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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, 2008 to June 30, 2010

FILED
01/14/2011

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Carol Deardorff	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Glenn Krueger	07-01-08 to 06-30-11
President of the School Board	John Spurgeon	07-01-08 to 06-30-11

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2009 and 2010, 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, 2009 and 2010, 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 December 15, 2010, 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 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 integral part of 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 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, Schedule of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, 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

December 15, 2010

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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, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 15, 2010. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, school board, 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

December 15, 2010

KANKAKEE VALLEY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

		Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
Functions/Programs	Disbursements	Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	$ 15,409,966	$ -	$ 140,959	$ (15,269,007)
Support services	9,345,773	917,948	603,959	(7,823,866)
Noninstructional services	1,578,732	-	-	(1,578,732)
Facilities acquisition and construction	2,210,939	-	-	(2,210,939)
Debt service	10,925,032	-	-	(10,925,032)
Nonprogrammed charges	3,024,372	-	-	(3,024,372)
Total governmental activities	$ 42,494,814	$ 917,948	$ 744,918	(40,831,948)
General receipts:				
Property taxes				16,510,284
Other local sources				5,760,561
State aid				13,356,150
Bonds and loans				3,251,972
Grants and contributions not restricted to specific programs				2,344,311
Sale of property				16,513
Investment earnings				139,959
Other				30,724
Total general receipts				41,410,474
Change in net assets				578,526
Net assets - beginning				11,071,918
Net assets - ending				$ 11,650,444

Assets	
Cash and investments	$ 8,696,685
Restricted assets:	
Cash and investments	2,953,759
Total assets	$ 11,650,444

Net Assets	
Restricted for:	
Debt service	$ 272,135
Other purposes	2,681,624
Unrestricted	8,696,685
Total net assets	$ 11,650,444

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, 2010

		Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
Functions/Programs	Disbursements	Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	$ 16,035,819	$ -	$ 94,378	$ (15,941,441)
Support services	11,112,731	877,463	726,847	(9,508,421)
Noninstructional services	1,617,270	-	-	(1,617,270)
Facilities acquisition and construction	1,448,466	-	-	(1,448,466)
Debt service	7,841,520	-	-	(7,841,520)
Nonprogrammed charges	3,546,773	-	-	(3,546,773)
Total governmental activities	$ 41,602,579	$ 877,463	$ 821,225	(39,903,891)
General receipts:				
Property taxes				14,283,653
Other local sources				5,275,538
State aid				19,274,435
Bonds and loans				614,804
Grants and contributions not restricted to specific programs				2,330,787
Sale of property				3,374,057
Investment earnings				59,261
Other				158,953
Total general receipts				45,371,488
Change in net assets				5,467,597
Net assets - beginning				11,650,444
Net assets - ending				$ 17,118,041

Assets	
Cash and investments	$ 14,114,581
Restricted assets:	
Cash and investments	3,003,460
Total assets	$ 17,118,041

Net Assets	
Restricted for:	
Debt service	$ 547,432
Other purposes	2,456,028
Unrestricted	14,114,581
Total net assets	$ 17,118,041

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, 2009

	General	Rainy Day	Fiscal Stabilization	Debt Service	Capital Projects	Construction	Other	Totals
Receipts:								
Local sources	$ 7,964,072	$ -	$ -	$ 3,769,222	$ 3,847,354	$ -	$ 4,768,818	$ 20,349,466
Intermediate sources	1,124	-	-	-	-	-	919	2,043
State sources	13,429,668	-	-	-	-	-	269,254	13,698,922
Federal sources	-	-	1,689,154	-	-	-	1,057,303	2,746,457
Temporary loans	1,756,701	-	-	312,226	-	-	1,183,045	3,251,972
Other	18,062	-	-	-	1,629	-	11,033	30,724
Total receipts	23,169,627	-	1,689,154	4,081,448	3,848,983	-	7,290,372	40,079,584
Disbursements:								
Current:								
Instruction	14,706,409	-	-	-	-	-	703,557	15,409,966
Support services	5,352,446	14,616	-	-	1,690,625	-	2,288,086	9,345,773
Noninstructional services	302,852	-	-	-	-	-	1,275,880	1,578,732
Facilities acquisition and construction	-	-	-	-	2,210,939	-	-	2,210,939
Debt services	4,341,034	-	-	4,411,048	-	-	2,172,950	10,925,032
Nonprogrammed charges	105,920	-	-	-	-	-	80,219	186,139
Total disbursements	24,808,661	14,616	-	4,411,048	3,901,564	-	6,520,692	39,656,581
Excess (deficiency) of receipts over disbursements	(1,639,034)	(14,616)	1,689,154	(329,600)	(52,581)	-	769,680	423,003
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	172	-	16,341	16,513
Transfers in	300,806	125,870	-	129,099	127,610	-	350,950	1,034,335
Transfers out	-	-	-	(90,945)	(284,190)	-	(659,200)	(1,034,335)
Total other financing sources (uses)	300,806	125,870	-	38,154	(156,408)	-	(291,909)	16,513
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,338,228)	111,254	1,689,154	(291,446)	(208,989)	-	477,771	439,516
Cash and investments - beginning	3,076,664	926,191	-	563,576	2,911,859	25,000	1,026,014	8,529,304
Cash and investments - ending	$ 1,738,436	$ 1,037,445	$ 1,689,154	$ 272,130	$ 2,702,870	$ 25,000	$ 1,503,785	8,968,820
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 receipts and disbursement of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								2,681,624
Net assets of governmental activities								$ 11,650,444
Cash and Investment Assets - Ending								
Cash and investments	$ 1,738,436	$ 1,037,445	$ 1,689,154	$ -	$ 2,702,870	$ 25,000	$ 1,503,780	$ 8,696,685
Restricted assets:								
Cash and investments	-	-	-	272,130	-	-	5	272,135
Total cash and investment assets - ending	$ 1,738,436	$ 1,037,445	$ 1,689,154	$ 272,130	$ 2,702,870	$ 25,000	$ 1,503,785	$ 8,968,820
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	$ -	$ -	$ -	$ 272,130	$ -	$ -	$ 5	$ 272,135
Unrestricted	1,738,436	1,037,445	1,689,154	-	2,702,870	25,000	1,503,780	8,696,685
Total cash and investment fund balance - ending	$ 1,738,436	$ 1,037,445	$ 1,689,154	$ 272,130	$ 2,702,870	$ 25,000	$ 1,503,785	$ 8,968,820

