

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

VALPARAISO COMMUNITY SCHOOLS
PORTER COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
05/15/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Chief Financial Officer	Sharon Qualkenbush	07-01-15 to 06-30-18
Superintendent of Schools	Dr. E. Ric Frataccia Dr. Julie Lauck (acting)	07-01-15 to 02-28-18 03-01-18 to 06-30-18
President of the School Board	Karl Cender Paul Knauff	07-01-15 to 06-30-17 07-01-17 to 06-30-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE VALPARAISO COMMUNITY SCHOOLS, PORTER COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Valparaiso Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement as listed in the Table of Contents.

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 from 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 to 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 April 19, 2018, 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 solely 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 effectiveness of the School Corporation's 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

April 19, 2018



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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 VALPARAISO COMMUNITY SCHOOLS, PORTER 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 Valparaiso Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated April 19, 2018, 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 School Corporation'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.

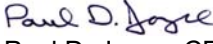
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

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*.

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

April 19, 2018

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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.

VALPARAISO COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 4,773,916	\$ 40,017,953	\$ 39,361,917	\$ 12,975	\$ 5,442,927	\$ 41,234,032	\$ 38,315,252	\$ (1,648,811)	\$ 6,712,896
Referendum Tax Levy	-	2,601,865	506,803	-	2,095,062	5,080,356	2,852,840	(1,500,000)	2,822,578
Debt Service	4,370,843	8,717,745	9,362,452	(59,807)	3,666,329	7,642,181	8,640,572	(75,095)	2,592,843
Retirement/Severance Bond Debt Service	1,084,024	2,106,157	2,264,720	-	925,461	2,104,877	2,095,480	-	934,858
Referendum Debt Exempt Capital	-	3,041,321	2,427,000	-	614,321	6,184,172	5,522,000	-	1,276,493
Capital Projects	2,750,006	5,316,348	5,081,938	17,699	3,002,115	4,333,083	5,391,001	-	1,944,197
School Transportation	2,198,178	3,100,527	2,459,415	7,592	2,846,882	3,254,687	2,492,093	(700,000)	2,909,476
School Bus Replacement	919,809	682,826	538,833	-	1,063,802	636,851	685,685	-	1,014,968
Rainy Day	1,983,405	-	-	-	1,983,405	350,000	961,420	3,850,000	5,221,985
Retirement/Severance Bond	8,950,211	61,244	801,454	-	8,210,001	64,254	656,817	-	7,617,438
Post-Retirement/Severance Future Benefits	11,373	-	-	-	11,373	-	-	-	11,373
School Lunch	1,573,192	2,266,627	2,638,594	4,112	1,205,337	2,675,312	2,891,557	-	989,092
Textbook Rental	463,500	1,104,240	1,243,100	59,807	384,447	774,388	154,962	75,095	1,078,968
Self-Insurance	6,134,071	5,317,943	5,348,787	-	6,103,227	5,511,765	5,263,339	-	6,351,653
Levy Excess	7,592	-	-	(7,592)	-	-	-	-	-
Alternative Education	12,486	12,225	12,400	-	12,311	18,202	-	-	30,513
SAFE Haven	-	5,000	10,000	-	(5,000)	5,000	-	-	-
Early Intervention Literacy	6,636	-	6,636	-	-	-	-	-	-
Early Intervention Literacy 2015-2016	-	-	-	-	-	154,477	154,477	-	-
Early Intervention Literacy 2016-2017	-	-	-	-	-	30,359	6,954	-	23,405
Comprehensive Counseling Grant	-	-	-	-	-	50,000	46,303	-	3,697
Wellness	5,885	4,205	5,560	-	4,530	4,581	3,245	-	5,866
Ready NWI Stem Camp	-	5,705	5,705	-	-	-	-	-	-
Construction, Remodeling, and Equipping Buildings	465,936	-	-	-	465,936	-	465,886	-	50
Gifts/Donations	74,933	46,699	50,480	-	71,152	54,170	36,981	-	88,341
RDC Ed Grant 2015	-	434,400	434,400	-	-	-	-	-	-
RDC Ed Grant 2016	-	-	14,016	-	(14,016)	434,400	420,384	-	-
United Way KDG Camp	(2,496)	7,487	4,991	-	-	7,527	7,527	-	-
Sources of Strength Program	-	12,000	-	-	12,000	-	6,634	-	5,366
Substance Abuse Prevention	-	25,100	-	-	25,100	43,950	37,043	-	32,007
Formative Assessment	-	-	-	-	-	62,649	62,649	-	-
High Ability Making A Difference	-	38	38	-	-	-	-	-	-
High Ability 2014-2015	3,895	-	3,895	-	-	-	-	-	-
High Ability 2015-2016	-	57,816	43,926	-	13,890	-	13,890	-	-
High Ability 2016-2017	-	-	-	-	-	60,535	32,448	-	28,087
Computer Consortium/Ed Tech Advance	-	-	-	-	-	-	-	-	-
Common School Loan Current	(83,568)	1,121,938	1,083,370	-	(45,000)	614,990	569,990	-	-
Non-English Speaking Programs	12,213	-	11,534	-	679	-	679	-	-

