

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

KANKAKEE VALLEY SCHOOL CORPORATION  
JASPER COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
04/26/2016



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carol L. Deardorff	07-01-12 to 06-30-16
Superintendent of Schools	Sharon Sanelli (Vacant) Iran G. Floyd (Interim) Aaron Case	07-01-12 to 08-06-14 08-07-14 to 08-11-14 08-12-14 to 06-30-15 07-01-15 to 06-30-16
President of the School Board	Robert Misch John M. Jungels, III	07-01-12 to 12-31-12 01-01-13 to 12-31-16



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**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Kankakee Valley School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 3, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is April 19, 2016, 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* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

March 3, 2015, except for the Schedule of Expenditures of Federal Awards,  
as to which the date is April 19, 2016



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

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

We have audited, 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, the financial statement of the Kankakee Valley School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 3, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is April 19, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a significant deficiency.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is 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*.

***Kankakee Valley School Corporation's Response to Findings***

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 3, 2015, except for the Schedule of Expenditures of Federal Awards,  
as to which the date is April 19, 2016

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#### FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014

	Cash and Investments			Other Financing	Cash and Investments			Other Financing	Cash and Investments
	07-01-12	Receipts	Disbursements	Sources (Uses)	06-30-13	Receipts	Disbursements	Sources (Uses)	06-30-14
General	\$ 3,613,825	\$ 20,331,168	\$ 20,049,392	\$ 29,469	\$ 3,925,070	\$ 21,109,510	\$ 20,203,143	\$ 13,467	\$ 4,844,904
Debt Service	339,498	1,045,472	1,080,500	(39,019)	265,451	1,084,266	1,086,000	(27,088)	236,629
Retirement/Severance Bond Debt Service	139,103	865,550	841,438	(22,298)	140,917	813,108	846,788	(8,807)	98,430
Referendum Debt Exempt Capital	1,539,457	3,296,158	3,435,637	(102,573)	1,297,405	3,024,231	3,594,562	(27,978)	699,096
Capital Projects	6,897,330	4,341,960	3,106,883	(216,184)	7,916,223	5,173,769	3,703,451	(589,364)	8,797,177
School Transportation	88,894	1,497,043	1,430,022	48,188	204,103	1,401,104	1,411,370	275,355	469,192
School Bus Replacement	476,868	362,611	383,150	(12,344)	443,985	288,161	368,992	61,245	424,399
Rainy Day	2,688,696	-	2,070	125,000	2,811,626	-	490,258	541,500	2,862,868
Post-Retirement/Severance Future Benefits	68,228	-	35,309	-	32,919	-	20,655	-	12,264
Construction	209,691	196	166,880	-	43,007	-	-	-	43,007
School Lunch	476,383	1,381,823	1,373,069	-	485,137	1,381,387	1,400,150	-	466,374
Textbook Rental	106,633	307,998	108,728	14,889	320,792	305,664	221,531	16,336	421,261
Self-Insurance	2,075,276	3,154,019	3,546,670	-	1,682,625	3,147,930	3,069,310	-	1,761,245
Levy Excess	59,769	24,171	-	204,763	288,703	-	-	(176,203)	112,500
Educational License Plates	10,295	329	500	-	10,124	244	500	-	9,868
Alternative Education	-	10,308	10,308	-	-	9,304	9,304	-	-
Safe Haven Grant 2012-13	-	-	14,500	-	(14,500)	14,500	-	-	-
Safe Haven Grant 2013-14	-	-	-	-	-	10,150	10,150	-	-
Financial Success Grant for KVHS	-	1,100	1,100	-	-	-	-	-	-
IN Youth Institute Grant	447	-	447	-	-	-	-	-	-
Jasper County REMC Grant	-	600	-	-	600	6,082	600	-	6,082
High Ability Learner 2011-12	3,937	-	3,937	-	-	-	-	-	-
High Ability Learner 2012-13	-	41,519	14,714	-	26,805	-	26,805	-	-
High Ability Learner 2013-14	-	-	-	-	-	41,207	16,628	-	24,579
Medicaid Reimbursement	14,113	25,314	-	(25,087)	14,340	15,593	-	(13,097)	16,836
Secured School Safety Grant	-	-	-	-	-	-	16,241	-	(16,241)
Non-English Speaking Program Grant 2012-13	-	14,692	14,692	-	-	-	-	-	-
Non-English Speaking Program Grant 2013-14	-	-	-	-	-	12,292	12,292	-	-
School Technology	24,700	38,783	37,292	-	26,191	45,643	44,229	-	27,605
State Graduation Rate Grant for KVHS	2,803	-	2,803	-	-	-	-	-	-