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, 2010

	General	Rainy Day	Fiscal Stabilization	Debt Service	Capital Projects	Construction	Other	Totals
Receipts:								
Local sources	$ 439,736	$ -	$ -	$ 5,329,404	$ 5,748,644	$ 6,348	$ 5,899,565	$ 17,423,697
Intermediate sources	1,124	-	-	-	-	-	525	1,649
State sources	19,308,309	-	-	-	-	-	537,584	19,845,893
Federal sources	-	-	729,132	-	-	-	1,851,421	2,580,553
Temporary loans	-	-	-	-	-	-	614,804	614,804
Other	26,339	-	-	-	95,169	-	37,445	158,953
Total receipts	19,775,508	-	729,132	5,329,404	5,843,813	6,348	8,941,344	40,625,549
Disbursements:								
Current:								
Instruction	13,296,567	-	1,837,261	-	-	-	901,991	16,035,819
Support services	5,031,860	105,923	574,937	-	1,266,756	659,922	3,473,333	11,112,731
Noninstructional services	297,943	-	6,088	-	-	-	1,313,239	1,617,270
Facilities acquisition and construction	-	-	-	-	1,448,466	-	-	1,448,466
Debt services	1,200,280	-	-	4,896,493	-	-	1,744,747	7,841,520
Nonprogrammed charges	61,033	-	-	-	-	-	189,574	250,607
Total disbursements	19,887,683	105,923	2,418,286	4,896,493	2,715,222	659,922	7,622,884	38,306,413
Excess (deficiency) of receipts over disbursements	(112,175)	(105,923)	(1,689,154)	432,911	3,128,591	(653,574)	1,318,460	2,319,136
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	3,330,000	-	3,330,000
Sale of capital assets	-	-	-	-	6,627	-	37,430	44,057
Transfers in	8,636	449,280	-	-	263,735	-	310,282	1,031,933
Transfers out	(84,375)	-	-	(218,398)	(383,321)	-	(345,839)	(1,031,933)
Total other financing sources (uses)	(75,739)	449,280	-	(218,398)	(112,959)	3,330,000	1,873	3,374,057
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(187,914)	343,357	(1,689,154)	214,513	3,015,632	2,676,426	1,320,333	5,693,193
Cash and investments - beginning	1,738,436	1,037,445	1,689,154	272,130	2,702,870	25,000	1,503,785	8,968,820
Cash and investments - ending	$ 1,550,522	$ 1,380,802	$ -	$ 486,643	$ 5,718,502	$ 2,701,426	$ 2,824,118	14,662,013
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.								2,456,028
Net assets of governmental activities								$ 17,118,041
Cash and Investment Assets - Ending								
Cash and investments	$ 1,550,522	$ 1,380,802	$ -	$ -	$ 5,718,502	$ 2,701,426	$ 2,763,329	$ 14,114,581
Restricted assets:								
Cash and investments	-	-	-	486,643	-	-	60,789	547,432
Total cash and investment assets - ending	$ 1,550,522	$ 1,380,802	$ -	$ 486,643	$ 5,718,502	$ 2,701,426	$ 2,824,118	$ 14,662,013
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	$ -	$ -	$ -	$ 486,643	$ -	$ -	$ 60,789	$ 547,432
Unrestricted	1,550,522	1,380,802	-	-	5,718,502	2,701,426	2,763,329	14,114,581
Total cash and investment fund balance - ending	$ 1,550,522	$ 1,380,802	$ -	$ 486,643	$ 5,718,502	$ 2,701,426	$ 2,824,118	$ 14,662,013

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 FUND
For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Charges for services	$ 2,936,538
Miscellaneous	40,705
Total operating receipts	2,977,243
Operating disbursements:	
Insurance claims and expense	2,838,233
Excess of operating receipts over operating disbursements	139,010
Cash and investment fund balance - beginning	2,542,614
Cash and investment fund balance - ending	$ 2,681,624
Cash and Investment Assets - Ending	
Restricted assets:	
Cash and investments	$ 2,681,624
Cash and Investment Fund Balance - Ending	
Restricted for:	
Other purposes	$ 2,681,624

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 FUND
For the Year Ended June 30, 2010

	Internal Service Fund
Operating receipts:	
Charges for services	$ 3,050,328
Miscellaneous	20,242
Total operating receipts	3,070,570
Operating disbursements:	
Insurance claims and expense	3,296,166
Deficiency of operating receipts over operating disbursements	(225,596)
Cash and investment fund balance - beginning	2,681,624
Cash and investment fund balance - ending	$ 2,456,028
Cash and Investment Assets - Ending	
Restricted assets:	
Cash and investments	$ 2,456,028
Cash and Investment Fund Balance - Ending	
Restricted for:	
Other purposes	$ 2,456,028

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, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	$ -	$ 7,300	
Investment earnings:			
Interest	15,187	-	
Total additions	15,187	7,300	
Deductions:			
Benefits	179,972	-	
Administrative and general	-	4,622	
Total deductions	179,972	4,622	
Excess (deficiency) of total additions over total deductions	(164,785)	2,678	
Cash and investment fund balance - beginning	413,510	-	
Cash and investment fund balance - ending	$ 248,725	$ 2,678	$ 83,240
Net assets:			
Cash and investments	$ 248,725	$ 2,678	$ 83,240

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, 2010

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	$ 5,152	$ -	
Other	328,000	2,000	
Total contributions	333,152	2,000	
Investment earnings:			
Interest	848	-	
Total additions	334,000	2,000	
Deductions:			
Benefits	437,612	-	
Administrative and general	-	3,392	
Total deductions	437,612	3,392	
Deficiency of total additions over total deductions	(103,612)	(1,392)	
Cash and investment fund balance - beginning	248,725	2,678	
Cash and investment fund balance - ending	$ 145,113	$ 1,286	$ 104,118
Net assets:			
Cash and investments	$ 145,113	$ 1,286	$ 104,118

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

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's 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 educational 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 which 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's continued existence depends on continued funding by the School Corporation. The 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 41st Street, Highland, Indiana 46322.

