

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

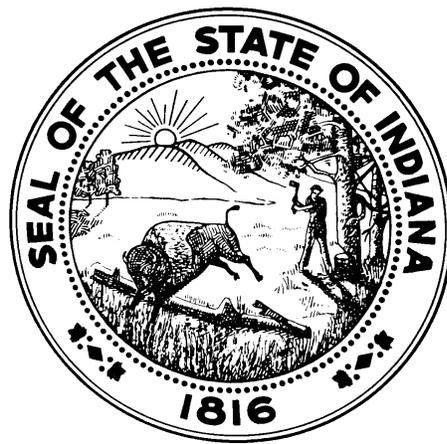
AUDIT REPORT

OF

KANKAKEE VALLEY SCHOOL CORPORATION

JASPER COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

03/05/2009



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carol L. Deardorff	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Glen Krueger	07-01-06 to 06-30-09
President of the School Board	John R. Spurgeon	07-01-06 to 06-30-09



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF THE KANKAKEE VALLEY  
SCHOOL CORPORATION, JASPER COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kankakee Valley School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 17, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 17, 2009



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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

TO: THE OFFICIALS OF THE KANKAKEE VALLEY  
SCHOOL CORPORATION, JASPER COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kankakee Valley School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 17, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.

This report is intended solely for the information and use of the School Corporation's management, and 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 17, 2009

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 13,003,710	\$ -	\$ 100,463	\$ (12,903,247)
Support services	9,755,929	929,746	415,952	(8,410,231)
Community services	247,162	-	-	(247,162)
Nonprogrammed charges	2,639,999	-	-	(2,639,999)
Debt service	5,407,699	-	-	(5,407,699)
Total governmental activities	\$ 31,054,499	\$ 929,746	\$ 516,415	(29,608,338)
General receipts:				
Property taxes				11,229,456
Other local sources				2,864,582
State aid				9,652,161
Bonds and loans				4,302,216
Grants and contributions not restricted to specific programs				688,016
Sale of property, adjustments, and refunds				653,843
Investment earnings				524,544
Total general receipts				29,914,818
Change in net assets				306,480
Net assets - beginning				11,305,954
Net assets - ending				\$ 11,612,434
<u>Assets</u>				
Cash and investments				\$ 8,817,783
Restricted assets:				
Cash and investments				2,794,651
Total assets				\$ 11,612,434
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 726,269
Other purposes				2,068,382
Unrestricted				8,817,783
Total net assets				\$ 11,612,434