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

KANKAKEE VALLEY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014  
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Oral Health Survey Grant for Demotte Elem.	-	-	-	-	-	100	100	-	-
Partners for Drug-Free Jasper County 2010-11	4,277	-	1,820	-	2,457	-	2,457	-	-
Partners for Drug-Free Jasper County 2011-12	5,000	-	-	-	5,000	-	5,000	-	-
Partners for Drug-Free Jasper County 2012-13	3,000	-	-	-	3,000	-	195	-	2,805
Partners for Drug-Free Jasper County 2013-14	-	3,243	495	-	2,748	-	-	-	2,748
Partners for Drug-Free Jasper County 2014-15	-	-	-	-	-	2,745	-	-	2,745
KVHS Pre-Engineering Grant	2,478	2,000	88	-	4,390	-	-	-	4,390
KVHS Advance Placement Grant	154	-	-	-	154	-	154	-	-
Senator David Ford Technology	-	2,860	2,860	-	-	-	-	-	-
Title I Basic Grant 2011-12	(88,214)	205,593	117,379	-	-	-	-	-	-
Title I Basic Grant 2012-13	-	208,846	271,863	25,000	(38,017)	117,188	79,171	-	-
Title I Basic Grant 2013-14	-	-	-	-	-	196,687	277,126	-	(80,439)
Title I Delinquent Grant 2011-12	-	97,715	97,715	-	-	-	-	-	-
Title I Delinquent Grant 2012-13	-	18,173	18,173	-	-	73,589	73,589	-	-
Title I Delinquent Grant 2013-14	-	-	-	-	-	23,257	40,170	-	(16,913)
Special Education-Grants to States	-	67,815	67,815	-	-	62,679	62,679	-	-
Medicaid Reimbursement - Federal	144,997	50,522	17,643	-	177,876	29,145	9,902	-	197,119
Improving Teaching Quality, No Child Left, Title II, Part A	(62,936)	67,460	4,524	-	-	-	-	-	-
Title II - Improving Teacher Quality 2011-12	(67,311)	97,566	5,255	(25,000)	-	2,029	2,029	-	-
Title II - Improving Teacher Quality 2012-13	-	-	200	-	(200)	96,501	96,591	-	(290)
Title II - Improving Teacher Quality 2013-14	-	-	-	-	-	11,118	20,561	-	(9,443)
Title III - English Language Acquisition 2011-13	(18,430)	19,475	1,045	-	-	-	-	-	-
Title III - English Language Acquisition 2012-14	-	19,019	19,502	-	(483)	2,972	2,489	-	-
Title III - English Language Acquisition 2013-15	-	-	-	-	-	15,052	19,189	-	(4,137)
Title I - Grants to LEAs	(3,327)	13,144	9,817	-	-	-	-	-	-
Education Jobs	(176,675)	302,061	125,386	-	-	-	-	-	-
Lunch Clearing	9,722	702,103	700,701	-	11,124	682,159	679,411	-	13,872
Payroll Clearing	8,100	5,743,136	5,742,637	-	8,599	5,807,880	5,806,577	-	9,902
Totals	<u>\$ 18,596,781</u>	<u>\$ 44,361,545</u>	<u>\$ 42,864,959</u>	<u>\$ 4,804</u>	<u>\$ 20,098,171</u>	<u>\$ 45,007,246</u>	<u>\$ 43,730,349</u>	<u>\$ 65,366</u>	<u>\$ 21,440,434</u>

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

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 accompanying financial statement presents the financial information for the School Corporation.

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

**C. Cash and Investments**

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

**D. Receipts**

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other Financing Sources and Uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

**G. Fund Accounting**

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

The School Corporation may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

B. 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 percent of the annual covered salary. The School Corporation is required to contribute at an actuarially determined rate for prior service as of July 1986. The current rate is 5 percent of the employee's annual gross earnings. Employer and employee contributions to the plan for the years ending June 30, 2013 and 2014, were \$188,464 and \$183,713, respectively.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation was not received by June 30.

**Note 8. Holding Corporations**

The School Corporation has entered into capital leases with the Kankakee Valley Intermediate School Building Corporation, Kankakee Valley Middle School Building Corporation, and the Kankakee Valley Wheatfield School Building Corporation, (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the years ended June 30, 2013, and June 30, 2014, totaled \$4,516,137 and \$4,680,562, respectively. The lease payments were reduced by a 7.2 percent sequestration credit which is scheduled to end September 30, 2014.

**Note 9. Subsequent Events**

On May 12, 2014, the School Board approved a resolution ratifying a lease to provide financing for the Wheatfield and DeMotte Elementary Schools' renovations. The lease is with the Kankakee Valley Wheatfield Building Corporation requiring the School Corporation make lease payments to pay for a \$6,000,000 bond issue of the Building Corporation. Total project costs were estimated to be \$8,162,054 with the School Corporation financing remaining costs from existing funds. The lease is included in the Schedule of Leases and Debt as of June 30, 2014, although construction had not commenced as of June 30, 2014.

KANKAKEE VALLEY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

***Note 10. Other Postemployment Benefits***

The School Corporation provides health insurance to eligible retirees. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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#### OTHER INFORMATION - UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 3,613,825	\$ 339,498	\$ 139,103	\$ 1,539,457	\$ 6,897,330	\$ 88,894	\$ 476,868	\$ 2,688,696
Receipts:								
Local sources	422,659	1,045,472	865,550	3,296,158	4,340,860	1,492,964	362,611	-
Intermediate sources	1,124	-	-	-	-	-	-	-
State sources	19,865,801	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	41,584	-	-	-	1,100	4,079	-	-
Total receipts	20,331,168	1,045,472	865,550	3,296,158	4,341,960	1,497,043	362,611	-
Disbursements:								
Current:								
Instruction	14,374,850	-	-	-	-	-	-	-
Support services	5,389,732	-	-	-	1,800,938	1,430,022	383,150	2,070
Noninstructional services	284,810	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,305,945	-	-	-
Debt services	-	1,080,500	841,438	3,435,637	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	20,049,392	1,080,500	841,438	3,435,637	3,106,883	1,430,022	383,150	2,070
Excess (deficiency) of receipts over disbursements	281,776	(35,028)	24,112	(139,479)	1,235,077	67,021	(20,539)	(2,070)
Other financing sources (uses):								
Sale of capital assets	4,382	-	-	-	-	422	-	-
Transfers in	25,087	-	-	-	-	83,444	-	125,000
Transfers out	-	(39,019)	(22,298)	(102,573)	(216,184)	(35,678)	(12,344)	-
Total other financing sources (uses)	29,469	(39,019)	(22,298)	(102,573)	(216,184)	48,188	(12,344)	125,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	311,245	(74,047)	1,814	(242,052)	1,018,893	115,209	(32,883)	122,930
Cash and investments - ending	\$ 3,925,070	\$ 265,451	\$ 140,917	\$ 1,297,405	\$ 7,916,223	\$ 204,103	\$ 443,985	\$ 2,811,626