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 rainy day fund accounts for unused and unencumbered funds under IC 6-3.5 and is subject to the same appropriation process as any other fund that received tax money.

The fiscal stabilization fund accounts for federal monies received and disbursed under the American Recovery and Reinvestment Act of 2009.

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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The construction fund accounts for planned construction, repair, replacement, or remodeling of building projects.

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 benefits trust fund which accumulate resources for post retirement health benefits for early retirees.

The private-purpose trust funds report trust arrangements under which principal and income benefit the annual disbursement of scholarship funds to eligible students.

Agency funds account for assets held by the School Corporation and as an agent for state and federal taxing authorities, various employee benefits providers, and serve as a control account for certain cash transactions 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 statements.

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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

   Normally, 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. 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 may become delinquent if not paid by May 10 and November 10, respectively.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

   <u>Government-Wide Statements</u>

   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."

   <u>Fund Financial Statements</u>

   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

<u>Program Receipts</u>

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 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 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, if any, is 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. The effects of interfund loans and 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. Prior to November 1, 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.

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. IC 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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of $17,368,560.

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, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
Debt Service Fund	Rainy Day Fund	$ 90,945	$ 181,752
Capital Project Fund	Rainy Day Fund	20,456	267,528
General Fund	Other Governmental Funds	-	84,375
Debt Service Fund	Other Governmental Funds	-	36,646
Capital Project Fund	Other Governmental Funds	263,734	115,793
Other Governmental Funds	General Fund	300,806	8,636
Other Governmental Funds	Debt Service Fund	129,099	-
Other Governmental Funds	Capital Projects	127,610	263,735
Other Governmental Funds	Rainy Day Fund	14,469	-
Other Governmental Funds	Other Governmental Funds	87,216	73,468
Totals		$ 1,034,335	$ 1,031,933

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

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; 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.

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employee. The risk financing fund is accounted for in the Self-Insurance Fund, and internal service fund, where assets are set aside for claim settlements. The School Corporation purchases commercial insurance for claims in excess of $75,000 per year. 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.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporations

The School Corporation has entered into a capital lease with Kankakee Valley Intermediate School Holding Corporation and Kankakee Valley Middle School Holding Corporation (the lessors). The lessors were organized as a for not-for-profit corporation 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 years ending June 30, 2009 and 2010, totaled $5,395,581 and $3,594,736, respectively.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides post-employment health benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 15 years of service. Currently, 9 retirees meet these eligibility requirements. The School Corporation provides 100% of a single policy for these postemployment benefits. The retiree pays 100% of cost over the premium for a single policy. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the years ended June 30, 2009 and 2010, the retiree disbursements of $15,329 and $9,111, respectively and the employer disbursements of $90,442 and 81,818 respectively, were recognized for postemployment benefits.

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

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's contributions to the plan during the period were $30,584.

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 years ending June 30, 2009 and 2010, were $197,509 and $197,634, 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, 2009

	Transportation Operating	Special Education/ Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plate	Alternative Education 2007-2008
Receipts:							
Local sources	$ 1,087,824	$ 133,244	$ 800,408	$ 229,633	$ 1,383,628	$ 219	$ -
Intermediate sources	-	-	-	-	-	919	-
State sources	-	83,263	19,955	77,885	-	-	-
Federal sources	-	-	492,244	-	-	-	-
Temporary loans	799,289	-	-	-	-	-	-
Other	8,977	-	1,331	725	-	-	-
Total receipts	1,896,090	216,507	1,313,938	308,243	1,383,628	1,138	-
Disbursements:							
Current:							
Instruction	-	100,081	-	-	-	-	5,376
Support services	1,341,914	-	6,954	377,043	-	-	-
Noninstructional services	-	-	1,272,081	-	-	-	-
Debt services	927,947	-	-	-	-	-	-
Nonprogrammed charges	-	79,750	-	-	-	469	-
Total disbursements	2,269,861	179,831	1,279,035	377,043	-	469	5,376
Excess (deficiency) of receipts over disbursements	(373,771)	36,676	34,903	(68,800)	1,383,628	669	(5,376)
Other financing sources (uses):							
Sale of capital assets	1,141	-	-	-	-	-	-
Transfers in	229,704	1,094	-	-	-	-	-
Transfers out	-	(5,575)	-	-	(628,177)	-	-
Total other financing sources (uses)	230,845	(4,481)	-	-	(628,177)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(142,926)	32,195	34,903	(68,800)	755,451	669	(5,376)
Cash and investments - beginning	142,934	2	277,053	121,343	1	9,547	5,376
Cash and investments - ending	$ 8	$ 32,197	$ 311,956	$ 52,543	$ 755,452	$ 10,216	$ -
Cash and Investment Assets - Ending							
Cash and investments	$ 8	$ 32,197	$ 311,956	$ 52,543	$ 755,452	$ 10,216	$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 8	$ 32,197	$ 311,956	$ 52,543	$ 755,452	$ 10,216	$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	8	32,197	311,956	52,543	755,452	10,216	-
Total cash and investment fund balance - ending	$ 8	$ 32,197	$ 311,956	$ 52,543	$ 755,452	$ 10,216	$ -

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, 2009
(Continued)