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 14,324,178	\$ -	\$ 154,586	\$ (14,169,592)
Support services	12,684,396	931,490	547,568	(11,205,338)
Community services	299,792	-	-	(299,792)
Nonprogrammed charges	2,971,355	-	-	(2,971,355)
Debt service	<u>8,904,316</u>	<u>-</u>	<u>-</u>	<u>(8,904,316)</u>
Total governmental activities	<u>\$ 39,184,037</u>	<u>\$ 931,490</u>	<u>\$ 702,154</u>	<u>(37,550,393)</u>
General receipts:				
Property taxes				16,821,416
Other local sources				2,623,071
State aid				9,472,746
Bonds and loans				5,160,030
Grants and contributions not restricted to specific programs				727,990
Sale of property, adjustments, and refunds				1,990,806
Investment earnings				<u>213,823</u>
Total general receipts				<u>37,009,882</u>
Change in net assets				(540,511)
Net assets - beginning				<u>11,612,434</u>
Net assets - ending				<u>\$ 11,071,923</u>
<u>Assets</u>				
Cash and investments				\$ 7,852,863
Restricted assets:				
Cash and investments				<u>3,219,060</u>
Total assets				<u>\$ 11,071,923</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 676,446
Other purposes				2,542,614
Unrestricted				<u>7,852,863</u>
Total net assets				<u>\$ 11,071,923</u>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 7,867,246	\$ 909,900	\$ -	\$ 2,033,271	\$ 2,400,545	\$ 338,174	\$ 1,996,439	\$ 15,545,575
Intermediate sources	1,124	-	-	-	-	-	1,629	2,753
State sources	9,733,001	-	-	-	-	-	144,230	9,877,231
Federal sources	-	-	-	-	3,891	-	975,470	979,361
Bonds and loans	3,445,481	500,906	-	-	-	-	355,829	4,302,216
Sale of property, adjustments and refunds	33,149	12,382	-	8,051	24,615	9,084	12,180	99,461
<b>Total receipts</b>	<b>21,080,001</b>	<b>1,423,188</b>	<b>-</b>	<b>2,041,322</b>	<b>2,429,051</b>	<b>347,258</b>	<b>3,485,777</b>	<b>30,806,597</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	12,318,004	-	-	-	-	-	685,706	13,003,710
Support services	4,409,284	1,262,814	-	-	2,161,527	367,332	1,554,972	9,755,929
Community services	245,003	-	-	-	-	-	2,159	247,162
Nonprogrammed charges	155,759	-	-	-	-	-	99,635	255,394
Debt services	1,537,832	468,857	-	2,526,716	-	-	874,294	5,407,699
<b>Total disbursements</b>	<b>18,665,882</b>	<b>1,731,671</b>	<b>-</b>	<b>2,526,716</b>	<b>2,161,527</b>	<b>367,332</b>	<b>3,216,766</b>	<b>28,669,894</b>
Excess (deficiency) of receipts over disbursements	2,414,119	(308,483)	-	(485,394)	267,524	(20,074)	269,011	2,136,703
<b>Other financing sources (uses):</b>								
Transfers in	90,874	10,978	170,000	25,697	23,499	2,534	33,942	357,524
Transfers out	(2,403,627)	(37,808)	-	(46,114)	(100,000)	(50,000)	(176,335)	(2,813,884)
<b>Total other financing sources (uses)</b>	<b>(2,312,753)</b>	<b>(26,830)</b>	<b>170,000</b>	<b>(20,417)</b>	<b>(76,501)</b>	<b>(47,466)</b>	<b>(142,393)</b>	<b>(2,456,360)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	101,366	(335,313)	170,000	(505,811)	191,023	(67,540)	126,618	(319,657)
Cash and investments - beginning	2,924,754	463,339	657,178	1,124,058	3,744,021	197,234	753,125	9,863,709
Cash and investments - ending	<u>\$ 3,026,120</u>	<u>\$ 128,026</u>	<u>\$ 827,178</u>	<u>\$ 618,247</u>	<u>\$ 3,935,044</u>	<u>\$ 129,694</u>	<u>\$ 879,743</u>	<u>\$ 9,544,052</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								2,068,382
Net assets of governmental activities								<u>\$ 11,612,434</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 3,026,120	\$ 128,026	\$ 827,178	\$ -	\$ 3,935,044	\$ 129,694	\$ 771,721	\$ 8,817,783
Restricted assets:								
Cash and investments	-	-	-	618,247	-	-	108,022	726,269
<b>Total cash and investment assets - ending</b>	<u>\$ 3,026,120</u>	<u>\$ 128,026</u>	<u>\$ 827,178</u>	<u>\$ 618,247</u>	<u>\$ 3,935,044</u>	<u>\$ 129,694</u>	<u>\$ 879,743</u>	<u>\$ 9,544,052</u>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 618,247	\$ -	\$ -	\$ 108,022	\$ 726,269
Unrestricted	3,026,120	128,026	827,178	-	3,935,044	129,694	771,721	8,817,783
<b>Total cash and investment fund balance - ending</b>	<u>\$ 3,026,120</u>	<u>\$ 128,026</u>	<u>\$ 827,178</u>	<u>\$ 618,247</u>	<u>\$ 3,935,044</u>	<u>\$ 129,694</u>	<u>\$ 879,743</u>	<u>\$ 9,544,052</u>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 10,023,656	\$ 1,252,352	\$ -	\$ 3,443,266	\$ 3,514,397	\$ 373,537	\$ 1,980,680	\$ 20,587,888
Intermediate sources	1,124	-	-	-	-	-	788	1,912
State sources	9,557,704	-	-	-	-	-	241,037	9,798,741
Federal sources	-	-	-	-	-	-	1,104,149	1,104,149
Bonds and loans	3,784,613	619,593	-	417,871	-	-	337,953	5,160,030
Sale of property, adjustments and refunds	22,883	14,016	-	2,250	5,165	11,945	6,603	62,862
<b>Total receipts</b>	<b>23,389,980</b>	<b>1,885,961</b>	<b>-</b>	<b>3,863,387</b>	<b>3,519,562</b>	<b>385,482</b>	<b>3,671,210</b>	<b>36,715,582</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	13,610,042	-	-	-	-	-	714,136	14,324,178
Support services	4,677,802	1,414,270	15,000	-	4,444,855	457,650	1,674,819	12,684,396
Community services	297,106	-	-	-	-	-	2,686	299,792
Nonprogrammed charges	106,442	-	15,689	-	-	-	113,427	235,558
Debt services	3,445,481	443,932	-	3,887,083	-	-	1,127,820	8,904,316
<b>Total disbursements</b>	<b>22,136,873</b>	<b>1,858,202</b>	<b>30,689</b>	<b>3,887,083</b>	<b>4,444,855</b>	<b>457,650</b>	<b>3,632,888</b>	<b>36,448,240</b>
Excess (deficiency) of receipts over disbursements	1,253,107	27,759	(30,689)	(23,696)	(925,293)	(72,168)	38,322	267,342
<b>Other financing sources (uses):</b>								
Transfers in	54,323	7,156	129,702	15,993	18,878	2,660	39,338	268,050
Transfers out	(1,256,886)	(20,007)	-	(46,968)	(116,769)	-	(109,505)	(1,550,135)
<b>Total other financing sources (uses)</b>	<b>(1,202,563)</b>	<b>(12,851)</b>	<b>129,702</b>	<b>(30,975)</b>	<b>(97,891)</b>	<b>2,660</b>	<b>(70,167)</b>	<b>(1,282,085)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	50,544	14,908	99,013	(54,671)	(1,023,184)	(69,508)	(31,845)	(1,014,743)
Cash and investments - beginning	3,026,120	128,026	827,178	618,247	3,935,044	129,694	879,743	9,544,052
Cash and investments - ending	<u>\$ 3,076,664</u>	<u>\$ 142,934</u>	<u>\$ 926,191</u>	<u>\$ 563,576</u>	<u>\$ 2,911,860</u>	<u>\$ 60,186</u>	<u>\$ 847,898</u>	<u>\$ 8,529,309</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								2,542,614
Net assets of governmental activities								<u>\$ 11,071,923</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 3,076,664	\$ 142,934	\$ 926,191	\$ -	\$ 2,911,860	\$ 60,186	\$ 735,028	\$ 7,852,863
Restricted assets:								
Cash and investments	-	-	-	563,576	-	-	112,870	676,446
<b>Total cash and investment assets - ending</b>	<b><u>\$ 3,076,664</u></b>	<b><u>\$ 142,934</u></b>	<b><u>\$ 926,191</u></b>	<b><u>\$ 563,576</u></b>	<b><u>\$ 2,911,860</u></b>	<b><u>\$ 60,186</u></b>	<b><u>\$ 847,898</u></b>	<b><u>\$ 8,529,309</u></b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 563,576	\$ -	\$ -	\$ 112,870	\$ 676,446
Unrestricted	3,076,664	142,934	926,191	-	2,911,860	60,186	735,028	7,852,863
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 3,076,664</u></b>	<b><u>\$ 142,934</u></b>	<b><u>\$ 926,191</u></b>	<b><u>\$ 563,576</u></b>	<b><u>\$ 2,911,860</u></b>	<b><u>\$ 60,186</u></b>	<b><u>\$ 847,898</u></b>	<b><u>\$ 8,529,309</u></b>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2007

