excess (Deficiency) of Receipts over Disbursements	(2,253,428)	(596,973)	(107,287)	633,610	(280,010)	(1,068,739)	32,841	34,014	(75,635)
Other Financing Sources (Uses)									
Principal from issuance of long-term debt	-	-	-	-	-	-	5,900,000	-	-
Premium on bonds sold	-	-	-	-	-	-	306,517	-	-
Abatement of working cash fund	-	-	-	-	-	6,000,000	(6,000,000)	-	-
Permanent transfer from working cash	14,973	-	-	-	-	-	(14,973)	-	-
Transfer in (out) among funds	-	-	-	-	-	-	-	-	-
Transfer to debt service - capital lease principal	(57,052)	-	57,052	-	-	-	-	-	-
Transfer to debt service - capital lease interest	(5,689)	-	5,689	-	-	-	-	-	-
Other sources (uses)	-	-	78,234	-	-	-	(206,517)	-	-
Total Other Financing Sources (Uses)	(47,768)	-	140,975	-	-	6,000,000	(14,973)	-	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(2,301,196)	(596,973)	33,688	633,610	(280,010)	4,931,261	17,868	34,014	(75,635)
Fund Balance (Deficit), Beginning of Year	5,233,816	2,590,055	28,762	1,325,160	354,321	1,527,442	5,799,572	(35,841)	281,384
Fund Balance (Deficit), End of Year	\$ 2,932,620	\$ 1,993,082	\$ 62,450	\$ 1,958,770	\$ 74,311	\$ 6,458,703	\$ 5,817,440	\$ (1,827)	\$ 205,749

The accompanying notes are an integral part of these financial statements.

KANKAKEE SCHOOL DISTRICT 111
Statement of Revenues Received
For the year ended June 30, 2014

Exhibit C

	Educational	Operations and Maintenance	Debt Service	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety
Receipts from local sources									
Ad valorem taxes levied by local education agency									
General levy	\$ 7,947,444	\$ 1,971,157	\$ 2,571,741	\$ 1,013,865	\$ 609,838	\$ -	\$ 16,562	\$ 1,216,352	\$ 23,197
Special education levy	-	142,503	-	-	-	-	-	-	-
Social security/medicare only levy	-	-	-	-	782,155	-	-	-	-
Total ad valorem taxes levied by district	7,947,444	2,113,660	2,571,741	1,013,865	1,391,993	-	16,562	1,216,352	23,197
Payments in lieu of taxes									
Mobile home privilege tax	3,446	827	-	322	-	-	-	-	-
Payments from local housing authorities	795	190	380	69	138	-	17	104	-
Corporate personal property replacement taxes	1,539,214	246,000	-	104,072	44,602	-	-	-	-
Other payments in lieu of taxes	-	17	-	-	-	-	-	-	-
Total payments in lieu of taxes	1,543,455	247,034	380	104,463	44,740	-	17	104	-
Tuition									
Summer school tuition from pupils or parents	16,132	-	-	-	-	-	-	-	-
Total tuition	16,132	-	-	-	-	-	-	-	-
Transportation fees									
Regular transportation fees from pupils or parents	-	-	-	4,399	-	-	-	-	-
Total transportation fees	-	-	-	4,399	-	-	-	-	-
Earnings on investments									
Interest on investments	1,003	2,308	1,946	1,346	437	555	16,262	752	422
Total earnings on investments	1,003	2,308	1,946	1,346	437	555	16,262	752	422
Food service									
Sales to pupils - lunch	135,795	-	-	-	-	-	-	-	-
Sales to pupils - breakfast	13,146	-	-	-	-	-	-	-	-
Sales to pupils - a la carte	120,799	-	-	-	-	-	-	-	-
Sales to adults	15,668	-	-	-	-	-	-	-	-
Other food service	115,741	-	-	-	-	-	-	-	-
Total food service	401,149	-	-	-	-	-	-	-	-
District/school activity income									
Admissions - athletic	22,132	-	-	-	-	-	-	-	-
Fees	13,776	-	-	-	-	-	-	-	-
Other district/school activity revenue	1,520	-	-	-	-	-	-	-	-
Total district/school activity income	37,428	-	-	-	-	-	-	-	-
Textbooks									
Rentals - regular textbooks	29,789	-	-	-	-	-	-	-	-
Sales - other	8,952	-	-	-	-	-	-	-	-
Other	40	-	-	-	-	-	-	-	-
Total textbooks	38,781	-	-	-	-	-	-	-	-
Other revenue from local sources									
Rentals	-	16,300	-	-	-	-	-	-	-
Drivers' education fees	3,240	-	-	-	-	-	-	-	-
Other local fees	-	15,426	-	-	-	-	-	-	-
Other local revenues	37,802	26,035	-	-	-	89	-	-	-
Total other revenue from local sources	41,042	57,761	-	-	-	89	-	-	-
Total receipts from local sources	10,026,434	2,420,763	2,574,067	1,124,073	1,437,170	644	32,841	1,217,208	23,619

The accompanying notes are an integral part of these financial statements.

KANKAKEE SCHOOL DISTRICT 111
Statement of Revenues Received
For the year ended June 30, 2014

Exhibit C
(Continued)

	Educational	Operations and Maintenance	Debt Service	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety
Receipts from state sources									
General state aid- Sec. 18-8.05	25,007,837	50,000	-	75,000	-	-	-	-	-
Total unrestricted grants-in-aid	25,007,837	50,000	-	75,000	-	-	-	-	-
Restricted grants-in-aid									
Special education									
Special education - private facility tuition	387,042	-	-	-	-	-	-	-	-
Special education - extraordinary	950,150	-	-	-	-	-	-	-	-
Special education - personnel	1,564,536	-	-	-	-	-	-	-	-
Special education - orphanage - individual	114,565	-	-	-	-	-	-	-	-
Special education - orphanage - summer	-	-	-	-	-	-	-	-	-
Special education - summer school	4,182	-	-	-	-	-	-	-	-
Total special education	3,020,475	-	-	-	-	-	-	-	-
Career and technical education (CTE)									
CTE - other	(2,894)	-	-	-	-	-	-	-	-
Total career and technical education	(2,894)	-	-	-	-	-	-	-	-
Bilingual									
Bilingual education - downstate - TPI	213,728	-	-	-	9,750	-	-	-	-
Total bilingual education	213,728	-	-	-	9,750	-	-	-	-
State free lunch & breakfast	50,827	-	-	-	-	-	-	-	-
Driver education	39,852	-	-	-	-	-	-	-	-
Transportation									
Transportation - regular/vocational	-	-	-	1,659,262	-	-	-	-	-
Transportation - special education	-	-	-	600,748	-	-	-	-	-
Total transportation	-	-	-	2,260,010	-	-	-	-	-
Early childhood - block grant	817,869	-	-	204,903	42,974	-	-	-	-
Other restricted revenue from state sources	220,344	50,000	-	6,679	-	100,000	-	-	-
Total restricted grants-in-aid	4,360,201	50,000	-	2,471,592	52,724	100,000	-	-	-
Total receipts from state sources	29,368,038	100,000	-	2,546,592	52,724	100,000	-	-	-

KANKAKEE SCHOOL DISTRICT 111
Statement of Revenues Received
For the year ended June 30, 2014

Exhibit C
(Continued)

	Educational	Operations and Maintenance	Debt Service	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety
Receipts from federal sources									
Restricted grants-in-aid received directly from federal government									
Head start	2,109,463	-	-	-	-	-	-	-	-
Other restricted grants-in-aid received directly from the federal government	283,292	-	-	142,735	294,735	466,912	-	-	-
Total restricted grants-in-aid received directly from the federal government	2,392,755	-	-	142,735	294,735	466,912	-	-	-
Restricted grants-in-aid received from federal government through the state									
Food service									
National school lunch program	1,953,908	-	-	-	-	-	-	-	-
School breakfast program	649,402	-	-	-	-	-	-	-	-
Summer food service admin/program	30,134	-	-	-	-	-	-	-	-
Child and adult care food programs	42,218	-	-	-	-	-	-	-	-
Fresh fruits and vegetables	136,104	-	-	-	-	-	-	-	-
Total food service	2,811,766	-	-	-	-	-	-	-	-
Title I									
Title I - Low income	2,471,457	-	-	6,750	42,674	-	-	-	-
Title I - Migrant education	99,866	-	-	7,218	4,177	-	-	-	-
Title I - Other	2,800	-	-	-	-	-	-	-	-
Total Title I	2,574,123	-	-	13,968	46,851	-	-	-	-
Federal special education									
Federal - special education - preschool flow-through	27,735	-	-	-	1,317	-	-	-	-
Federal - special education - IDEA - flow through/low incidence	1,289,655	-	-	323	68,183	-	-	-	-
Total federal - special education	1,317,390	-	-	323	69,500	-	-	-	-
Title III - English language acquisition	93,953	-	-	9,975	8,065	-	-	-	-
Title II - Teacher quality	450,361	-	-	-	3,804	-	-	-	-
Medicaid matching funds - administrative outreach	231,040	-	-	-	-	-	-	-	-
Medicaid matching funds - fees-for-service program	252,210	-	-	-	-	-	-	-	-
Other restricted revenue from federal sources	131,750	-	-	-	-	-	-	-	-
Total restricted grants-in-aid received from federal govt though the state	7,862,593	-	-	24,266	128,220	-	-	-	-
Total receipts from federal sources	10,255,348	-	-	167,001	422,955	466,912	-	-	-
Total direct receipts	\$ 49,649,820	\$ 2,520,763	\$ 2,574,067	\$ 3,837,666	\$ 1,912,849	\$ 567,556	\$ 32,841	\$ 1,217,208	\$ 23,619

KANKAKEE SCHOOL DISTRICT 111
Statement of Expenditures Disbursed, Budget to Actual
For the year ended June 30, 2014

Exhibit D

Educational fund	Salaries	Employee Benefits	Purchased services	Supplies/ Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
Regular programs	\$ 14,780,698	\$ 4,587,232	\$ 402,658	\$ 455,738	\$ 94,385	\$ 4,709	\$ -	\$ -	\$ 20,325,420	\$ 20,506,459
Special education programs	5,735,505	2,006,221	114,116	54,081	1,467	2,000	-	-	7,913,390	8,471,208
Interscholastic programs	440,383	58,556	47,557	45,142	6,512	13,976	-	-	612,126	609,905
Summer school programs	14,288	1,685	-	-	-	-	-	-	15,973	22,000
Gifted programs	539,089	172,081	4,663	9,303	-	-	-	-	725,136	735,009
Drivers education programs	163,116	59,403	-	-	-	-	-	-	222,519	205,306
Bilingual programs	1,313,143	447,611	24,818	17,267	28,760	-	-	-	1,831,599	1,773,891
Total instruction	<u>22,986,222</u>	<u>7,332,789</u>	<u>593,812</u>	<u>581,531</u>	<u>131,124</u>	<u>20,685</u>	<u>-</u>	<u>-</u>	<u>31,646,163</u>	<u>32,323,778</u>
Support services										
Support services - pupils										
Attendance & social work services	665,472	263,388	7,733	12,149	-	-	-	-	948,742	966,812
Guidance services	356,382	132,402	-	7,840	-	-	-	-	496,624	476,108
Health services	634,142	131,721	147,841	19,118	1,965	-	-	-	934,787	950,986
Psychological services	259,764	77,266	718	10,807	-	-	-	-	348,555	368,719
Speech pathology & audiology services	546,879	176,277	187	11,484	-	-	-	-	734,827	728,006
Total support services - pupils	<u>2,462,639</u>	<u>781,054</u>	<u>156,479</u>	<u>61,398</u>	<u>1,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,463,535</u>	<u>3,490,631</u>
Support services - instructional staff										
Improvement of instruction services	801,356	440,201	484,625	134,266	670	13,072	-	-	1,874,190	1,490,737
Educational media services	248,085	88,142	-	34,434	16,982	-	-	-	387,643	343,099
Assessment & testing	197,720	36,363	125,827	23,539	3,512	300	-	-	387,261	409,882
Total support services - instructional staff	<u>1,247,161</u>	<u>564,706</u>	<u>610,452</u>	<u>192,239</u>	<u>21,164</u>	<u>13,372</u>	<u>-</u>	<u>-</u>	<u>2,649,094</u>	<u>2,243,718</u>
Support services - general administration										
Board of education services	-	-	204,625	10,595	266	13,602	-	-	229,088	409,000
Executive administration services	430,310	69,187	47,397	6,422	792	18,480	-	-	572,588	529,626
Service area administrative services	416,910	125,219	7,456	3,001	-	-	-	-	552,586	533,941
Tort immunity services	90,098	16,727	265,563	7,621	1,375	-	-	-	381,384	557,948
Total support services - general administration	<u>937,318</u>	<u>211,133</u>	<u>525,041</u>	<u>27,639</u>	<u>2,433</u>	<u>32,082</u>	<u>-</u>	<u>-</u>	<u>1,735,646</u>	<u>2,030,515</u>
Support services - school administration										
Office of the principal services	2,348,527	652,989	29,880	56,736	2,697	5,024	-	-	3,095,853	3,138,303
Total support services - school administration	<u>2,348,527</u>	<u>652,989</u>	<u>29,880</u>	<u>56,736</u>	<u>2,697</u>	<u>5,024</u>	<u>-</u>	<u>-</u>	<u>3,095,853</u>	<u>3,138,303</u>

KANKAKEE SCHOOL DISTRICT 111
Statement of Expenditures Disbursed, Budget to Actual
For the year ended June 30, 2014

Exhibit D
(Continued)

