

**Northern Kane County Regional Career
and Technical Education System
Elgin, Illinois**

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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Contents

Independent auditor's report	1-2
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 <i>Government Auditing Standards</i>	3-4

Basic financial statements	
System-wide financial statements	
Statement of net position/governmental Fund balance sheet – cash basis	5
Statement of activities – cash basis	6
Fund financial statements	
Governmental fund	
Statement of revenues, expenditures and changes in fund balance – budget and actual – cash basis	7
General fund	
Notes to basic financial statements	8-11

Northern Kane County Regional Career and Technical Education System

Statement of Net Position/Governmental Fund Balance Sheet -
Cash Basis
June 30, 2019

	Governmental Activities
Assets	
Cash	\$ 687,466
Total assets	<u><u>\$ 687,466</u></u>
Net Position/Fund Balance	
Restricted for grant programs	<u>\$ 687,466</u>
Total net position	<u><u>\$ 687,466</u></u>

See accompanying Notes to Basic Financial Statements.

Northern Kane County Regional Career and Technical Education System

Statement of Activities -

Cash Basis

For the Year Ended June 30, 2019

	Total	Instruction	Support Services	Payments to Other Governments
Expenses:				
Salaries	\$ 66,387	\$ -	\$ 66,387	\$ -
Employee benefits	21,955	-	21,955	-
Purchased services	127,253	-	127,253	-
Supplies and materials	13,803	13,803	-	-
Non-capitalized equipment	13,090	13,090	-	-
Transfers to other local education agencies	1,287,249	-	-	1,287,249
Total expenses	1,529,737	26,893	215,595	1,287,249
Program revenues:				
Operating grants and contributions	1,588,361	1,588,361	-	-
Net program (expense) revenue	58,624	\$ 1,561,468	\$ (215,595)	\$ (1,287,249)
Change in net position	58,624			
Net position - beginning	<u>628,842</u>			
Net position - ending	<u><u>\$ 687,466</u></u>			

See accompanying Notes to Basic Financial Statements.

Northern Kane County Regional Career and Technical Education System

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Cash Basis

General Fund

For the Year Ended June 30, 2019

	Original and Final Budget	Actual	Variance
Revenues:			
State sources:			
Vocational Education - Career and Technical Improvement	\$ 1,097,759	\$ 1,055,541	\$ (42,218)
Federal sources:			
Vocational Education - Perkins Title IIC Secondary	690,382	532,820	(157,562)
Total revenues	1,788,141	1,588,361	(199,780)
Expenditures:			
Instruction:			
CTE Programs	42,579	26,893	15,686
Support services:			
Pupils	54,180	63,564	(9,384)
Instructional staff	89,320	110,723	(21,403)
General administration	79,155	41,308	37,847
Total support services	222,655	215,595	7,060
Payments to other governments:			
Payments for vocational education programs -			
Transfers to other local education agencies	1,522,907	1,287,249	235,658
Total expenditures	1,788,141	1,529,737	258,404
Net change in fund balance	\$ -	58,624	\$ 58,624
Fund balance:			
Beginning		628,842	
Ending		<u>\$ 687,466</u>	

See accompanying Notes to Basic Financial Statements.

Northern Kane County Regional Career and Technical Education System

Notes to Basic Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies

Nature of Operations

The Northern Kane County Regional Career and Technical Education System (the System) was organized July 1, 1988, by a joint resolution of School District U-46, Community Unit School District No. 300 and St. Charles School District No. 303 for the primary purpose of providing a framework for offering coordinated, quality vocational education programs. In August 2003, Central Community Unit School District 301 was added to the System by a joint resolution. The Chief Executive Council (CEC) is composed of superintendents and/or designated representatives of the member high school districts.

School District U-46 is the administrative district for the System. School District U-46 does not receive compensation for its services.

Significant Accounting Policies

Basis of Accounting

The System maintains its accounts and prepares its annual budget on the cash basis of accounting, which varies from accounting principles generally accepted in the United States of America in that revenues and expenditures are recognized when received and disbursed, respectively, rather than when earned or incurred.