	<u>Internal Service Fund</u>
Operating receipts:	
Miscellaneous	\$ 554,382
Operating disbursements:	
Insurance claims and expense	<u>2,384,605</u>
Deficiency of operating receipts over operating disbursements	(1,830,223)
Transfers in	<u>2,456,360</u>
Change in net assets	626,137
Cash and investment fund balance - beginning	<u>1,442,245</u>
Cash and investment fund balance - ending	<u>\$ 2,068,382</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 2,068,382</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 2,068,382</u>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2008

	<u>Internal Service Fund</u>
Operating receipts:	
Miscellaneous	\$ 1,927,944
Operating disbursements:	
Insurance claims and expense	<u>2,735,797</u>
Deficiency of operating receipts over operating disbursements	(807,853)
Transfers in	<u>1,282,085</u>
Change in net assets	474,232
Cash and investment fund balance - beginning	<u>2,068,382</u>
Cash and investment fund balance - ending	<u>\$ 2,542,614</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 2,542,614</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 2,542,614</u>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Employer	\$ 52,787	
Investment earnings:		
Interest	39,512	
Total additions	<u>92,299</u>	
Deductions:		
Benefits	<u>276,588</u>	
Deficiency of total additions over total deductions	(184,289)	
Cash and investment fund balance - beginning	<u>789,574</u>	
Cash and investment fund balance - ending	<u>\$ 605,285</u>	<u>\$ 61,309</u>
Total net assets - cash and investment basis held in trust	<u>\$ 605,285</u>	

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Pension Trust Funds	Agency Funds
Additions:		
Investment earnings:		
Interest	\$ 25,821	
Deductions:		
Benefits	217,596	
Deficiency of total additions over total deductions	(191,775)	
Cash and investment fund balance - beginning	605,285	
Cash and investment fund balance - ending	<u>\$ 413,510</u>	<u>\$ 75,670</u>
Total net assets - cash and investment basis held in trust	<u>\$ 413,510</u>	

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Kankakee Valley School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with several other school corporations in a joint venture to operate the Indian Trails Career Cooperative which was created to engage in the joint employment of personnel and joint purchases of supplies, equipment, and facilities to provide programs and services for vocational education. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from the local educational agency (Twin Lakes School Corporation) at 565 South Main Street, Monticello, Indiana 47960.

The School Corporation is a participant with several other schools in a joint venture to operate the Cooperative School Services for Special Education which was created to provide special education services to handicapped children. The School Corporation is obligated by contract to remit annually the actual direct cost necessary to operate this program. The Cooperative School Service for Special Education pays its surplus to the participants. The Cooperative School Service for Special Education continued existence depends on continued funding by the School Corporation. The School Corporations are obligated for the debts of the Cooperative School Service for Special Education. Complete financial statements for the Cooperative School Service for Special Education can be obtained from the local education agency (West Central School Corporation) at 117 East Montgomery Street, Box 578, Francesville, Indiana 47946.

The School Corporation is a participant with several other schools in a joint venture to operate the Northwest Indiana Educational Service Center and was created to engage in joint programs for purchases. The School Corporation is obligated by contract to remit an amount (rate determined annually) per student to supplement the Northwest Indiana Educational Service Center. The Northwest Indiana Educational Service Center pays its surplus to the participants. The Northwest Indiana Educational Service Center's continued existence depends on continued funding by the School Corporation. The participating School Corporations are obligated for the debts of the Northwest Indiana Educational Service Center. Complete financial statements for the Northwest Indiana Educational Service Center can be obtained from the administrative office at 2939 41<sup>st</sup> Street, Highland, Indiana, 46322.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The rainy day fund is used to account for funds in accordance with IC 36-1-5-5.1 and a locally adopted resolution.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for a self insurance health benefits fund which provides funding for the cost of medical care to School Corporation employees.

The pension trust funds account for the activities of the Pension Retirement Trust Fund, which accumulate resources for pension benefit payments and the Post Retirement Severance Future Benefit Trust Fund which accumulate resources for post retirement health benefits for early retirees.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Agency funds account for assets held by the School Corporation as an agent for state and federal taxing authorities, various employee benefits providers, and serve as control accounts for certain cash transaction during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Internal Service Fund	\$ 2,403,627	\$ 1,256,886
Debt Service Fund	Rainy Day Fund	20,000	18,508
Debt Service Fund	Other governmental funds	26,114	28,460
Capital Projects Fund	Rainy Day Fund	100,000	111,194
Capital Projects Fund	Other governmental funds	-	5,575
School Bus Replacement Fund	Rainy Day Fund	50,000	-
Transportation Fund	Internal Service Fund	37,808	20,007
Other governmental funds	General Fund	90,874	54,323
Other governmental funds	Debt Service Fund	25,697	15,993
Other governmental funds	Capital Projects Fund	23,499	18,878
Other governmental funds	Transportation Fund	10,978	7,156
Other governmental funds	School Bus Replacement Fund	2,534	2,660
Other governmental funds	Other governmental funds	7,828	5,303
Special Ed Preschool Fund	Internal Service Fund	14,925	5,192
		<u>\$ 2,813,884</u>	<u>\$ 1,550,135</u>
Totals			