	Salaries	Employee Benefits	Purchased services	Supplies/ Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
Support services - business										
Direction of business support services	\$ 167,558	\$ 42,143	\$ 3,146	\$ (588)	\$ -	\$ 871	\$ -	\$ -	\$ 213,130	\$ 215,515
Fiscal services	283,827	80,796	43,936	13,969	2,334	10,000	-	-	434,862	494,308
Operation & maintenance of plant services	85,529	27,961	289,288	951,008	20,201	-	-	-	1,373,987	1,326,488
Pupil transportation services	-	-	1,092	-	-	-	-	-	1,092	2,420
Food services	1,301,375	213,674	87,816	1,381,845	18,590	2,914	-	-	3,006,214	2,918,987
Internal services	64,255	12,673	-	-	-	-	-	-	76,928	82,719
Total support services - business	1,902,544	377,247	425,278	2,346,234	41,125	13,785	-	-	5,106,213	5,040,437
Support services - central										
Staff services	197,995	144,313	-	-	-	-	-	-	342,308	325,328
Data processing services	397,381	112,220	48,873	217,914	91,844	450	-	-	868,682	1,040,905
Total support services - central	595,376	256,533	48,873	217,914	91,844	450	-	-	1,210,990	1,366,233
Other support services	506,060	125,075	407,593	32,949	5,638	-	-	-	1,077,315	1,312,055
Total support services	9,999,625	2,968,737	2,203,596	2,935,109	166,866	64,713	-	-	18,338,646	18,621,892
Community services	429,221	107,967	204,617	32,736	3,329	-	-	-	777,870	614,321
Payments to other government units (in-state)										
Payments for regular programs	-	-	-	-	-	-	-	-	-	1,500
Payments for special education programs	-	-	197,879	-	-	-	-	-	197,879	650,000
Payments for special education programs - tuition	-	-	-	-	-	602,495	-	-	602,495	-
Payments for CTE programs - tuition	-	-	-	-	-	326,009	-	-	326,009	300,000
Other payments to in-state governments	-	-	-	-	-	14,186	-	-	14,186	14,186
Total payments to other government units (in-state)	-	-	197,879	-	-	942,690	-	-	1,140,569	965,686
Total payments to other districts and government units	-	-	197,879	-	-	942,690	-	-	1,140,569	965,686
Total direct disbursements	\$ 33,415,068	\$ 10,409,493	\$ 3,199,904	\$ 3,549,376	\$ 301,319	\$ 1,028,088	\$ -	\$ -	51,903,248	\$ 52,525,677
Excess (deficiency) of receipts over disbursements									\$ (2,253,428)	

KANKAKEE SCHOOL DISTRICT 111
Statement of Expenditures Disbursed, Budget to Actual
For the year ended June 30, 2014

Exhibit D
(Continued)

	Salaries	Employee Benefits	Purchased services	Supplies/ Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
Operations & maintenance fund										
Support services										
Support services - business										
Operation & maintenance of plant services	\$ 2,028,414	\$ 454,418	\$ 300,905	\$ 140,821	\$ 193,178	\$ -	\$ -	\$ -	\$ 3,117,736	\$ 3,438,487
Total support services - business	2,028,414	454,418	300,905	140,821	193,178	-	-	-	3,117,736	3,438,487
Total support services	2,028,414	454,418	300,905	140,821	193,178	-	-	-	3,117,736	3,438,487
Total direct disbursements	\$ 2,028,414	\$ 454,418	\$ 300,905	\$ 140,821	\$ 193,178	\$ -	\$ -	\$ -	3,117,736	\$ 3,438,487
Excess (deficiency) of receipts over disbursements									\$ (596,973)	
Debt service fund										
Debt services										
Debt service - interest										
Long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840,237	\$ -	\$ -	\$ 840,237	\$ 834,548
Total debt services - interest	-	-	-	-	-	840,237	-	-	840,237	834,548
Debt service - payments of principal on long-term debt	-	-	-	-	-	1,841,117	-	-	1,841,117	1,784,065
Total debt services	-	-	-	-	-	2,681,354	-	-	2,681,354	2,618,613
Total direct disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,681,354	\$ -	\$ -	2,681,354	\$ 2,618,613
Excess (deficiency) of receipts over disbursements									\$ (107,287)	
Transportation fund										
Support services										
Support services - pupils										
Support services - business										
Pupil transportation services	\$ 22,388	\$ 2,621	\$ 2,838,016	\$ 340,504	\$ -	\$ -	\$ -	\$ -	\$ 3,203,529	\$ 3,336,326
Total support services - business	22,388	2,621	2,838,016	340,504	-	-	-	-	3,203,529	3,336,326
Community services	-	-	527	-	-	-	-	-	527	-
Total direct disbursements	\$ 22,388	\$ 2,621	\$ 2,838,543	\$ 340,504	\$ -	\$ -	\$ -	\$ -	3,204,056	\$ 3,336,326
Excess (deficiency) of receipts over disbursements									\$ 633,610	

KANKAKEE SCHOOL DISTRICT 111
Statement of Expenditures Disbursed, Budget to Actual
For the year ended June 30, 2014

Exhibit D
(Continued)

Municipal retirement/Social Security fund	Salaries	Employee Benefits	Purchased Services	Supplies/ Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
Instruction										
Regular programs	\$ -	\$ 448,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 448,498	\$ 504,398
Special education programs	-	327,607	-	-	-	-	-	-	327,607	408,496
Interscholastic programs	-	18,065	-	-	-	-	-	-	18,065	16,482
Summer school programs	-	198	-	-	-	-	-	-	198	-
Gifted programs	-	5,190	-	-	-	-	-	-	5,190	6,541
Drivers education programs	-	2,172	-	-	-	-	-	-	2,172	1,799
Bilingual programs	-	43,900	-	-	-	-	-	-	43,900	57,234
Total instruction	-	845,630	-	-	-	-	-	-	845,630	994,950
Support services										
Support services - pupils										
Attendance & social work services	-	32,900	-	-	-	-	-	-	32,900	43,634
Guidance services	-	12,142	-	-	-	-	-	-	12,142	12,629
Health services	-	92,881	-	-	-	-	-	-	92,881	95,193
Psychological services	-	3,677	-	-	-	-	-	-	3,677	3,741
Speech pathology/audiology services	-	6,326	-	-	-	-	-	-	6,326	7,973
Total support services - pupils	-	147,926	-	-	-	-	-	-	147,926	163,170
Support services - instructional staff										
Improvement of instruction services	-	19,843	-	-	-	-	-	-	19,843	24,145
Educational media services	-	16,460	-	-	-	-	-	-	16,460	22,805
Assessment & testing	-	5,904	-	-	-	-	-	-	5,904	11,667
Total support services - instructional staff	-	42,207	-	-	-	-	-	-	42,207	58,617
Support services - general administration										
Executive administration services	-	131,099	-	-	-	-	-	-	131,099	30,175
Service area administrative services	-	7,923	-	-	-	-	-	-	7,923	20,169
Educational, inspectional, supervisory services related to loss prevention or reduction	-	15,692	-	-	-	-	-	-	15,692	-
Legal services	-	-	-	-	-	-	-	-	-	12,310
Total support services - general administration	-	154,714	-	-	-	-	-	-	154,714	62,654
Support services - school administration										
Office of the principal services	-	154,220	-	-	-	-	-	-	154,220	166,727
Total support services - school administration	-	154,220	-	-	-	-	-	-	154,220	166,727
Support services - business										
Direction of business support services	-	8,164	-	-	-	-	-	-	8,164	10,379
Fiscal services	-	58,429	-	-	-	-	-	-	58,429	57,239
Operation & maintenance of plant services	-	408,355	-	-	-	-	-	-	408,355	378,732
Food services	-	200,823	-	-	-	-	-	-	200,823	197,772
Internal services	-	12,661	-	-	-	-	-	-	12,661	9,598
Total support services - business	-	688,432	-	-	-	-	-	-	688,432	653,720
Support services - central										
Staff services	-	2,653	-	-	-	-	-	-	2,653	3,323
Data processing services	-	79,171	-	-	-	-	-	-	79,171	80,859
Total support services - central	-	81,824	-	-	-	-	-	-	81,824	84,182
Other support services	-	192	-	-	-	-	-	-	192	193,390
Total support services	-	1,269,515	-	-	-	-	-	-	1,269,515	1,382,460
Community services (MR/SS)										
Total direct disbursements	\$ -	\$ 2,192,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,192,859	\$ 2,479,950
Excess (deficiency) of receipts over disbursements									\$ (280,010)	

The accompanying notes are an integral part of these financial statements.

KANKAKEE SCHOOL DISTRICT 111
Statement of Expenditures Disbursed, Budget to Actual
For the year ended June 30, 2014

Exhibit D
(Continued)

	Salaries	Employee Benefits	Purchased services	Supplies/ Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Total	Budget
Capital projects fund										
Support services-business										
Facilities acquisition and construction services	\$ -	\$ -	\$ 55,989	\$ -	\$ 1,563,876	\$ -	\$ -	\$ -	\$ 1,619,865	\$ 1,775,538
Other support services	-	-	-	-	16,430	-	-	-	16,430	-
Total support services	-	-	55,989	-	1,580,306	-	-	-	1,636,295	1,775,538
Total direct disbursements	-	-	55,989	-	1,580,306	-	-	-	1,636,295	1,775,538
Excess (deficiency) of receipts over disbursements									<u>\$ (1,068,739)</u>	
Tort fund										
Support services-general administrative										
Workers' compensation	-	-	816,410	-	-	-	-	-	816,410	815,000
Unemployment insurance payments	-	-	42,583	-	-	-	-	-	42,583	130,000
Insurance payments	-	-	324,201	-	-	-	-	-	324,201	300,000
Total support services	-	-	1,183,194	-	-	-	-	-	1,183,194	1,245,000
Total direct disbursements	-	-	1,183,194	-	-	-	-	-	1,183,194	1,245,000
Excess (deficiency) of receipts over disbursements									<u>\$ 34,014</u>	
Fire prevention & safety fund										
Support services										
Support services - business										
Operation & maintenance of plant services	-	-	14,400	-	84,854	-	-	-	99,254	200,000
Total support services - business	-	-	14,400	-	84,854	-	-	-	99,254	200,000
Total support services	-	-	14,400	-	84,854	-	-	-	99,254	200,000
Total direct disbursements	\$ -	\$ -	\$ 14,400	\$ -	\$ 84,854	\$ -	\$ -	\$ -	99,254	\$ 200,000
Excess (deficiency) of receipts over disbursements									<u>\$ (75,635)</u>	

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies

Kankakee School District 111 (the "District") operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended. The following is a summary of the more significant accounting policies of the District:

Principles Used to Determine Scope of the Reporting Entity

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

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District prepares its financial statements in accordance with a regulatory basis of accounting prescribed by Illinois State Board of Education Title 23 of the Illinois Administrative Code, Part 100, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The presentation of these financial statements differs from GAAP as follows: (1) A statement of net position and statement of activities are not presented; (2) Individual funds and account groups are presented rather than major funds; (3) Items defined as deferred outflows of resources and deferred inflows of resources under GAAP are included as assets and liabilities; (4) Fund Balance classifications are "reserved" and "unreserved" rather than "nonspendable", "restricted", "committed", "assigned", and "unassigned"; (5) Certain required supplementary information such as Management's Decision and Analysis is not presented.

Also, this regulatory basis allows for transactions and events to be recorded on the cash basis rather than the accrual basis. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available. It is the District's policy to first use reserved fund balances prior to the use of unreserved fund balances when an expenditure is incurred for which both reserved and unreserved fund balances are available.

Measurement Focus

The financial statements of the funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." The fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenue received and expenditures disbursed. The District maintains individual funds required by the State of Illinois. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District:

The Educational, Operations and Maintenance, and Transportation Funds are the general operating funds. They are used to account for all financial resources except for those required to be accounted for in other funds. The Special Education levy is included in the Operations and Maintenance Fund.

The Municipal Retirement/Social Security Fund is used to account for proceeds of specific revenue resources to be used for the payment of pension contributions to the Illinois Municipal Retirement System, and the payment of medicare and social security taxes.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of, and/or addition to, major capital facilities.

The Tort Fund is used to account for financial resources to be used for the payment of tort immunity expenses.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

The Fire Prevention and Safety Fund is used to account for financial resources to be used for the payment of fire prevention and life safety projects.

The Working Cash Fund is used to account for financial resources to be used for temporary interfund loans to any other fund of the District.

Activity funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. The Activity Funds include Student Activity Funds, Convenience Accounts, and Trust and Agency Funds. They account for assets held by the District as an agent for the students and teachers. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of changes in financial position.

General Fixed Assets and General Long-Term Debt Account Groups

Fixed assets used in operations are accounted for in the General Fixed Assets Account Group. Purchases of property and equipment greater than \$500 with an estimated useful life of greater than one year are recorded as capital outlay expenditures of the various funds and as additions to the General Fixed Asset Account Group. Depreciation has not been reflected in the statement of General Fixed Assets, nor has interest been capitalized.

Fixed assets are classified in the following categories:

Non-depreciable land	Indefinite life
Depreciable land	50-year life
Permanent buildings	50-year life
Temporary buildings	25-year life
Improvements other than buildings - infrastructure	20-year life
Capitalized equipment	3, 5, and 10-year life

Long-term liabilities are accounted for in the General Long-Term Debt Account Group. Proceeds from long-term debt are included as receipts in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group. Debt principal and interest payments are recorded as expenditures of the fund from which the payments are made.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of changes in financial position.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance Classifications

Fund Balance is classified and displayed in two components:

Reserved - represents the portion of the fund balance which is restricted by certain tax levies and restrictions placed on funds by outside parties.

Unreserved - represents the portion of the fund balance which is available for any purposes allowed by Illinois School Code of the individual fund in which it resides

Budget and Budgetary Accounting

The budget is prepared on the regulatory basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105 of the Illinois Compiled Statutes (105 ILCS 5/10-17). The budget was passed on September 23, 2013.

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

The District follows these procedures in establishing the budgetary data reflected in the accompanying financial report:

1. Prior to September 1, at least 30 days prior to final adoption of the budget, the Assistant Superintendent for Business Services - CSBO submits to the Board of Education a proposed operating budget for the fiscal year commencing the preceding July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. The Assistant Superintendent for Business Services - CSBO is authorized to transfer up to 10 percent of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for the Educational, Operations and Maintenance, Transportation, Municipal Retirement/Social Security, Capital Projects, Working Cash, Tort and Fire Prevention and Safety Funds. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
6. The Board of Education may amend the budget by the same procedures required for its original adoption.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 2 - Property Taxes

Property taxes are recognized in the year the taxes have been received. Property taxes are levied each year on or before the last Tuesday in December on all taxable real property located in the District. Property taxes attach as an enforceable lien on property as of January 1 of the same year and are payable in two installments on June 1 and September 1 of the following year. The District receives significant distributions of tax receipts approximately one month after these due dates. The 2013 levy was passed by the Board on December 9, 2013. Property tax receipts recorded for the year ended June 30, 2014 are from the 2012 levy.

Note 3 - Special Tax Levies and Reserved Fund Balance

Special Education

Cash receipts and the related cash disbursements of the special education restricted tax levy are accounted for in the Operations and Maintenance Fund. \$1,384,334 of this fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future special education disbursements, and is classified as reserved fund balance.

Note 4 - Cash and Investments

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund. Occasionally, certain of the funds participating in the common bank account may incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the School Board.

