

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

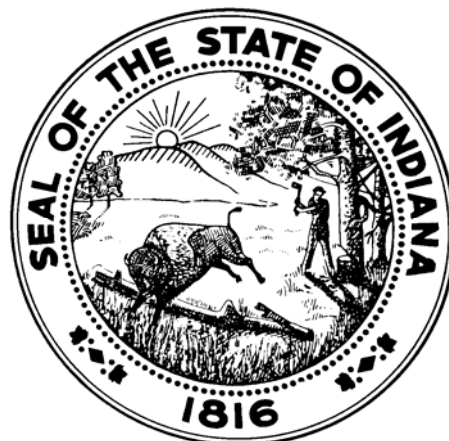
AUDIT REPORT

OF

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION

WHITE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**

05/29/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Edwin Buswell	01-01-05 to 12-31-07
Treasurer	Ron Schmierer	01-01-05 to 12-31-07
Chairman of the Commission	Herb Arihood Chuck Lehman Larry Wiley	01-01-05 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-07



**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 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 Kankakee-Iroquois Regional Planning Commission (Regional Planning Commission), as of and for the years ended December 31, 2005 and 2006, 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, 2005 and 2006, 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 March 22, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Regional Planning Commission taken as a whole. 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 and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not a required part 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

March 22, 2007



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

TO: THE OFFICIALS OF KANKAKEE-IROQUOIS REGIONAL  
PLANNING COMMISSION, WHITE COUNTY, INDIANA

We have audited the financial statements of Kankakee-Iroquois Regional Planning Commission (Regional Planning Commission), as of and for the years ended December 31, 2005 and 2006, and have issued our report thereon dated March 22, 2007. 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.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Regional Planning Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

March 22, 2007

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2005

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 1,925,199	\$ 180,021	\$ 1,548,505	\$ -	\$ (196,673)
Health and welfare	161,192	24,557	-	-	(136,635)
Economic development	85,188	-	51,022	-	(34,166)
Capital outlay	53,856	-	-	76,985	23,129
<b>Total primary government</b>	<b>\$ 2,225,435</b>	<b>\$ 204,578</b>	<b>\$ 1,599,527</b>	<b>\$ 76,985</b>	<b>(344,345)</b>
General receipts:					
Grants and contributions not restricted to specific programs					327,166
Change in net assets					(17,179)
Net assets - beginning					282,169
Net assets - ending					<u>\$ 264,990</u>
 <u>Assets</u>					
Cash and investments					\$ 552,339
Restricted assets:					
Cash and investments					(287,349)
<b>Total assets</b>					<u>\$ 264,990</u>
 <u>Net Assets</u>					
Restricted for:					
Highways and streets					\$ (143,384)
Health and welfare					(73,489)
Urban redevelopment and housing					(91,009)
Other purposes					20,533
Unrestricted					552,339
<b>Total net assets</b>					<u>\$ 264,990</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, 2005

	General	Head Start	Public Transportation for Nonurbanized Areas	Preschool	Other Governmental Funds	Totals
<b>Receipts:</b>						
Intergovernmental	\$ -	\$ 954,881	\$ 670,609	\$ -	\$ 91,931	\$ 1,717,421
Charges for services	152,847	-	-	34,557	27,174	214,578
Other	-	-	102,233	3,235	16,708	122,176
<b>Total receipts</b>	<b>152,847</b>	<b>954,881</b>	<b>772,842</b>	<b>37,792</b>	<b>135,813</b>	<b>2,054,175</b>
<b>Disbursements:</b>						
General government	89,688	1,105,138	700,559	-	29,814	1,925,199
Health and welfare	-	-	-	161,192	-	161,192
Urban redevelopment and housing	-	-	-	-	85,188	85,188
Capital outlay:						
Highways and streets	-	-	53,856	-	-	53,856
<b>Total disbursements</b>	<b>89,688</b>	<b>1,105,138</b>	<b>754,415</b>	<b>161,192</b>	<b>115,002</b>	<b>2,225,435</b>
Excess (deficiency) of receipts over disbursements	63,159	(150,257)	18,427	(123,400)	20,811	(171,260)
Other financing sources						
Other receipts	-	-	-	154,081	-	154,081
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	63,159	(150,257)	18,427	30,681	20,811	(17,179)
Cash and investment fund balance - beginning	489,180	(44,858)	(72,583)	90,945	(180,515)	282,169
Cash and investment fund balance - ending	\$ 552,339	\$ (195,115)	\$ (54,156)	\$ 121,626	\$ (159,704)	\$ 264,990
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 552,339	\$ -	\$ -	\$ -	\$ -	\$ 552,339
Restricted assets:						
Cash and investments	-	(195,115)	(54,156)	121,626	(159,704)	(287,349)
Total cash and investment assets - December 31	\$ 552,339	\$ (195,115)	\$ (54,156)	\$ 121,626	\$ (159,704)	\$ 264,990
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ (54,156)	\$ -	\$ (89,228)	\$ (143,384)
Health and welfare	-	(195,115)	-	121,626	-	(73,489)
Urban redevelopment and housing	-	-	-	-	(91,009)	(91,009)
Other purposes	-	-	-	-	20,533	20,533
Unrestricted	552,339	-	-	-	-	552,339
Total cash and investment fund balance - December 31	\$ 552,339	\$ (195,115)	\$ (54,156)	\$ 121,626	\$ (159,704)	\$ 264,990