VALPARAISO COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Non-English Speaking Programs 2015-2016	-	35,448	26,576	-	8,872	-	8,872	-	-
Dual Language 2015-2016	-	35,053	77,687	-	(42,634)	42,634	-	-	-
Non-English Speaking Programs 2016-2017	-	-	-	-	-	44,048	35,953	-	8,095
School Technology	188,254	27,431	6,750	-	208,935	12,788	14,770	-	206,953
Career and Technical Performance Grant	-	-	-	-	-	25,322	25,322	-	-
Performance Based Awards	-	-	-	-	-	473,016	473,016	-	-
Safe Haven Grant 15-16	(5,000)	5,000	-	-	-	-	-	-	-
Miscellaneous Programs	2,496	-	2,496	-	-	-	-	-	-
PCSAC Drug Test	434	-	434	-	-	-	-	-	-
PCSAC Drug Test 15-16	-	4,578	1,845	-	2,733	-	2,733	-	-
Porter County Substance Abuse 2016	-	-	-	-	-	2,000	2,000	-	-
Envisionary Conference	1,926	-	-	-	1,926	-	-	-	1,926
IN Secured Safety 2015-2016	-	-	-	-	-	34,908	34,908	-	-
IN Secured Safety 2016-2017	-	-	-	-	-	-	13,564	-	(13,564)
Senator David Ford Technology	-	80,560	81,628	-	(1,068)	4,709	3,641	-	-
Title I	(54,552)	126,668	72,116	-	-	-	-	-	-
Title I 2015-2016	-	413,238	517,683	-	(104,445)	230,836	126,391	-	-
Title I 2016-2017	-	-	-	-	-	319,347	344,327	-	(24,980)
Title I Part D 2014-2015	(1,984)	3,436	1,452	-	-	-	-	-	-
Title I Part D 2015-2016	-	12,158	16,039	-	(3,881)	16,561	12,680	-	-
Title I Part D 2016-2017	-	-	-	-	-	15,996	15,996	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	(6,555)	8,768	2,213	-	-	-	-	-	-
Title II A 2014-2015	(13,017)	98,980	100,719	-	(14,756)	26,864	12,108	-	-
Title II A 2015-2016	-	12,277	47,382	-	(35,105)	126,288	98,261	-	(7,078)
Title II 2016	-	-	-	-	-	42,873	48,577	-	(5,704)
Title III - English Proficiency Migrant	-	-	-	-	-	-	-	-	-
Title III 2014-2016	-	-	23,221	-	(23,221)	29,030	5,809	-	-
Title III 2015-2017	-	12,292	12,305	-	(13)	13,623	14,144	-	(534)
Title III 2016-2018	-	-	-	-	-	2,205	18,294	-	(16,089)
Clearing Account	8,104	17,454,962	17,364,651	-	98,415	18,595,242	18,594,107	-	99,550
Prepaid Food	62,633	1,236,822	1,237,282	-	62,173	1,365,213	1,391,893	-	35,493
Totals	<u>\$ 35,898,779</u>	<u>\$ 95,635,080</u>	<u>\$ 93,314,443</u>	<u>\$ 34,786</u>	<u>\$ 38,254,202</u>	<u>\$ 102,810,301</u>	<u>\$ 99,085,474</u>	<u>\$ 1,189</u>	<u>\$ 41,980,218</u>

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

VALPARAISO COMMUNITY SCHOOLS
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, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

VALPARAISO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

VALPARAISO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts 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.

Transfers out. Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and

VALPARAISO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

January 1 in a year beginning after December 31, 2015) 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member. Eligibility and contribution information for less than full time employee classifications may be obtained from the School Corporation.

VALPARAISO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. 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.

VALPARAISO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

C. Additional Pension Plan

Contributions to New 401(a) Plan

Beginning with the 1998-1999 school year, the School Corporation established a qualified 401(a) annuity plan for all teachers who are employed on a regular teachers' contract after January 1, 1998, and who have not reached permanent teacher status by September 30, 1998. The School Corporation contributes up to \$670 on behalf of the teacher for teachers who contribute an equal amount of dollars to a 403(b) plan or 457(b) plan. Contributions to the 401(a) Plan started with the 1998-1999 contract year and have been included in each contract year thereafter. Teachers who were employed after August 21, 2005, are not included in the 401(a) Plan.

Beginning with the 1998-1999 school year, the School Corporation established a 401(a) Annuity Plan for all classified employees who were employed after September 30, 1993, and who had not completed five consecutive years of service by October 1, 1998. Classified employees hired after August 21, 2005, are not eligible for the plan. The School Corporation contributes up to \$250 for eligible classified employees who contribute an equal amount to a 403(b) plan or a 457(b) plan. Eligible part-time employees receive a prorated contribution. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants and loans. The School Corporation is required to expend the dollars and then seek reimbursement for the expenditures. Due to the timing of the expenditures, the reimbursements were not received by June 30, 2016 and 2017. Generally, the reimbursements were received in the following month as a result of the reimbursement request deadlines established by the state.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with the Valparaiso Middle School Building Corporation and the Valparaiso Multi Schools 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 a related-parties of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$9,086,000 and \$13,755,806, respectively.

Note 9. Other Postemployment Benefits

A. Postemployment Benefits

The School Corporation allows eligible retirees and their spouses to enroll in health and dental insurances with the retiree paying the full premium. These benefits pose a potential liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

VALPARAISO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Early Retirement Plan - Bridge to Social Security

Teachers who leave the service of the School Corporation and who qualify under the terms of the General Severance Pay-Bridge to Social Security will receive severance pay and may also qualify to receive bridges to Social Security. The Early Retirement Plan-Bridge to Social Security for Teachers includes the following features: (a) There is a maximum five year bridge; (b) The benefit is tied to the full social security age of the retiree; (c) The annual bridge payments may be paid through the School Corporation Section 125 plan; (d) The benefit contributions are tied to severance calculations that are based on the years of experience in the School Corporation, as well as the accumulative sick leave, final base salary, and the number of contract days.

To qualify for the plan, the retiree must meet all of the following criteria: (a) The retiree must be 55 years of age at the time of retirement with 10 years of teaching and/or administrative experience in the School Corporation; (b) The teacher must be employed on a regular teachers' contract; (c) The teacher must have been employed by the School Corporation on a regular teachers' contract prior to January 1, 1998; (d) The teacher must have attained permanent teacher status with the School Corporation by September 30, 1998, and have been employed under a regular teachers' contract with the School Corporation during the 1997-1998 school year. Severance pay and Bridge to Social Security calculation details are included in the current Master Contract Agreement.

A teacher who is not yet 55, but who meets all of the above experience requirements, and who has a total of 55 years of experience with each year in the School Corporation counting as two years, shall receive Severance Pay but no Bridge to full Social Security.

Classified employees who were actively employed by the School Corporation prior to January 1, 1998, and who completed five consecutive years of employment with the School Corporation, and were employed by the School Corporation during the 1997-1998 school year may be eligible to receive Severance Pay. Classified employees meeting this criteria are eligible to receive severance pay if at the time of retirement, the classified employee was at least 55 years of age, had at least 10 years of experience in the School Corporation, and is currently employed with the School Corporation.