The District also follows the practice of pooling excess cash for investment purposes. Each fund's portion of total investments is under accounting control. Earnings are prorated to each fund when recognized as revenue. Investments are reported at cost, which approximates face value. Gains or losses on the sale of investments are recognized upon realization.

Interest Rate Risk. The District's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the District's policy states investments shall provide sufficient liquidity to pay obligations of the District as they come due. Additionally, the District's policy is in conformance with the provisions of the Illinois Public Funds Investment Act.

Credit Risk. Each investment transaction shall ensure that capital loss, whether from credit or market risk, is avoided. The District may invest in one or more of the following:

1. Bonds, notes, certificates of indebtedness, treasury bills or other securities, now or hereafter issued, that are guaranteed by the full faith and credit of the United States of America, as to principal and interest.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 4 - Cash and Investments (Continued)

2. Bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities, as defined in the District's investment policy.

The term "agencies of the United States of America" includes: (1) the federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 and Acts amendatory thereto, (2) the federal home loan banks and the federal home loan mortgage corporation, and (3) any other agency created by Act of Congress.

3. Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits, or any other investment constituting a direct obligation of any bank or financial institution as defined by the Illinois Banking Act.
4. Short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if certain requirements are met as defined in the District's investment policy.
5. Money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in items (1) or (2) and to agreements to repurchase such obligations.
6. Short-term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of this State or any other state or under the laws of the United States. Investments may be made only in those savings banks or savings and loan associations, the shares, or investment certificates that are insured by the Federal Deposit Insurance Corporation. Any such securities may be purchased at the offering or market price thereof at the time of such purchase. All such securities so purchased shall mature or be redeemable on a date or dates prior to the time when, in the judgment of the Chief Investment Officer, the public funds so invested will be required for expenditure by the District or its governing authority.
7. Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of Illinois or the United States, provided, however, that the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law.
8. Investments in a Public Treasurers' Investment Pool under Section 17 of the State Treasurer Act or any public funds in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of any public funds.
9. Investments in the Illinois School District Liquid Asset Fund Plus.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 4 - Cash and Investments (Continued)

10. Repurchase agreements of government securities which conform to provisions of the Government Securities Act of 1986. The government securities, unless registered or inscribed in the name of the District, shall be purchased through banks or trust companies authorized to do business in the State of Illinois. The District may not enter into other repurchase agreements unless the instrument and transaction meet several requirements as set forth in the District's investment policy.

11. Any investments as authorized by the Public Funds Investment Act, and Acts amendatory thereto. Paragraph 11 herein supersedes points 1-10 and controls in the event of conflict.

Concentration of Credit Risk. The District's investment policy states investments shall be diversified as to materials and investments, as appropriate to the nature, purpose, and amount of the funds.

Portfolio diversification shall be as follows:

1. Up to 100% of number 1 above.
2. Up to 90% of numbers 2, 3 or 4 above.
3. Up to 33% of numbers 5 or 6 above.

Custodial Credit Risk – Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of any insurance limits to be collateralized in accordance with the Public Funds Investment Act 30 ILCS 235/1. As of June 30, 2014, the bank balance of the District's deposits with financial institutions totaled \$21,222,537, all of which was insured or collateralized by securities held by a third party and pledged to the District.

Custodial Credit Risk – Investments. With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring all investments in excess of insurance limits be collateralized. The District's preferred safekeeping method is to have securities registered in the District's name and held by a third-party custodian.

Note 5 – Interfund Balances/Transfers

The District transferred \$14,973 from its Working Cash Fund to its Educational Fund. This transfer represents a portion of the interest earned in the Working Cash Fund during the year and was transferred to the Educational Fund for normal operating expenditures.

The District transferred \$62,741 from the Education Fund to the Debt Service Fund for principal and interest payments on capital leases.

The District transferred \$78,234 from the Working Cash Fund to the Debt Service Fund upon the closing of the 2014 Bond issuance in accordance with the debt covenant.

The Board approved a temporary loan for \$11,000 from the Working Cash Fund to the Tort Fund to cover Tort Fund operating cash deficits.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 6 - General Fixed Assets

A summary of changes in general fixed assets follow:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Land	\$ 225,605	\$ -	\$ -	\$ 225,605
Buildings and building improvements	59,561,995	1,282,171	-	60,844,166
Land improvements	2,123,401	166,554	-	2,289,955
Equipment:				
3 year	1,404,357	135,535	-	1,539,892
5 year	986,468	10,462	-	996,930
10 year	19,010,718	535,649	-	19,546,367
Construction in progress	-	29,286	-	29,286
	<u>83,312,544</u>	<u>2,159,657</u>	<u>-</u>	<u>85,472,201</u>
Less accumulated depreciation for:				
Buildings and building improvements	25,497,296	1,328,991	-	26,826,287
Land improvements	1,192,318	70,748	-	1,263,066
Equipment:				
3 year	1,331,509	103,647	-	1,435,156
5 year	882,265	51,105	-	933,370
10 year	16,434,294	651,932	-	17,086,226
Total accumulated depreciation	<u>45,337,682</u>	<u>2,206,423</u>	<u>-</u>	<u>47,544,105</u>
Net general fixed assets	<u>\$37,974,862</u>	<u>\$ (46,766)</u>	<u>\$ -</u>	<u>\$37,928,096</u>

Note 7 - General Long-Term Debt

	Balance July 1, 2013	Proceeds	Payments	Balance June 30, 2014
General obligation school bonds:				
Series 2004 CAB	\$ 1,676,115	\$ -	\$1,239,065	\$ 437,050
Series 2008B	1,999,983	-	-	1,999,983
Series 2012	6,385,000	-	545,000	5,840,000
Series 2014	-	5,900,000	-	5,900,000
Subtotal bonds	<u>10,061,098</u>	<u>5,900,000</u>	<u>1,784,065</u>	<u>14,177,033</u>
Capital leases:				
American Capital:				
Technology equipment	<u>236,572</u>	<u>-</u>	<u>57,052</u>	<u>179,520</u>
Total long-term debt	<u>\$10,297,670</u>	<u>\$5,900,000</u>	<u>\$1,841,117</u>	<u>\$14,356,553</u>

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 7 - General Long-Term Debt (Continued)

Series 2004 CAB (Capital Appreciation Bonds), original issue \$1,676,115, dated January 1, 2004, provide for payment at maturity of principal and interest, which is compounded on January 1 and July 1 of each year. The purpose of this bond was to provide monies to fund fire prevention and safety projects.

Series 2008 B bonds (Capital Appreciation Limited Tax Bonds), original issue \$1,999,983, dated July 10, 2008, provide for payment at maturity of principal and interest of 4.8415%, compounded on January 1 and July 1 of each year. The purpose of this bond was to provide monies to fund building renovations and to purchase equipment.

Series 2012 bonds, On March 6, 2012, the District issued \$6,385,000 in General Obligation Bonds with interest rates of 2.5 to 3.0 percent. These bonds were used to advance refund \$515,000 of outstanding Series 2001B bonds and to provide \$5,855,000 of Working Cash funds. These bonds provide for the serial retirement of principal and interest each year beginning January 1, 2014 and interest payments each year beginning on July 1, 2012. \$535,000 of the net proceeds of this bond were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for a portion of the future debt service payments on the Series 2001B bonds.

Series 2014 bonds, On March 13, 2014, the District issued \$5,900,000 in General Obligation Limited School Bonds with interest rates of 2.0 to 3.0 percent to provide Working Cash Funds. These bonds provide for the serial retirement of principal with one payment on January 1, 2016, and the remaining payments each year beginning January 1, 2019. These bonds provide for the serial retirement of interest payable on January 1 and July 1 of each year.

Capital lease for technology equipment, dated July 15, 2012, providing for an initial down payment of \$3,000 and five annual payments of \$62,741 including interest at a rate of 2.41% through July 15, 2016.

Future minimum lease payments are as follows:

2015	\$ 62,741
2016	62,741
2017	<u>62,741</u>
Total minimum lease payments	188,223
Less: amount representing interest	<u>(8,703)</u>
Present value of minimum lease payments	<u>\$179,520</u>

At June 30, 2014, the annual cash flow requirements of long-term debt were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,764,637	\$1,037,211	\$ 2,801,848
2016	2,105,649	655,979	2,761,628
2017	2,136,267	309,037	2,445,304
2018	2,135,000	250,500	2,385,500
2019	2,115,000	186,450	2,301,450
2020-2021	<u>4,100,000</u>	<u>180,600</u>	<u>4,280,600</u>
	<u>\$14,356,553</u>	<u>\$2,619,777</u>	<u>\$16,976,330</u>

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 8 - Legal Debt Margin

The legal debt margin is calculated as follows:

Taxable assessed valuation - 2013	<u>\$314,569,531</u>
Debt limit - 13.8% of assessed valuation	\$ 43,410,595
Less general long-term debt	<u>14,356,553</u>
Legal debt margin	<u>\$ 29,054,042</u>

Note 9 - Retirement Fund Commitments

Teachers' Retirement System of the State of Illinois

The School District (employer) participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The active member contribution rate for the year ended June 30, 2014, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

- **On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$9,187,896 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 28.05 percent (\$7,214,814) and 24.91 percent (\$6,340,970), respectively.

The District makes other types of employer contributions directly to TRS.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 9 - Retirement Fund Commitments (Continued)

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$157,300. Contributions for the years ended June 30, 2013 and June 30, 2012, were \$156,273 and \$156,887, respectively.
- **Federal and trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the District pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the District contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$1,173,449 were paid from federal and special trust funds that required employer contributions of \$415,518. For the years ended June 30, 2013 and June 30, 2012, required District contributions were \$342,882 and \$397,048, respectively.

- **Early Retirement Option (ERO).** The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the District paid \$92,998 to TRS for employer contributions under the ERO program. For the years ended June 30, 2013 and June 30, 2012, the District paid \$-0- and \$-0-, respectively.

- **Salary increases over 6 percent and excess sick leave**
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2014, the District paid \$13,994 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2013 and June 30, 2012, the District paid \$37,012 and \$560, respectively.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 9 - Retirement Fund Commitments (Continued)

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the District makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the District paid \$-0- to TRS for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2013 and June 30, 2012, the District paid \$-0- and \$-0-, respectively.

Further information on TRS

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, PO Box 19253, Springfield, Illinois 62794-9253. The most current report is also available on the TRS web site at <http://trs.illinois.gov>.

Teacher Health Insurance Security (THIS) Fund

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 9 - Retirement Fund Commitments (Continued)

- **On behalf contributions to THIS Fund**

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$263,070, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of employees were \$247,881 and \$238,035, respectively.

- **Employer contributions to the THIS Fund**

The employer also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.72 percent during the years ended June 30, 2014, and 0.69 and 0.66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the District paid \$195,269 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the District paid \$185,911 and \$178,526, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the District Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District annual required contribution rate for calendar year 2013 was 11.35 percent. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 9 - Retirement Fund Commitments (Continued)

Annual Pension Cost. The required contribution for calendar year 2013 was \$1,149,082.

For calendar year 2013, the District's annual pension costs were as follows:

Annual required contribution (ARC)	\$1,149,082
Interest on net pension	24,648
Adjustment to ARC	<u>(17,619)</u>
Annual pension cost	1,156,111
Contributions made	<u>(1,149,082)</u>
Increase in net pension obligation (NPO)	7,029
NPO, beginning of year	<u>328,643</u>
NPO, end of year	<u>\$ 335,672</u>

Three-Year Trend Information for the Regular Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$1,156,111	99%	\$335,672
12/31/12	1,113,684	99%	328,643
12/31/11	1,064,644	87%	321,761

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the District Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The District Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 87.99 percent funded. The actuarial accrued liability for benefits was \$29,185,360 and the actuarial value of assets was \$25,679,905, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,505,455. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$10,124,070 and the ratio of the UAAL to the covered payroll was 35 percent.

The schedule of funding progress, presented as other supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 9 - Retirement Fund Commitments (Continued)

Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System are covered under Social Security. The District paid \$610,712, the total required contribution for the current fiscal year.

Note 10 – Other Post-Employment Benefits

Under Public Act 06-1444, the District, an IMRF employer, is required to offer the same health insurance to disabled members, retirees, and surviving spouses eligible for IMRF benefits at the same premium rate as active employees. The related disclosures required under GASB Statement No. 45 are immaterial.

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

Except for workers' compensation insurance, described in the following paragraphs, the District has purchased insurance from private insurance companies. Risks covered include general liability, health insurance and other. Premiums have been displayed as expenditures disbursed in appropriate funds. There has been no significant reduction in coverage, and settlements have not exceeded insurance coverage for each of the last three years.

The District has entered into an agreement with the Illinois Public Risk Fund. The pooling agreement permits public agencies within the meaning of the Intergovernmental Cooperation Act of the State of Illinois to provide a means whereby members of the Fund could contract with each other to protect against liability or loss under the Workers' Compensation and Occupational Diseases Laws of the State of Illinois.

The District's cost is based on rates determined by the Trustees of the Fund, applied to its payroll costs and adjusted for its loss experience. Members of the Fund may also be subject to additional contributions not to exceed 10 percent of such member's contribution for the most recent fiscal year of the Fund if additional reserves are deemed necessary by the Fund's trustees. No additional assessments have been made as of the current year-end.

Note 12 – Intergovernmental Agreements

The District has entered into an intergovernmental agreement with Governors State University for the purpose of preparing individuals for Illinois teaching certificates as outlined in the Master of Arts in Teacher Education Alternative Certification Program.

Kankakee School District 111
Notes to Financial Statements
As of and for the year ended June 30, 2014

Note 12 – Intergovernmental Agreements (Continued)

The District entered into an intergovernmental cooperation agreement with the Iroquois-Kankakee Regional Office of Education (ROE) and Kankakee Area Special Education Cooperative (Cooperative) on May 16, 2002, for the construction of an addition to the Cooperative's existing facility. Under this agreement, the ROE and the District made initial contributions of \$500,000 and \$1,000,000, respectively, and the ROE made a subsequent payment of \$500,000 to the Cooperative. During 2002, the ROE received a State of Illinois grant which paid for the construction of the facility.

In consideration for these payments, the ROE and the District shall each have the right to use one classroom wing of the addition, the common areas, and the parking areas without rent or further consideration through June 30, 2100. Both the ROE and the District may renew this agreement for an additional 99-year period.

The Cooperative will be responsible for providing normal insurance coverage for the building and grounds keeping, maintenance and snow removal for the addition. The ROE and the District will be responsible for the cost of trash, maintenance and custodial, insurance for contents, and pest control.