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions. During fiscal year 06/07, insurance premiums due the Internal Service Fund were shown as transfers between funds. The accounting procedures used beginning with the second half of 07/08 fiscal year changed the transfer between funds method to a receipt in the Internal Service Fund and a disbursement in the participating funds.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$75,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into a capital lease with Kankakee Valley Intermediate School Holding Corporation, Kankakee Valley Multi-School Building Holding Corporation and Kankakee Valley School Building Holding Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the school year totaled \$3,758,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age fifty-five with at least fifteen years of service. Currently, fifteen retirees meet these eligibility requirements. The School Corporation provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$217,596 were recognized for postemployment benefits.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Pension Plans

1. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.25% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$333,005, \$272,458, and \$259,480, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Defined Contribution Pension Plan

American United Life Savings Plan

Plan Description

The School Corporation has a defined contribution pension plan for noncertified employees administered by American United Life as authorized by Indiana Code 5-10-1.1 and qualifies under Section 401(a). The savings plan entered into July 1, 1986, is a defined contribution plan with amounts credited and allocated to an account for each participant. Under a defined contribution plan there are no unfunded liabilities to the School Corporation.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the School Corporation and the Plan Administrator. Plan members are required to contribute 3% of the annual covered salary. The School Corporation is required to contribute at an actuarially determined rate. The current rate is 5% of the employee's annual gross earnings. Employer and employee contributions to the plan for the year ending June 30, 2008 and 2007, were \$153,339 and \$145,485, respectively.