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Government Units 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 School Corporation's Financial Reports 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.

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 4,773,916	\$ -	\$ 4,370,843	\$ 1,084,024	\$ -	\$ 2,750,006	\$ 2,198,178	\$ 919,809	\$ 1,983,405
Receipts:									
Local sources	2,076,296	2,601,865	8,717,745	1,606,157	3,041,321	4,116,348	3,100,527	614,641	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	37,941,657	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	500,000	-	1,200,000	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	68,185	-
Total receipts	40,017,953	2,601,865	8,717,745	2,106,157	3,041,321	5,316,348	3,100,527	682,826	-
Disbursements:									
Instruction	28,464,279	277,937	-	-	-	-	-	-	-
Support services	10,164,101	228,866	-	-	-	1,643,168	2,459,415	538,833	-
Noninstructional services	733,537	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	1,938,770	-	-	-
Debt services	-	-	9,362,452	2,264,720	2,427,000	1,500,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	39,361,917	506,803	9,362,452	2,264,720	2,427,000	5,081,938	2,459,415	538,833	-
Excess (deficiency) of receipts over disbursements	656,036	2,095,062	(644,707)	(158,563)	614,321	234,410	641,112	143,993	-
Other financing sources (uses):									
Sale of capital assets	12,975	-	-	-	-	17,699	-	-	-
Transfers in	-	-	-	-	-	-	7,592	-	-
Transfers out	-	-	(59,807)	-	-	-	-	-	-
Total other financing sources (uses)	12,975	-	(59,807)	-	-	17,699	7,592	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	669,011	2,095,062	(704,514)	(158,563)	614,321	252,109	648,704	143,993	-
Cash and investments - ending	\$ 5,442,927	\$ 2,095,062	\$ 3,666,329	\$ 925,461	\$ 614,321	\$ 3,002,115	\$ 2,846,882	\$ 1,063,802	\$ 1,983,405

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Alternative Education	SAFE Haven	Early Intervention Literacy
Cash and investments - beginning	\$ 8,950,211	\$ 11,373	\$ 1,573,192	\$ 463,500	\$ 6,134,071	\$ 7,592	\$ 12,486	\$ -	\$ 6,636
Receipts:									
Local sources	61,244	-	1,339,114	974,303	5,317,943	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	30,273	129,937	-	-	12,225	5,000	-
Federal sources	-	-	897,240	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	61,244	-	2,266,627	1,104,240	5,317,943	-	12,225	5,000	-
Disbursements:									
Instruction	-	-	-	-	-	-	12,400	-	-
Support services	801,454	-	81,975	850,424	15,986	-	-	10,000	6,636
Noninstructional services	-	-	2,556,619	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	392,676	5,332,801	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	801,454	-	2,638,594	1,243,100	5,348,787	-	12,400	10,000	6,636
Excess (deficiency) of receipts over disbursements	(740,210)	-	(371,967)	(138,860)	(30,844)	-	(175)	(5,000)	(6,636)
Other financing sources (uses):									
Sale of capital assets	-	-	4,112	-	-	-	-	-	-
Transfers in	-	-	-	59,807	-	-	-	-	-
Transfers out	-	-	-	-	-	(7,592)	-	-	-
Total other financing sources (uses)	-	-	4,112	59,807	-	(7,592)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(740,210)	-	(367,855)	(79,053)	(30,844)	(7,592)	(175)	(5,000)	(6,636)
Cash and investments - ending	\$ 8,210,001	\$ 11,373	\$ 1,205,337	\$ 384,447	\$ 6,103,227	\$ -	\$ 12,311	\$ (5,000)	\$ -

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Early Intervention Literacy 2015-2016	Early Intervention Literacy 2016-2017	Comprehensive Counseling Grant	Wellness	Ready NWI Stem Camp	Construction, Remodeling, and Equipping Buildings	Gifts/ Donations	RDC Ed Grant 2015	RDC Ed Grant 2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 5,885	\$ -	\$ 465,936	\$ 74,933	\$ -	\$ -
Receipts:									
Local sources	-	-	-	4,205	5,705	-	46,699	434,400	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	4,205	5,705	-	46,699	434,400	-
Disbursements:									
Instruction	-	-	-	-	2,255	-	42,974	434,400	-
Support services	-	-	-	-	-	-	6,121	-	14,016
Noninstructional services	-	-	-	5,560	3,450	-	1,385	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	5,560	5,705	-	50,480	434,400	14,016
Excess (deficiency) of receipts over disbursements	-	-	-	(1,355)	-	-	(3,781)	-	(14,016)
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	-	-	-	(1,355)	-	-	(3,781)	-	(14,016)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 4,530	\$ -	\$ 465,936	\$ 71,152	\$ -	\$ (14,016)

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	United Way KDG Camp	Sources of Strength Program	Substance Abuse Prevention	Formative Assessment	High Ability Making A Difference	High Ability 2014-2015	High Ability 2015-2016	High Ability 2016-2017	Computer Consortium/ Ed Tech Advance
Cash and investments - beginning	\$ (2,496)	\$ -	\$ -	\$ -	\$ -	\$ 3,895	\$ -	\$ -	\$ -
Receipts:									
Local sources	7,487	12,000	25,100	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	38	-	57,816	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	7,487	12,000	25,100	-	38	-	57,816	-	-
Disbursements:									
Instruction	4,991	-	-	-	38	3,895	43,926	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	4,991	-	-	-	38	3,895	43,926	-	-
Excess (deficiency) of receipts over disbursements	2,496	12,000	25,100	-	-	(3,895)	13,890	-	-
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	2,496	12,000	25,100	-	-	(3,895)	13,890	-	-
Cash and investments - ending	\$ -	\$ 12,000	\$ 25,100	\$ -	\$ -	\$ -	\$ 13,890	\$ -	\$ -