	Alternative Education 2008-2009	Gifted & Talented 2007-2008	Gifted & Talented 2008-2009	State Medicaid	Non-English Speaking Grant 2007-2008	Non-English Speaking Grant 2008-2009	Technology Fund
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ 22,157
Intermediate sources	-	-	-	-	-	-	-
State sources	15,334	-	40,757	5,376	-	26,684	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	15,334	-	40,757	5,376	-	26,684	22,157
Disbursements:							
Current:							
Instruction	15,334	17,231	25,283	-	134	22,192	-
Support services	-	-	-	-	1,199	684	14,891
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	15,334	17,231	25,283	-	1,333	22,876	14,891
Excess (deficiency) of receipts over disbursements	-	(17,231)	15,474	5,376	(1,333)	3,808	7,266
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(17,231)	15,474	5,376	(1,333)	3,808	7,266
Cash and investments - beginning	-	17,231	-	452	1,333	-	14,380
Cash and investments - ending	$ -	$ -	$ 15,474	$ 5,828	$ -	$ 3,808	$ 21,646
Cash and Investment Assets - Ending							
Cash and investments	$ -	$ -	$ 15,474	$ 5,828	$ -	$ 3,808	$ 21,646
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ -	$ -	$ 15,474	$ 5,828	$ -	$ 3,808	$ 21,646
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	-	-	15,474	5,828	-	3,808	21,646
Total cash and investment fund balance - ending	$ -	$ -	$ 15,474	$ 5,828	$ -	$ 3,808	$ 21,646

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, 2009
(Continued)

	Drug Free Jasper County Fund #1	Drug Free Jasper County Fund #2	Miscellaneous Programs	Advance Placement	Title 1 2007-2008	Title 1 2008-2009	Title 1 Christian Haven 2007-2008
Receipts:							
Local sources	$ -	$ 4,000	$ 220	$ 250	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	36,000	300,965	9,000
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	4,000	220	250	36,000	300,965	9,000
Disbursements:							
Current:							
Instruction	-	-	1,008	-	81,396	216,329	71,301
Support services	3,626	-	-	96	8,061	18,241	2,475
Noninstructional services	-	-	-	-	827	2,816	156
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	3,626	-	1,008	96	90,284	237,386	73,932
Excess (deficiency) of receipts over disbursements	(3,626)	4,000	(788)	154	(54,284)	63,579	(64,932)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	4,062	-
Transfers out	-	-	-	-	(7,618)	-	(3,361)
Total other financing sources (uses)	-	-	-	-	(7,618)	4,062	(3,361)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,626)	4,000	(788)	154	(61,902)	67,641	(68,293)
Cash and investments - beginning	3,637	-	2,513	-	61,902	-	68,293
Cash and investments - ending	$ 11	$ 4,000	$ 1,725	$ 154	$ -	$ 67,641	$ -
Cash and Investment Assets - Ending							
Cash and investments	$ 11	$ 4,000	$ 1,725	$ 154	$ -	$ 67,641	$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 11	$ 4,000	$ 1,725	$ 154	$ -	$ 67,641	$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	11	4,000	1,725	154	-	67,641	-
Total cash and investment fund balance - ending	$ 11	$ 4,000	$ 1,725	$ 154	$ -	$ 67,641	$ -

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, 2009
(Continued)

	Title 1 Christian Haven 2008-2009	Title V	Title 1-Migrant 2007-2008	Title 1-Migrant 2008-2009	Drug Free Schools 2007-2008	Drug Free Schools 2008-2009	Federal Medicaid
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	65,088	2,246	-	50,000	6,800	5,761	8,499
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	65,088	2,246	-	50,000	6,800	5,761	8,499
Disbursements:							
Current:							
Instruction	1,234	-	10	39,447	-	-	264
Support services	758	481	-	10,553	7,329	320	12
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,992	481	10	50,000	7,329	320	276
Excess (deficiency) of receipts over disbursements	63,096	1,765	(10)	-	(529)	5,441	8,223
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	3,361	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	3,361	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	66,457	1,765	(10)	-	(529)	5,441	8,223
Cash and investments - beginning	-	562	10	-	6,930	-	72,560
Cash and investments - ending	$ 66,457	$ 2,327	$ -	$ -	$ 6,401	$ 5,441	$ 80,783
Cash and Investment Assets - Ending							
Cash and investments	$ 66,457	$ 2,327	$ -	$ -	$ 6,401	$ 5,441	$ 80,783
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 66,457	$ 2,327	$ -	$ -	$ 6,401	$ 5,441	$ 80,783
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	66,457	2,327	-	-	6,401	5,441	80,783
Total cash and investment fund balance - ending	$ 66,457	$ 2,327	$ -	$ -	$ 6,401	$ 5,441	$ 80,783

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, 2009
(Continued)

	Title II 2007-2008	Title II 2008-2009	Title III 2007-2008	Title III 2008-2009	Retirement Bonds Debt Service	School Bus Replacement	Totals
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ 653,167	$ 454,068	$ 4,768,818
Intermediate sources	-	-	-	-	-	-	919
State sources	-	-	-	-	-	-	269,254
Federal sources	54,000	-	-	26,700	-	-	1,057,303
Temporary loans	-	-	-	-	383,756	-	1,183,045
Other	-	-	-	-	-	-	11,033
Total receipts	54,000	-	-	26,700	1,036,923	454,068	7,290,372
Disbursements:							
Current:							
Instruction	80,913	-	3,487	22,537	-	-	703,557
Support services	11,673	2,885	1,644	-	-	477,247	2,288,086
Noninstructional services	-	-	-	-	-	-	1,275,880
Debt services	-	-	-	-	1,245,003	-	2,172,950
Nonprogrammed charges	-	-	-	-	-	-	80,219
Total disbursements	92,586	2,885	5,131	22,537	1,245,003	477,247	6,520,692
Excess (deficiency) of receipts over disbursements	(38,586)	(2,885)	(5,131)	4,163	(208,080)	(23,179)	769,680
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	15,200	16,341
Transfers in	-	2,885	-	-	95,216	14,628	350,950
Transfers out	-	-	-	-	-	(14,469)	(659,200)
Total other financing sources (uses)	-	2,885	-	-	95,216	15,359	(291,909)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(38,586)	-	(5,131)	4,163	(112,864)	(7,820)	477,771
Cash and investments - beginning	41,769	-	5,131	-	112,869	60,186	1,026,014
Cash and investments - ending	$ 3,183	$ -	$ -	$ 4,163	$ 5	$ 52,366	$ 1,503,785
Cash and Investment Assets - Ending							
Cash and investments	$ 3,183	$ -	$ -	$ 4,163	$ -	$ 52,366	$ 1,503,780
Restricted assets:							
Cash and investments	-	-	-	-	5	-	5
Total cash and investment assets - ending	$ 3,183	$ -	$ -	$ 4,163	$ 5	$ 52,366	$ 1,503,785
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ 5	$ -	$ 5
Unrestricted	3,183	-	-	4,163	-	52,366	1,503,780
Total cash and investment fund balance - ending	$ 3,183	$ -	$ -	$ 4,163	$ 5	$ 52,366	$ 1,503,785