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

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 1,728,652	\$ 99,943	\$ 1,538,792	\$ -	\$ (89,917)
Health and welfare	172,297	72,327	-	-	(99,970)
Economic development	116,713	-	83,118	-	(33,595)
Capital outlay	<u>30,989</u>	<u>-</u>	<u>-</u>	<u>24,792</u>	<u>(6,197)</u>
Total primary government	<u>\$ 2,048,651</u>	<u>\$ 172,270</u>	<u>\$ 1,621,910</u>	<u>\$ 24,792</u>	(229,679)
General receipts:					
Grants and contributions not restricted to specific programs					<u>192,161</u>
Change in net assets					(37,518)
Net assets - beginning					<u>264,990</u>
Net assets - ending					<u>\$ 227,472</u>
<u>Assets</u>					
Cash and investments					\$ 546,741
Restricted assets:					
Cash and investments					<u>(319,269)</u>
Total assets					<u>\$ 227,472</u>
<u>Net Assets</u>					
Restricted for:					
Highways and streets					\$ (132,886)
Health and welfare					(186,546)
Urban redevelopment and housing					(17,389)
Capital outlay					17,552
Unrestricted					<u>546,741</u>
Total net assets					<u>\$ 227,472</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, 2006

	General	Head Start	Public Transportation for Nonurbanized Areas	Preschool	Other Governmental Funds	Totals
<b>Receipts:</b>						
Intergovernmental	\$ -	\$ 1,042,559	\$ 521,025	\$ -	\$ 106,625	\$ 1,670,209
Charges for services	99,943	-	-	72,327	-	172,270
Other	-	-	60,065	4,050	23,030	87,145
<b>Total receipts</b>	<b>99,943</b>	<b>1,042,559</b>	<b>581,090</b>	<b>76,377</b>	<b>129,655</b>	<b>1,929,624</b>
<b>Disbursements:</b>						
General government	105,541	1,033,990	563,110	-	26,011	1,728,652
Health and welfare	-	-	-	172,297	-	172,297
Urban redevelopment and housing	-	-	-	-	116,713	116,713
Capital outlay:						
Highways and streets	-	-	30,989	-	-	30,989
<b>Total disbursements</b>	<b>105,541</b>	<b>1,033,990</b>	<b>594,099</b>	<b>172,297</b>	<b>142,724</b>	<b>2,048,651</b>
Excess (deficiency) of receipts over disbursements	(5,598)	8,569	(13,009)	(95,920)	(13,069)	(119,027)
Other financing sources						
Other receipts	-	-	-	34,824	46,685	81,509
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,598)	8,569	(13,009)	(61,096)	33,616	(37,518)
Cash and investment fund balance - beginning	552,339	(195,115)	(54,156)	121,626	(159,704)	264,990
Cash and investment fund balance - ending	<u>\$ 546,741</u>	<u>\$ (186,546)</u>	<u>\$ (67,165)</u>	<u>\$ 60,530</u>	<u>\$ (126,088)</u>	<u>\$ 227,472</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 546,741	\$ -	\$ -	\$ -	\$ -	\$ 546,741
Restricted assets:						
Cash and investments	-	(186,546)	(67,165)	60,530	(126,088)	(319,269)
<b>Total cash and investment assets - December 31</b>	<b>\$ 546,741</b>	<b>\$ (186,546)</b>	<b>\$ (67,165)</b>	<b>\$ 60,530</b>	<b>\$ (126,088)</b>	<b>\$ 227,472</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ (67,165)	\$ -	\$ (65,721)	\$ (132,886)
Health and welfare	-	(186,546)	-	-	-	(186,546)
Urban redevelopment and housing	-	-	-	60,530	(77,919)	(17,389)
Other purposes	-	-	-	-	17,552	17,552
Unrestricted	546,741	-	-	-	-	546,741
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 546,741</b>	<b>\$ (186,546)</b>	<b>\$ (67,165)</b>	<b>\$ 60,530</b>	<b>\$ (126,088)</b>	<b>\$ 227,472</b>

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.