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Ed Preschool	School Lunch	Textbook Rental	Levy Excess	Ed License Plate	Alternative Education
<b>Receipts:</b>						
Local sources	\$ 124,641	\$ 817,328	\$ 210,497	\$ 104,302	\$ 272	\$ -
Intermediate sources	-	-	-	-	1,629	-
State sources	52,759	19,819	40,573	-	-	11,295
Federal sources	-	347,268	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	11,464	716	-	-	-
<b>Total receipts</b>	<b>177,400</b>	<b>1,195,879</b>	<b>251,786</b>	<b>104,302</b>	<b>1,901</b>	<b>11,295</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	85,268	-	-	-	-	6,345
Support services	-	1,184,264	245,564	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	99,135	-	-	-	500	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>184,403</b>	<b>1,184,264</b>	<b>245,564</b>	<b>-</b>	<b>500</b>	<b>6,345</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(7,003)</b>	<b>11,615</b>	<b>6,222</b>	<b>104,302</b>	<b>1,401</b>	<b>4,950</b>
<b>Other financing sources (uses):</b>						
Transfers in	335	-	26,114	-	-	-
Transfers out	(14,925)	-	-	(161,410)	-	-
<b>Total other financing sources (uses)</b>	<b>(14,590)</b>	<b>-</b>	<b>26,114</b>	<b>(161,410)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(21,593)</b>	<b>11,615</b>	<b>32,336</b>	<b>(57,108)</b>	<b>1,401</b>	<b>4,950</b>
Cash and investments - beginning	28,512	215,381	45,404	161,411	7,479	9,842
Cash and investments - ending	<u>\$ 6,919</u>	<u>\$ 226,996</u>	<u>\$ 77,740</u>	<u>\$ 104,303</u>	<u>\$ 8,880</u>	<u>\$ 14,792</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 6,919	\$ 226,996	\$ 77,740	\$ 104,303	\$ 8,880	\$ 14,792
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 6,919</u></b>	<b><u>\$ 226,996</u></b>	<b><u>\$ 77,740</u></b>	<b><u>\$ 104,303</u></b>	<b><u>\$ 8,880</u></b>	<b><u>\$ 14,792</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,919	226,996	77,740	104,303	8,880	14,792
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 6,919</u></b>	<b><u>\$ 226,996</u></b>	<b><u>\$ 77,740</u></b>	<b><u>\$ 104,303</u></b>	<b><u>\$ 8,880</u></b>	<b><u>\$ 14,792</u></b>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Gifted and Talented	State Medicaid Reimbursement	Non-English Speaking	Technology	Drug Free Jasper County
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 33,441	\$ 2,000
Intermediate sources	-	-	-	-	-
State sources	16,222	161	3,401	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<b>16,222</b>	<b>161</b>	<b>3,401</b>	<b>33,441</b>	<b>2,000</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	16,046	-	-	-	-
Support services	-	-	-	34,333	3,060
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>16,046</b>	<b>-</b>	<b>-</b>	<b>34,333</b>	<b>3,060</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>176</b>	<b>161</b>	<b>3,401</b>	<b>(892)</b>	<b>(1,060)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>176</b>	<b>161</b>	<b>3,401</b>	<b>(892)</b>	<b>(1,060)</b>
Cash and investments - beginning	3,558	302	-	8,259	5,985
Cash and investments - ending	<u>\$ 3,734</u>	<u>\$ 463</u>	<u>\$ 3,401</u>	<u>\$ 7,367</u>	<u>\$ 4,925</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 3,734	\$ 463	\$ 3,401	\$ 7,367	\$ 4,925
<b>Restricted assets:</b>					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 3,734</u></b>	<b><u>\$ 463</u></b>	<b><u>\$ 3,401</u></b>	<b><u>\$ 7,367</u></b>	<b><u>\$ 4,925</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
<b>Restricted for:</b>					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,734	463	3,401	7,367	4,925
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 3,734</u></b>	<b><u>\$ 463</u></b>	<b><u>\$ 3,401</u></b>	<b><u>\$ 7,367</u></b>	<b><u>\$ 4,925</u></b>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Miscellaneous Programs	Career Majors	Title I	Title I Chr Haven	Title V Innovative
<b>Receipts:</b>					
Local sources	\$ 2,740	\$ 47,226	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	307,621	89,241	5,808
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<b>2,740</b>	<b>47,226</b>	<b>307,621</b>	<b>89,241</b>	<b>5,808</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	486	32,294	283,143	80,934	1,411
Support services	-	300	22,615	3,202	3,841
Community services	-	-	1,809	350	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>486</b>	<b>32,594</b>	<b>307,567</b>	<b>84,486</b>	<b>5,252</b>
Excess (deficiency) of receipts over disbursements	2,254	14,632	54	4,755	556
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,254	14,632	54	4,755	556
Cash and investments - beginning	459	(14,632)	56,418	56,927	5,162
Cash and investments - ending	<u>\$ 2,713</u>	<u>\$ -</u>	<u>\$ 56,472</u>	<u>\$ 61,682</u>	<u>\$ 5,718</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 2,713	\$ -	\$ 56,472	\$ 61,682	\$ 5,718
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 2,713</u>	<u>\$ -</u>	<u>\$ 56,472</u>	<u>\$ 61,682</u>	<u>\$ 5,718</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,713	-	56,472	61,682	5,718
<b>Total cash and investment fund balance - ending</b>	<u>\$ 2,713</u>	<u>\$ -</u>	<u>\$ 56,472</u>	<u>\$ 61,682</u>	<u>\$ 5,718</u>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title I Migrant	Drug Free Schools	Fed Medicaid Reimbursement	Disaster Grants	Title II Teacher Quality
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	51,970	1,150	240	4,000	117,002
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<b>51,970</b>	<b>1,150</b>	<b>240</b>	<b>4,000</b>	<b>117,002</b>
Disbursements:					
Current:					
Instruction	42,986	-	1,047	6,000	93,730
Support services	7,684	16,323	-	-	16,718
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>50,670</b>	<b>16,323</b>	<b>1,047</b>	<b>6,000</b>	<b>110,448</b>
Excess (deficiency) of receipts over disbursements	1,300	(15,173)	(807)	(2,000)	6,554
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,300	(15,173)	(807)	(2,000)	6,554
Cash and investments - beginning	-	20,318	73,486	2,000	31,196
Cash and investments - ending	<u>\$ 1,300</u>	<u>\$ 5,145</u>	<u>\$ 72,679</u>	<u>\$ -</u>	<u>\$ 37,750</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 1,300	\$ 5,145	\$ 72,679	\$ -	\$ 37,750
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 1,300</u></b>	<b><u>\$ 5,145</u></b>	<b><u>\$ 72,679</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 37,750</u></b>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,300	5,145	72,679	-	37,750
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 1,300</u></b>	<b><u>\$ 5,145</u></b>	<b><u>\$ 72,679</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 37,750</u></b>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title II Enhancing Ed	Title III English Language	Retirement Bonds Debt Service	Construction	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 618,992	\$ 35,000	\$ 1,996,439
Intermediate sources	-	-	-	-	1,629
State sources	-	-	-	-	144,230
Federal sources	5,740	45,430	-	-	975,470
Bonds and loans	-	-	355,829	-	355,829
Sale of property, adjustments and refunds	-	-	-	-	12,180
<b>Total receipts</b>	<b>5,740</b>	<b>45,430</b>	<b>974,821</b>	<b>35,000</b>	<b>3,485,777</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	369	35,647	-	-	685,706
Support services	6,258	10,810	-	-	1,554,972
Community services	-	-	-	-	2,159
Nonprogrammed charges	-	-	-	-	99,635
Debt services	-	-	874,294	-	874,294
<b>Total disbursements</b>	<b>6,627</b>	<b>46,457</b>	<b>874,294</b>	<b>-</b>	<b>3,216,766</b>
Excess (deficiency) of receipts over disbursements	(887)	(1,027)	100,527	35,000	269,011
<b>Other financing sources (uses):</b>					
Transfers in	-	-	7,493	-	33,942
Transfers out	-	-	-	-	(176,335)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>7,493</b>	<b>-</b>	<b>(142,393)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(887)	(1,027)	108,020	35,000	126,618
Cash and investments - beginning	1,435	9,221	2	25,000	753,125
Cash and investments - ending	<u>548</u>	<u>8,194</u>	<u>108,022</u>	<u>60,000</u>	<u>879,743</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 548	\$ 8,194	\$ -	\$ 60,000	\$ 771,721
Restricted assets:					
Cash and investments	-	-	108,022	-	108,022
<b>Total cash and investment assets - ending</b>	<b><u>548</u></b>	<b><u>8,194</u></b>	<b><u>108,022</u></b>	<b><u>60,000</u></b>	<b><u>879,743</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 108,022	\$ -	\$ 108,022
Unrestricted	548	8,194	-	60,000	771,721
<b>Total cash and investment fund balance - ending</b>	<b><u>548</u></b>	<b><u>8,194</u></b>	<b><u>108,022</u></b>	<b><u>60,000</u></b>	<b><u>879,743</u></b>