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, 2010

	Transportation Operating	Special Education/ Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education 2009-2010
Receipts:							
Local sources	$ 1,905,473	$ 53,732	$ 760,926	$ 218,414	$ 1,053,917	$ 100	$ -
Intermediate sources	-	-	-	-	-	525	-
State sources	-	39,875	20,151	90,726	-	-	13,302
Federal sources	-	-	589,802	-	-	-	-
Temporary loans	614,804	-	-	-	-	-	-
Other	35,407	-	1,334	704	-	-	-
Total receipts	2,555,684	93,607	1,372,213	309,844	1,053,917	625	13,302
Disbursements:							
Current:							
Instruction	-	38,108	-	-	-	-	-
Support services	1,306,984	-	4,748	221,155	892,334	-	-
Noninstructional services	-	-	1,310,385	-	-	-	-
Debt services	624,018	-	-	-	-	-	-
Nonprogrammed charges	-	87,000	-	-	-	500	-
Total disbursements	1,931,002	125,108	1,315,133	221,155	892,334	500	-
Excess (deficiency) of receipts over disbursements	624,682	(31,501)	57,080	88,689	161,583	125	13,302
Other financing sources (uses):							
Sale of capital assets	950	-	-	-	-	-	-
Transfers in	41,430	-	-	1,952	178,313	-	-
Transfers out	(201,378)	(696)	-	-	(41,430)	-	-
Total other financing sources (uses)	(158,998)	(696)	-	1,952	136,883	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	465,684	(32,197)	57,080	90,641	298,466	125	13,302
Cash and investments - beginning	8	32,197	311,956	52,543	755,452	10,216	-
Cash and investments - ending	$ 465,692	$ -	$ 369,036	$ 143,184	$ 1,053,918	$ 10,341	$ 13,302
Cash and Investment Assets - Ending							
Cash and investments	$ 465,692	$ -	$ 369,036	$ 143,184	$ 1,053,918	$ 10,341	$ 13,302
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 465,692	$ -	$ 369,036	$ 143,184	$ 1,053,918	$ 10,341	$ 13,302
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	465,692	-	369,036	143,184	1,053,918	10,341	13,302
Total cash and investment fund balance - ending	$ 465,692	$ -	$ 369,036	$ 143,184	$ 1,053,918	$ 10,341	$ 13,302

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, 2010
(Continued)

	Safe School Haven	Gifted & Talented Grant 2008-2009	High Abilities Grant	State Medicaid	Non-English Speaking Grant 2008-2009	Non-English Speaking Grant 2009-2010	Technology Fund
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,200
Intermediate sources	-	-	-	-	-	-	-
State sources	20,000	-	40,422	8,753	-	20,081	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	20,000	-	40,422	8,753	-	20,081	16,200
Disbursements:							
Current:							
Instruction	-	15,474	24,881	-	3,396	16,046	-
Support services	20,000	-	-	-	412	708	16,552
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	20,000	15,474	24,881	-	3,808	16,754	16,552
Excess (deficiency) of receipts over disbursements	-	(15,474)	15,541	8,753	(3,808)	3,327	(352)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(4,963)	-	-	-
Total other financing sources (uses)	-	-	-	(4,963)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(15,474)	15,541	3,790	(3,808)	3,327	(352)
Cash and investments - beginning	-	15,474	-	5,828	3,808	-	21,646
Cash and investments - ending	$ -	$ -	$ 15,541	$ 9,618	$ -	$ 3,327	$ 21,294
Cash and Investment Assets - Ending							
Cash and investments	$ -	$ -	$ 15,541	$ 9,618	$ -	$ 3,327	$ 21,294
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ -	$ -	$ 15,541	$ 9,618	$ -	$ 3,327	$ 21,294
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	-	-	15,541	9,618	-	3,327	21,294
Total cash and investment fund balance - ending	$ -	$ -	$ 15,541	$ 9,618	$ -	$ 3,327	$ 21,294

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, 2010
(Continued)

	Drug Free Jasper County Fund #1	Drug Free Jasper County Fund #2	Miscellaneous Programs	Advance Placement	Excess PTRC	Title 1 2008-2009	Title 1 2009-2010
Receipts:							
Local sources	$ 6,000	$ -	$ 240	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	284,274	-	-
Federal sources	-	-	-	-	-	34,000	337,065
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	6,000	-	240	-	284,274	34,000	337,065
Disbursements:							
Current:							
Instruction	-	-	757	-	-	81,059	230,191
Support services	1,011	278	-	-	-	7,608	20,981
Noninstructional services	-	-	-	-	-	808	1,835
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,011	278	757	-	-	89,475	253,007
Excess (deficiency) of receipts over disbursements	4,989	(278)	(517)	-	284,274	(55,475)	84,058
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	8,877
Transfers out	-	-	-	-	-	(12,166)	-
Total other financing sources (uses)	-	-	-	-	-	(12,166)	8,877
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,989	(278)	(517)	-	284,274	(67,641)	92,935
Cash and investments - beginning	11	4,000	1,725	154	-	67,641	-
Cash and investments - ending	$ 5,000	$ 3,722	$ 1,208	$ 154	$ 284,274	$ -	$ 92,935
Cash and Investment Assets - Ending							
Cash and investments	$ 5,000	$ 3,722	$ 1,208	$ 154	$ 284,274	$ -	$ 92,935
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ 5,000	$ 3,722	$ 1,208	$ 154	$ 284,274	$ -	$ 92,935
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	5,000	3,722	1,208	154	284,274	-	92,935
Total cash and investment fund balance - ending	$ 5,000	$ 3,722	$ 1,208	$ 154	$ 284,274	$ -	$ 92,935

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, 2010
(Continued)