Note 13 - Contingencies

The District has received funding from state and federal grants in the current and prior years which are subject to audits by the granting agencies. The District believes any adjustments that may arise from these audits will be insignificant to District operations.

The District is involved in lawsuits arising in the normal course of business. The District carries insurance for these claims and has historically been able to settle such claims within the limits of its coverage. The likelihood of any loss in excess of these limits is not presently determinable. The District is also involved in various appeals by the corporate taxpayers of property taxes for the 2012 and 2013 tax years. If the taxpayers' appeals are successful, the District may have to refund approximately \$229,000. Several property tax appeals were settled during 2014, and the District estimates paying refunds of approximately \$13,712 plus interest.

Note 14 – Other

Expenditures in the Debt Service exceeded the budgeted amounts for the year.

Note 15 – Commitments

The District had contractual commitments at June 30, 2014, of approximately \$1,158,000 for various construction projects. Future appropriations will fund these commitments as work is performed.

KANKAKEE SCHOOL DISTRICT 111
Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - All Funds
For the year ended June 30, 2014

Schedule 1

	Educational Fund		Operations and Maintenance Fund		Debt Service Fund		Transportation Fund		Municipal Retirement/ Social Security Fund	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts										
Local sources	\$ 10,632,213	\$ 10,026,434	\$ 2,528,807	\$ 2,420,763	\$ 2,739,322	\$ 2,574,067	\$ 1,193,186	\$ 1,124,073	\$ 1,526,786	\$ 1,437,170
State sources	29,949,693	29,368,038	100,000	100,000	-	-	2,620,191	2,546,592	56,182	52,724
Federal sources	11,878,121	10,255,348	-	-	-	-	187,779	167,001	557,609	422,955
Total Receipts	<u>52,460,027</u>	<u>49,649,820</u>	<u>2,628,807</u>	<u>2,520,763</u>	<u>2,739,322</u>	<u>2,574,067</u>	<u>4,001,156</u>	<u>3,837,666</u>	<u>2,140,577</u>	<u>1,912,849</u>
Disbursements										
Instruction	32,323,778	31,646,163	-	-	-	-	-	-	994,950	845,630
Supporting services	18,621,892	18,338,646	3,438,487	3,117,736	-	-	3,336,326	3,203,529	1,382,460	1,269,515
Community services	614,321	777,870	-	-	-	-	-	527	102,540	77,714
Payments to other governmental units	965,686	1,140,569	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	2,618,613	2,681,354	-	-	-	-
Total Disbursements	<u>52,525,677</u>	<u>51,903,248</u>	<u>3,438,487</u>	<u>3,117,736</u>	<u>2,618,613</u>	<u>2,681,354</u>	<u>3,336,326</u>	<u>3,204,056</u>	<u>2,479,950</u>	<u>2,192,859</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(65,650)</u>	<u>(2,253,428)</u>	<u>(809,680)</u>	<u>(596,973)</u>	<u>120,709</u>	<u>(107,287)</u>	<u>664,830</u>	<u>633,610</u>	<u>(339,373)</u>	<u>(280,010)</u>
Other Financing Sources (Uses)										
On-behalf payments - State of Illinois	-	9,450,966	-	-	-	-	-	-	-	-
Pension contributions to TRS	-	(9,450,966)	-	-	-	-	-	-	-	-
Principal on bonds sold	-	-	-	-	-	-	-	-	-	-
Premium on bonds sold	-	-	-	-	-	-	-	-	-	-
Abatement of working cash fund	-	-	-	-	-	-	-	-	-	-
Permanent transfer from working cash	-	14,973	-	-	-	-	-	-	-	-
Transfer to debt service - capital lease principal	-	(57,052)	-	-	-	57,052	-	-	-	-
Transfer to debt service - capital lease interest	-	(5,689)	-	-	-	5,689	-	-	-	-
Other sources (uses)	-	-	-	-	-	78,234	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(47,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Sources) Uses	<u>\$ (65,650)</u>	<u>(2,301,196)</u>	<u>\$ (809,680)</u>	<u>(596,973)</u>	<u>\$ 120,709</u>	<u>33,688</u>	<u>\$ 664,830</u>	<u>633,610</u>	<u>\$ (339,373)</u>	<u>(280,010)</u>
Fund Balance, Beginning of Year		<u>5,233,816</u>		<u>2,590,055</u>		<u>28,762</u>		<u>1,325,160</u>		<u>354,321</u>
Fund Balance, End of Year		<u>\$ 2,932,620</u>		<u>\$ 1,993,082</u>		<u>\$ 62,450</u>		<u>\$ 1,958,770</u>		<u>\$ 74,311</u>

KANKAKEE SCHOOL DISTRICT 111
Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - All Funds
For the year ended June 30, 2014

Schedule 1
(continued)

	Capital Projects Fund		Working Cash Fund		Tort Fund		Fire Prevention and Safety Fund		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts										
Local sources	\$ 1,500	\$ 644	\$ 18,125	\$ 32,841	\$ 1,294,512	\$ 1,217,208	\$ 25,075	\$ 23,619	\$ 19,959,526	\$ 18,856,819
State sources	-	100,000	-	-	-	-	-	-	32,726,066	32,167,354
Federal sources	500,000	466,912	-	-	-	-	-	-	13,123,509	11,312,216
Total Receipts	<u>501,500</u>	<u>567,556</u>	<u>18,125</u>	<u>32,841</u>	<u>1,294,512</u>	<u>1,217,208</u>	<u>25,075</u>	<u>23,619</u>	<u>65,809,101</u>	<u>62,336,389</u>
Disbursements										
Instruction	-	-	-	-	-	-	-	-	33,318,728	32,491,793
Supporting services	1,775,538	1,636,295	-	-	1,245,000	1,183,194	200,000	99,254	29,999,703	28,848,169
Community services	-	-	-	-	-	-	-	-	716,861	856,111
Payments to other governmental units	-	-	-	-	-	-	-	-	965,686	1,140,569
Debt services	-	-	-	-	-	-	-	-	2,618,613	2,681,354
Total Disbursements	<u>1,775,538</u>	<u>1,636,295</u>	<u>-</u>	<u>-</u>	<u>1,245,000</u>	<u>1,183,194</u>	<u>200,000</u>	<u>99,254</u>	<u>67,619,591</u>	<u>66,017,996</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(1,274,038)</u>	<u>(1,068,739)</u>	<u>18,125</u>	<u>32,841</u>	<u>49,512</u>	<u>34,014</u>	<u>(174,925)</u>	<u>(75,635)</u>	<u>(1,810,490)</u>	<u>(3,681,607)</u>
Other Financing Sources (Uses)										
On-behalf payments - State of Illinois	-	-	-	-	-	-	-	-	-	9,450,966
Pension/health insurance contributions	-	-	-	-	-	-	-	-	-	(9,450,966)
Principal on bonds sold	5,821,766	-	-	5,900,000	-	-	-	-	5,821,766	5,900,000
Premium on bonds sold	306,517	-	-	306,517	-	-	-	-	306,517	306,517
Abatement of working cash fund	-	6,000,000	-	(6,000,000)	-	-	-	-	-	-
Permanent transfer from working cash	-	-	-	(14,973)	-	-	-	-	-	-
Transfer to debt service - capital lease principal	-	-	-	-	-	-	-	-	-	-
Transfer to debt service - capital lease interest	-	-	-	-	-	-	-	-	-	-
Other uses	(128,283)	-	-	(206,517)	-	-	-	-	(128,283)	(128,283)
Total Other Financing Sources (Uses)	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>	<u>(14,973)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<u>6,078,234</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Sources) Uses	<u>\$ 4,725,962</u>	<u>4,931,261</u>	<u>\$ 18,125</u>	<u>17,868</u>	<u>\$ 49,512</u>	<u>34,014</u>	<u>\$ (174,925)</u>	<u>(75,635)</u>	<u>\$ 4,189,510</u>	<u>2,396,627</u>
Fund Balance, Beginning of Year		<u>1,527,442</u>		<u>5,799,572</u>		<u>(35,841)</u>		<u>281,384</u>		<u>16,786,191</u>
Fund (Deficit) Balance, End of Year		<u>\$ 6,458,703</u>		<u>\$ 5,817,440</u>		<u>\$ (1,827)</u>		<u>\$ 205,749</u>		<u>\$ 19,182,818</u>

KANKAKEE SCHOOL DISTRICT 111
Educational Fund
Detailed Receipts - Budget and Actual
For the year ended June 30, 2014

Schedule 2

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Taxes and payments in lieu of taxes:			
2012 Levy	\$ 8,460,738	\$ 7,951,685	\$ (509,053)
Corporate personal property			
Replacement taxes	<u>1,611,150</u>	<u>1,539,214</u>	<u>(71,936)</u>
Total taxes and payments in lieu of taxes	10,071,888	9,490,899	(580,989)
Tuition	2,450	16,132	13,682
Interest on investments	7,450	1,003	(6,447)
Food service	400,125	401,149	1,024
Pupil activities	55,900	37,428	(18,472)
Textbooks	42,650	38,781	(3,869)
Other	<u>51,750</u>	<u>41,042</u>	<u>(10,708)</u>
Total Local Sources	<u>10,632,213</u>	<u>10,026,434</u>	<u>(605,779)</u>
Unrestricted grants:			
General state aid	24,974,665	25,007,837	33,172
Restricted grants - state:			
Special education	3,076,922	3,020,475	(56,447)
Career and technical education	-	(2,894)	(2,894)
Bilingual education	447,594	213,728	(233,866)
State free lunch and breakfast	77,589	50,827	(26,762)
Driver education	58,680	39,852	(18,828)
Early childhood block grant	1,222,743	817,869	(404,874)
Other revenue from state sources	<u>91,500</u>	<u>220,344</u>	<u>128,844</u>
Total State Sources	<u>29,949,693</u>	<u>29,368,038</u>	<u>(581,655)</u>

KANKAKEE SCHOOL DISTRICT 111
Educational Fund
Detailed Receipts - Budget and Actual
For the year ended June 30, 2014

Schedule 2
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Restricted grants - federal:			
Head Start	\$ 2,917,390	\$ 2,109,463	\$ (807,927)
Other direct awards (Foster Grandparents)	-	283,292	283,292
National School Lunch Program	1,988,731	1,953,908	(34,823)
National School Breakfast Program	630,255	649,402	19,147
Summer Food Service Admin	33,816	30,134	(3,682)
Child and Adult Care Food Program	44,000	42,218	(1,782)
Fresh Fruits and Vegetables	153,723	136,104	(17,619)
Title I - Low Income	2,645,489	2,471,457	(174,032)
Title I - Migrant Education	220,402	99,866	(120,536)
Title I - Other	-	2,800	2,800
Federal Special Education	1,565,541	1,317,390	(248,151)
Title III - English Language Acquisition	136,087	93,953	(42,134)
Medicaid Matching Funds-Admin Outreach	200,000	231,040	31,040
Medicaid Matching Funds-Fees for Service	285,000	252,210	(32,790)
Title II - Teacher Quality	542,187	450,361	(91,826)
Other revenue from federal sources	515,500	131,750	(383,750)
Total Federal sources	<u>11,878,121</u>	<u>10,255,348</u>	<u>(1,622,773)</u>
Total Receipts	<u>\$ 52,460,027</u>	<u>\$ 49,649,820</u>	<u>\$ (2,810,207)</u>

KANKAKEE SCHOOL DISTRICT 111
Educational Fund
Detailed Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 3

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Instruction:			
Regular programs -			
Salaries	\$ 15,041,074	\$ 14,780,698	\$ (260,376)
Employee benefits	4,559,506	4,587,232	27,726
Purchased services	361,284	402,658	41,374
Supplies & materials	417,136	455,738	38,602
Capital outlay	120,252	94,385	(25,867)
Other	7,207	4,709	(2,498)
Total	<u>20,506,459</u>	<u>20,325,420</u>	<u>(181,039)</u>
Special education programs -			
Salaries	6,172,110	5,735,505	(436,605)
Employee benefits	2,098,405	2,006,221	(92,184)
Purchased services	66,640	114,116	47,476
Supplies & materials	118,324	54,081	(64,243)
Capital outlay	2,500	1,467	(1,033)
Other	13,229	2,000	(11,229)
Total	<u>8,471,208</u>	<u>7,913,390</u>	<u>(557,818)</u>
Interscholastic programs -			
Salaries	439,989	440,383	394
Employee benefits	67,046	58,556	(8,490)
Purchased services	49,300	47,557	(1,743)
Supplies & materials	41,870	45,142	3,272
Capital outlay	-	6,512	6,512
Other	11,700	13,976	2,276
Total	<u>609,905</u>	<u>612,126</u>	<u>2,221</u>

KANKAKEE SCHOOL DISTRICT 111
Educational Fund
Detailed Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 3
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Summer School -			
Salaries	\$ 20,000	\$ 14,288	\$ (5,712)
Employee benefits	2,000	1,685	(315)
Total	<u>22,000</u>	<u>15,973</u>	<u>(6,027)</u>
Gifted -			
Salaries	542,306	539,089	(3,217)
Employee benefits	178,203	172,081	(6,122)
Purchased services	6,600	4,663	(1,937)
Supplies & materials	6,750	9,303	2,553
Capital outlay	700	-	(700)
Other	450	-	(450)
Total	<u>735,009</u>	<u>725,136</u>	<u>(9,873)</u>
Driver's education programs -			
Salaries	125,037	163,116	38,079
Employee benefits	54,569	59,403	4,834
Purchased services	600	-	(600)
Supplies & materials	5,100	-	(5,100)
Capital outlay	20,000	-	(20,000)
Total	<u>205,306</u>	<u>222,519</u>	<u>17,213</u>
Bilingual programs -			
Salaries	1,226,415	1,313,143	86,728
Employee benefits	541,775	447,611	(94,164)
Purchased services	-	24,818	24,818
Supplies & materials	5,701	17,267	11,566
Capital outlay	-	28,760	28,760
Total	<u>1,773,891</u>	<u>1,831,599</u>	<u>57,708</u>
Total Instruction	<u>32,323,778</u>	<u>31,646,163</u>	<u>(677,615)</u>

