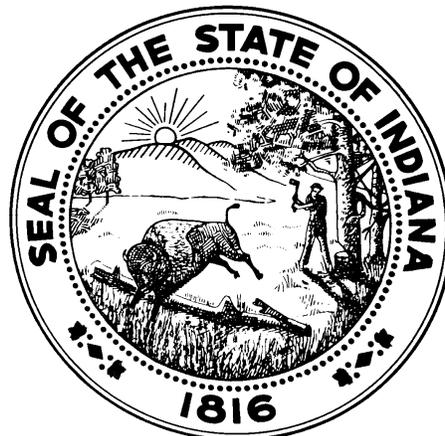


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

KANKAKEE-IROQUOIS REGIONAL  
PLANNING COMMISSION  
WHITE COUNTY, INDIANA

January 1, 2007 to December 31, 2008



**FILED**  
09/23/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Edwin Buswell	01-01-07 to 12-31-09
Treasurer	Ron Schmierer	01-01-07 to 12-31-09
President of the Board	Larry D. Wiley	01-01-07 to 12-31-09



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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-IROQUOIS REGIONAL  
PLANNING COMMISSION, WHITE 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-Iroquois Regional Planning Commission (Regional Planning Commission), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Regional Planning Commission's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Regional Planning Commission'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 Regional Planning Commission 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 Regional Planning Commission as of December 31, 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 September 2, 2009, on our consideration of the Regional Planning Commission'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 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Planning Commission'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 Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Regional Planning Commission 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 Regional Planning Commission's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and the Schedule of Capital Assets 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 has 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 it.

STATE BOARD OF ACCOUNTS

September 2, 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-IROQUOIS REGIONAL  
PLANNING COMMISSION, WHITE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kankakee-Iroquois Regional Planning Commission (Regional Planning Commission), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Regional Planning Commission's basic financial statements and have issued our report thereon dated September 2, 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 Regional Planning Commission'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 Regional Planning Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Planning Commission'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.

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.

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)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Planning Commission'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 Regional Planning Commission'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

September 2, 2009

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>	<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Primary Government Governmental Activities</u>
Primary government:			
Governmental activities:			
General government	\$ 2,038,787	\$ 149,010	\$ (1,889,777)
Health and welfare	<u>175,069</u>	<u>-</u>	<u>(175,069)</u>
Total primary government	<u>\$ 2,213,856</u>	<u>\$ 149,010</u>	<u>(2,064,846)</u>
General receipts:			
Grants and contributions not restricted to specific programs			2,283,271
Unrestricted investment earnings			<u>446</u>
Total general receipts			<u>2,283,717</u>
Change in net assets			218,871
Net assets - beginning			<u>227,472</u>
Net assets - ending			<u>\$ 446,343</u>
 <u>Assets</u>			
Cash and investments			\$ 517,924
Restricted assets:			
Cash and investments			<u>(71,581)</u>
Total assets			<u>\$ 446,343</u>
 <u>Net Assets</u>			
Restricted for:			
Health and welfare			\$ 94,582
Urban and redevelopment and housing			(66,899)
Capital outlay			1,662
Other purposes			(100,926)
Unrestricted			<u>517,924</u>
Total net assets			<u>\$ 446,343</u>

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

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	Head Start	Public Transportation for Nonurbanized Areas	Preschool	Other Governmental Funds	Totals
<b>Receipts:</b>						
Intergovernmental	\$ -	\$ 1,182,705	\$ 553,637	\$ 265,155	\$ 76,650	\$ 2,078,147
Charges for services	118,693	-	-	30,317	-	149,010
Other	-	-	111,466	-	94,104	205,570
<b>Total receipts</b>	<b>118,693</b>	<b>1,182,705</b>	<b>665,103</b>	<b>295,472</b>	<b>170,754</b>	<b>2,432,727</b>
<b>Disbursements:</b>						
General government	147,510	1,082,510	650,537	-	65,517	1,946,074
Health and welfare	-	-	-	175,069	-	175,069
Urban redevelopment and housing	-	-	-	-	92,713	92,713
<b>Total disbursements</b>	<b>147,510</b>	<b>1,082,510</b>	<b>650,537</b>	<b>175,069</b>	<b>158,230</b>	<b>2,213,856</b>
Excess (deficiency) of receipts over disbursements	(28,817)	100,195	14,566	120,403	12,524	218,871
Cash and investment fund balance - beginning	546,741	(186,546)	(67,165)	60,530	(126,088)	227,472
Cash and investment fund balance - ending	<u>\$ 517,924</u>	<u>\$ (86,351)</u>	<u>\$ (52,599)</u>	<u>\$ 180,933</u>	<u>\$ (113,564)</u>	<u>\$ 446,343</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 517,924	\$ -	\$ -	\$ -	\$ -	\$ 517,924
Restricted assets:						
Cash and investments	-	(86,351)	(52,599)	180,933	(113,564)	(71,581)
<b>Total cash and investment assets - December 31</b>	<u>\$ 517,924</u>	<u>\$ (86,351)</u>	<u>\$ (52,599)</u>	<u>\$ 180,933</u>	<u>\$ (113,564)</u>	<u>\$ 446,343</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highway and streets	\$ -	\$ -	\$ (52,599)	\$ -	\$ -	\$ (52,599)
Health and welfare	-	(86,351)	-	180,933	-	94,582
Other purposes	-	-	-	-	(113,564)	(113,564)
Unrestricted	517,924	-	-	-	-	517,924
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 517,924</u>	<u>\$ (86,351)</u>	<u>\$ (52,599)</u>	<u>\$ 180,933</u>	<u>\$ (113,564)</u>	<u>\$ 446,343</u>