	Title 1 Christian Haven 2008-2009	Title 1 Christian Haven 2009-2010	Title V	Title 1-Migrant 2009-2010	Drug Free Schools 2007-2008	Drug Free Schools 2008-2009	Drug Free School 2009-2010
Receipts:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	14,500	86,212	-	31,253	-	3,000	4,100
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	14,500	86,212	-	31,253	-	3,000	4,100
Disbursements:							
Current:							
Instruction	76,361	1,318	-	25,396	-	-	-
Support services	4,087	1,225	2,327	3,620	6,401	7,358	4,100
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	80,448	2,543	2,327	29,016	6,401	7,358	4,100
Excess (deficiency) of receipts over disbursements	(65,948)	83,669	(2,327)	2,237	(6,401)	(4,358)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	510	-	-	-	-	-
Transfers out	(510)	-	-	-	-	-	-
Total other financing sources (uses)	(510)	510	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(66,458)	84,179	(2,327)	2,237	(6,401)	(4,358)	-
Cash and investments - beginning	66,458	-	2,327	-	6,401	5,441	-
Cash and investments - ending	$ -	$ 84,179	$ -	$ 2,237	$ -	$ 1,083	$ -
Cash and Investment Assets - Ending							
Cash and investments	$ -	$ 84,179	$ -	$ 2,237	$ -	$ 1,083	$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	$ -	$ 84,179	$ -	$ 2,237	$ -	$ 1,083	$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	-	84,179	-	2,237	-	1,083	-
Total cash and investment fund balance - ending	$ -	$ 84,179	$ -	$ 2,237	$ -	$ 1,083	$ -

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, 2010
(Continued)

	Federal Medicaid	Title II 2007-2008	Title II 2008-2009	Title II 2009-2010	Title III 2008-2009	Title III 2009-2010
Receipts:						
Local sources	$ -	$ -	$ -	$ -	$ -	$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	17,415	-	111,630	-	-	23,140
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	17,415	-	111,630	-	-	23,140
Disbursements:						
Current:						
Instruction	1,234	243	78,691	-	3,698	15,307
Support services	2,391	2,940	12,067	1,798	465	2,304
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,625	3,183	90,758	1,798	4,163	17,611
Excess (deficiency) of receipts over disbursements	13,790	(3,183)	20,872	(1,798)	(4,163)	5,529
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	1,800	-	-
Transfers out	-	-	(2,885)	-	-	-
Total other financing sources (uses)	-	-	(2,885)	1,800	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,790	(3,183)	17,987	2	(4,163)	5,529
Cash and investments - beginning	80,783	3,183	-	-	4,163	-
Cash and investments - ending	$ 94,573	$ -	$ 17,987	$ 2	$ -	$ 5,529
Cash and Investment Assets - Ending						
Cash and investments	$ 94,573	$ -	$ 17,987	$ 2	$ -	$ 5,529
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	$ 94,573	$ -	$ 17,987	$ 2	$ -	$ 5,529
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	94,573	-	17,987	2	-	5,529
Total cash and investment fund balance - ending	$ 94,573	$ -	$ 17,987	$ 2	$ -	$ 5,529

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, 2010
(Continued)

	Title 1 Stimulus	Special Education Stimulus	Title 1 Part D Stimulus	Retirement Bond Debt Service	School Bus Replacement	Totals
Receipts:						
Local sources	$ -	$ -	$ -	$ 1,259,172	$ 625,391	$ 5,899,565
Intermediate sources	-	-	-	-	-	525
State sources	-	-	-	-	-	537,584
Federal sources	99,415	464,889	35,000	-	-	1,851,421
Temporary loans	-	-	-	-	-	614,804
Other	-	-	-	-	-	37,445
Total receipts	99,415	464,889	35,000	1,259,172	625,391	8,941,344
Disbursements:						
Current:						
Instruction	72,603	186,494	30,734	-	-	901,991
Support services	5,347	136,676	-	-	787,456	3,473,333
Noninstructional services	211	-	-	-	-	1,313,239
Debt services	-	-	-	1,120,729	-	1,744,747
Nonprogrammed charges	-	102,074	-	-	-	189,574
Total disbursements	78,161	425,244	30,734	1,120,729	787,456	7,622,884
Excess (deficiency) of receipts over disbursements	21,254	39,645	4,266	138,443	(162,065)	1,318,460
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	36,480	37,430
Transfers in	-	-	-	-	77,400	310,282
Transfers out	-	-	-	(77,659)	(4,152)	(345,839)
Total other financing sources (uses)	-	-	-	(77,659)	109,728	1,873
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,254	39,645	4,266	60,784	(52,337)	1,320,333
Cash and investments - beginning	-	-	-	5	52,365	1,503,785
Cash and investments - ending	$ 21,254	$ 39,645	$ 4,266	$ 60,789	$ 28	$ 2,824,118
Cash and Investment Assets - Ending						
Cash and investments	$ 21,254	$ 39,645	$ 4,266	$ -	$ 28	$ 2,763,329
Restricted assets:						
Cash and investments	-	-	-	60,789	-	60,789
Total cash and investment assets - ending	$ 21,254	$ 39,645	$ 4,266	$ 60,789	$ 28	$ 2,824,118
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	$ -	$ -	$ -	$ 60,789	$ -	$ 60,789
Unrestricted	21,254	39,645	4,266	-	28	2,763,329
Total cash and investment fund balance - ending	$ 21,254	$ 39,645	$ 4,266	$ 60,789	$ 28	$ 2,824,118

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, 2009

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Investment earnings:			
Interest	$ 5,066	$ 10,121	$ 15,187
Deductions:			
Benefits	144,349	35,623	179,972
Deficiency of total additions over total deductions	(139,283)	(25,502)	(164,785)
Cash and investment fund balance - beginning	245,635	167,875	413,510
Cash and investment fund balance - ending	$ 106,352	$ 142,373	$ 248,725
Net assets:			
Cash and investments	$ 106,352	$ 142,373	$ 248,725