KANKAKEE SCHOOL DISTRICT 111
Educational Fund
Detailed Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 3
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Supporting Services:			
Pupils -			
Salaries	\$ 2,566,236	\$ 2,462,639	\$ (103,597)
Employee benefits	755,113	781,054	25,941
Purchased services	128,132	156,479	28,347
Supplies & materials	39,525	61,398	21,873
Capital outlay	1,625	1,965	340
Total	<u>3,490,631</u>	<u>3,463,535</u>	<u>(27,096)</u>
Instructional staff -			
Salaries	1,116,720	1,247,161	130,441
Employee benefits	399,739	564,706	164,967
Purchased services	521,700	610,452	88,752
Supplies & materials	188,859	192,239	3,380
Capital outlay	8,600	21,164	12,564
Other	8,100	13,372	5,272
Total	<u>2,243,718</u>	<u>2,649,094</u>	<u>405,376</u>
General administration -			
Salaries	821,362	937,318	115,956
Employee benefits	209,802	211,133	1,331
Purchased services	867,921	525,041	(342,880)
Supplies & materials	53,030	27,639	(25,391)
Capital outlay	19,500	2,433	(17,067)
Other	58,900	32,082	(26,818)
Total	<u>2,030,515</u>	<u>1,735,646</u>	<u>(294,869)</u>
School administration -			
Salaries	2,375,362	2,348,527	(26,835)
Employee benefits	659,885	652,989	(6,896)
Purchased services	30,779	29,880	(899)
Supplies & materials	53,265	56,736	3,471
Capital outlay	12,368	2,697	(9,671)
Other	6,644	5,024	(1,620)
Total	<u>3,138,303</u>	<u>3,095,853</u>	<u>(42,450)</u>

KANKAKEE SCHOOL DISTRICT 111
Educational Fund
Detailed Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 3
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Business -			
Salaries	\$ 1,764,347	\$ 1,902,544	\$ 138,197
Employee benefits	376,875	377,247	372
Purchased services	367,234	425,278	58,044
Supplies & materials	2,426,417	2,346,234	(80,183)
Capital outlay	76,000	41,125	(34,875)
Other	29,564	13,785	(15,779)
Total	<u>5,040,437</u>	<u>5,106,213</u>	<u>65,776</u>
Central and other -			
Salaries	1,285,878	1,101,436	(184,442)
Employee benefits	353,117	381,608	28,491
Purchased services	574,494	456,466	(118,028)
Supplies & materials	344,645	250,863	(93,782)
Capital outlay	119,854	97,482	(22,372)
Other	300	450	150
Total	<u>2,678,288</u>	<u>2,288,305</u>	<u>(389,983)</u>
Total Supporting Services	<u>18,621,892</u>	<u>18,338,646</u>	<u>(283,246)</u>
Community services:			
Salaries	480,727	429,221	(51,506)
Employee benefits	70,660	107,967	37,307
Purchased services	32,673	204,617	171,944
Supplies & materials	26,932	32,736	5,804
Capital outlay	3,329	3,329	-
Total Community Services	<u>614,321</u>	<u>777,870</u>	<u>163,549</u>
Payments to Other Districts and Governmental Units:			
Payments for regular programs	1,500	-	(1,500)
Payments for special education programs	650,000	197,879	(452,121)
Payments for special education - tuition	-	602,495	602,495
Payments for CTE programs - tuition	300,000	326,009	26,009
Payments for community college programs	-	-	-
Other payments to in-state government units	14,186	14,186	-
Total - Other Districts and Gov't Units	<u>965,686</u>	<u>1,140,569</u>	<u>174,883</u>
Total Disbursements	<u>\$ 52,525,677</u>	<u>\$ 51,903,248</u>	<u>\$ (622,429)</u>

KANKAKEE SCHOOL DISTRICT 111
Operations and Maintenance Fund
Detailed Receipts and Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 4

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Receipts			
Taxes and payments in lieu of taxes:			
2012 Levy	\$ 2,250,046	\$ 2,114,694	\$ (135,352)
Corporate personal property replacement taxes	246,000	246,000	-
Total taxes and payments in lieu of taxes	<u>2,496,046</u>	<u>2,360,694</u>	<u>(135,352)</u>
Interest on investments	4,360	2,308	(2,052)
Rentals	15,551	16,300	749
Other local fees	12,500	15,426	2,926
Other local revenues	350	26,035	25,685
Total Local Sources	<u>2,528,807</u>	<u>2,420,763</u>	<u>(108,044)</u>
General State Aid	50,000	50,000	-
Other restricted revenue from state sources	50,000	50,000	-
Total State Sources	<u>100,000</u>	<u>100,000</u>	<u>-</u>
 Total Receipts	 <u><u>\$ 2,628,807</u></u>	 <u><u>\$ 2,520,763</u></u>	 <u><u>\$ (108,044)</u></u>
Disbursements			
Supporting services - business:			
Salaries	\$ 2,193,309	\$ 2,028,414	\$ (164,895)
Benefits	458,845	454,418	(4,427)
Purchased services	382,200	300,905	(81,295)
Supplies & materials	164,800	140,821	(23,979)
Capital outlay	239,333	193,178	(46,155)
Total Disbursements	<u><u>\$ 3,438,487</u></u>	<u><u>\$ 3,117,736</u></u>	<u><u>\$ (320,751)</u></u>

KANKAKEE SCHOOL DISTRICT 111
Debt Service Fund
Detailed Receipts and Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 5

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Receipts			
Taxes and payments in lieu of taxes:			
2012 Levy	\$ 2,735,822	\$ 2,572,121	\$ (163,701)
Interest on investments	3,500	1,946	(1,554)
Total Receipts	<u>\$ 2,739,322</u>	<u>\$ 2,574,067</u>	<u>\$ (165,255)</u>
Disbursements			
Debt service - principal	\$ 1,784,065	\$ 1,841,117	\$ 57,052
Debt service - interest	834,548	840,237	5,689
Total Disbursements	<u>\$ 2,618,613</u>	<u>\$ 2,681,354</u>	<u>\$ 62,741</u>

KANKAKEE SCHOOL DISTRICT 111
Transportation Fund
Detailed Receipts - Budget and Actual
For the year ended June 30, 2014

Schedule 6

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Taxes and payments in lieu of taxes:			
2012 Levy	\$ 1,079,064	\$ 1,014,256	\$ (64,808)
Corporate personal property replacement taxes	104,072	104,072	-
Total taxes and payments in lieu of taxes	<u>1,183,136</u>	<u>1,118,328</u>	<u>(64,808)</u>
Interest on investments	2,050	1,346	(704)
Transportation fees	<u>8,000</u>	<u>4,399</u>	<u>(3,601)</u>
Total Local Sources	<u>1,193,186</u>	<u>1,124,073</u>	<u>(69,113)</u>
Unrestricted grants:			
General state aid	75,000	75,000	-
Restricted grants - state:			
Transportation	2,313,637	2,260,010	(53,627)
Early childhood	228,054	204,903	(23,151)
Other	<u>3,500</u>	<u>6,679</u>	<u>3,179</u>
Total State Sources	<u>2,620,191</u>	<u>2,546,592</u>	<u>(73,599)</u>
Restricted grants - federal:			
Title I - Low Income	10,752	6,750	(4,002)
Title I - Migrant Education	6,500	7,218	718
Federal Special Education	-	323	323
Title III - English Language Acquisition	6,975	9,975	3,000
Other	<u>163,552</u>	<u>142,735</u>	<u>(20,817)</u>
Total Federal Sources	<u>187,779</u>	<u>167,001</u>	<u>(20,778)</u>
 Total Receipts	 <u><u>\$ 4,001,156</u></u>	 <u><u>\$ 3,837,666</u></u>	 <u><u>\$ (163,490)</u></u>

KANKAKEE SCHOOL DISTRICT 111
Transportation Fund
Detailed Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 7

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Supporting services:			
Salaries	\$ 22,389	\$ 22,388	\$ (1)
Benefits	3,237	2,621	(616)
Purchased services	2,858,200	2,838,016	(20,184)
Supplies & materials	422,500	340,504	(81,996)
Capital outlay	30,000	-	(30,000)
Total	<u>3,336,326</u>	<u>3,203,529</u>	<u>(132,797)</u>
Community service:			
Purchased services	-	527	527
Total	<u>-</u>	<u>527</u>	<u>527</u>
Total Disbursements	<u><u>\$ 3,336,326</u></u>	<u><u>\$ 3,204,056</u></u>	<u><u>\$ (132,270)</u></u>

KANKAKEE SCHOOL DISTRICT 111
Municipal Retirement/Social Security Fund
Detailed Receipts and Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 8

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Receipts			
Taxes and payments in lieu of taxes:			
2012 Levy	\$ 1,480,634	\$ 1,392,131	\$ (88,503)
Corporate personal property replacement taxes	44,602	44,602	-
Total taxes and payments in lieu of taxes	<u>1,525,236</u>	<u>1,436,733</u>	<u>(88,503)</u>
Interest on investments	1,550	437	(1,113)
Total Local Sources	<u>1,526,786</u>	<u>1,437,170</u>	<u>(89,616)</u>
Restricted grants - state			
Bilingual education-downstate-TPI and TBE	15,000	9,750	(5,250)
Early childhood block grant	41,182	42,974	1,792
Total State Sources	<u>56,182</u>	<u>52,724</u>	<u>(3,458)</u>
Restricted grants - federal:			
Head Start	308,615	294,735	(13,880)
Title I-Low income	53,348	42,674	(10,674)
Title I-Migrant education	8,895	4,177	(4,718)
Fed-Spec education-preschool flow-through	1,365	1,317	(48)
Fed-Spec education-IDEA flow-through	126,389	68,183	(58,206)
Title III-English language acquisition	8,996	8,065	(931)
Title II-Teacher quality	2,501	3,804	1,303
Other restricted grants through the state	47,500	-	(47,500)
Total Federal Sources	<u>557,609</u>	<u>422,955</u>	<u>(134,654)</u>
Total Receipts	<u>\$ 2,140,577</u>	<u>\$ 1,912,849</u>	<u>\$ (227,728)</u>
Disbursements			
Instruction	\$ 994,950	\$ 845,630	\$ (149,320)
Supporting services	1,382,460	1,269,515	(112,945)
Community services	102,540	77,714	(24,826)
Total Disbursements	<u>\$ 2,479,950</u>	<u>\$ 2,192,859</u>	<u>\$ (287,091)</u>

KANKAKEE SCHOOL DISTRICT 111
Capital Projects Fund
Detailed Receipts and Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 9

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Receipts			
Interest on investments	\$ 1,500	\$ 555	\$ (945)
Other local receipts	-	89	89
Other restricted revenue from state sources	-	100,000	100,000
Other restricted revenue from federal sources	500,000	466,912	(33,088)
Total Receipts	<u>\$ 501,500</u>	<u>\$ 567,556</u>	<u>\$ 66,056</u>
Disbursements			
Supporting services	\$ 1,775,538	\$ 1,636,295	\$ (139,243)
Total Disbursements	<u>\$ 1,775,538</u>	<u>\$ 1,636,295</u>	<u>\$ (139,243)</u>

KANKAKEE SCHOOL DISTRICT 111
Working Cash Fund
Detailed Receipts - Budget and Actual
For the year ended June 30, 2014

Schedule 10

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Receipts			
Taxes and payments in lieu of taxes:			
2012 Levy	\$ 17,675	\$ 16,579	\$ (1,096)
Interest on investments	450	16,262	15,812
Total Receipts	<u>\$ 18,125</u>	<u>\$ 32,841</u>	<u>\$ 14,716</u>

KANKAKEE SCHOOL DISTRICT 111

Schedule 11

Tort Fund

Detailed Receipts and Disbursements - Budget and Actual

For the year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Receipts			
Local Sources:			
Taxes and payments in lieu of taxes	\$ 1,293,862	\$ 1,216,456	\$ (77,406)
Earnings on investments	650	752	102
Total local sources	<u>1,294,512</u>	<u>1,217,208</u>	<u>\$ (77,304)</u>
Total receipts	<u>\$ 1,294,512</u>	<u>\$ 1,217,208</u>	<u>\$ (77,304)</u>
 Disbursements:			
Support services-general administration:			
Workers' compensation	\$ 815,000	\$ 816,410	\$ 1,410
Unemployment insurance payments	130,000	42,583	(87,417)
Insurance payments	<u>300,000</u>	<u>324,201</u>	<u>24,201</u>
Total support services-general administration	<u>1,245,000</u>	<u>1,183,194</u>	<u>(61,806)</u>
Total disbursements	<u>\$ 1,245,000</u>	<u>\$ 1,183,194</u>	<u>\$ (61,806)</u>

KANKAKEE SCHOOL DISTRICT 111
Fire Prevention and Safety Fund
Detailed Receipts and Disbursements - Budget and Actual
For the year ended June 30, 2014

Schedule 12

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Or (Under) Budget</u>
Receipts			
Taxes:			
2012 Levy	\$ 24,675	\$ 23,197	\$ (1,478)
Interest on investments	400	422	22
	<u>400</u>	<u>422</u>	<u>22</u>
Total Receipts	<u>\$ 25,075</u>	<u>\$ 23,619</u>	<u>\$ (1,456)</u>
Disbursements			
Supporting services:			
Purchased services	\$ 40,000	\$ 14,400	\$ (25,600)
Capital outlay	160,000	84,854	(75,146)
	<u>160,000</u>	<u>84,854</u>	<u>(75,146)</u>
Total Disbursements	<u>\$ 200,000</u>	<u>\$ 99,254</u>	<u>\$ (100,746)</u>

KANKAKEE SCHOOL DISTRICT 111
Statement of Changes in Assets and Liabilities
All Agency Funds
Student Activity Funds and Accounts
For the year ended June 30, 2014

Schedule 13

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Assets				
Cash and investments	<u>\$ 460,062</u>	<u>\$ 559,648</u>	<u>\$ 546,857</u>	<u>\$ 472,853</u>
Liabilities				
Due to student groups	<u>\$ 460,062</u>	<u>\$ 559,648</u>	<u>\$ 546,857</u>	<u>\$ 472,853</u>

KANKAKEE SCHOOL DISTRICT 111
Schedule of Assessed Valuations, Rates, Extensions and Collections