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. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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, liabilities, 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 Regional Planning Commission has not established any enterprise funds.

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, governmental fund 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, 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.

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.

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

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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 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, 2005 and 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2005	2006
Economic Development	\$ (91,009)	\$ (77,919)
Transportation Planning	(89,228)	(65,721)
Head Start	(195,115)	(186,546)
Public Transportation for Nonurbanized Areas	(54,156)	(67,165)
<b>Totals</b>	<b>\$ (429,508)</b>	<b>\$ (397,351)</b>

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

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

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; 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.

B. Compensated Absences

1. Paid Sick/Personal Leave (PTO)

Employees earn PTO at the rate of 9 to 12 days per year. Unused PTO may not be accumulated from year to year. Accumulated PTO is not paid to employees upon termination.

2. Vacation Leave

Employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

C. 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

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

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 is considered to be part of White County's PERF Plan. 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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 198,648
Interest on net pension obligation	(26,400)
Adjustment to annual required contribution	30,084
Annual pension cost	202,332
Contributions made	231,196
Decrease in net pension obligation	(28,864)
Net pension obligation, beginning of year	(364,133)
Net pension obligation, end of year	\$ (392,997)
Contribution rates:	
Regional Planning Commission	5.5%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

Actuarial Assumptions	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	06-30-03	\$ 197,486	120%	\$ (290,834)
	06-30-04	169,068	143%	(364,133)
	06-30-05	202,332	137%	(392,997)

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)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 3,505,351	\$ 3,238,525	\$ 266,826	108%	\$ 4,101,333	7%
07-01-04	3,609,019	3,551,236	57,783	102%	4,314,739	1%
07-01-05	3,793,485	3,673,087	120,398	103%	4,480,473	3%

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, 2005

	<u>Economic Development</u>	<u>Transportation Planning</u>	<u>Special Projects</u>	<u>Medical Reimbursement</u>	<u>Totals</u>
Receipts:					
Intergovernmental	\$ 51,022	\$ 40,909	\$ -	\$ -	\$ 91,931
Other	<u>21,297</u>	<u>5,877</u>	<u>327</u>	<u>16,381</u>	<u>43,882</u>
Total receipts	<u>72,319</u>	<u>46,786</u>	<u>327</u>	<u>16,381</u>	<u>135,813</u>
Disbursements:					
General government	-	10,911	2,956	15,947	29,814
Urban redevelopment and housing	<u>85,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,188</u>
Total disbursements	<u>85,188</u>	<u>10,911</u>	<u>2,956</u>	<u>15,947</u>	<u>115,002</u>
Excess (deficiency) of receipts over disbursements	(12,869)	35,875	(2,629)	434	20,811
Cash and investment fund balance - beginning	<u>(78,140)</u>	<u>(125,103)</u>	<u>16,659</u>	<u>6,069</u>	<u>(180,515)</u>
Cash and investment fund balance - ending	<u>\$ (91,009)</u>	<u>\$ (89,228)</u>	<u>\$ 14,030</u>	<u>\$ 6,503</u>	<u>\$ (159,704)</u>
 <u>Cash and Investment Assets - December 31</u>					
Cash and investments	<u>\$ (91,009)</u>	<u>\$ (89,228)</u>	<u>\$ 14,030</u>	<u>\$ 6,503</u>	<u>\$ (159,704)</u>
 <u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ (89,228)	\$ -	\$ -	\$ (89,228)
Urban redevelopment and housing	(91,009)	-	-	-	(91,009)
Other purposes	<u>-</u>	<u>-</u>	<u>14,030</u>	<u>6,503</u>	<u>20,533</u>
Total cash and investment fund balance - December 31	<u>\$ (91,009)</u>	<u>\$ (89,228)</u>	<u>\$ 14,030</u>	<u>\$ 6,503</u>	<u>\$ (159,704)</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, 2006