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Post- Retirement/ Severance Future Benefits	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 68,228	\$ 209,691	\$ 476,383	\$ 106,633	\$ 2,075,276	\$ 59,769	\$ 10,295	\$ -
Receipts:								
Local sources	-	196	719,003	209,170	3,154,019	24,171	10	-
Intermediate sources	-	-	-	-	-	-	319	-
State sources	-	-	18,658	98,094	-	-	-	10,308
Federal sources	-	-	642,350	-	-	-	-	-
Other	-	-	1,812	734	-	-	-	-
Total receipts	-	196	1,381,823	307,998	3,154,019	24,171	329	10,308
Disbursements:								
Current:								
Instruction	35,309	-	-	-	-	-	-	10,308
Support services	-	166,880	13,436	108,728	25	-	-	-
Noninstructional services	-	-	1,359,633	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	3,546,645	-	500	-
Total disbursements	35,309	166,880	1,373,069	108,728	3,546,670	-	500	10,308
Excess (deficiency) of receipts over disbursements	(35,309)	(166,684)	8,754	199,270	(392,651)	24,171	(171)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	14,889	-	288,207	-	-
Transfers out	-	-	-	-	-	(83,444)	-	-
Total other financing sources (uses)	-	-	-	14,889	-	204,763	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(35,309)	(166,684)	8,754	214,159	(392,651)	228,934	(171)	-
Cash and investments - ending	\$ 32,919	\$ 43,007	\$ 485,137	\$ 320,792	\$ 1,682,625	\$ 288,703	\$ 10,124	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Safe Haven Grant 2012-13	Safe Haven Grant 2013-14	Financial Success Grant for KVHS	IN Youth Institute Grant	Jasper County REMC Grant	High Ability Learner 2011-12	High Ability Learner 2012-13	High Ability Learner 2013-14
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 447	\$ -	\$ 3,937	\$ -	\$ -
Receipts:								
Local sources	-	-	1,100	-	600	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	41,519	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	1,100	-	600	-	41,519	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	3,437	14,714	-
Support services	14,500	-	1,100	447	-	500	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	14,500	-	1,100	447	-	3,937	14,714	-
Excess (deficiency) of receipts over disbursements	(14,500)	-	-	(447)	600	(3,937)	26,805	-
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	(14,500)	-	-	(447)	600	(3,937)	26,805	-
Cash and investments - ending	\$ (14,500)	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ 26,805	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Medicaid Reimbursement	Secured School Safety Grant	Non-English Speaking Program Grant 2012-13	Non-English Speaking Program Grant 2013-14	School Technology	State Graduation Rate Grant for KVHS	Oral Health Survey Grant for Demotte Elem.
Cash and investments - beginning	\$ 14,113	\$ -	\$ -	\$ -	\$ 24,700	\$ 2,803	\$ -
Receipts:							
Local sources	-	-	-	-	32,900	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	25,314	-	14,692	-	5,883	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	25,314	-	14,692	-	38,783	-	-
Disbursements:							
Current:							
Instruction	-	-	14,692	-	-	2,803	-
Support services	-	-	-	-	37,292	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	14,692	-	37,292	2,803	-
Excess (deficiency) of receipts over disbursements	25,314	-	-	-	1,491	(2,803)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(25,087)	-	-	-	-	-	-
Total other financing sources (uses)	(25,087)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	227	-	-	-	1,491	(2,803)	-
Cash and investments - ending	\$ 14,340	\$ -	\$ -	\$ -	\$ 26,191	\$ -	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Partners for Drug-Free Jasper County 2010-11	Partners for Drug-Free Jasper County 2011-12	Partners for Drug-Free Jasper County 2012-13	Partners for Drug-Free Jasper County 2013-14	Partners for Drug-Free Jasper County 2014-15	KVHS Pre-Engineering Grant	KVHS Advance Placement Grant
Cash and investments - beginning	\$ 4,277	\$ 5,000	\$ 3,000	\$ -	\$ -	\$ 2,478	\$ 154
Receipts:							
Local sources	-	-	-	3,243	-	2,000	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	3,243	-	2,000	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	88	-
Support services	1,820	-	-	495	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,820	-	-	495	-	88	-
Excess (deficiency) of receipts over disbursements	(1,820)	-	-	2,748	-	1,912	-
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	(1,820)	-	-	2,748	-	1,912	-
Cash and investments - ending	\$ 2,457	\$ 5,000	\$ 3,000	\$ 2,748	\$ -	\$ 4,390	\$ 154