Financial Reporting Entity

This report includes the fund of the System. There are no component units included in the System's report as defined by the Governmental Accounting Standards Board, as the System does not oversee any other entities. The specific criteria applied to determine the existence of component units are the System's ability to significantly influence operations or the accountability for fiscal matters of another entity. Based on the same criteria, the System is not a component unit of another entity.

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the System are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The System's fund is maintained consistent with legal and managerial requirements.

The System's fund is classified as a governmental fund. The fund description follows:

Governmental Fund

The General Fund is used to account for the System's general government activities. The acquisition, use and balances of the System's expendable financial resources and the related liabilities are accounted for through the General Fund.

Northern Kane County Regional Career and Technical Education System

Notes to Basic Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

System-Wide Financial Statements

The System-wide statement of net position and the statement of activities display information about the reporting government as a whole.

The System-wide statements are reported using the cash basis of accounting measurement focus which recognizes revenues when received and expenditures when paid. The statement of net position includes all current assets associated with the operation of the System.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct revenues are those that are clearly identifiable with a specific function or segment. Program revenues include grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues such as interest earnings are reported instead as general revenues.

Fund Financial Statements

Governmental Fund

The governmental fund financial statements are also reported using cash basis accounting. With this measurement focus, only current assets are included on the balance sheet. Accordingly, revenues are recognized when received, and expenditures are recognized when paid.

There were no differences occurring from the manner in which the fund financial statements and the System-wide statements were prepared. The fund financial statement's balance sheet is, therefore, presented as part of the System-wide statement of net position. The statement of revenues, expenditures and changes in fund balance includes required supplemental budget information.

Fund Balances

Within the governmental fund types, the System's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact. At June 30, 2019, the System has no nonspendable fund balance amounts.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the System's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the System removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The System's highest level of decision-making authority rests with the System's Board. The System passes formal resolutions to commit their fund balances. At June 30, 2019, the System has no committed fund balances.

Northern Kane County Regional Career and Technical Education System

Notes to Basic Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Fund Balances (Continued)

Assigned – includes amounts that are constrained by the System's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the System's Board itself; or b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes. The System's Board has not authorized any other body or official to assign amounts for a specific purpose. At June 30, 2019, the System has no assigned fund balances.

Unassigned – includes the residual fund balance that has not been restricted, committed, or assigned.

It is the System's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts would be used only after the other resources have been used.

At June 30, 2019, the System's fund balance was restricted for state and federal grant programs.

Note 2. Budgetary Information

The System adopts an annual budget prepared on the same basis of accounting as the annual financial statements.

The System follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

Prior to July 15, the budget is prepared and submitted to the Board for the fiscal year commencing July 1. The operating budget includes all projected expenditures and the means of financing them.

A tentative budget approved by the Board is then available for public inspection 30 days prior to public hearings.

Prior to August 31, the budget is legally adopted through passage of a resolution.

Formal budgetary integration is employed as a management control device. There were no amendments to the original budget adopted. The legal level of budgeting control is at the fund level.

Note 3. Cash Deposits

Permitted Deposits and Investments: State statutes and Board policy authorize the System to invest any available funds in: (1) direct obligations of or obligations guaranteed by the United States or its agencies; (2) commercial paper issued by United States corporations rated within the three highest classifications by at least two standard rating services and maturing within 180 days or less; (3) interest bearing savings accounts, certificates of deposit, or other time deposits in federally insured and/or state chartered banks and savings and loan associations; (4) the Illinois School District Liquid Asset Fund plus (ISDLAF+); (5) the Illinois Funds; (6) money market mutual funds; (7) interest bearing bonds of any county, township, city, village incorporated town, municipality, or school district; (8) repurchase agreements of government securities; and (9) bankers' acceptances of banks whose senior obligations are rated in the top two rating categories by two national rating agencies and maintain that rating during the term of the investment.

At June 30, 2019, the System had deposits with federally insured financial institutions of \$691,457 with the book balances totaling \$687,466.

Northern Kane County Regional Career and Technical Education System

Notes to Basic Financial Statements

Note 3. Cash Deposits (Continued)

Custodial Credit Risk: In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. As of June 30, 2019, the System was not exposed to custodial credit risk as balances over the federal deposit insurance corporation's limit of \$250,000 were fully collateralized.

Note 4. Grant Contingencies

The System received financial awards from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the System. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the financial position of the System at June 30, 2019.

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