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



KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General	Head Start	Public Transportation for Nonurbanized Areas	Preschool	Other Governmental Funds	Totals
<b>Receipts:</b>						
Intergovernmental	\$ -	\$ 997,893	\$ 578,836	\$ -	\$ 80,068	\$ 1,656,797
Charges for services	172,228	-	-	10,816	-	183,044
Other	-	-	97,251	2,906	71,449	171,606
<b>Total receipts</b>	<b>172,228</b>	<b>997,893</b>	<b>676,087</b>	<b>13,722</b>	<b>151,517</b>	<b>2,011,447</b>
<b>Disbursements:</b>						
General government	147,527	1,103,257	673,235	-	63,481	1,987,500
Highways and streets	-	-	-	-	1,662	1,662
Health and welfare	-	-	-	189,561	-	189,561
Urban redevelopment and housing	-	-	-	-	90,633	90,633
<b>Total disbursements</b>	<b>147,527</b>	<b>1,103,257</b>	<b>673,235</b>	<b>189,561</b>	<b>155,776</b>	<b>2,269,356</b>
Excess (deficiency) of receipts over disbursements	24,701	(105,364)	2,852	(175,839)	(4,259)	(257,909)
Cash and investment fund balance - beginning	517,924	(86,351)	(52,599)	180,933	(113,564)	446,343
Cash and investment fund balance - ending	<u>\$ 542,625</u>	<u>\$ (191,715)</u>	<u>\$ (49,747)</u>	<u>\$ 5,094</u>	<u>\$ (117,823)</u>	<u>\$ 188,434</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 542,625	\$ -	\$ -	\$ -	\$ -	\$ 542,625
Restricted assets:						
Cash and investments	-	(191,715)	(49,747)	5,094	(117,823)	(354,191)
<b>Total cash and investment assets - December 31</b>	<u>\$ 542,625</u>	<u>\$ (191,715)</u>	<u>\$ (49,747)</u>	<u>\$ 5,094</u>	<u>\$ (117,823)</u>	<u>\$ 188,434</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highway and streets	\$ -	\$ -	\$ (49,747)	\$ -	\$ -	\$ (49,747)
Health and welfare	-	(191,715)	-	5,094	-	(186,621)
Other purposes	-	-	-	-	(117,823)	(117,823)
Unrestricted	542,625	-	-	-	-	542,625
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 542,625</u>	<u>\$ (191,715)</u>	<u>\$ (49,747)</u>	<u>\$ 5,094</u>	<u>\$ (117,823)</u>	<u>\$ 188,434</u>

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

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Regional Planning Commission was established under the laws of the State of Indiana. The Regional Planning Commission operates under an appointed governing board.

The Regional Planning Commission's financial reporting entity is composed of the following:

Primary Government: Kankakee-Iroquois Regional Planning Commission

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

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.

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 are reported as separate columns in the fund financial statements.

The Regional Planning Commission 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 head start fund is used to account for all receipts and expenditures related to the head start program. The head start program operates ten classrooms at seven sites in Jasper, Newton, and Pulaski Counties.

The public transportation for nonurbanized areas fund is used to account for all activity related to the transportation program. This program's purpose is to administer demand responsive public transit service to Jasper, Pulaski, and Starke Counties.

The preschool fund is used to account for all activity related to the preschool program. This program operates in Pulaski County only, and is funded by a three year Eli Lilly Foundation grant, along with fees paid by preschool families.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and governmental 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 statements.