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Senator David Ford Technology	Title I Basic Grant 2011-12	Title I Basic Grant 2012-13	Title I Basic Grant 2013-14	Title I Delinquent Grant 2011-12	Title I Delinquent Grant 2012-13	Title I Delinquent Grant 2013-14
Cash and investments - beginning	\$ -	\$ (88,214)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	2,860	-	-	-	-	-	-
Federal sources	-	205,593	208,846	-	97,715	18,173	-
Other	-	-	-	-	-	-	-
Total receipts	2,860	205,593	208,846	-	97,715	18,173	-
Disbursements:							
Current:							
Instruction	-	109,855	245,914	-	95,731	18,173	-
Support services	2,860	6,217	23,939	-	1,984	-	-
Noninstructional services	-	1,307	2,010	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,860	117,379	271,863	-	97,715	18,173	-
Excess (deficiency) of receipts over disbursements	-	88,214	(63,017)	-	-	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	25,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	25,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	88,214	(38,017)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ (38,017)	\$ -	\$ -	\$ -	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Special Education- Grants to States	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title II-Improving Teacher Quality 2011-12	Title II-Improving Teacher Quality 2012-13	Title II-Improving Teacher Quality 2013-14	Title III - English Language 2011-13
Cash and investments - beginning	\$ -	\$ 144,997	\$ (62,936)	\$ (67,311)	\$ -	\$ -	\$ (18,430)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	67,815	-	-	-	-	-	-
Federal sources	-	50,522	67,460	97,566	-	-	19,475
Other	-	-	-	-	-	-	-
Total receipts	67,815	50,522	67,460	97,566	-	-	19,475
Disbursements:							
Current:							
Instruction	67,815	13,142	2,846	-	-	-	942
Support services	-	4,501	1,678	5,255	200	-	103
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	67,815	17,643	4,524	5,255	200	-	1,045
Excess (deficiency) of receipts over disbursements	-	32,879	62,936	92,311	(200)	-	18,430
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(25,000)	-	-	-
Total other financing sources (uses)	-	-	-	(25,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	32,879	62,936	67,311	(200)	-	18,430
Cash and investments - ending	\$ -	\$ 177,876	\$ -	\$ -	\$ (200)	\$ -	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Title III - English Language 2012-14	Title III - English Language 2013-15	Title I - Grants to LEAs	Education Jobs	Lunch Clearing	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (3,327)	\$ (176,675)	\$ 9,722	\$ 8,100	\$ 18,596,781
Receipts:							
Local sources	-	-	-	-	-	-	15,972,686
Intermediate sources	-	-	-	-	-	-	1,443
State sources	-	-	-	-	-	-	20,150,944
Federal sources	19,019	-	13,144	302,061	-	-	1,741,924
Other	-	-	-	-	702,103	5,743,136	6,494,548
Total receipts	19,019	-	13,144	302,061	702,103	5,743,136	44,361,545
Disbursements:							
Current:							
Instruction	19,502	-	-	125,386	-	-	15,155,507
Support services	-	-	8,184	-	-	-	9,406,056
Noninstructional services	-	-	1,633	-	-	-	1,649,393
Facilities acquisition and construction	-	-	-	-	-	-	1,305,945
Debt services	-	-	-	-	-	-	5,357,575
Nonprogrammed charges	-	-	-	-	700,701	5,742,637	9,990,483
Total disbursements	19,502	-	9,817	125,386	700,701	5,742,637	42,864,959
Excess (deficiency) of receipts over disbursements	(483)	-	3,327	176,675	1,402	499	1,496,586
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	4,804
Transfers in	-	-	-	-	-	-	561,627
Transfers out	-	-	-	-	-	-	(561,627)
Total other financing sources (uses)	-	-	-	-	-	-	4,804
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(483)	-	3,327	176,675	1,402	499	1,501,390
Cash and investments - ending	\$ (483)	\$ -	\$ -	\$ -	\$ 11,124	\$ 8,599	\$ 20,098,171

KANKAKEE VALLEY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 3,925,070	\$ 265,451	\$ 140,917	\$ 1,297,405	\$ 7,916,223	\$ 204,103	\$ 443,985	\$ 2,811,626
Receipts:								
Local sources	499,648	1,084,266	813,108	3,024,231	5,128,402	1,391,833	288,161	-
Intermediate sources	1,124	-	-	-	-	-	-	-
State sources	20,579,772	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	28,966	-	-	-	45,367	9,271	-	-
Total receipts	21,109,510	1,084,266	813,108	3,024,231	5,173,769	1,401,104	288,161	-
Disbursements:								
Current:								
Instruction	14,348,410	-	-	-	-	-	-	-
Support services	5,558,180	-	-	-	1,953,596	1,411,370	368,992	490,258
Noninstructional services	296,553	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,749,855	-	-	-
Debt services	-	1,086,000	846,788	3,594,562	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	20,203,143	1,086,000	846,788	3,594,562	3,703,451	1,411,370	368,992	490,258
Excess (deficiency) of receipts over disbursements	906,367	(1,734)	(33,680)	(570,331)	1,470,318	(10,266)	(80,831)	(490,258)
Other financing sources (uses):								
Sale of capital assets	370	-	-	-	-	1,546	63,450	-
Transfers in	13,097	-	-	-	2,199,849	288,207	-	541,500
Transfers out	-	(27,088)	(8,807)	(27,978)	(2,789,213)	(14,398)	(2,205)	-
Total other financing sources (uses)	13,467	(27,088)	(8,807)	(27,978)	(589,364)	275,355	61,245	541,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	919,834	(28,822)	(42,487)	(598,309)	880,954	265,089	(19,586)	51,242
Cash and investments - ending	\$ 4,844,904	\$ 236,629	\$ 98,430	\$ 699,096	\$ 8,797,177	\$ 469,192	\$ 424,399	\$ 2,862,868