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, 2010

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	$ -	$ 5,152	$ 5,152
Other	102,000	226,000	328,000
Total contributions	102,000	231,152	333,152
Investment earnings:			
Interest	329	519	848
Total additions	102,329	231,671	334,000
Deductions:			
Benefits	170,703	266,909	437,612
Deficiency of total additions over total deductions	(68,374)	(35,238)	(103,612)
Cash and investment fund balance - beginning	106,352	142,373	248,725
Cash and investment fund balance - ending	$ 37,978	$ 107,135	$ 145,113
Net assets:			
Cash and investments	$ 37,978	$ 107,135	$ 145,113

KANKAKEE VALLEY SCHOOL CORPORATION
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2009

	Jasper Co Foundation	National FFA Grant	Totals
Additions:			
Contributions:			
Other	$ 7,100	$ 200	$ 7,300
Deductions:			
Administrative and general	4,622	-	4,622
Excess of total additions over total deductions	2,478	200	2,678
Cash and investment fund balance - beginning	-	-	-
Cash and investments - June 30	$ 2,478	$ 200	$ 2,678
Net assets:			
Cash and investments	$ 2,478	$ 200	$ 2,678

KANKAKEE VALLEY SCHOOL CORPORATION
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2010

	Jasper Co Foundation	National FFA Grant	Totals
Additions:			
Contributions:			
Other	$ 2,000	$ -	$ 2,000
Deductions:			
Administrative and general	3,192	200	3,392
Deficiency of total additions over total deductions	(1,192)	(200)	(1,392)
Cash and investment fund balance - beginning	2,478	200	2,678
Cash and investments - June 30	$ 1,286	$ -	$ 1,286
Net assets:			
Cash and investments	$ 1,286	$ -	$ 1,286

KANKAKEE VALLEY SCHOOL CORPORATION
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
AGENCY FUNDS
For the Year Ended June 30, 2009

	Payroll Withholdings	School Lunch Prepaid	Totals
Additions:			
Agency fund additions	$ 6,245,361	$ 476,882	$ 6,722,243
Deductions:			
Agency fund deductions	6,243,285	471,388	6,714,673
Excess of total additions over total deductions	2,076	5,494	7,570
Cash and investment fund balance - beginning	75,670	-	75,670
Cash and investment fund balance - ending	$ 77,746	$ 5,494	$ 83,240

KANKAKEE VALLEY SCHOOL CORPORATION
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
AGENCY FUNDS
For the Year Ended June 30, 2010

	Payroll Withholdings	School Lunch Prepaid	Totals
Additions:			
Agency fund additions	$ 6,281,075	$ 531,494	$ 6,812,569
Deductions:			
Agency fund deductions	6,261,539	530,152	6,791,691
Excess of total additions over total deductions	19,536	1,342	20,878
Cash and investment fund balance - beginning	77,746	5,494	83,240
Cash and investment fund balance - ending	$ 97,282	$ 6,836	$ 104,118

KANKAKEE VALLEY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended June 30, 2010

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.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 1,290,616
Buildings	49,764,875
Improvements other than buildings	2,026,941
Machinery and equipment	9,426,954
Construction in progress	27,102,157
Total governmental activities, capital assets not being depreciated	$ 89,611,543

KANKAKEE VALLEY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2010

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:		
Intermediate School	$ 4,855,000	$ 1,137,000
Middle School	47,500,000	2,626,181
Notes and loans payable	449,955	454,034
Bonds payable:		
General obligation bonds:		
Pension Bond	3,390,000	834,900
Total governmental activities debt	$ 56,194,955	$ 5,052,115

SEGREGATION OF DUTIES - INTERNAL CONTROLS
OVER FINANCIAL TRANSACTIONS AND REPORTING

Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible actives related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9).

CONDITION OF RECORDS - Applies to School Lunch

Detail provided for School Lunch Prepaid Accounts did not agree with the funds ledger. The School Lunch Prepaid Account began in July 2008 and on June 30, 2009, the difference between the detail and funds ledger was $52. The Difference on June 30, 2010, between the detail and funds ledger was $14.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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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

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, 2009 and 2010. 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, 2009 and 2010.

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 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.

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)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in items 2010-2, 2010-3, 2010-4, and 2010-5 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, school board, 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

December 15, 2010

KANKAKEE VALLEY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through the Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		$ 88,923	$ 100,802
National School Lunch Program	10.555		479,812	567,368
Total for cluster			568,735	668,170
U.S. DEPARTMENT OF EDUCATION				
Pass-Through the Indiana Department of Education				
Title 1, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		08-3785	167,772	-
		09-3785	239,377	173,211
		10-3785	-	255,550
Total for program			407,149	428,761
ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act	84.389			
		FY 09-10	-	78,161
Total for cluster			407,149	506,922
Migrant Education - State Grant Program	84.011			
		FY 07-08	10	-
		FY 08-09	50,000	-
		FY 09-10	-	29,016
Total for program			50,010	29,016
Title I State Agency Program for Neglected and Delinquent Children	84.013			
		SY 09-10	-	30,734
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		SY 06-07	3,249	-
		SY 07-08	4,080	6,401
		SY 08-09	320	7,358
		SY 09-10	-	4,100
Total for program			7,649	17,859
State Grants for Innovative Programs	84.298			
		FY 07-08	481	2,327
English Language Acquisition Grants	84.365			
		FY 07-08	5,131	-
		FY 08-09	22,537	4,163
		FY 09-10	-	17,610
Total for program			27,668	21,773
Improving Teacher Quality State Grants	84.367			
		SY 06-07	728	-
		SY 07-08	91,859	3,183
		SY 08-09	2,885	90,758
		SY 09-10	-	1,798
Total for program			95,472	95,739
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394			
		FY 09-10	-	2,418,285
Total for federal grantor agency			588,429	3,122,655
Pass-Through West Central School Corporation				
Special Education Cluster				
ARRA - Special Education Grants to States, Recovery Act	84.391			
		FY 09-10	-	425,244
Total federal awards expended			$ 1,157,164	$ 4,216,069

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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	$ 11,560	$ 11,895
National School Lunch Program	10.555	64,532	66,473

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?	yes
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?	yes

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?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title 1, Part A Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster

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

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible actives related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9).