Schedule 14

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assessed Valuation	<u>\$329,158,027</u>	<u>\$352,496,371</u>	<u>\$374,008,786</u>	<u>\$399,501,821</u>
Taxable Valuation	<u>\$314,569,531</u>	<u>\$337,619,733</u>	<u>\$358,214,014</u>	<u>\$382,339,761</u>
Tax Rates				
Educational Fund:				
Educational	2.5520	2.399	2.200	2.075
Liability insurance	0.3981	0.367	0.337	0.286
Operations & Maintenance Fund:				
Regular operations	0.6476	0.595	0.535	0.483
Special education	0.0550	0.043	0.043	0.040
Transportation Fund	0.4118	0.306	0.268	0.219
Municipal Retirement:				
I.M.R.F.	0.2060	0.184	0.152	0.144
Social security	0.2472	0.236	0.224	0.214
Bonds & Interest:				
General obligation	0.8469	0.776	0.926	0.858
Working Cash Fund	0.0051	0.005	0.004	0.003
Fire Prevention & Life Safety Fund	0.0072	0.007	0.006	0.003
Total Tax Rates	<u>5.3769</u>	<u>4.918</u>	<u>4.695</u>	<u>4.325</u>
Tax Extensions				
Educational Fund:				
Educational	\$ 8,027,815	\$ 8,099,497	\$ 7,880,708	\$ 7,933,550
Liability insurance	1,252,301	1,239,064	1,207,181	1,093,492
Operations & Maintenance Fund:				
Regular operations	2,037,152	2,008,837	1,916,445	1,846,701
Special education	173,013	145,176	154,032	152,936
Transportation Fund	1,295,397	1,033,116	960,014	837,324
Municipal Retirement:				
I.M.R.F.	648,013	621,220	544,485	550,569
Social security	777,616	796,783	802,399	818,207
Bond & Interest Fund:				
General obligation	2,664,090	2,619,929	3,317,062	3,280,475
Working Cash Fund	16,043	16,881	14,329	11,470
Fire Prevention & Safety Fund	22,649	23,633	21,493	11,470
Total Tax Extensions	<u>\$ 16,914,089</u>	<u>\$ 16,604,138</u>	<u>\$ 16,818,148</u>	<u>\$ 16,536,195</u>
Tax Collections	<u>\$ -</u>	<u>\$ 16,294,814</u>	<u>\$ 16,448,881</u>	<u>\$ 16,440,397</u>
Percentage of Tax Extensions Collected		<u>98.1%</u>	<u>97.8%</u>	<u>99.4%</u>

KANKAKEE SCHOOL DISTRICT 111
 Schedule of General Obligation Bonds Payable
 June 30, 2014

Schedule 15

Due Year End June 30,	Series 2004 CAB		Series 2008B		Series 2012		Series 2014	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 437,050	\$ 267,950	\$ 1,269,163	\$ 460,837	\$ -	\$ 164,987	\$ -	\$ 139,120
2016	-	-	730,820	314,179	1,005,000	164,988	310,000	173,900
2017	-	-	-	-	2,075,000	139,863	-	167,700
2018	-	-	-	-	2,135,000	82,800	-	167,700
2019	-	-	-	-	625,000	18,750	1,490,000	167,700
2020	-	-	-	-	-	-	2,180,000	123,000
2021	-	-	-	-	-	-	1,920,000	57,600
	<u>\$ 437,050</u>	<u>\$ 267,950</u>	<u>\$ 1,999,983</u>	<u>\$ 775,016</u>	<u>\$ 5,840,000</u>	<u>\$ 571,388</u>	<u>\$ 5,900,000</u>	<u>\$ 996,720</u>
	Total							
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>					
Due Year End June 30,								
2015	\$ 1,706,213	\$ 1,032,894	\$ 2,739,107					
2016	2,045,820	653,067	2,698,887					
2017	2,075,000	307,563	2,382,563					
2018	2,135,000	250,500	2,385,500					
2019	2,115,000	186,450	2,301,450					
2020	2,180,000	123,000	2,303,000					
2021	1,920,000	57,600	1,977,600					
	<u>\$ 14,177,033</u>	<u>\$ 2,611,074</u>	<u>\$ 16,788,107</u>					

KANKAKEE SCHOOL DISTRICT 111
Schedule of Per Capita Tuition Charge
For the year ended June 30, 2014

Schedule 16

Total Disbursements		
Educational Fund		\$ 51,903,248
Operations and Maintenance Fund		3,117,736
Bond and Interest Fund		2,681,354
Transportation Fund		3,204,056
Municipal Retirement Fund		2,192,859
Tort Fund		1,183,194
		<u>64,282,447</u>
Receipts or Disbursements Not Applicable to the K-12 Regular Program		
Summer School:		
Education Fund		15,973
Municipal Retirement Fund		198
Capital outlay:		
Education Fund		301,319
Operations and Maintenance Fund		193,178
Community services:		
Education Fund		774,541
Transportation Fund		527
Municipal Retirement Fund		77,714
Total payments to other districts/governmental units		1,140,569
Debt service - payments of principal on long-term debt		<u>1,841,117</u>
Total Receipts or Disbursements Not Applicable to Operating Expenses of Regular Programs		<u>4,345,136</u>
Total Operating Expenses		59,937,311
Average Daily Attendance (Unaudited)	<u>4,912.92</u>	
Operating Expense Per Student (Unaudited)	<u>\$ 12,200</u>	
Offsetting Receipts	(Schedule 17)	<u>15,073,617</u>
Net Operating Expense for Tuition Computation		44,863,694
Add Depreciation - Not Provided in Accounts, Straight-Line Basis		<u>2,206,423</u>
Total Disbursements for Tuition Computation		<u>\$ 47,070,117</u>
Average Daily Attendance (Unaudited)	<u>4,912.92</u>	
Per Capita Tuition Charge (Unaudited)	<u>\$ 9,581</u>	

The foregoing summary of per capita tuition charge is presented on the basis of average daily attendance figures taken from the District records. The accuracy of the average daily attendance figures was not investigated by the auditors.

KANKAKEE SCHOOL DISTRICT 111
Schedule of Per Capita Tuition Charge - Offsetting Receipts
For the year ended June 30, 2014

Schedule 17

Transportation fees	\$ 4,399
Food services	401,149
District/school activity income	37,428
Textbooks rentals	29,789
Sales other	8,952
Other	40
Rentals	16,300
Special education	3,020,475
Bilingual education	223,478
State free lunch and breakfast	50,827
Driver education	39,852
Total transportation	2,260,010
Other restricted revenue from state	274,129
Restricted grants in aid from federal government	2,830,225
Less: Head Start	(2,109,463)
Total food services	2,811,766
Title I	2,634,942
IDEA flow through	1,358,161
Title III-English language acquisition	111,993
Title II-Teacher Quality	454,165
Medicaid matching funds - administrative outreach	231,040
Medicaid matching funds - fee for service	252,210
Other federal funds	131,750
Total Offsetting Receipts	<u><u>\$ 15,073,617</u></u>

KANKAKEE SCHOOL DISTRICT 111
Schedule of Disbursements Per Student
(Unaudited)

Schedule 18

	For the years ended June 30,		
	2014	2013	2012
Educational Fund			
Instruction	6,454	6,401	\$ 6,529
Supporting services	3,740	3,784	3,771
Community services	159	153	177
Nonprogrammed charges	233	199	206
	<u>10,586</u>	<u>10,537</u>	<u>10,683</u>
Operations and Maintenance Fund			
Supporting services	<u>635</u>	<u>642</u>	<u>627</u>
Transportation Fund			
Supporting services	<u>652</u>	<u>642</u>	<u>652</u>
Municipal Retirement/Social Security Fund			
Instruction	172	181	101
Supporting services	258	255	201
Community services	16	15	-
	<u>446</u>	<u>451</u>	<u>302</u>
Debt Service Fund			
Debt services	<u>546</u>	<u>720</u>	<u>683</u>
Capital Projects Fund			
Supporting services	<u>333</u>	<u>974</u>	<u>111</u>
Tort Fund			
Supporting services	<u>241</u>	<u>225</u>	<u>261</u>
Fire Prevention and Safety Fund			
Supporting services	<u>20</u>	<u>0</u>	<u>55</u>
Total Disbursements Per Student	<u>\$ 13,459</u>	<u>\$ 14,190</u>	<u>\$ 13,374</u>
Average Daily Attendance	<u>4,912.92</u>	<u>4,902.98</u>	<u>4,859.50</u>

The foregoing summary of disbursements per student is presented on the basis of average daily attendance figures taken from District records. The accuracy of the average daily attendance figures was not investigated by the auditors. This schedule is not meant to be compared to the Operating Expense per Student at Schedule 16, rather it is a year to year comparison of total expenditures per student.

Kankakee School District 111
IMRF Schedule of Funding Progress
June 30, 2014

Schedule 19

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$25,679,905	\$29,185,360	\$3,505,455	87.99%	\$10,124,070	34.62%
12/31/12	23,256,697	27,989,833	4,733,136	83.09%	9,971,188	47.47%
12/31/11	21,175,916	26,271,254	5,095,338	80.60%	9,847,984	51.74%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$29,975,627. On a market basis, the funded ratio would be 102.71%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Kankakee School District 111. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

KANKAKEE SCHOOL DISTRICT 111
Kankakee, Illinois

Student Activity Funds, Convenience Accounts
And Trust and Agency Funds

Financial Statements
As of and for the year ended June 30, 2014

KANKAKEE SCHOOL DISTRICT 111
Student Activity Funds, Convenience Accounts and Trust Agency Funds
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June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Kankakee School District 111
Kankakee, Illinois

We have audited the regulatory basis financial statements of Kankakee School District 111 as of and for the year ended June 30, 2014, and have issued our report thereon dated October 7, 2014. This report contained an adverse opinion on Generally Accepted Accounting Principles due to regulatory accounting practices; however, our opinion on the regulatory basis of accounting was unmodified. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements for Student Activity Funds, Convenience Accounts, and Trust and Agency Funds are presented for purposes of additional analysis and are not a required part of the 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 of America. In our opinion, the statements of Student Activity Funds, Convenience Accounts, and Trust and Agency Funds are fairly stated in all material respects in relation to the regulatory basis financial statements as a whole.

This report is intended solely for the information and use of management, others within the organization, the Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Smith, Koelling, Dykstra and Ohm, P.C.

October 7, 2014

KANKAKEE SCHOOL DISTRICT 111
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Summary Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments July 1, 2013	Receipts	Disbursements	Cash Plus Investments June 30, 2014
Aroma Park Primary School				
Student Activity Funds	\$ 813	\$ 2,264	\$ 1,637	\$ 1,440
Convenience Accounts	377	220	425	172
Total	<u>1,190</u>	<u>2,484</u>	<u>2,062</u>	<u>1,612</u>
John F. Kennedy Middle Grade Center				
Student Activity Funds	4,199	54,251	52,845	5,605
Convenience Accounts	1,288	3,007	3,718	577
Total	<u>5,487</u>	<u>57,258</u>	<u>56,563</u>	<u>6,182</u>
Kankakee High School				
Student Activity Funds	94,780	188,567	188,064	95,283
Convenience Accounts	25,150	44,448	44,908	24,690
Trust and Agency Funds	227,000	37,803	41,877	222,926
Total	<u>346,930</u>	<u>270,818</u>	<u>274,849</u>	<u>342,899</u>
Kankakee Holiday Tournament Fund				
Trust and Agency Funds	<u>55,735</u>	<u>44,200</u>	<u>38,046</u>	<u>61,889</u>
Kankakee Junior High School				
Student Activity Funds	20,241	45,996	42,867	23,370
Convenience Accounts	844	2,410	2,178	1,076
Trust and Agency Funds	26	292	303	15
Total	<u>21,111</u>	<u>48,698</u>	<u>45,348</u>	<u>24,461</u>
Kankakee School District Administration				
Convenience Accounts	<u>844</u>	<u>49,540</u>	<u>40,053</u>	<u>10,331</u>
Lafayette Primary Center				
Student Activity Funds	2,799	9,933	9,221	3,511
Convenience Accounts	367	582	588	361
Total	<u>3,166</u>	<u>10,515</u>	<u>9,809</u>	<u>3,872</u>

KANKAKEE SCHOOL DISTRICT 111
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Summary Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments July 1, 2013	Receipts	Disbursements	Cash Plus Investments June 30, 2014
Lincoln Cultural Center				
Student Activity Funds	\$ 8,681	\$ 16,916	\$ 16,941	\$ 8,656
Convenience Accounts	1,985	2,887	4,384	488
Total	<u>10,666</u>	<u>19,803</u>	<u>21,325</u>	<u>9,144</u>
Mark Twain Primary School				
Student Activity Funds	4,644	1,309	3,199	2,754
Convenience Accounts	19	1,005	647	377
Total	<u>4,663</u>	<u>2,314</u>	<u>3,846</u>	<u>3,131</u>
Martin Luther King Middle Grade Center				
Student Activity Funds	4,710	21,474	22,021	4,163
Convenience Accounts	567	4,563	4,983	147
Total	<u>5,277</u>	<u>26,037</u>	<u>27,004</u>	<u>4,310</u>
Steuben Primary School				
Student Activity Funds	1,866	6,182	5,553	2,495
Convenience Accounts	213	2,231	2,042	402
Total	<u>2,079</u>	<u>8,413</u>	<u>7,595</u>	<u>2,897</u>
Taft Primary School				
Student Activity Funds	1,405	15,136	15,000	1,541
Convenience Accounts	337	1,298	1,521	114
Total	<u>1,742</u>	<u>16,434</u>	<u>16,521</u>	<u>1,655</u>
Thomas Edison Primary School				
Student Activity Funds	1,171	2,842	3,543	470
Convenience Accounts	1	292	293	-
Total	<u>1,172</u>	<u>3,134</u>	<u>3,836</u>	<u>470</u>
Total All Schools				
Student Activity Funds	145,309	364,870	360,891	149,288
Convenience Accounts	31,992	112,483	105,740	38,735
Trust and Agency Funds	282,761	82,295	80,226	284,830
Total All Funds and Accounts	<u>\$ 460,062</u>	<u>\$ 559,648</u>	<u>\$ 546,857</u>	<u>\$ 472,853</u>

The accompanying notes are an integral part of the financial statements.