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KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Special Ed Preschool	School Lunch	Textbook Rental	Levy Excess	Ed License Plate	Alternative Education
Receipts:						
Local sources	\$ 128,859	\$ 812,950	\$ 230,458	\$ -	\$ 379	\$ -
Intermediate sources	-	-	-	-	788	-
State sources	69,179	20,244	71,041	-	-	10,945
Federal sources	-	456,413	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	5,978	625	-	-	-
<b>Total receipts</b>	<b>198,038</b>	<b>1,295,585</b>	<b>302,124</b>	<b>-</b>	<b>1,167</b>	<b>10,945</b>
Disbursements:						
Current:						
Instruction	92,619	-	-	-	-	20,361
Support services	-	1,245,529	286,980	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	112,927	-	-	-	500	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>205,546</b>	<b>1,245,529</b>	<b>286,980</b>	<b>-</b>	<b>500</b>	<b>20,361</b>
Excess (deficiency) of receipts over disbursements	(7,508)	50,056	15,144	-	667	(9,416)
Other financing sources (uses):						
Transfers in	5,783	-	28,460	-	-	-
Transfers out	(5,192)	-	-	(104,302)	-	-
<b>Total other financing sources (uses)</b>	<b>591</b>	<b>-</b>	<b>28,460</b>	<b>(104,302)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,917)	50,056	43,604	(104,302)	667	(9,416)
Cash and investments - beginning	6,919	226,996	77,740	104,303	8,880	14,792
Cash and investments - ending	<u>2</u>	<u>277,052</u>	<u>121,344</u>	<u>1</u>	<u>9,547</u>	<u>5,376</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 2	\$ 277,052	\$ 121,344	\$ 1	\$ 9,547	\$ 5,376
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>2</u></b>	<b><u>277,052</u></b>	<b><u>121,344</u></b>	<b><u>1</u></b>	<b><u>9,547</u></b>	<b><u>5,376</u></b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2	277,052	121,344	1	9,547	5,376
<b>Total cash and investment fund balance - ending</b>	<b><u>2</u></b>	<b><u>277,052</u></b>	<b><u>121,344</u></b>	<b><u>1</u></b>	<b><u>9,547</u></b>	<b><u>5,376</u></b>

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KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Gifted and Talented	State Medicaid Reimbursement	Non- English Speaking	Technology	Drug Free Jasper County	Miscellaneous Programs
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 14,134	\$ 4,000	\$ 280
Intermediate sources	-	-	-	-	-	-
State sources	40,757	-	28,871	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>40,757</b>	<b>-</b>	<b>28,871</b>	<b>14,134</b>	<b>4,000</b>	<b>280</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	27,259	-	30,939	-	-	480
Support services	-	-	-	7,120	5,288	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>27,259</b>	<b>-</b>	<b>30,939</b>	<b>7,120</b>	<b>5,288</b>	<b>480</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>13,498</b>	<b>-</b>	<b>(2,068)</b>	<b>7,014</b>	<b>(1,288)</b>	<b>(200)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(11)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>13,498</b>	<b>(11)</b>	<b>(2,068)</b>	<b>7,014</b>	<b>(1,288)</b>	<b>(200)</b>
<b>Cash and investments - beginning</b>	<b>3,734</b>	<b>463</b>	<b>3,401</b>	<b>7,367</b>	<b>4,925</b>	<b>2,713</b>
<b>Cash and investments - ending</b>	<b>\$ 17,232</b>	<b>\$ 452</b>	<b>\$ 1,333</b>	<b>\$ 14,381</b>	<b>\$ 3,637</b>	<b>\$ 2,513</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 17,232	\$ 452	\$ 1,333	\$ 14,381	\$ 3,637	\$ 2,513
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 17,232</b>	<b>\$ 452</b>	<b>\$ 1,333</b>	<b>\$ 14,381</b>	<b>\$ 3,637</b>	<b>\$ 2,513</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,232	452	1,333	14,381	3,637	2,513
<b>Total cash and investment fund balance - ending</b>	<b>\$ 17,232</b>	<b>\$ 452</b>	<b>\$ 1,333</b>	<b>\$ 14,381</b>	<b>\$ 3,637</b>	<b>\$ 2,513</b>