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Common School Loan Current	Non-English Speaking Programs	Non-English Speaking Programs 2015-2016	Dual Language 2015-2016	Non-English Speaking Programs 2016-2017	School Technology	Career and Technical Performance Grant	Performance Based Awards	Safe Haven Grant 15-16
Cash and investments - beginning	\$ (83,568)	\$ 12,213	\$ -	\$ -	\$ -	\$ 188,254	\$ -	\$ -	\$ (5,000)
Receipts:									
Local sources	-	-	-	-	-	16,547	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	1,121,938	-	35,448	35,053	-	10,884	-	-	5,000
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,121,938	-	35,448	35,053	-	27,431	-	-	5,000
Disbursements:									
Instruction	-	11,534	26,576	77,687	-	-	-	-	-
Support services	1,083,370	-	-	-	-	6,750	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	1,083,370	11,534	26,576	77,687	-	6,750	-	-	-
Excess (deficiency) of receipts over disbursements	38,568	(11,534)	8,872	(42,634)	-	20,681	-	-	5,000
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	38,568	(11,534)	8,872	(42,634)	-	20,681	-	-	5,000
Cash and investments - ending	\$ (45,000)	\$ 679	\$ 8,872	\$ (42,634)	\$ -	\$ 208,935	\$ -	\$ -	\$ -

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Miscellaneous Programs	PCSAC Drug Test	PCSAC Drug Test 15-16	Porter County Substance Abuse 2016	Envisionary Conference	IN Secured Safety 2015-2016	IN Secured Safety 2016-2017	Senator David Ford Technology	Title I
Cash and investments - beginning	\$ 2,496	\$ 434	\$ -	\$ -	\$ 1,926	\$ -	\$ -	\$ -	\$ (54,552)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	4,578	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	80,560	-
Federal sources	-	-	-	-	-	-	-	-	126,668
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	4,578	-	-	-	-	80,560	126,668
Disbursements:									
Instruction	-	-	-	-	-	-	-	81,628	62,946
Support services	2,496	434	1,845	-	-	-	-	-	8,423
Noninstructional services	-	-	-	-	-	-	-	-	747
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	2,496	434	1,845	-	-	-	-	81,628	72,116
Excess (deficiency) of receipts over disbursements	(2,496)	(434)	2,733	-	-	-	-	(1,068)	54,552
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	(2,496)	(434)	2,733	-	-	-	-	(1,068)	54,552
Cash and investments - ending	\$ -	\$ -	\$ 2,733	\$ -	\$ 1,926	\$ -	\$ -	\$ (1,068)	\$ -

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2016

	Title I 2015-2016	Title I 2016-2017	Title I Part D 2014-2015	Title I Part D 2015-2016	Title I Part D 2016-2017	Improving Teacher Quality, No Child Left, Title II, Part A	Title II A 2014-2015	Title II A 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ (1,984)	\$ -	\$ -	\$ (6,555)	\$ (13,017)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	413,238	-	3,436	12,158	-	8,768	98,980	12,277
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	413,238	-	3,436	12,158	-	8,768	98,980	12,277
Disbursements:								
Instruction	446,174	-	-	10,335	-	2,213	100,719	47,382
Support services	60,848	-	1,452	5,704	-	-	-	-
Noninstructional services	10,661	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	517,683	-	1,452	16,039	-	2,213	100,719	47,382
Excess (deficiency) of receipts over disbursements	(104,445)	-	1,984	(3,881)	-	6,555	(1,739)	(35,105)
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	(104,445)	-	1,984	(3,881)	-	6,555	(1,739)	(35,105)
Cash and investments - ending	\$ (104,445)	\$ -	\$ -	\$ (3,881)	\$ -	\$ -	\$ (14,756)	\$ (35,105)

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title II 2016	Title III - English Proficiency Migrant	Title III 2014-2016	Title III 2015-2017	Title III 2016-2018	Clearing Account	Prepaid Food	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,104	\$ 62,633	\$ 35,898,779
Receipts:								
Local sources	-	-	-	-	-	-	-	34,119,647
Intermediate sources	-	-	-	-	-	-	-	4,578
State sources	-	-	-	-	-	-	-	39,465,829
Federal sources	-	-	-	12,292	-	-	-	1,585,057
Temporary loans	-	-	-	-	-	-	-	1,700,000
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	17,454,962	1,236,822	18,759,969
Total receipts	-	-	-	12,292	-	17,454,962	1,236,822	95,635,080
Disbursements:								
Instruction	-	-	23,221	12,305	-	-	-	30,189,815
Support services	-	-	-	-	-	-	-	17,992,317
Noninstructional services	-	-	-	-	-	-	-	3,311,959
Facilities acquisition and construction	-	-	-	-	-	-	-	1,938,770
Debt services	-	-	-	-	-	-	-	15,554,172
Nonprogrammed charges	-	-	-	-	-	17,364,651	1,237,282	24,327,410
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	23,221	12,305	-	17,364,651	1,237,282	93,314,443
Excess (deficiency) of receipts over disbursements	-	-	(23,221)	(13)	-	90,311	(460)	2,320,637
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	34,786
Transfers in	-	-	-	-	-	-	-	67,399
Transfers out	-	-	-	-	-	-	-	(67,399)
Total other financing sources (uses)	-	-	-	-	-	-	-	34,786
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(23,221)	(13)	-	90,311	(460)	2,355,423
Cash and investments - ending	\$ -	\$ -	\$ (23,221)	\$ (13)	\$ -	\$ 98,415	\$ 62,173	\$ 38,254,202