If the Regional Planning Commission utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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. 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.

3. 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.

4. 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."

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

It is the Regional Planning Commission'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.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. 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.

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 except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. 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.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

II. Stewardship, Compliance and Accountability

A. 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.

On or before September 30, the fiscal officer of the Regional Planning Commission submits a proposed operating budget to the budget committee for the year commencing the following January 1. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the following year.

B. Cash and Investment Balance Deficits

At December 31, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Head Start	\$ (86,351)	\$ (191,715)
Public Transportation for Nonurbanized Areas	(52,599)	(49,747)
Economic Development	(66,899)	(65,621)
Transportation Planning	(78,073)	(76,878)

Cash and investment deficits arose primarily from disbursements of reimbursement-type grants. These deficits are to be repaid from subsequent receipts from the grantor agencies, after submission of a claim for reimbursement from the Regional Planning Commission.

III. Detailed Notes on All Funds

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. 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.

IV. Other Information

A. Risk Management

The Regional Planning Commission 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.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees and dependents (excluding postemployment benefits); 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.

B. Pension Plan

Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Regional Planning Commission contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Regional Planning Commission authority to contribute to the plan. The PERF 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 employer may elect to make the contributions on behalf of the member.

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

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Regional Planning Commission's annual pension cost and related information, as provided by the actuary for White County, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Regional Planning Commission and the County is not available.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 326,372
Interest on net pension obligation	(26,114)
Adjustment to annual required contribution	29,758
Annual pension cost	330,016
Contributions made	260,288
Increase in net pension obligation	69,728
Net pension obligation, beginning of year	(360,187)
Net pension obligation, end of year	\$ (290,459)

	PERF
Contribution rates:	
Regional Planning Commission	5.75%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 214,965	107%	\$ (408,640)
	06-30-07	303,811	84%	(360,187)
	06-30-08	330,016	79%	(290,459)

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 3,936,561	\$ 4,086,511	\$ (149,950)	96%	\$ 4,699,028	(3%)
07-01-07	4,219,465	4,340,107	(120,642)	97%	5,010,912	(2%)
07-01-08	4,646,207	5,007,087	(360,880)	93%	5,018,055	(7%)

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
 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 December 31, 2007

	Economic Development	Transportation Planning	Special Projects	Medical Reimbursement	Roselawn Flood	Totals
Receipts:						
Intergovernmental	\$ 66,648	\$ 10,002	\$ -	\$ -	\$ -	\$ 76,650
Other	37,085	-	446	38,655	17,918	94,104
Total receipts	<u>103,733</u>	<u>10,002</u>	<u>446</u>	<u>38,655</u>	<u>17,918</u>	<u>170,754</u>
Disbursements:						
General government	-	22,354	2,000	24,907	16,256	65,517
Urban redevelopment and housing	92,713	-	-	-	-	92,713
Total disbursements	<u>92,713</u>	<u>22,354</u>	<u>2,000</u>	<u>24,907</u>	<u>16,256</u>	<u>158,230</u>
Excess (deficiency) of receipt over disbursements	<u>11,020</u>	<u>(12,352)</u>	<u>(1,554)</u>	<u>13,748</u>	<u>1,662</u>	<u>12,524</u>
Cash and investment fund balance - beginning	<u>(77,919)</u>	<u>(65,721)</u>	<u>15,303</u>	<u>2,249</u>	<u>-</u>	<u>(126,088)</u>
Cash and investment fund balance - ending	<u><u>\$ (66,899)</u></u>	<u><u>\$ (78,073)</u></u>	<u><u>\$ 13,749</u></u>	<u><u>\$ 15,997</u></u>	<u><u>\$ 1,662</u></u>	<u><u>\$ (113,564)</u></u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u><u>\$ (66,899)</u></u>	<u><u>\$ (78,073)</u></u>	<u><u>\$ 13,749</u></u>	<u><u>\$ 15,997</u></u>	<u><u>\$ 1,662</u></u>	<u><u>\$ (113,564)</u></u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Other purposes	<u><u>\$ (66,899)</u></u>	<u><u>\$ (78,073)</u></u>	<u><u>\$ 13,749</u></u>	<u><u>\$ 15,997</u></u>	<u><u>\$ 1,662</u></u>	<u><u>\$ (113,564)</u></u>

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
 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 December 31, 2008