	<u>Economic Development</u>	<u>Transportation Planning</u>	<u>Special Projects</u>	<u>Medical Reimbursement</u>	<u>Totals</u>
Receipts:					
Intergovernmental	\$ 83,118	\$ 23,507	\$ -	\$ -	\$ 106,625
Other	<u>46,685</u>	<u>-</u>	<u>4,345</u>	<u>18,685</u>	<u>69,715</u>
Total receipts	<u>129,803</u>	<u>23,507</u>	<u>4,345</u>	<u>18,685</u>	<u>176,340</u>
Disbursements:					
General government	-	-	3,072	22,939	26,011
Urban redevelopment and housing	<u>116,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,713</u>
Total disbursements	<u>116,713</u>	<u>-</u>	<u>3,072</u>	<u>22,939</u>	<u>142,724</u>
Excess (deficiency) of receipts over disbursements	13,090	23,507	1,273	(4,254)	33,616
Cash and investment fund balance - beginning	<u>(91,009)</u>	<u>(89,228)</u>	<u>14,030</u>	<u>6,503</u>	<u>(159,704)</u>
Cash and investment fund balance - ending	<u>\$ (77,919)</u>	<u>\$ (65,721)</u>	<u>\$ 15,303</u>	<u>\$ 2,249</u>	<u>\$ (126,088)</u>
 <u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	<u>\$ (77,919)</u>	<u>\$ (65,721)</u>	<u>\$ 15,303</u>	<u>\$ 2,249</u>	<u>\$ (126,088)</u>
 <u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ (65,721)	\$ -	\$ -	\$ (65,721)
Urban redevelopment and housing	(77,919)	-	-	-	(77,919)
Other purposes	<u>-</u>	<u>-</u>	<u>15,303</u>	<u>2,249</u>	<u>17,552</u>
Total cash and investment fund balance - December 31	<u>\$ (77,919)</u>	<u>\$ (65,721)</u>	<u>\$ 15,303</u>	<u>\$ 2,249</u>	<u>\$ (126,088)</u>

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For the Years Ended December 31, 2005 and 2006

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.

As the government constructs or acquires additional capital assets each period, they are reported at historical cost.

<u>Primary Government</u>	<u>2005 Ending Balance</u>	<u>2006 Ending Balance</u>
Governmental activities:		
Capital assets, not being depreciated:		
Land and Buildings	\$ 77,336	\$ 77,336
Machinery and equipment	<u>1,090,125</u>	<u>1,173,264</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,167,461</u>	 <u>\$ 1,250,600</u>

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The Economic Development Fund, Transportation Planning Fund, Head Start Fund, and the Public Transportation for Nonurbanized Areas Fund were overdrawn in 2005 and 2006.

The fund balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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 KANKAKEE-IROQUOIS REGIONAL  
PLANNING COMMISSION, WHITE COUNTY, INDIANA

Compliance

We have audited the compliance of 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, 2005 and 2006. 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; 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, 2005 and 2006.

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)

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 purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

March 22, 2007

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2005 and 2006

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-05	Total Federal Awards Expended 12-31-06
<u>U.S. DEPARTMENT OF COMMERCE</u>				
Direct Grant				
Economic Development-Support for Planning Organizations	11.302	06-83-004881 06-83-04983 06-83-05076	\$ 27,814 23,208 -	\$ - 40,683 42,435
Total for program			<u>51,022</u>	<u>83,118</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation Formula Grants For Other Than Urbanized Areas	20.509	18022030 18A22030 1802203C 1802303C 18024030 1802403C	224,332 369,292 29,740 47,245 - -	- 91,043 - - 405,190 24,791
Total for program			<u>670,609</u>	<u>521,024</u>
State Planning and Research	20.515	3304029	<u>40,909</u>	<u>23,507</u>
Total for program			<u>40,909</u>	<u>23,507</u>
Total for federal grantor agency			<u>711,518</u>	<u>544,531</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Grant				
Head Start	93.600	FY 04-05 FY 05-06 FY 06-07	159,681 795,200 -	- 300,423 742,136
Total for program			<u>954,881</u>	<u>1,042,559</u>
Total for federal grantor agency			<u>954,881</u>	<u>1,042,559</u>
Total federal awards expended			<u>\$ 1,717,421</u>	<u>\$ 1,670,208</u>

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

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
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-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.

II. Subrecipients

Of the federal expenditures presented in the schedule, the Regional Planning Commission provided federal awards to subrecipients as follows for the years ended December 31, 2005 and 2006:

Program Title	Federal CFDA Number	2005	2006
Formula Grants for Other Than Urbanized Areas	20.509	<u>\$ 224,331</u>	<u>\$ 91,043</u>

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  
 Reportable conditions 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  
 Reportable conditions 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 Area
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 March 22, 2007, with Lynette Carpenter, Financial Manager; Edwin Buswell, Executive Director; and Bernard Gick, Vice Chairman. The officials concurred with our audit findings.