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 5,442,927	\$ 2,095,062	\$ 3,666,329	\$ 925,461	\$ 614,321	\$ 3,002,115	\$ 2,846,882	\$ 1,063,802	\$ 1,983,405
Receipts:									
Local sources	2,064,414	5,080,356	7,642,181	1,493,457	6,184,172	3,983,033	3,254,687	636,851	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	39,169,468	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	611,420	-	350,000	-	-	350,000
Other	150	-	-	-	-	50	-	-	-
Total receipts	<u>41,234,032</u>	<u>5,080,356</u>	<u>7,642,181</u>	<u>2,104,877</u>	<u>6,184,172</u>	<u>4,333,083</u>	<u>3,254,687</u>	<u>636,851</u>	<u>350,000</u>
Disbursements:									
Instruction	27,340,633	1,623,523	-	-	-	-	-	-	-
Support services	10,175,973	1,229,317	-	-	-	2,034,887	2,492,093	685,685	-
Noninstructional services	798,646	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	1,806,114	-	-	-
Debt services	-	-	8,640,572	2,095,480	5,522,000	1,200,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	350,000	-	-	961,420
Total disbursements	<u>38,315,252</u>	<u>2,852,840</u>	<u>8,640,572</u>	<u>2,095,480</u>	<u>5,522,000</u>	<u>5,391,001</u>	<u>2,492,093</u>	<u>685,685</u>	<u>961,420</u>
Excess (deficiency) of receipts over disbursements	<u>2,918,780</u>	<u>2,227,516</u>	<u>(998,391)</u>	<u>9,397</u>	<u>662,172</u>	<u>(1,057,918)</u>	<u>762,594</u>	<u>(48,834)</u>	<u>(611,420)</u>
Other financing sources (uses):									
Sale of capital assets	1,189	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	3,850,000
Transfers out	(1,650,000)	(1,500,000)	(75,095)	-	-	-	(700,000)	-	-
Total other financing sources (uses)	<u>(1,648,811)</u>	<u>(1,500,000)</u>	<u>(75,095)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(700,000)</u>	<u>-</u>	<u>3,850,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,269,969</u>	<u>727,516</u>	<u>(1,073,486)</u>	<u>9,397</u>	<u>662,172</u>	<u>(1,057,918)</u>	<u>62,594</u>	<u>(48,834)</u>	<u>3,238,580</u>
Cash and investments - ending	<u>\$ 6,712,896</u>	<u>\$ 2,822,578</u>	<u>\$ 2,592,843</u>	<u>\$ 934,858</u>	<u>\$ 1,276,493</u>	<u>\$ 1,944,197</u>	<u>\$ 2,909,476</u>	<u>\$ 1,014,968</u>	<u>\$ 5,221,985</u>

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Alternative Education	SAFE Haven	Early Intervention Literacy
Cash and investments - beginning	\$ 8,210,001	\$ 11,373	\$ 1,205,337	\$ 384,447	\$ 6,103,227	\$ -	\$ 12,311	\$ (5,000)	\$ -
Receipts:									
Local sources	64,254	-	1,511,762	641,510	5,511,765	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	25,879	132,878	-	-	18,202	5,000	-
Federal sources	-	-	1,137,671	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	64,254	-	2,675,312	774,388	5,511,765	-	18,202	5,000	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	656,817	-	92,607	154,962	24,315	-	-	-	-
Noninstructional services	-	-	2,798,950	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	5,239,024	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	656,817	-	2,891,557	154,962	5,263,339	-	-	-	-
Excess (deficiency) of receipts over disbursements	(592,563)	-	(216,245)	619,426	248,426	-	18,202	5,000	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	75,095	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	75,095	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(592,563)	-	(216,245)	694,521	248,426	-	18,202	5,000	-
Cash and investments - ending	\$ 7,617,438	\$ 11,373	\$ 989,092	\$ 1,078,968	\$ 6,351,653	\$ -	\$ 30,513	\$ -	\$ -

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Early Intervention Literacy 2015-2016	Early Intervention Literacy 2016-2017	Comprehensive Counseling Grant	Wellness	Ready NWI Stem Camp	Construction, Remodeling, and Equipping Buildings	Gifts/ Donations	RDC Ed Grant 2015	RDC Ed Grant 2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 4,530	\$ -	\$ 465,936	\$ 71,152	\$ -	\$ (14,016)
Receipts:									
Local sources	-	-	50,000	4,581	-	-	54,170	-	434,400
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	154,477	30,359	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	154,477	30,359	50,000	4,581	-	-	54,170	-	434,400
Disbursements:									
Instruction	-	-	-	-	-	-	13,009	-	27,018
Support services	154,477	6,954	46,303	-	-	-	9,792	-	393,002
Noninstructional services	-	-	-	3,245	-	-	14,180	-	364
Facilities acquisition and construction	-	-	-	-	-	465,886	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	154,477	6,954	46,303	3,245	-	465,886	36,981	-	420,384
Excess (deficiency) of receipts over disbursements	-	23,405	3,697	1,336	-	(465,886)	17,189	-	14,016
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	-	23,405	3,697	1,336	-	(465,886)	17,189	-	14,016
Cash and investments - ending	\$ -	\$ 23,405	\$ 3,697	\$ 5,866	\$ -	\$ 50	\$ 88,341	\$ -	\$ -

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	United Way KDG Camp	Sources of Strength Program	Substance Abuse Prevention	Formative Assessment	High Ability Making A Difference	High Ability 2014-2015	High Ability 2015-2016	High Ability 2016-2017	Computer Consortium/ Ed Tech Advance
Cash and investments - beginning	\$ -	\$ 12,000	\$ 25,100	\$ -	\$ -	\$ -	\$ 13,890	\$ -	\$ -
Receipts:									
Local sources	7,527	-	43,950	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	62,649	-	-	-	60,535	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	7,527	-	43,950	62,649	-	-	-	60,535	-
Disbursements:									
Instruction	7,527	-	-	62,649	-	-	13,890	32,448	-
Support services	-	6,634	37,043	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	7,527	6,634	37,043	62,649	-	-	13,890	32,448	-
Excess (deficiency) of receipts over disbursements	-	(6,634)	6,907	-	-	-	(13,890)	28,087	-
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	-	(6,634)	6,907	-	-	-	(13,890)	28,087	-
Cash and investments - ending	\$ -	\$ 5,366	\$ 32,007	\$ -	\$ -	\$ -	\$ -	\$ 28,087	\$ -