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2 INTERNAL CONTROL

Federal Agency: U.S. Department of Agriculture
Pass-Through: Indiana Department of Education
Federal Program: Child Nutrition Cluster – National School Lunch Program
CFDA Number: 10.555

Federal funds received as, a part of the Child Nutrition Cluster are used to subsidize the cost of the school lunch program ran by the School Corporation. Financial accounting records for the lunch program are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office, the School Corporation has not separated incompatible actives related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Circular A133 Subpart C section .300 states in part: "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the business office.

FINDING 2010-3 INTERNAL CONTROL

Federal Agency: U.S. Department of Education
Pass-Through: Indiana Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 84.010

The financial records for federal funds received as part of Title I, Part A Cluster are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office, the School Corporation has not separated incompatible actives related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Circular A133 Subpart C section .300 states in part: "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the business office.

FINDING 2010-4 INTERNAL CONTROL

Federal Agency: U.S. Department of Education
Pass-Through: Cooperative School Service for Education
Federal Program: Special Education Grants to States, Recovery Act
CFDA Number: 84.391

The financial records for federal funds received as part of Special Education Grants to States, Recovery Act are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office, the School Corporation has not separated incompatible actives related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Circular A133 Subpart C section .300 states in part: "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the business office.

FINDING 2010-5 INTERNAL CONTROL

Federal Agency: U.S. Department of Education
Pass-Through: Indiana Department of Education
Federal Program: State Fiscal Stabilization Fund-Education State Grants, Recovery Act
CFDA Number: 84.394

The financial records for federal funds received as part of State Fiscal Stabilization Fund - Education State Grants, Recovery Act are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office, the School Corporation has not separated incompatible actives related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Circular A133 Subpart C section .300 states in part: "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the business office.

KANKAKEE VALLEY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.

Kankakee Valley School Corporation

12021 N 550 W
PO Box 278
Wheatfield, Indiana 46392-0278

Telephone: 219-987-4711
Fax: 219-987-4710

Superintendent-Dr. Glenn Krueger
Assistant Superintendent-Ms. Sharon Sanelli
Chief Financial Officer – Ms. Carol Deardorff
Director of Buildings and Grounds – Mr. Jim Bachman

CORRECTIVE ACTION PLAN

December 15, 2010

Section II Findings

Federal Finding 2010-1, Internal Controls over Financial Transactions and Reporting

Control activities should be selected and developed at various levels of the school corporation to reduce risks to the achievement of financial reporting objectives. The school corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to go undectected.

Governmental units should have internal controls in effect which program reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguards controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9).

Corrective Action Plan: It has been duly noted by the management of Kankakee Valley School Corporation that the internal control procedures currently in place do not properly segregate accounting procedures because of the limited staff in the school business office. We understand the importance of segregation of duties and will develop procedures that further segregate accounting activities in order to be in compliance.

Section III Findings

Federal Agency:	U.S. Department of Agriculture
Pass-Through:	Indiana Department of Education
Federal Program:	Child Nutrition Cluster – National School Lunch Program
CFDA No.	10.555

Finding No. 2010-2, Internal Controls

Control activities should be selected and developed at various levels of the school corporation to reduce risks to the achievement of financial reporting objectives. The school corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to go undectected.

Governmental units should have internal controls in effect which program reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguards controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9).

Corrective Action Plan:

1. An employee accepts and records all student deposits, this is her only responsibility.
2. The employees who man the cash stations do not take deposits. They are not allowed to count the cash in their drawers before turning them in.
3. The manager and one other employee reconcile the reports for each station to the cash turned in.
4. The director and assistant go to each school, the money is again counted and reconciled to each report.
5. The deposit ticket is then made out and the yellow copy left at each school until the director returns with the receipt.
6. The director then transports the daily receipts to the bank.
7. The assistant reconciles the bank statements each month.

Finding No. 2010-3, Internal Controls

Federal Agency:	U.S. Department of Education
Pass-Through:	Indiana Department of Education
Federal Program:	Title I Part A Cluster
CFDA No.	84.010

Control activities should be selected and developed at various levels of the school corporation to reduce risks to the achievement of financial reporting objectives. The school corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to go undectected.

Governmental units should have internal controls in effect which program reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguards controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9).

Corrective Action Plan: It has been duly noted by the management of Kankakee Valley School Corporation that the internal control procedures currently in place do not properly segregate accounting procedures because of the limited staff in the school business office. We understand the importance of segregation of duties and will develop procedures that further segregate accounting activities in order to be in compliance.

Finding No. 2010-4, Internal Controls

Federal Agency:	U.S. Department of Education
Pass-Through:	Cooperative School Service for Education
Federal Program:	Special Education Grants to States, Recovery Act
CFDA No.	84.391

Control activities should be selected and developed at various levels of the school corporation to reduce risks to the achievement of financial reporting objectives. The school corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to go undectected.

Governmental units should have internal controls in effect which program reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguards controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9).

Corrective Action Plan: It has been duly noted by the management of Kankakee Valley School Corporation that the internal control procedures currently in place do not properly segregate accounting procedures because of the limited staff in the school business office. We understand the importance of segregation of duties and will develop procedures that further segregate accounting activities in order to be in compliance.

Finding No. 2010-5, Internal Controls

Federal Agency:	U.S. Department of Education
Pass-Through:	Indiana Department of Education
Federal Program:	State Fiscal Stabilization Fund-Education State Grants, Recovery Act
CFDA No.	84.394

Control activities should be selected and developed at various levels of the school corporation to reduce risks to the achievement of financial reporting objectives. The school corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements or irregularities to go undectected.

Governmental units should have internal controls in effect which program reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguards controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9).

Corrective Action Plan: It has been duly noted by the management of Kankakee Valley School Corporation that the internal control procedures currently in place do not properly segregate accounting procedures because of the limited staff in the school business office. We understand the importance of segregation of duties and will develop procedures that further segregate accounting activities in order to be in compliance.

Respectfully submitted,

Carol L. Deardorff

Carol L. Deardorff
Chief Financial Officer

KANKAKEE VALLEY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2010, with Carol Deardorff, Treasurer; John Spurgeon, President of the School Board; and Dr. Glenn Krueger, Superintendent of Schools.