	Economic Development	Transportation Planning	Special Projects	Medical Reimbursement	Roselawn Flood	Totals
Receipts:						
Intergovernmental	\$ 55,658	\$ 24,410	\$ -	\$ -	\$ -	\$ 80,068
Other	<u>36,253</u>	<u>6,059</u>	<u>2,373</u>	<u>26,764</u>	<u>-</u>	<u>71,449</u>
Total receipts	<u>91,911</u>	<u>30,469</u>	<u>2,373</u>	<u>26,764</u>	<u>-</u>	<u>151,517</u>
Disbursements:						
General government	-	29,274	1,003	33,204	-	63,481
Highways and streets	-	-	-	-	1,662	1,662
Urban redevelopment and housing	<u>90,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,633</u>
Total disbursements	<u>90,633</u>	<u>29,274</u>	<u>1,003</u>	<u>33,204</u>	<u>1,662</u>	<u>155,776</u>
Excess (deficiency) of receipts over disbursements	<u>1,278</u>	<u>1,195</u>	<u>1,370</u>	<u>(6,440)</u>	<u>(1,662)</u>	<u>(4,259)</u>
Cash and investment fund balance - beginning	<u>(66,899)</u>	<u>(78,073)</u>	<u>13,749</u>	<u>15,997</u>	<u>1,662</u>	<u>(113,564)</u>
Cash and investment fund balance - ending	<u><u>\$ (65,621)</u></u>	<u><u>\$ (76,878)</u></u>	<u><u>\$ 15,119</u></u>	<u><u>\$ 9,557</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (117,823)</u></u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u><u>\$ (65,621)</u></u>	<u><u>\$ (76,878)</u></u>	<u><u>\$ 15,119</u></u>	<u><u>\$ 9,557</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (117,823)</u></u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Other purposes	<u><u>\$ (65,621)</u></u>	<u><u>\$ (76,878)</u></u>	<u><u>\$ 15,119</u></u>	<u><u>\$ 9,557</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (117,823)</u></u>

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 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	\$       77,336
Machinery and equipment	<u>1,301,239</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$   1,378,575</u></u>

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The Economic Development, Transportation Planning, Head Start, and Public Transportation for Nonurbanized Areas Funds were overdrawn in 2007 and 2008.

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 12)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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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-IROQUOIS REGIONAL  
PLANNING COMMISSION, WHITE COUNTY, INDIANA

### Compliance

We have audited the compliance of the Kankakee-Iroquois Regional Planning Commission (Regional Planning Commission) 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 December 31, 2007 and 2008. The Regional Planning Commission'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 Regional Planning Commission's management. Our responsibility is to express an opinion on the Regional Planning Commission'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 Regional Planning Commission'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 Regional Planning Commission's compliance with those requirements.

In our opinion, the Regional Planning Commission 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 December 31, 2007 and 2008.

### Internal Control Over Compliance

The management of the Regional Planning Commission 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 Regional Planning Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the

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)

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 Regional Planning Commission's internal control over compliance.

A control deficiency in a Regional Planning Commission'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 Regional Planning Commission'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

September 2, 2009

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (Or Other) Identifying Number	Total Federal Awards Expended 12-31-07	Total Federal Awards Expended 12-31-08
<u>U.S. DEPARTMENT OF COMMERCE</u>				
Economic Development - Support for Planning Organizations	11.302			
		06-83-05168	\$ 55,628	\$ -
		06-83-05269	-	54,380
Total for federal grantor agency			<u>55,628</u>	<u>54,380</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509			
		18002403C	11,973	-
		18A24030	520,655	-
		1802503C	49,542	-
		180026	-	331,332
		180024	-	89,964
Total for program			<u>582,170</u>	<u>421,296</u>
State Planning and Research	20.515			
		03304029	9,967	-
		537000	-	24,375
Total for program			<u>9,967</u>	<u>24,375</u>
Total for federal grantor agency			<u>592,137</u>	<u>445,671</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Head Start	93.600			
		FY 06-07	372,048	-
		FY 07-08	810,657	260,724
		FY 08-09	-	936,894
Total for federal grantor agency			<u>1,182,705</u>	<u>1,197,618</u>
Total federal awards expended			<u>\$ 1,830,470</u>	<u>\$ 1,697,669</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Kankakee-Iroquois Regional Planning Commission (Regional Planning Commission) 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 Regional Planning Commissions shall be conducted biennially. Such audits shall include both years within the biennial period.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
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
20.509	Formula Grants for Other Than Urbanized Areas
93.600	Head Start

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on September 2, 2009, with Edwin Buswell, Director; Larry D. Wiley, President of the Board; and Lynette Carpenter, Finance Manager.