VALPARAISO COMMUNITY SCHOOLS
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 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Common School Loan Current	Non-English Speaking Programs	Non-English Speaking Programs 2015-2016	Dual Language 2015-2016	Non-English Speaking Programs 2016-2017	School Technology	Career and Technical Performance Grant	Performance Based Awards	Safe Haven Grant 15-16
Cash and investments - beginning	\$ (45,000)	\$ 679	\$ 8,872	\$ (42,634)	\$ -	\$ 208,935	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	614,990	-	-	42,634	44,048	12,788	25,322	473,016	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	614,990	-	-	42,634	44,048	12,788	25,322	473,016	-
Disbursements:									
Instruction	-	679	8,872	-	35,953	-	25,322	473,016	-
Support services	569,990	-	-	-	-	14,770	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	569,990	679	8,872	-	35,953	14,770	25,322	473,016	-
Excess (deficiency) of receipts over disbursements	45,000	(679)	(8,872)	42,634	8,095	(1,982)	-	-	-
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	45,000	(679)	(8,872)	42,634	8,095	(1,982)	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 8,095	\$ 206,953	\$ -	\$ -	\$ -

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Miscellaneous Programs	PCSAC Drug Test	PCSAC Drug Test 15-16	Porter County Substance Abuse 2016	Envisionary Conference	IN Secured Safety 2015-2016	IN Secured Safety 2016-2017	Senator David Ford Technology	Title I
Cash and investments - beginning	\$ -	\$ -	\$ 2,733	\$ -	\$ 1,926	\$ -	\$ -	\$ (1,068)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	2,000	-	-	-	-	-
State sources	-	-	-	-	-	34,908	-	4,709	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	2,000	-	34,908	-	4,709	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	3,641	-
Support services	-	-	2,733	2,000	-	34,908	13,564	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,733	2,000	-	34,908	13,564	3,641	-
Excess (deficiency) of receipts over disbursements	-	-	(2,733)	-	-	-	(13,564)	1,068	-
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	-	-	(2,733)	-	-	-	(13,564)	1,068	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,926	\$ -	\$ (13,564)	\$ -	\$ -

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title I 2015-2016	Title I 2016-2017	Title I Part D 2014-2015	Title I Part D 2015-2016	Title I Part D 2016-2017	Improving Teacher Quality, No Child Left, Title II, Part A	Title II A 2014-2015	Title II A 2015-2016
Cash and investments - beginning	\$ (104,445)	\$ -	\$ -	\$ (3,881)	\$ -	\$ -	\$ (14,756)	\$ (35,105)
Receipts:								
Local sources	-	-	-	-	-	-	29	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	230,836	319,347	-	16,561	15,996	-	26,835	126,288
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	230,836	319,347	-	16,561	15,996	-	26,864	126,288
Disbursements:								
Instruction	85,682	336,718	-	11,721	8,294	-	12,108	98,261
Support services	38,191	5,729	-	959	7,702	-	-	-
Noninstructional services	2,518	1,880	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	126,391	344,327	-	12,680	15,996	-	12,108	98,261
Excess (deficiency) of receipts over disbursements	104,445	(24,980)	-	3,881	-	-	14,756	28,027
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	104,445	(24,980)	-	3,881	-	-	14,756	28,027
Cash and investments - ending	\$ -	\$ (24,980)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,078)

VALPARAISO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title II 2016	Title III - English Proficiency Migrant	Title III 2014-2016	Title III 2015-2017	Title III 2016-2018	Clearing Account	Prepaid Food	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (23,221)	\$ (13)	\$ -	\$ 98,415	\$ 62,173	\$ 38,254,202
Receipts:								
Local sources	-	-	-	-	-	-	-	38,663,099
Intermediate sources	-	-	-	-	-	-	-	2,000
State sources	-	-	-	-	-	-	-	40,911,862
Federal sources	42,873	-	29,030	13,623	2,205	-	-	1,961,265
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	1,311,420
Other	-	-	-	-	-	18,595,242	1,365,213	19,960,655
Total receipts	42,873	-	29,030	13,623	2,205	18,595,242	1,365,213	102,810,301
Disbursements:								
Instruction	48,577	-	5,809	14,144	18,294	-	-	30,307,788
Support services	-	-	-	-	-	-	-	18,891,407
Noninstructional services	-	-	-	-	-	-	-	3,619,783
Facilities acquisition and construction	-	-	-	-	-	-	-	2,272,000
Debt services	-	-	-	-	-	-	-	17,458,052
Nonprogrammed charges	-	-	-	-	-	18,594,107	1,391,893	25,225,024
Interfund loans	-	-	-	-	-	-	-	1,311,420
Total disbursements	48,577	-	5,809	14,144	18,294	18,594,107	1,391,893	99,085,474
Excess (deficiency) of receipts over disbursements	(5,704)	-	23,221	(521)	(16,089)	1,135	(26,680)	3,724,827
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,189
Transfers in	-	-	-	-	-	-	-	3,925,095
Transfers out	-	-	-	-	-	-	-	(3,925,095)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,189
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,704)	-	23,221	(521)	(16,089)	1,135	(26,680)	3,726,016
Cash and investments - ending	\$ (5,704)	\$ -	\$ -	\$ (534)	\$ (16,089)	\$ 99,550	\$ 35,493	\$ 41,980,218

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VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,280,607</u>	<u>\$ 38,475</u>

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Hewlett Packard Financial Services	Lease 66479/Chromebooks and cart	\$ 106,473	08/31/2015	08/31/2018
Mail Finance	Postage Machine	1,944	10/03/2013	10/02/2018
Mail Finance	Postage Machine	2,523	04/02/2015	07/02/2018
Ricoh	Copier Lease	284	09/01/2012	08/31/2017
Valparaiso Middle School Building Corporation	Holding Corporation Lease Rental	3,576,000	01/05/2013	01/05/2027
Valparaiso Multi Schools Building Corporation	Capital Referendum Bonds Series 2015 and 2016	8,779,000	12/31/2015	12/30/2035
Valparaiso Multi Schools Building Corporation	Holding Corporation Lease Rental	1,992,500	06/30/2013	12/31/2017
Xerox	Copier Lease	4,068	09/26/2014	09/25/2019
Xerox	Copier Lease	6,230	07/18/2014	07/17/2018
Xerox Financial Services	Copier Lease	<u>122,100</u>	06/27/2013	06/27/2018
Total of annual lease payments		<u>\$ 14,591,122</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bonds	\$ 10,932,397	\$ 1,598,887
Notes and loans payable	Common School Loans	<u>1,309,731</u>	<u>448,659</u>
Totals		<u>\$ 12,242,128</u>	<u>\$ 2,047,546</u>

VALPARAISO COMMUNITY SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 8,124,875
Buildings	101,736,727
Improvements other than buildings	4,255,056
Machinery, equipment, and vehicles	15,319,214
Construction in progress	<u>49,886,194</u>
Total capital assets	<u>\$ 179,322,066</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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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 VALPARAISO COMMUNITY SCHOOLS, PORTER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Valparaiso Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2017-001 and 2017-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income, and Procurement and Suspension and Debarment that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 (identify the major federal program) for the period of July 1, 2015 to June 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2015 to June 30, 2017.