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Post- Retirement/ Severance Future Benefits	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 32,919	\$ 43,007	\$ 485,137	\$ 320,792	\$ 1,682,625	\$ 288,703	\$ 10,124	\$ -
Receipts:								
Local sources	-	-	680,737	204,333	3,147,930	-	-	-
Intermediate sources	-	-	-	-	-	-	244	-
State sources	-	-	19,127	100,674	-	-	-	9,304
Federal sources	-	-	679,701	-	-	-	-	-
Other	-	-	1,822	657	-	-	-	-
Total receipts	-	-	1,381,387	305,664	3,147,930	-	244	9,304
Disbursements:								
Current:								
Instruction	20,655	-	-	-	-	-	-	9,304
Support services	-	-	17,980	221,531	25	-	-	-
Noninstructional services	-	-	1,382,170	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	3,069,285	-	500	-
Total disbursements	20,655	-	1,400,150	221,531	3,069,310	-	500	9,304
Excess (deficiency) of receipts over disbursements	(20,655)	-	(18,763)	84,133	78,620	-	(256)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	16,336	-	112,004	-	-
Transfers out	-	-	-	-	-	(288,207)	-	-
Total other financing sources (uses)	-	-	-	16,336	-	(176,203)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,655)	-	(18,763)	100,469	78,620	(176,203)	(256)	-
Cash and investments - ending	\$ 12,264	\$ 43,007	\$ 466,374	\$ 421,261	\$ 1,761,245	\$ 112,500	\$ 9,868	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Safe Haven Grant 2012-13	Safe Haven Grant 2013-14	Financial Success Grant for KVHS	IN Youth Institute Grant	Jasper County REMC Grant	High Ability Learner 2011-12	High Ability Learner 2012-13	High Ability Learner 2013-14
Cash and investments - beginning	\$ (14,500)	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ 26,805	\$ -
Receipts:								
Local sources	-	-	-	-	6,082	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	14,500	10,150	-	-	-	-	-	41,207
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	14,500	10,150	-	-	6,082	-	-	41,207
Disbursements:								
Current:								
Instruction	-	-	-	-	600	-	26,805	16,628
Support services	-	10,150	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	10,150	-	-	600	-	26,805	16,628
Excess (deficiency) of receipts over disbursements	14,500	-	-	-	5,482	-	(26,805)	24,579
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	14,500	-	-	-	5,482	-	(26,805)	24,579
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 6,082	\$ -	\$ -	\$ 24,579

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Medicaid Reimbursement	Secured School Safety Grant	Non-English Speaking Program Grant 2012-13	Non-English Speaking Program Grant 2013-14	School Technology	State Graduation Rate Grant for KVHS	Oral Health Survey Grant for Demotte Elem.
Cash and investments - beginning	\$ 14,340	\$ -	\$ -	\$ -	\$ 26,191	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	39,763	-	100
Intermediate sources	-	-	-	-	-	-	-
State sources	15,593	-	-	12,292	5,880	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	15,593	-	-	12,292	45,643	-	100
Disbursements:							
Current:							
Instruction	-	-	-	12,292	-	-	100
Support services	-	16,241	-	-	44,229	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	16,241	-	12,292	44,229	-	100
Excess (deficiency) of receipts over disbursements	15,593	(16,241)	-	-	1,414	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(13,097)	-	-	-	-	-	-
Total other financing sources (uses)	(13,097)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,496	(16,241)	-	-	1,414	-	-
Cash and investments - ending	\$ 16,836	\$ (16,241)	\$ -	\$ -	\$ 27,605	\$ -	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Partners for Drug-Free Jasper County 2010-11	Partners for Drug-Free Jasper County 2011-12	Partners for Drug-Free Jasper County 2012-13	Partners for Drug-Free Jasper County 2013-14	Partners for Drug-Free Jasper County 2014-15	KVHS Pre-Engineering Grant	KVHS Advance Placement Grant
Cash and investments - beginning	\$ 2,457	\$ 5,000	\$ 3,000	\$ 2,748	\$ -	\$ 4,390	\$ 154
Receipts:							
Local sources	-	-	-	-	2,745	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	-	2,745	-	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	2,457	5,000	195	-	-	-	154
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,457	5,000	195	-	-	-	154
Excess (deficiency) of receipts over disbursements	(2,457)	(5,000)	(195)	-	2,745	-	(154)
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	(2,457)	(5,000)	(195)	-	2,745	-	(154)
Cash and investments - ending	\$ -	\$ -	\$ 2,805	\$ 2,748	\$ 2,745	\$ 4,390	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Senator David Ford Technology	Title I Basic Grant 2011-12	Title I Basic Grant 2012-13	Title I Basic Grant 2013-14	Title I Delinquent Grant 2011-12	Title I Delinquent Grant 2012-13	Title I Delinquent Grant 2013-14
Cash and investments - beginning	\$ -	\$ -	\$ (38,017)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	117,188	196,687	-	73,589	23,257
Other	-	-	-	-	-	-	-
Total receipts	-	-	117,188	196,687	-	73,589	23,257
Disbursements:							
Current:							
Instruction	-	-	73,159	261,742	-	69,650	37,463
Support services	-	-	5,947	14,772	-	3,939	2,707
Noninstructional services	-	-	65	612	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	79,171	277,126	-	73,589	40,170
Excess (deficiency) of receipts over disbursements	-	-	38,017	(80,439)	-	-	(16,913)
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	-	-	38,017	(80,439)	-	-	(16,913)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (80,439)	\$ -	\$ -	\$ (16,913)