KANKAKEE SCHOOL DISTRICT 111
Aroma Park Primary School
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Plus Investments <u>June 30, 2014</u>
Student Activity Funds				
Pencils	\$ 415	\$ 250	\$ 149	\$ 516
Student Enrichment	398	2,014	1,488	924
Total Student Activity Funds	<u>813</u>	<u>2,264</u>	<u>1,637</u>	<u>1,440</u>
Convenience Accounts				
Principal's Account	184	-	33	151
Sunshine Club	193	220	392	21
Total Convenience Accounts	<u>377</u>	<u>220</u>	<u>425</u>	<u>172</u>
Totals	<u>\$ 1,190</u>	<u>\$ 2,484</u>	<u>\$ 2,062</u>	<u>\$ 1,612</u>

KANKAKEE SCHOOL DISTRICT 111
John F. Kennedy Middle Grade Center
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Plus Investments <u>June 30, 2014</u>
Student Activity Funds				
Athletics	\$ 49	\$ 1,825	\$ 1,579	\$ 295
Band	449	2,489	658	2,280
Choir	2,121	-	2,121	-
Field Trips	130	9,666	9,664	132
Library Book Club	457	5,719	5,839	337
Orchestra	198	-	198	-
PBIS	648	3,959	2,048	2,559
Yearbook Fund	147	30,593	30,738	2
Total Student Activity Funds	<u>4,199</u>	<u>54,251</u>	<u>52,845</u>	<u>5,605</u>
Convenience Accounts				
Pop Fund	661	-	632	29
Social Committee	260	1,167	1,147	280
Principal Contingency	367	1,840	1,939	268
Total Convenience Accounts	<u>1,288</u>	<u>3,007</u>	<u>3,718</u>	<u>577</u>
Totals	<u>\$ 5,487</u>	<u>\$ 57,258</u>	<u>\$ 56,563</u>	<u>\$ 6,182</u>

KANKAKEE SCHOOL DISTRICT 111
Kankakee High School
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

Student Activity Funds	Cash Plus	Receipts	Disbursements	Cash Plus
	Investments			Investments
	July 1, 2013			June 30, 2014
Business Academy	\$ 908	\$ 2,673	\$ 1,992	\$ 1,589
Alegebra Club	23	-	-	23
Art Club	229	870	521	578
Athletic Concessions	8,559	12,440	17,876	3,123
Athletic Tournament	14,597	8,736	13,626	9,707
Bilingual	778	-	243	535
Boys Baseball	901	3,107	2,299	1,709
Boys Basketball	164	13,226	13,031	359
Boys Football	1,653	1,484	3,133	4
Boys Golf	348	283	-	631
Boys Swimming	2,964	684	407	3,241
Boys Tennis	15	110	-	125
Boys Track	194	74	89	179
Brother to Brother	83	3,050	3,131	2
Cheerleading - Varsity	3,069	7,266	8,984	1,351
Cheerleading - JV	-	1,631	1,614	17
Chess Club	30	-	30	-
Chorus	638	4,084	3,138	1,584
Class of '13	2,149	-	2,149	-
Class of '14	2,588	2,445	5,014	19
Class of '15	2,243	12,473	10,869	3,847
Class of '16	805	1,780	582	2,003
Class of '17	-	1,789	460	1,329
Cross Country Team	74	-	74	-
Fall Play	6,547	3,150	3,164	6,533
Football/Basketball Programs	-	4,785	4,785	-
FBLA	15	-	15	-
French Club	10	-	10	-
Freshman Academy Team	48	-	-	48
Girls Basketball	418	3,693	3,111	1,000
Girls Golf	131	-	131	-
Girls P.E. Misc	71	-	-	71
Girls Softball	2,096	5,511	5,670	1,937
Girls Swimming	2,626	-	90	2,536
Girls Tennis	1	100	-	101
Girls Track	1,086	-	-	1,086
Health Academy	2,223	1,527	2,040	1,710
ID's	1,386	214	-	1,600
Interact Club	208	50	135	123
National Honor Society	3,986	685	1,138	3,533
PBIS	2,776	1,899	2,426	2,249
Peer Mediation	2	-	-	2
Publications	2,296	8,265	8,044	2,517
SADD	380	196	112	464
Scholastic Bowl	20	-	-	20

KANKAKEE SCHOOL DISTRICT 111
Kankakee High School
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments July 1, 2013	Receipts	Disbursements	Cash Plus Investments June 30, 2014
Student Activity Funds (continued)				
Sister Circle	\$ 316	\$ 6,323	\$ 6,528	\$ 111
Soccer	672	1,550	2,122	100
Spanish Club	444	145	364	225
Special Olympics	6	-	-	6
Speech	273	-	-	273
Student Council	2,034	13,317	7,418	7,933
Volleyball	478	3,346	2,801	1,023
Wrestling	333	-	333	-
Team Accounts	-	35	35	-
Investment	219	95	-	314
Parking Lot Fees	8,962	2,190	45	11,107
P.E. Lock Deposit	750	500	400	850
P.E Uniforms	211	2,299	1,609	901
Boys P.E. Locks	381	180	80	481
PSAE Incentive	322	-	322	-
Guidance College Night	15	-	-	15
Guidance Welfare	19	-	19	-
LEAAP	4,413	26,915	31,314	14
Musical	3,253	4,533	2,980	4,806
Spain Trip	22	1,589	378	1,233
Special Ed-K-Dawg	326	92	-	418
Extracurricular	-	367	-	367
Gay/Straight Alliance	18	761	437	342
HBU	1,473	-	1,473	-
KWADE	500	725	-	1,225
AVID	-	1,473	335	1,138
IHSA State Music	-	12,715	7,994	4,721
Best Buddies Club	2	1,137	944	195
Total Student Activity Funds	<u>94,780</u>	<u>188,567</u>	<u>188,064</u>	<u>95,283</u>
Convenience Accounts				
Athletic Clothing	2,956	5,446	5,608	2,794
Athletic Contingency	2,204	14,941	11,344	5,801
Athletic Vehicle	25	-	-	25
Athletic Director	6,158	7,069	4,135	9,092
Faculty Lounge	173	3,768	3,729	212
Faculty Social Fund	32	-	-	32
Guidance Miscellaneous	4,155	10,865	14,812	208
Library	5,078	1,585	326	6,337
Principal Contingency	4,369	774	4,954	189
Total Convenience Accounts	<u>25,150</u>	<u>44,448</u>	<u>44,908</u>	<u>24,690</u>
Trust And Agency Funds				
Miscellaneous/Field Trip	634	11,662	12,202	94
Scholarships	224,203	25,751	29,565	220,389
Transcripts	2,163	390	110	2,443
Total Trust and Agency Funds	<u>227,000</u>	<u>37,803</u>	<u>41,877</u>	<u>222,926</u>
Totals	<u>\$ 346,930</u>	<u>\$ 270,818</u>	<u>\$ 274,849</u>	<u>\$ 342,899</u>

The accompanying notes are an integral part of the financial statements.

KANKAKEE SCHOOL DISTRICT 111
Kankakee Junior High School
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments July 1, 2013	Receipts	Disbursements	Cash Plus Investments June 30, 2014
Student Activity Funds				
Aidex /Recycling	\$ 6	\$ -	\$ 6	\$ -
Athletic Contingency	2,546	1,834	2,367	2,013
Band	717	-	107	610
Band Instrument Rentals	764	540	104	1,200
Beta Club	2,105	5,142	4,799	2,448
Boys Basketball	155	-	-	155
Clinic	892	-	-	892
Girls Basketball	410	-	-	410
Girls P.E. Miscellaneous	19	-	-	19
ID's	1,847	464	-	2,311
Illinois Best	100	300	340	60
KJHS Choir	102	-	102	-
Library Club	855	1,193	1,507	541
Novels	173	45	15	203
P.E. Lock Rental	98	1,200	980	318
P.E. Swim Caps	2,536	1,448	-	3,984
P.E. Uniforms	9	3,820	2,630	1,199
PBIS	2,071	2,718	2,602	2,187
Peer Mediation	34	48	-	82
Scholastic Bowl	(30)	33	-	3
School Interest Fund	(357)	363	6	-
Softball	359	359	535	183
8-1-Maroon	361	-	361	-
Spanish Club	70	-	70	-
Student Council	235	15,599	15,356	478
Track	103	3,052	3,025	130
Volleyball	932	590	1,222	300
Soccer	253	1,110	1,277	86
7th Grade Class	1,209	4,370	3,768	1,811
AVID	113	-	-	113
8th Grade Class	817	1,559	1,480	896
POPS Gifted	737	209	208	738
Total Student Activity Funds	<u>20,241</u>	<u>45,996</u>	<u>42,867</u>	<u>23,370</u>
Convenience Accounts				
Faculty Fund	365	390	-	755
Principal Contingency	479	2,020	2,178	321
Total Convenience Accounts	<u>844</u>	<u>2,410</u>	<u>2,178</u>	<u>1,076</u>
Trust And Agency Funds				
Band Lock Deposit	15	195	195	15
Miscellaneous	11	97	108	-
Total Trust and Agency Funds	<u>26</u>	<u>292</u>	<u>303</u>	<u>15</u>
Totals	<u>\$ 21,111</u>	<u>\$ 48,698</u>	<u>\$ 45,348</u>	<u>\$ 24,461</u>

The accompanying notes are an integral part of the financial statements.

KANKAKEE SCHOOL DISTRICT 111
Lafayette Primary Center
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Plus Investments <u>June 30, 2014</u>
Student Activity Funds				
Black History	\$ 2,301	\$ 3,285	\$ 3,487	\$ 2,099
Book store	332	909	358	883
Field Trip	127	5,174	5,222	79
Flouride	(10)	-	-	(10)
Paper/Pencil Fund	-	58	58	-
PBIS	49	507	96	460
Total Student Activity Funds	<u>2,799</u>	<u>9,933</u>	<u>9,221</u>	<u>3,511</u>
Convenience Accounts				
Flower & Gift	327	582	588	321
T-shirts	40	-	-	40
Total Convenience Accounts	<u>367</u>	<u>582</u>	<u>588</u>	<u>361</u>
Totals	<u>\$ 3,166</u>	<u>\$ 10,515</u>	<u>\$ 9,809</u>	<u>\$ 3,872</u>

KANKAKEE SCHOOL DISTRICT 111
Lincoln Cultural Center
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments July 1, 2013	Receipts	Disbursements	Cash Plus Investments June 30, 2014
Student Activity Funds				
Band	\$ 3,083	\$ 8,512	\$ 8,793	\$ 2,802
Field Trips	(241)	4,923	4,921	(239)
Gifted Fund	764	2,280	1,368	1,676
Library Fund	34	78	32	80
Orchestra	3,590	198	659	3,129
Montessori Fundraisers	193	775	618	350
Piano Fund	816	-	-	816
Peace Garden	400	-	400	-
P.E. Lock Fund	42	150	150	42
Total Student Activity Funds	<u>8,681</u>	<u>16,916</u>	<u>16,941</u>	<u>8,656</u>
Convenience Accounts				
Miscellaneous	73	744	826	(9)
Regular Pop Fund	1,426	900	1,994	332
Sunshine Fund	250	1,243	1,518	(25)
Interest/Bank Charges	236	-	46	190
Total Convenience Accounts	<u>1,985</u>	<u>2,887</u>	<u>4,384</u>	<u>488</u>
Totals	<u>\$ 10,666</u>	<u>\$ 19,803</u>	<u>\$ 21,325</u>	<u>\$ 9,144</u>

KANKAKEE SCHOOL DISTRICT 111
Mark Twain Primary School
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments July 1, 2013	Receipts	Disbursements	Cash Plus Investments June 30, 2014
Student Activity Funds				
Library Books	\$ 227	\$ 100	\$ 288	\$ 39
Bright Beginnings	2,458	703	1,179	1,982
Student Planner	-	3	-	3
Student Welfare	1,790	253	1,314	729
PBIS	169	250	418	1
Total Student Activity Funds	<u>4,644</u>	<u>1,309</u>	<u>3,199</u>	<u>2,754</u>
Convenience Accounts				
Pop Fund	-	436	174	262
Principal's Account	1	250	146	105
Sunshine Fund	18	319	327	10
Total Convenience Accounts	<u>19</u>	<u>1,005</u>	<u>647</u>	<u>377</u>
Totals	<u>\$ 4,663</u>	<u>\$ 2,314</u>	<u>\$ 3,846</u>	<u>\$ 3,131</u>

The accompanying notes are an integral part of the financial statements.

KANKAKEE SCHOOL DISTRICT 111
Martin Luther King Middle Grade Center
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments July 1, 2013	Receipts	Disbursements	Cash Plus Investments June 30, 2014
Student Activity Funds				
Band	\$ 2,602	\$ -	\$ 796	\$ 1,806
6th Grade Tournament	20	1,285	909	396
Choir	427	-	-	427
Field Trips	-	10,924	10,924	-
Great America Six Flags Trip	-	2,945	2,945	-
Library	664	4,725	5,074	315
PBIS	872	1,595	1,373	1,094
Paper & Pencil	125	-	-	125
Total Student Activity Funds	<u>4,710</u>	<u>21,474</u>	<u>22,021</u>	<u>4,163</u>
Convenience Accounts				
Garage Sale	345	62	330	77
Principal Contingency	102	3,780	3,812	70
Social Committee	120	721	841	-
Total Convenience Accounts	<u>567</u>	<u>4,563</u>	<u>4,983</u>	<u>147</u>
Totals	<u>\$ 5,277</u>	<u>\$ 26,037</u>	<u>\$ 27,004</u>	<u>\$ 4,310</u>

KANKAKEE SCHOOL DISTRICT 111
Steuben Primary School
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Plus Investments <u>June 30, 2014</u>
Student Activity Funds				
Pencil	\$ 303	\$ 577	\$ 503	\$ 377
Library Account	1,169	265	982	452
Student Enrichment	270	2,993	1,657	1,606
Field Trips	-	2,347	2,287	60
Third Grade Field Trips	124	-	124	0
Total Student Activity Funds	<u>1,866</u>	<u>6,182</u>	<u>5,553</u>	<u>2,495</u>
Convenience Accounts				
Flower Fund	213	-	213	-
Staff Fund	-	814	632	182
Principal Contingency	-	1,417	1,197	220
Total Convenience Accounts	<u>213</u>	<u>2,231</u>	<u>2,042</u>	<u>402</u>
Totals	<u>\$ 2,079</u>	<u>\$ 8,413</u>	<u>\$ 7,595</u>	<u>\$ 2,897</u>

KANKAKEE SCHOOL DISTRICT 111
Taft Primary School
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments July 1, 2013	Receipts	Disbursements	Cash Plus Investments June 30, 2014
Student Activity Funds				
Library	\$ 78	\$ 179	\$ 15	\$ 242
Student Enrichment	224	6,706	6,524	406
Trips	1,103	8,251	8,461	893
Total Student Activity Funds	<u>1,405</u>	<u>15,136</u>	<u>15,000</u>	<u>1,541</u>
Convenience Accounts				
Flower & Gift Fund	222	500	666	56
Principal Contingency	115	798	855	58
Total Convenience Accounts	<u>337</u>	<u>1,298</u>	<u>1,521</u>	<u>114</u>
Totals	<u>\$ 1,742</u>	<u>\$ 16,434</u>	<u>\$ 16,521</u>	<u>\$ 1,655</u>

KANKAKEE SCHOOL DISTRICT 111
Thomas Edison Primary School
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2014

	Cash Plus Investments July 1, 2013	Receipts	Disbursements	Cash Plus Investments June 30, 2014
Student Activity Funds				
Field Trips	\$ 4	\$ 932	\$ 929	\$ 7
Student Fund	642	-	642	-
PBIS	-	1,558	1,520	38
Library	525	352	452	425
Total Student Activity Funds	<u>1,171</u>	<u>2,842</u>	<u>3,543</u>	<u>470</u>
Convenience Accounts				
Social Committee	-	292	292	-
Pop Fund	1	-	1	-
Total Convenience Accounts	<u>1</u>	<u>292</u>	<u>293</u>	<u>-</u>
Totals	<u>\$ 1,172</u>	<u>\$ 3,134</u>	<u>\$ 3,836</u>	<u>\$ 470</u>

The accompanying notes are an integral part of the financial statements.

