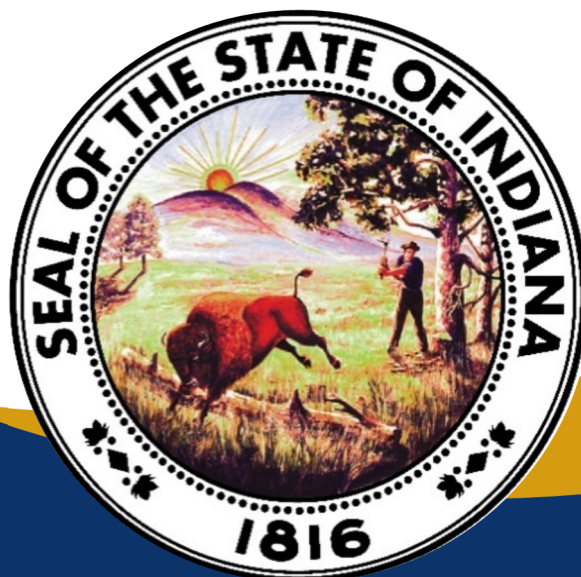


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT
OF
KANKAKEE VALLEY SCHOOL CORPORATION
JASPER COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

03/25/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer/Treasurer	Carol Deardorff	07-01-22 to 01-09-23
Business Manager/Treasurer	Chris Richie	01-10-23 to 06-30-25
Superintendent of Schools	Donald Street	07-01-22 to 06-30-25
President of the School Board	Jill Duttlinger Kristy Stowers	07-01-22 to 12-31-23 01-01-24 to 06-30-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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

This report is supplemental to the audit report of the Kankakee Valley School Corporation (School Corporation), for the period from July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with the Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 13, 2025

KANKAKEE VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B60982, entitled *INTERNAL CONTROLS*.

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement, Other Information, and the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation entered the information as required; however, the internal controls in place were not effective in preventing or detecting errors in the information entered. As a result, the following errors were identified in the information reported in the AFR:

Grants

The School Corporation reported various grants which had individually immaterial errors, but which resulted in a combined material misstatement of \$427,154 and \$404,093 for the fiscal years ended June 30, 2023 and 2024, respectively.

The submitted AFR information is used to generate the SEFA presented in the Federal Compliance Report of the School Corporation. Therefore, these errors were also presented in the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA and to the grant information within the AFR.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

KANKAKEE VALLEY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

SCHOOL FOOD SYSTEMS - PREPAID FOOD

Condition and Context

Internal controls were not in place to ensure that the Prepaid Meals fund cash balance agreed to the detailed listing of all individual account balances. Monthly reconcilements of all the individual lunch account balances to the Prepaid Meals fund cash balance (clearing account) were performed. However, the cash balance of the Prepaid Meals fund did not agree with the individual lunch account balances as follows:

Description	Balance as of June 30,	
	2023	2024
Prepaid Meals fund	\$ 37,957	\$ 29,373
Individual Lunch Account Balances	36,896	30,093
Variance	\$ 1,061	\$ (720)

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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KANKAKEE VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

The SBOA opinion is that money a student puts into their individual meal account (prepaid food account) should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account balance, it should not be included in the School Lunch fund. It is required that the School Corporation set up a Prepaid School Lunch Accounts fund clearing account. When a student brings in a deposit the receipt would be recorded to the Prepaid School Lunch Accounts fund. Periodically, after the student has charged meals, the School Corporation should disburse the amount charged from the Prepaid School Lunch Accounts fund and receipt it into the School Lunch fund. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the Prepaid School Lunch Accounts fund should be reconciled with the total of the individual meal accounts. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 10)

KANKAKEE VALLEY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 13, 2025, with Chris Richie, Business Manager/Treasurer; Donald Street, Superintendent of Schools; and Kristy Stowers, President of the School Board.