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Special Education- Grants to States	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title II-Improving Teacher Quality 2011-12	Title II-Improving Teacher Quality 2012-13	Title II-Improving Teacher Quality 2013-14	Title III - English Language 2011-13
Cash and investments - beginning	\$ -	\$ 177,876	\$ -	\$ -	\$ (200)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	62,679	29,145	-	2,029	96,501	11,118	-
Other	-	-	-	-	-	-	-
Total receipts	62,679	29,145	-	2,029	96,501	11,118	-
Disbursements:							
Current:							
Instruction	62,679	3,838	-	-	-	20,561	-
Support services	-	6,064	-	2,029	96,591	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	62,679	9,902	-	2,029	96,591	20,561	-
Excess (deficiency) of receipts over disbursements	-	19,243	-	-	(90)	(9,443)	-
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	-	19,243	-	-	(90)	(9,443)	-
Cash and investments - ending	\$ -	\$ 197,119	\$ -	\$ -	\$ (290)	\$ (9,443)	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Title III - English Language 2012-14	Title III - English Language 2013-15	Title I - Grants to LEAs	Education Jobs	Lunch Clearing	Payroll Clearing	Totals
Cash and investments - beginning	\$ (483)	\$ -	\$ -	\$ -	\$ 11,124	\$ 8,599	\$ 20,098,171
Receipts:							
Local sources	-	-	-	-	-	-	16,311,339
Intermediate sources	-	-	-	-	-	-	1,368
State sources	-	-	-	-	-	-	20,808,499
Federal sources	2,972	15,052	-	-	-	-	1,309,918
Other	-	-	-	-	682,159	5,807,880	6,576,122
Total receipts	2,972	15,052	-	-	682,159	5,807,880	45,007,246
Disbursements:							
Current:							
Instruction	2,489	19,189	-	-	-	-	14,985,564
Support services	-	-	-	-	-	-	10,232,407
Noninstructional services	-	-	-	-	-	-	1,679,400
Facilities acquisition and construction	-	-	-	-	-	-	1,749,855
Debt services	-	-	-	-	-	-	5,527,350
Nonprogrammed charges	-	-	-	-	679,411	5,806,577	9,555,773
Total disbursements	2,489	19,189	-	-	679,411	5,806,577	43,730,349
Excess (deficiency) of receipts over disbursements	483	(4,137)	-	-	2,748	1,303	1,276,897
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	65,366
Transfers in	-	-	-	-	-	-	3,170,993
Transfers out	-	-	-	-	-	-	(3,170,993)
Total other financing sources (uses)	-	-	-	-	-	-	65,366
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	483	(4,137)	-	-	2,748	1,303	1,342,263
Cash and investments - ending	\$ -	\$ (4,137)	\$ -	\$ -	\$ 13,872	\$ 9,902	\$ 21,440,434

KANKAKEE VALLEY SCHOOL CORPORATION  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 253,222</u>	<u>\$ 165,390</u>

KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Kankakee Valley Intermediate School Building Corporation	KV Intermediate School	\$ 1,094,000	6/1/2009	6/30/2015
Kankakee Valley Middle School Building Corporation	KV Middle School 2009 Bonds	4,265,000	7/13/2009	6/30/2029
Kankakee Valley Middle School Building Corporation	KV Middle School 2010 Bonds	1,114,500	10/1/2009	6/30/2020
Kankakee Valley Wheatfield School Building Corporation	KV Wheatfield Elementary 2014	<u>199,500</u>	5/12/2014	12/31/2028
Total of annual lease payments		<u><u>\$ 6,673,000</u></u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2004 Pension Bonds	<u><u>\$ 415,000</u></u>	<u><u>\$ 424,338</u></u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

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

***Report on Compliance for Each Major Federal Program***

We have audited the Kankakee Valley School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Other Matters***

This report replaces the previously issued Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance dated March 3, 2015. The Schedule of Expenditures of Federal Awards has been revised to correct a misstatement. This correction changed the determination of the major programs. The Special Education Cluster was also audited as a major program due to the change.

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, 2014-004, and 2014-005 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 3, 2015 except the Special Education Cluster,  
as to which the date is April 19, 2016

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2012-13	\$ 104,273	\$ -
			FY 2013-14	-	107,321
National School Lunch Program	Indiana Department of Education	10.555	FY 2012-13	643,467	-
			FY 2013-14	-	670,148
Total for federal grantor agency				747,740	777,469
<u>U.S. Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Basic Grant			2011-2012	205,593	-
Basic Grant			2012-2013	208,846	117,188
Basic Grant			2013-2014	-	196,687
Neglected and Delinquent			2011-2012	97,715	-
Neglected and Delinquent			2012-2013	18,173	73,589
Neglected and Delinquent			2013-2014	-	23,257
Total for program				530,327	410,721
ARRA Title I Grants to Local Educational Agencies, Recovery Act		84.389	2011-2012	13,144	-
Total for cluster				543,471	410,721
English Language Acquisition State Grants	Indiana Department of Education	84.365	2011-2013	19,475	-
			2012-2014	19,019	2,972
			2013-2015	-	15,052
Total for program				38,494	18,024
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	2010-2012	67,460	-
			2011-2013	97,566	2,029
			2012-2014	-	96,501
			2013-2015	-	11,118
Total for program				165,026	109,648
Education Jobs Fund	Indiana Department of Education	84.410	3785	302,061	-
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027	A58313DL0064	67,815	-
			A58313DL1470	-	62,679
			14212-051-PN01	272,238	-
			14213-051-PN01	551,404	244,059
			14214-051-PN01	-	527,020
			99914-051-TA01	-	6,940
Total for program				891,457	840,698
Special Education_Preschool Grants	Indiana Department of Education	84.173	45712-051-PN01	8,745	-
			45713-051-PN01	17,060	9,232
			45714-051-PN01	-	16,635
Total for program				25,805	25,867
Total for cluster				917,262	866,565
Total for federal grantor agency				1,966,314	1,404,958
Total federal awards expended				\$ 2,714,054	\$ 2,182,427

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amounts of noncash assistance for the years ended June 30, 2013, and June 30, 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	06-30-13	06-30-14
National School Lunch Program	10.555	\$ 105,390	\$ 97,767

**Note 3. Special Education Cooperative**

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Special Education Cluster
84.410	Education Jobs Fund

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 2014-001 - INTERNAL CONTROLS OVER PAYROLL TRANSACTIONS**

We noted a deficiency in the internal control system of the School Corporation related to payroll transactions. Not all payroll transactions were properly supported by approved time records. Several employee time cards were not signed or initialed by the employees' supervisors. The School Corporation's monitoring process failed to detect this deficiency before processing payroll. The failure to establish effective controls could enable irregularities to remain undetected.

KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2014-002 - CASH MANAGEMENT***

Federal Agency: U.S. Department of Agriculture  
Federal Program: School Breakfast Program and National School Lunch Program  
CFDA Number: 10.553 and 10.555  
Federal Award Years: FY 2012-13 and FY 2013-14  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management compliance requirements. The Food Service Director does not maintain documentation of monitoring for compliance with Cash Management requirements. There is no segregation of duties, such as an oversight or review process.