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 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Title I	Title I Chr Haven	Title V Innovative	Title I Migrant	Drug Free Schools	Fed Medicaid Reimbursement
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	366,044	71,756	5,758	50,000	13,071	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>366,044</b>	<b>71,756</b>	<b>5,758</b>	<b>50,000</b>	<b>13,071</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	317,781	63,866	527	41,288	-	119
Support services	40,434	992	10,388	10,002	11,286	-
Community services	2,399	287	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>360,614</b>	<b>65,145</b>	<b>10,915</b>	<b>51,290</b>	<b>11,286</b>	<b>119</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>5,430</b>	<b>6,611</b>	<b>(5,157)</b>	<b>(1,290)</b>	<b>1,785</b>	<b>(119)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>5,430</b>	<b>6,611</b>	<b>(5,157)</b>	<b>(1,290)</b>	<b>1,785</b>	<b>(119)</b>
<b>Cash and investments - beginning</b>	<b>56,472</b>	<b>61,682</b>	<b>5,718</b>	<b>1,300</b>	<b>5,145</b>	<b>72,679</b>
<b>Cash and investments - ending</b>	<b>\$ 61,902</b>	<b>\$ 68,293</b>	<b>\$ 561</b>	<b>\$ 10</b>	<b>\$ 6,930</b>	<b>\$ 72,560</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 61,902	\$ 68,293	\$ 561	\$ 10	\$ 6,930	\$ 72,560
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 61,902</b>	<b>\$ 68,293</b>	<b>\$ 561</b>	<b>\$ 10</b>	<b>\$ 6,930</b>	<b>\$ 72,560</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	61,902	68,293	561	10	6,930	72,560
<b>Total cash and investment fund balance - ending</b>	<b>\$ 61,902</b>	<b>\$ 68,293</b>	<b>\$ 561</b>	<b>\$ 10</b>	<b>\$ 6,930</b>	<b>\$ 72,560</b>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Title II Teacher Quality	Title II Enhancing Ed	Title III English Language	Retirement Bonds Debt Service	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 789,620	\$ -	\$ 1,980,680
Intermediate sources	-	-	-	-	-	788
State sources	-	-	-	-	-	241,037
Federal sources	112,049	-	29,058	-	-	1,104,149
Bonds and loans	-	-	-	337,953	-	337,953
Sale of property, adjustments and refunds	-	-	-	-	-	6,603
<b>Total receipts</b>	<u>112,049</u>	<u>-</u>	<u>29,058</u>	<u>1,127,573</u>	<u>-</u>	<u>3,671,210</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	88,910	-	29,987	-	-	714,136
Support services	19,119	548	2,133	-	35,000	1,674,819
Community services	-	-	-	-	-	2,686
Nonprogrammed charges	-	-	-	-	-	113,427
Debt services	-	-	-	1,127,820	-	1,127,820
<b>Total disbursements</b>	<u>108,029</u>	<u>548</u>	<u>32,120</u>	<u>1,127,820</u>	<u>35,000</u>	<u>3,632,888</u>
Excess (deficiency) of receipts over disbursements	<u>4,020</u>	<u>(548)</u>	<u>(3,062)</u>	<u>(247)</u>	<u>(35,000)</u>	<u>38,322</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	5,095	-	39,338
Transfers out	-	-	-	-	-	(109,505)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,095</u>	<u>-</u>	<u>(70,167)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,020	(548)	(3,062)	4,848	(35,000)	(31,845)
Cash and investments - beginning	<u>37,750</u>	<u>548</u>	<u>8,194</u>	<u>108,022</u>	<u>60,000</u>	<u>879,743</u>
Cash and investments - ending	<u>\$ 41,770</u>	<u>\$ -</u>	<u>\$ 5,132</u>	<u>\$ 112,870</u>	<u>\$ 25,000</u>	<u>\$ 847,898</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 41,770	\$ -	\$ 5,132	\$ -	\$ 25,000	\$ 735,028
Restricted assets:						
Cash and investments	-	-	-	112,870	-	112,870
<b>Total cash and investment assets - ending</b>	<u>\$ 41,770</u>	<u>\$ -</u>	<u>\$ 5,132</u>	<u>\$ 112,870</u>	<u>\$ 25,000</u>	<u>\$ 847,898</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 112,870	\$ -	\$ 112,870
Unrestricted	41,770	-	5,132	-	25,000	735,028
<b>Total cash and investment fund balance - ending</b>	<u>\$ 41,770</u>	<u>\$ -</u>	<u>\$ 5,132</u>	<u>\$ 112,870</u>	<u>\$ 25,000</u>	<u>\$ 847,898</u>

The notes to the financial statements are an integral part of this statement.

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For the Year Ended June 30, 2007

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 52,787	\$ 52,787
Investment earnings:			
Interest	<u>39,512</u>	<u>-</u>	<u>39,512</u>
Total additions	<u>39,512</u>	<u>52,787</u>	<u>92,299</u>
Deductions:			
Benefits	<u>276,588</u>	<u>-</u>	<u>276,588</u>
Excess (deficiency) of total additions over total deductions	(237,076)	52,787	(184,289)
Cash and investment fund balance - beginning	<u>680,322</u>	<u>109,252</u>	<u>789,574</u>
Cash and investment fund balance - ending	<u>\$ 443,246</u>	<u>\$ 162,039</u>	<u>\$ 605,285</u>
Net assets:			
Cash and investments	<u>\$ 443,246</u>	<u>\$ 162,039</u>	<u>\$ 605,285</u>
Total net assets - cash and investment basis held in trust	<u>\$ 443,246</u>	<u>\$ 162,039</u>	<u>\$ 605,285</u>

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For the Year Ended June 30, 2008

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Investment earnings:			
Interest	\$ 19,985	\$ 5,836	\$ 25,821
Deductions:			
Benefits	217,596	-	217,596
Excess (deficiency) of total additions over total deductions	(197,611)	5,836	(191,775)
Cash and investment fund balance - beginning	443,246	162,039	605,285
Cash and investment fund balance - ending	\$ 245,635	\$ 167,875	\$ 413,510
Net assets:			
Cash and investments	\$ 245,635	\$ 167,875	\$ 413,510
Total net assets - cash and investment basis held in trust	\$ 245,635	\$ 167,875	\$ 413,510

KANKAKEE VALLEY SCHOOL CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,290,616
Buildings	49,015,168
Improvements other than buildings	1,630,360
Machinery and equipment	<u>8,095,478</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 60,031,622</u>

KANKAKEE VALLEY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The school corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Multi School	\$ 1,692,339	\$ 1,157,000
Intermediate	6,704,222	1,111,000
HVAC System	3,243,163	1,446,500
Notes and loans payable	5,110,668	5,196,361
Bonds payable:		
General obligation bonds:		
Pension Bond	<u>4,675,000</u>	<u>824,681</u>
Total governmental activities debt	<u>\$ 21,425,392</u>	<u>\$ 9,735,542</u>

KANKAKEE VALLEY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

OLD OUTSTANDING CHECKS (Kankakee Valley Middle School)

Our review of the bank reconcilements as of June 30, 2008, revealed five checks outstanding in excess of two years totaling \$218.93.

IC 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disofficer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

OVERDRAWN FUND BALANCES (Kankakee Valley High School)

The Counselor's, IHSAA Baseball, and the IHSAA Track Sectional Funds were overdrawn by \$29.00, \$1,420.20, and \$1,243.10 respectively at May 31, 2007. The IHSAA Track Sectional Fund was overdrawn by \$1,243.10 at May 31, 2008.

KANKAKEE VALLEY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CLASSIFICATION OF RECEIPTS (Kankakee Valley Middle School)

Some receipts series classifications (amounts totaling cash and checks received) did not agree with the bank deposit classification but total amounts did agree.