Other 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 the Uniform Guidance, 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 and significant deficiencies.


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 a 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 2017-001, 2017-002, 2017-003, 2017-004, and 2017-006 to be material weaknesses.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-005 to be a significant deficiency.

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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 19, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

VALPARAISO COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			SY 2015-2016	\$ -	\$ 133,744	\$ -	\$ -
School Breakfast Program			SY 2016-2017	-	-	-	170,371
Total - School Breakfast Program				-	133,744	-	170,371
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			SY 2015-2016	-	742,016	-	-
National School Lunch Program			SY 2016-2017	-	-	-	883,840
National School Lunch Commodities			SY 2015-2016	-	166,835	-	-
National School Lunch Commodities			SY 2016-2017	-	-	-	169,533
Total - National School Lunch Program				-	908,851	-	1,053,373
Summer Food Service Program for Children							
Summer Food Service Program	Indiana Department of Education	10.559					
Summer Food Service Program			SY 2015-2016	-	21,480	-	-
Summer Food Service Program			SY 2016-2017	-	-	-	83,460
Total - Summer Food Service Program for Children				-	21,480	-	83,460
Total - Child Nutrition Cluster				-	1,064,075	-	1,307,204
Total - Department of Agriculture				-	1,064,075	-	1,307,204
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
FY 2014 Federal Part B 611 Grant			14214-048-PN01	-	14,407	-	-
FY 2015 Federal Part B 611 Grant			14215-048-PN01	-	337,846	-	13,695
FY 2016 Federal Part B 611 Grant			14216-089-PN01	-	989,816	-	280,856
FY 2017 Federal Part B 611 Grant			14217-048-PN01	-	-	-	1,027,986
FY 2014 Federal Technical Assistance Grant Part B Funds			99914-050-TA01	-	5,770	-	-
Total - Special Education_Grants to States				-	1,347,839	-	1,322,537
Special Education_Preschool Grants							
Special Education_Preschool Grants	Indiana Department of Education	84.173					
FY 2016 Federal Part B 619 Grant			45716-048-PN01	-	33,995	-	-
FY 2017 Federal Part B 619 Grant			45717-048-PN01	-	-	-	34,745
Total - Special Education_Preschool Grants				-	33,995	-	34,745
Total - Special Education Cluster (IDEA)				-	1,381,834	-	1,357,282

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
2014-2015 Title I Basic			15-6560	-	126,668	-	-
2015-2016 Title I Basic			16-6560	-	413,238	-	203,777
2016-2017 Title I Basic			S010A150014	-	-	-	319,347
Total - Title I Grants to Local Educational Agencies				-	539,906	-	523,124
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013					
2014-2015 Title I Part D			SY 14-15	-	3,436	-	-
2015-2016 Title I Part D			SY 15-16	-	12,158	-	16,561
2016-2017 Title I Part D			S010A150014	-	-	-	15,996
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	15,594	-	32,557
English Language Acquisition State Grants	Indiana Department of Education	84.365					
2014-2016 Title III			01115-081-PN01	-	-	-	29,030
2015-2017 Title III			01116-081-PN01	-	12,292	-	13,623
2016-2018 Title III			01117-081-PN02	-	-	-	2,205
Total - English Language Acquisition State Grants				-	12,292	-	44,858
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
2014-2016 Title II			P.L. 107-110	-	98,980	-	26,835
2013-2015 Title II			P.L. 107-110	-	8,768	-	-
2015-2017 Title II Part A			P.L. 107-110	-	12,277	-	126,288
2016-2018 Title II Part A			S367A160013	-	-	-	42,873
Total - Supporting Effective Instruction State Grants				-	120,025	-	195,996
Total - Department of Education				-	2,069,651	-	2,153,817
Total federal awards expended				\$ -	\$ 3,133,726	\$ -	\$ 3,461,021

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

VALPARAISO COMMUNITY SCHOOLS
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 under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 (IDEA) 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.

Note 4. Title I Grants to Local Educational Agencies

The School Corporation received and returned \$27,059 in grant reimbursements. An error was made by the Indiana Department of Education, in which one reimbursement was electronically transferred twice. The School Corporation recognized the receipt and disbursement of the \$27,059 in the financial statements, but did not report the \$27,059 as a federal expenditure on the SEFA, since it was a return as an overpayment.

VALPARAISO COMMUNITY SCHOOLS
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 deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
	Child Nutrition Cluster	Qualified
	Special Education Cluster (IDEA)	Unmodified
84.010	Title I Grants to Local Educational Agencies	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2015-2016, SY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable
Costs/Cost Principles, Program Income
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding numbers were 2015-007 and 2015-010.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Program Income compliance requirements.

Program Income Receipts

The School Corporation had not effectively implemented monitoring of internal controls to ensure that food service collections were correctly summarized and recorded in the School Lunch fund. The School Corporation designed and implemented internal controls to document the preparation and review of the program income summary; however, the controls were not evident in 5 out of 40 receipts tested.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Program Income Disbursements

The School Corporation had not designed or implemented adequate internal controls to ensure that payroll disbursements were only for food service operating costs and that the supporting documentation agreed with the payroll disbursements recorded as food service operating costs. As a result, program income was added to the project budget rather than being deducted from total allowable costs to determine the net allowable costs. There were also no controls to ensure that corrections were made when payroll entry errors were detected by the School Corporation.