The School Corporation is required to limit their food service program net cash resources to three months' average expenditures. The net cash balance of the food service program exceeded three months' average expenditures for 21 of 24 months during the period July 1, 2012 to June 30, 2014. This excess ranged from \$5,958 to \$82,907 or 1 percent to 19 percent of the three months' average expenditures.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

OMB Circular A-133, 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."

7 CFR section 210.14(a) states in part: "School Food Authorities shall maintain a nonprofit school food service."

7 CFR section 210.14(b) states:

"*Net cash resources*. The School Food Authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with section 210.19(a)."

7 CFR section 210.2 defines net cash resources as:

"*Net cash resources* means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit school food service at any given time, less cash payable. Such monies may include, but are not limited to, cash on hand, cash receivable, earnings on investments, cash on deposit and the value of stocks, bonds or other negotiable securities."

Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Cash Management requirements.

**FINDING 2014-003 - REPORTING**

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program and National School Lunch Program

CFDA Number: 10.553 and 10.555

Federal Award Years: FY 2012-13 and FY 2013-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Reporting compliance requirements. The Food Service Director independently prepares the monthly meal reimbursement reports and annual financial reports. There is no segregation of duties, such as an oversight, review, or approval process.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, 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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance with the Reporting requirements of the programs.

***FINDING 2014-004 - INTERNAL CONTROLS OVER EDUCATION JOBS FUND***

Federal Agency: U.S. Department of Education

Federal Program: Education Jobs Fund

CFDA Number: 84.410

Federal Award Number and Year (or Other Identifying Number): 3785

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements. The School Corporation Treasurer independently prepared the Education Jobs Fund reimbursement request reports and the quarterly ARRA survey reports. There was no segregation of duties, such as an oversight, review, or approval process.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

OMB Circular A-133, 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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the applicable compliance requirements of the program.

***FINDING 2014-005 - CASH MANAGEMENT AND REPORTING***

Federal Agency: Department of Education

Federal Program: Special Education Cluster

CFDA Number: 84.027 and 84.173

Federal Award Numbers: 14212-051-PN01, 14213-051-PN01, 14214-051-PN01, and 9914-051-TA01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements of the programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Requests for reimbursement reports were required to be submitted to receive grant funding. Requests were prepared by the Special Education Cooperative Treasurer and properly filed with the Indiana Department of Education. The reports were not reviewed or another control in place to ensure accuracy prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, 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."

KANKAKEE VALLEY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements.

#### AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

# ***Kankakee Valley School Corporation***

*12021 N 550 W*

*PO Box 278*

*Wheatfield, Indiana 46392-0278*

*Telephone: 219-987-4711*

*Fax: 219-987-4710*

## **Board of School Trustees**

**John Jungels, President**

**Dr. Edward P. Habrowski, Vice-President**

**Kristy Stowers, Secretary**

**Jeff Groen, Assistant Secretary**

**Jill Duttlinger, Member**

**Barbara Peregrine, Member**

**Jeff DeYoung, Member**

***Interim Superintendent – Mr. Iran Floyd***

***Assistant Superintendent - Mr. Aaron J. Case***

***Chief Financial Officer - Ms. Carol Deardorff***

***Director of Buildings and Grounds - Mr. Jim Bachman***

## **CORRECTIVE ACTION PLAN**

### ***FINDING 2014 – 001 – INTERNAL CONTROLS OVER PAYROLL TRANSACTIONS***

Contact Person Responsible for Corrective Action: Kimberly G. Mount, Deputy Treasurer

Contact Phone Number: 219.987.4711

#### **Description of Corrective Action Plan:**

A biometric/electronic time clock system was installed throughout the school district during the summer of 2014. Supervisors are required to electronically approve recorded time worked for their employees. The information from the time clock system is directly imported into the payroll software system.

Anticipated Completion Date: Completed August 2014.

Carol L. Deardorff  
(Signature)

Treasurer  
(Title)

03.03.15  
(Date)

#### **Mission Statement**

Kankakee Valley School Corporation is committed to meeting the needs of each individual student educationally, physically, emotionally and socially.

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*Director of Buildings and Grounds - Mr. Jim Bachman*

## CORRECTIVE ACTION PLAN

### **FINDING 2014-002- Cash Management**

Contact Person Responsible for Corrective Action: Linda Howard/Director Food Services  
Contact Phone Number: 219-987-4711

#### Description of Corrective Action Plan:

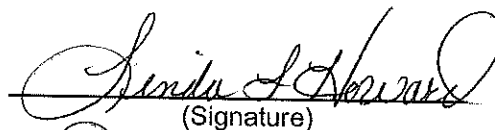
While it does appear that there was an excess of funds for the school years 2012-13 and 2013-14, had I as Director had a "Schedule of Proposed Use of Excess Funds" on file for "Retirement Severance Pay" that would have changed the balances drastically.

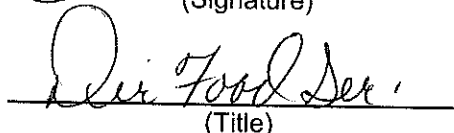
The Director of Food Services takes full responsibility for not having the proper schedule on file and not informing Mr. Snyder of the amount of the severance pay, this is the first time this office was aware that such a schedule existed.

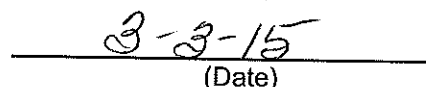
The severance package for the school year 2012-13 was \$47,245.00 and for the school year 2013-14 was \$65,178.00. There was also a dishwasher for the High school ordered in the 2012-13 school year and paid for in the 2013-14 school year in the amount of \$47,967.00

The "Schedule of Proposed Use of Excess Funds" will be kept on file and updated yearly. Cash balances will be closely monitored by the Director and the Food Service Assistant and if there appear to be excess funds after the trust balance and the severance pay are deducted, then the program will request a waiver from the Division of School & Nutrition to opt out of the "Equity in Pricing" for one year.