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

TIMELY DEPOSITS (Kankakee Valley Middle School)

Receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for periods in excess of 13 days before depositing. Receipts, in some cases, accumulated to over \$1,871.98 before a deposit was made.

IC 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE KANKAKEE VALLEY  
SCHOOL CORPORATION, JASPER COUNTY, INDIANA

Compliance

We have audited the compliance of the Kankakee Valley School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 School Corporation'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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 School Corporation's internal control over compliance.

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, and 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 17, 2009

KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Pass-Through the Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 64,651	\$ 79,740
National School Lunch Program	10.555		<u>320,755</u>	<u>425,587</u>
Total for federal grantor agency			<u>385,406</u>	<u>505,327</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Pass-Through the Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010			
		05-3785	165,343	-
		06-3785	240,996	158,154
		07-3785	<u>-</u>	<u>273,298</u>
Total for program			<u>406,339</u>	<u>431,452</u>
Migrant Education - Basic State Grant Program	84.011			
		FY 06-07	50,670	1,300
		FY 07-08	<u>-</u>	<u>49,990</u>
Total for program			<u>50,670</u>	<u>51,290</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		FY 04-05	7,786	-
		05-142	8,537	3,995
		06-3785	<u>-</u>	<u>7,291</u>
Total for program			<u>16,323</u>	<u>11,286</u>
State Grants for Innovative Programs	84.298			
		FY 04-05	85	-
		FY 05-06	5,077	-
		FY 06-07	90	5,718
		FY 07-08	<u>-</u>	<u>5,196</u>
Total for program			<u>5,252</u>	<u>10,914</u>
Education Technology State Grants	84.318			
		FY 04-05	275	-
		FY 05-06	1,160	-
		FY 06-07	<u>5,192</u>	<u>548</u>
Total for program			<u>6,627</u>	<u>548</u>
English Language Acquisition Grants	84.365			
		FY 05-06	9,221	-
		FY 06-07	37,236	8,194
		FY 07-08	<u>-</u>	<u>23,927</u>
Total for program			<u>46,457</u>	<u>32,121</u>
Improving Teacher Quality State Grants	84.367			
		FY 04-05	2,409	-
		FY 05-06	86,375	1,412
		FY 06-07	21,664	88,610
		FY 07-08	<u>-</u>	<u>18,007</u>
Total for program			<u>110,448</u>	<u>108,029</u>
Hurricane Education Recovery	84.938			
		FY 05-06	<u>6,000</u>	<u>-</u>
Total for federal grantor agency			<u>1,033,522</u>	<u>1,150,967</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Pass-Through the Indiana Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			
		3274-EM	<u>3,891</u>	<u>-</u>
Total federal awards expended			<u>\$ 1,037,413</u>	<u>\$ 1,150,967</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Kankakee Valley School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
School Breakfast Program	10.553	\$ 6,398	\$ 7,739
National School Lunch Program	10.555	31,740	41,305

KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weaknesses identified? no  
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:  
 Material weaknesses identified? no  
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

KANKAKEE VALLEY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

KANKAKEE VALLEY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 17, 2009, with Carol L. Deardorff, Treasurer; Dr. Glen Krueger, Superintendent of Schools; John R. Spurgeon, President of the School Board; William Orsburn, Director of Business; Sheila Deyoung, High School Extra-Curricular Treasurer; and Diane Cavinder, Middle School Extra-Curricular Treasurer. The official response has been made a part of this report and may be found on page 47.

# Kankakee Valley School Corporation

12021 N. 550 W.

P.O. Box 278

Wheatfield, Indiana 46392-0278

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*Assistant Superintendent-Sharon Sanelli*

*Director of Business-Mr. H. William Orsburn*

*Coordinator of Financial Services-Ms. Carol Deardorff*

February 20, 2009

State Board of Accounts  
302 West Washington  
Room E 418  
Indianapolis, Indiana 46204-2765

## OFFICIAL RESPONSE

Gentlemen:

I am writing an Official Response to the recent audit for the Kankakee Valley School Corporation.

With respect to the Kankakee Valley Middle School Extra-curricular Accounts, I offer the following response.

1) The outstanding checks as cited in the recent audit have been sent to the Kankakee Valley School Corporation to be placed on the agenda for the Monday, February 23, 2009 meeting. The monies will be deposited back into the proper accounts. The total amount is \$330.30. 2) Classifications of receipts is an issue that will be addressed by the treasurer of the school. Apparently, a check was or cash was incorrectly entered into the books. The Treasurer will enter the deposit in the correct category. 3) The Treasurer will make timely deposits.

With respect to the Kankakee Valley High School, the Treasurer will do the following three items. 1) The IHSAA Baseball and Track Sectional Account is a sub account of the Athletic Fund. These accounts had insufficient funds. Often expenses for referees and other items are paid from the fund when we host a sectional. The IHSAA subsequently reimburses the school for hosting a sectional. The delay in payment often causes a deficit in the account. For the future, we will use the larger Athletic Fund for these expenses, thereby avoiding going into a deficit in the sub account. 3) The Counselor's account was overdrawn due to a late posting by the bank. The Treasurer deposited the money in a timely manner; however, the bank posted the deposit the next day creating the negative situation.

Sincerely,



Dr. Glenn Krueger  
Superintendent

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Accredited by North Central Association and the State of Indiana

Kankakee Valley High School - Philip Apple, Principal  
DeMotte Elementary - Joan Kiersma, Principal

Kankakee Valley Middle School - William Auker, Principal  
Wheatfield Elementary - Richard Bolinger, Jr., Principal

Kankakee Valley Intermediate School - John Shank, Principal