KANKAKEE SCHOOL DISTRICT 111
Student Activity Funds, Convenience Accounts and Trust and Agency Funds
Notes to Financial Statements
June 30, 2014

Note 1 – Summary of Significant Accounting Policies

Significant accounting policies followed by Kankakee School District 111 are as follows:

Basis of Accounting

The accompanying statements are prepared on the cash basis of accounting. Accordingly, receipts are recognized when cash is received and disbursements are recognized when checks are issued. Cash basis financial statements omit recognition of receivables, payables, and other accrued and deferred items that do not arise from previous cash transactions.

Note 2 – Definition of Student Activity Funds, Convenience Accounts, and Trust and Agency Funds

Student Activity Funds are those which are owned, operated and managed generally by the student body under the guidance and direction of adults or a staff member for educational, recreational and cultural purposes. Although the Board of Education has the ultimate responsibility for Student Activity Funds, they are not local educational funds.

Convenience Accounts are those normally maintained by a local education agency as a convenience for its faculty, staff, parent-teacher association, etc. Although the Board of Education has the ultimate responsibility for Convenience Account monies, they are not local education agency funds.

Trust and Agency Funds are local education agency funds. It is permissible for a school district to choose to handle certain regular district funds through its activity fund accounting system as Trust and Agency Funds on a temporary basis.

Note 3 – State Regulations

The Illinois State Board of Education has prescribed accounting guidelines for Student Activity Funds, Convenience Accounts and Trust and Agency Funds in the Illinois Administrative Code, Requirements for Accounting, Budgeting, Financial Reporting, and Auditing.

Note 4 – Cash and Investments

The District's Student Activity Funds are subject to the District's investment policies. All balances are deposited at financial institutions insured by the FDIC. The amount of insurance and any collateral applicable to these balances are subject to the limits that apply to Kankakee School District 111 as a whole which is disclosed in a separate report on the District's financial statements. Cash and investments consist of interest bearing and non-interest bearing checking accounts and certificates of deposit.

**Kankakee School District 111
Kankakee, Illinois**

Reports Under OMB Circular A-133

**For the Year Ended
June 30, 2014**

**Kankakee School District 11
Reports Under OMB Circular A-133
For the Year Ended June 30, 2014**

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Kankakee School District 111
Kankakee, Illinois

Report on Compliance for Each Major Federal Program

We have audited Kankakee School District 111's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Kankakee School District 111's major federal programs for the year ended June 30, 2014. Kankakee School District 111's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the regulatory basis financial statements of Kankakee School District 111 as of and for the year ended June 30, 2014, and have issued our report thereon dated October 7, 2014. This report contained an adverse opinion on Generally Accepted Accounting Principles due to regulatory accounting practices; however, our opinion on the regulatory basis of accounting was unmodified. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Kankakee School District #111
32-046-1110-25
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/12-6/30/13 (C)	Year 7/1/13-6/30/14 (D)	Year 7/1/12-6/30/13 (E)	Year 7/1/13-6/30/14 (F)			
US DEPARTMENT OF EDUCATION									
<u>Pass-through from Illinois State Board of Education</u>									
Title I - Low Income (M)	84.010A	2013-4300	2,326,349	309,857	2,541,625	94,581	n/a	2,636,206	2,643,625
Title I - Low Income (M)	84.010A	2014-4300	0	2,211,024	0	2,458,229	84,641	n/a	2,543,916
<i>Total CFDA 84.010A (M)</i>			2,326,349	2,520,881	2,541,625	2,552,810			
Title I - Migrant Education	84.011A	2013-4340-00	19,501	6,153	25,207	447	n/a	25,654	25,654
Title I - Migrant Education	84.011A	2014-4340-00	0	14,857	0	17,852	648	n/a	18,500
Title I - Migrant Education	84.011A	2013-4340-01	2,135	87,734	13,213	76,656	n/a	89,869	95,716
Title I - Migrant Education	84.011A	2014-4340-01	0	2,517	0	6,160	0	n/a	100,628
<i>Total CFDA 84.011A</i>			21,636	111,261	38,420	101,115			
Title I - Migrant Incentive Grant	84.144F	2013-4341	0	2,800	1,055	1,745	n/a	2,800	2,800
Title I - Migrant Incentive Grant	84.144F	2014-4341	0	0	0	0	1,209	n/a	4,000
<i>Total CFDA 84.144F</i>			0	2,800	1,055	1,745			

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

Kankakee School District #111
32-046-1110-25
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/12-6/30/13 (C)	Year 7/1/13-6/30/14 (D)	Year 7/1/12-6/30/13 (E)	Year 7/1/13-6/30/14 (F)			
<i>Special Education Cluster (IDEA)</i>									
Spec Ed-Preschool Flow Through	84.173A	2013-4600	23,780	6,218	26,727	3,271	n/a	29,998	32,524
Spec Ed-Preschool Flow Through	84.173A	2014-4600	0	22,834	0	25,638	4,948	n/a	33,731
Spec Ed-IDEA Flow Through	84.027A	2013-4620	1,075,761	314,866	1,209,480	181,147	n/a	1,390,627	1,482,040
Spec Ed-IDEA Flow Through	84.027A	2014-4620	0	1,043,295	0	1,200,485	85,000	n/a	1,455,875
<i>Total Special Education Cluster (IDEA)</i>			<i>1,099,541</i>	<i>1,387,213</i>	<i>1,236,207</i>	<i>1,410,541</i>			
Title III-Language Inst Prog-Limited Eng LIPLEP	84.367A	2013-4909	43,890	47,475	55,436	35,929	0	91,365	95,214
Title III-Language Inst Prog-Limited Eng LIPLEP	84.367A	2014-4909	0	64,518	0	71,017	0	n/a	91,299
<i>Total CFDA 84.365A</i>			<i>43,890</i>	<i>111,993</i>	<i>55,436</i>	<i>106,946</i>			
Title II-Teacher Quality	84.367A	2013-4932	378,052	81,348	413,375	46,025	n/a	459,400	471,515
Title II-Teacher Quality	84.367A	2014-4932	0	372,817	0	415,731	48,897	n/a	470,209
<i>Total CFDA 84.367A</i>			<i>378,052</i>	<i>454,165</i>	<i>413,375</i>	<i>461,756</i>			
<u>Total pass-through from Illinois State Board of Education</u>			<u>3,869,468</u>	<u>4,588,313</u>	<u>4,286,118</u>	<u>4,634,913</u>			

- (M) Program was audited as a major program as defined by OMB Circular A-133.

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Kankakee School District #111
32-046-1110-25
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/12-6/30/13 (C)	Year 7/1/13-6/30/14 (D)	Year 7/1/12-6/30/13 (E)	Year 7/1/13-6/30/14 (F)			
<u>Pass-through from Illinois Department of Human Services</u>									
Vocational Rehabilitation Grants - STEP	84.126	346CRD00043 30081440A	9,160	9,826	18,986	0	n/a	n/a	n/a
Vocational Rehabilitation Grants - STEP	84.126	446CSD00043 30081440A	0	40,924	0	44,243	n/a	n/a	n/a
<i>Total CFDA 84.126</i>			<i>9,160</i>	<i>50,750</i>	<i>18,986</i>	<i>44,243</i>			
TOTAL US DEPARTMENT OF EDUCATION									
			3,878,628	4,639,063	4,305,104	4,679,156			
US DEPARTMENT OF HEALTH AND HUMAN SERVICES									
<u>Direct from US Department of Health and Human Services</u>									
Head Start	93.600	05CH8256/25	2,225,864	431,823	2,346,541	311,146	n/a	n/a	n/a
Head Start	93.600	05CH8256/26	0	2,115,110	0	2,358,588	n/a	n/a	n/a
<i>Total CFDA 93.600</i>			<i>2,225,864</i>	<i>2,546,933</i>	<i>2,346,541</i>	<i>2,669,734</i>			
HRSA ACA Grants for Capital Development in Health Centers (M)	93.526	6 C12CS25611-01- 03	0	466,912	0	466,912	n/a	n/a	n/a
<u>Total Direct from US Department of Health and Human Services</u>									
			<u>2,225,864</u>	<u>3,013,845</u>	<u>2,346,541</u>	<u>3,136,646</u>			

- (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

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Kankakee School District #111
32-046-1110-25
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/12-6/30/13 (C)	Year 7/1/13-6/30/14 (D)	Year 7/1/12-6/30/13 (E)	Year 7/1/13-6/30/14 (F)			
<u>Pass-through from Illinois Department of Public Health</u>									
Title XX Community Grants	93.667	4046080101B	0	44,880	0	53,850	n/a	n/a	n/a
MCH Block Grant	93.994	4046080101B	0	36,120	0	43,342	n/a	n/a	n/a
<u>Total pass-through from Illinois Department of Public Health</u>									
			0	81,000	0	97,192			
<u>Pass-through from Illinois Healthcare and Family Services</u>									
Medical Assistance Program (M)	93.778	Mar-Jun '13	0	58,061	0	58,061	n/a	n/a	n/a
Medical Assistance Program (M)	93.778	Jul '13-Jun '14	0	182,605	0	248,969	n/a	n/a	n/a
<i>Total CFDA 93.778 (M)</i>			0	240,666	0	307,030			
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES									
			2,225,864	3,335,511	2,346,541	3,540,868			

• (M) Program was audited as a major program as defined by OMB Circular A-133.

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Kankakee School District #111
32-046-1110-25
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/12-6/30/13 (C)	Year 7/1/13-6/30/14 (D)	Year 7/1/12-6/30/13 (E)	Year 7/1/13-6/30/14 (F)			
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE									
<i>Direct from Corporation for National and Community Service</i>									
Foster Grandparents	94.011	11SFNIL002	286,062	217,688	273,154	146,934	n/a	n/a	n/a
Foster Grandparents	94.011	14SFNIL003	0	65,604	0	136,621	n/a	n/a	n/a
<i>Total CFDA 94.011</i>			286,062	283,292	273,154	283,555			
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			286,062	283,292	273,154	283,555			
US DEPARTMENT OF AGRICULTURE									
<i>Pass-through from Illinois State Board of Education</i>									
Child and Adult Care Food Program	10.558	2013-4226	39,810	5,943	39,810	5,943	n/a	45,753	n/a
Child and Adult Care Food Program	10.558	2014-4226	0	36,275	0	36,275	n/a	n/a	n/a
<i>Total CFDA 10.558</i>			39,810	42,218	39,810	42,218			
Fresh Fruits and Vegetables	10.582	2013-4240-13	116,671	32,264	116,671	32,264	n/a	148,935	n/a
Fresh Fruits and Vegetables	10.582	2014-4240-13	0	17,656	0	17,656	n/a	n/a	n/a
Fresh Fruits and Vegetables	10.582	2014-4240-14	0	86,184	0	86,184	n/a	n/a	n/a
<i>Total CFDA 10.582</i>			116,671	136,104	116,671	136,104			

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

Kankakee School District #111
32-046-1110-25
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/12-6/30/13 (C)	Year 7/1/13-6/30/14 (D)	Year 7/1/12-6/30/13 (E)	Year 7/1/13-6/30/14 (F)			
<i>Child Nutrition Cluster (M)</i>									
National School Lunch Program (M)	10.555	2013-4210	1,599,320	323,452	1,599,320	323,452	n/a	1,922,772	n/a
National School Lunch Program (M)	10.555	2014-4210	0	1,630,456	0	1,630,456	n/a	n/a	n/a
Food Donation (Commodities, non-cash) (M)	10.555	32046111025	145,727	175,706	145,727	175,706	n/a	n/a	n/a
School Breakfast Program (M)	10.553	2013-4220	537,904	107,546	537,904	107,546	n/a	645,450	n/a
School Breakfast Program (M)	10.553	2014-4220	0	541,856	0	541,856	n/a	n/a	n/a
Summer Food Service Program (M)	10.559	2013-4225	0	30,134	0	30,134	n/a	30,134	n/a
<u>Total pass-through from Illinois State Board of Education</u>			<u>2,439,432</u>	<u>2,987,472</u>	<u>2,439,432</u>	<u>2,987,472</u>			
TOTAL US DEPARTMENT OF AGRICULTURE			2,439,432	2,987,472	2,439,432	2,987,472			
DEPARTMENT OF DEFENSE									
<u>Pass-through from Illinois State Board of Education</u>									
Fresh Fruits and Vegetables (Commodities, non-cash) (M)	10.555	32046111025	56,089	53,131	56,089	53,131	n/a	n/a	n/a
TOTAL DEPARTMENT OF DEFENSE			56,089	53,131	56,089	53,131			
<i>Total Child Nutrition Cluster (M)</i>			<i>2,339,040</i>	<i>2,862,281</i>	<i>2,339,040</i>	<i>2,862,281</i>			
TOTAL FEDERAL AWARDS			8,886,075	11,298,469	9,420,320	11,544,182			

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

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Kankakee School District 111
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Kankakee School District 111 and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 – Other Disclosures

Subrecipients – None

Amount of federal insurance in effect during the year – None

Loan/loan guarantees outstanding at year-end - \$-0-

**Kankakee School District 111
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2014**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Adverse-GAAP; Unmodified-Regulatory

Internal Control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditor’s report issued on compliance on major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I, Part A
93.526	HRSA ACA Grants for Capital Development in Health Centers
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$346,325.00

Auditee qualified as low-risk auditee? yes no

**Kankakee School District 111
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

**Section II – Financial Statement Findings Required to be Reported Under Generally Accepted
Government Auditing Standards**

Current Year Findings: None

**Kankakee School District 111
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

Section III – Federal Award Findings and Questioned Costs

Current Year Findings:

Finding Number: None

**Kankakee School District 111
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014**

Finding Number: None

**Kankakee School District 111
Corrective Action Plan
Year Ended June 30, 2014**

Corrective Action Plan

Finding No. None