Anticipated Completion Date: Immediate

  
(Signature)

  
(Title)

  
(Date)

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*Director of Buildings and Grounds - Mr. Jim Bachman*

## **CORRECTIVE ACTION PLAN**

### ***FINDING 2014-003- Reporting***

Contact Person Responsible for Corrective Action: Linda Howard/Director Food Services

Contact Phone Number: 219-987-4711

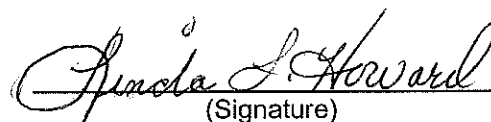
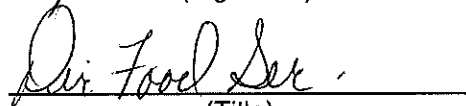
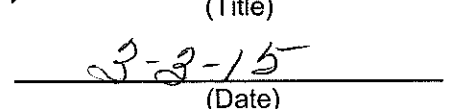
### **Description of Corrective Action Plan:**

Reimbursement Reports: The Director of Food Services shall compile all the necessary information by school. The Food Service Assistant will review the information for accuracy and sign and date before the report is submitted.

Financial Reports: The Director will prepare the report and the Food Services Assistant will check all the financial information for accuracy before submitting reports. The Assistant will initial and date the documents.

All recommendations concerning these reports have been implemented with the January 2015 reports.

Anticipated Completion Date: 01/31/2012

  
(Signature)  
  
(Title)  
  
(Date)

### **Mission Statement**

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Jeff Groen, Assistant Secretary

Jill Duttlinger, Member

Barbara Peregrine, Member

Jeff DeYoung, Member

## **CORRECTIVE ACTION PLAN**

### ***FINDING 2014-004 - INTERNAL CONTROLS OVER EDUCATION JOBS FUND***

Federal Agency: U.S. Department of Education

Federal Program: Education Jobs Fund

CFDA Number: 84.410

Federal Award Number and Year (or Other Identifying Number): 3785

Pass-Through Entity: Indiana Department of Education

The Kankakee Valley School Board approved the use of the grant funds on September 12, 2011 as recommended by the Treasurer following guidelines issued by the Indiana Dept. of Education.

The Deputy Treasurer expended the grant funds through payrolls which were approved by the School Board, Superintendent and Treasurer via the signed Payroll Claim Registers, and through fringe benefits which were approved by the School Board and Treasurer via signed Accounts Payable Voucher Registers.

The Treasurer filed Reimbursement Request Forms with the Indiana Dept. of Education.

The Treasurer prepared and signed the Summary of Fund 7965 Education Jobs Fund reports, which were reviewed and approved by signature of the Superintendent, and filed with the Indiana Dept. of Education.

The Treasurer filed online quarterly ARRA survey reports.

If in the future a federal grant requires online survey reports, they will be filed by a school corporation administrator, and not by the Treasurer.

Anticipated Completion Date: Completed.

Carol L. Deardorff  
(Signature)

Treasurer  
(Title)

03.03.15  
(Date)

### **Mission Statement**

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Barbara Peregrine, Member

Jeff DeYoung, Member

Jill Duttlinger, Member

Superintendent – Mr. Aaron J. Case  
Assistant to the Superintendent – Mrs. Allisa Schnick  
Chief Financial Officer - Ms. Carol Deardorff  
Director of Buildings and Grounds - Mr. Jim Bachman  
Superintendent Emeritus – Mr. Iran G. Floyd

## CORRECTIVE ACTION PLAN

Finding #2014-005

Contact Person(s) for Corrective Action: Aaron J. Case, Superintendent and Carol L. Deardorff, Treasurer  
Contact Telephone Number: 219.987.4711

Description of Corrective Action Plan:

1) West Central School Corporation serving as LEA or Fiscal Agent for Cooperative School Services will provide a monthly statement of revenue and expenditures for Federal grant funds to each Superintendent for the school corporations participating in the special education cooperative.

Each superintendent will review the reports and will document their receipt and review using the attached form.

Copies of signed forms will be retained by each school corporation and Cooperative School Services.

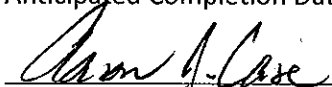
Anticipated Completion Date: May 10, 2016

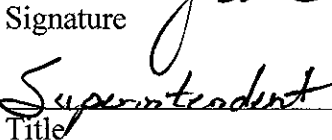
2) At each meeting of the Executive Board for Cooperative School Services a financial report (revenue and expenditures) will be provided and approved with the action recorded in the meeting minutes.

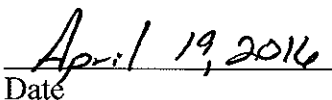
Anticipated Completion Date: Already in place

3) Monthly requests for reimbursement of Federal Funds are signed by both the LEA or Fiscal Agent Treasurer and Superintendent.

Anticipated Completion Date: May 2016

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Date

***Cooperative School Services***

*1389 Saint Gaspar Drive  
Rensselaer, Indiana 47978  
219-866-8540*

**Monthly Financial Report Documentation**

As Superintendent of \_\_\_\_\_ School Corporation I have received and reviewed the Cooperative School Services monthly financial report for \_\_\_\_\_, 20\_\_.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Retain a copy for your records and return a copy to Cooperative School Services:

Email: [mail@cooperativeschoolservices.org](mailto:mail@cooperativeschoolservices.org)

Fax: 219-866-4668

Mail: 1389 Saint Gaspar Drive, Rensselaer, Indiana 47978

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.