Based upon the payroll operating costs tested, the School Corporation incorrectly entered pay rates of three hourly employees, which resulted in \$41 in excess costs recorded as food service operating costs in the School Lunch fund. Furthermore, the School Corporation incorrectly recorded \$3,541 in food service costs not supported by timecards for three employees in three payroll periods tested. The timecards indicated that the costs should have been paid from the General fund.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

When the sample errors noted above were projected to the population as a whole, additional likely errors of \$45,797 were identified.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

OMB Circular A-87, Attachment B, Section 8(h), states in part:

"Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation. . . ."

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases,
or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment A, Part C. Basic Guidelines states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

b. Be allocable to Federal awards under the provisions of this Circular. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

7 CFR 210.2 states in part: ". . . *Nonprofit school food service* means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services. . . ."

7 CFR 210.14(a) states:

"*Nonprofit school food service*. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under § 210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*)"

7 CFR 220.2 states in part: ". . . *Nonprofit school food service* means all food service operations conducted by the School Food Authority principally for the benefit of school children, all of the revenue from which is used solely for the operation or improvement of such food service. . . ."

7 CFR 220.14(i) states:

"Each State agency, or FNS where applicable, shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. The system shall prescribe the allowability of nonprofit school food service expenditures in accordance with this part and 7 CFR part 3015, and 7 CFR part 3016 or 7 CFR part 3019, as applicable. The system shall permit determination of school food service net cash resources, and shall include any criteria for approval of net cash resources in excess of three months average expenditures. In addition, School Food Authorities shall be required to account separately for other food services which are operated by the School Food Authority."

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 225.6(e) states in part:

"State-Sponsor agreement. A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . .

(12) Maintain a financial management system as prescribed by the State agency; . . ."

2 CFR 200.307(e) states in part:

"Use of program income. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures.

(1) Deduction. Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project. . . ."

Cause

The School Corporation's management had not designed or implemented internal controls which would have ensured compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Program Income compliance requirements of the programs.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could have resulted in the loss of funds to the School Corporation.

Questioned Costs

Known questioned costs of \$3,582 were identified as detailed in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Program Income compliance requirements.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-002

Subject: School Breakfast Program and National School Lunch Program - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2015-2016, SY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-008.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

The School Corporation had not designed or implemented adequate internal controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures in compliance with Cash Management requirements. There was no oversight, review, or monitoring of the cash balances.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

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. . . ."

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation's management had not designed or implemented an effective internal control system that would have ensured compliance with the Cash Management compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an effective internal control system to ensure compliance with the Cash Management compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-003

Subject: Child Nutrition Cluster - Equipment, Special Tests and Provisions - Paid Lunch Equity

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2015-2016, SY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Equipment and Real Property Management, Special
Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediate prior audit regarding Special Tests and Provisions - Paid Lunch Equity. The prior audit finding number was 2015-013.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement, the equipment requirements of the Equipment and Real Property Management compliance requirement, and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Equipment

The School Corporation had not designed or implemented adequate internal controls to ensure that equipment purchases were included in the capital asset records or that the equipment was adequately safeguarded. An oversight or review process had not been established.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

The School Corporation had not designed or implemented adequate internal controls to ensure that paid lunch prices were properly calculated and implemented. There was no oversight, review, or approval of the paid lunch equity calculations prior to submission to the School Board and prior to submission of the paid lunch equity report to the Indiana Department of Education.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Equipment and Real Property Management and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Equipment and Real Property Management and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2015-2016, SY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Procurement

The School Corporation had not established internal controls to ensure that the purchasing method used complied with 2 CFR 200.320.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not comply with the procurement requirements. They did not obtain quotes when procuring services from vendors when required. Quotes were not obtained for three transactions with two separate vendors tested, which totaled \$13,250.

Suspension and Debarment

The School Corporation had not established internal controls to ensure compliance with suspension and debarment requirements. There were no effective controls in place to ensure that the vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not comply with the suspension and debarment requirements. Each fiscal year there were three vendors who had contracts of \$25,000 or more annually. The School Corporation did not have documentation that they verified that vendors were not suspended or debarred for one of the vendors used in the 2015-2016 fiscal year and for two of the vendors used in the 2016-2017 fiscal year.

Context

The lack of internal controls and the noncompliance were systemic issues throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.320 states:

"The non-Federal entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

(i) A complete, adequate, and realistic specification or purchase description is available;

(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publically advertised;

(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(v) Any or all bids may be rejected if there is a sound documented reason."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

The School Corporation's management had not designed or implemented effective internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-005

Subject: Special Education Cluster - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-048-PN01, 14215-048-PN01,
14216-089-PN01, 14217-048-PN01,
99914-050-TA01, 45716-048-PN01,
45717-048-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Significant Deficiency

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Reporting compliance requirement. Effective internal controls were not established to ensure the accuracy of two of the three Data Collection Reports: Termination Report and Disciplinary (Expulsion and Suspension) Report.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Special Education Cooperative prepared the Termination Report and provided the report to the School Corporation for review; however, documentation of a review, which would include comparison of the information used to the prepare the Termination Report, was not provided. The Disciplinary (Expulsion and Suspension) Report was prepared and submitted by the School Corporation, without a documented control to ensure its accuracy prior to submission.

Context

The lack of an effective internal control system related to the Reporting compliance requirement was isolated to the two Data Collection Reports.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation's management had not established a proper internal control structure to ensure compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-006

Subject: Title I Grants to Local Educational Agencies - Internal Controls

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 15-6560, 16-6560, S010A150014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility; Procurement and Suspension and Debarment; Special Tests and Provisions - Annual Report Card, High School Graduation Rate; Special Tests and Provisions - Assessment System Security

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit regarding Eligibility and Special Tests and Provisions - Annual Report Card, High School Graduation Rate. The prior audit finding numbers were 2015-003 and 2015-006.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirements: Eligibility; suspension and debarment requirements of Procurement and Suspension and Debarment; Special Tests and Provisions - Annual Report Card, High School Graduation Rate; and Special Tests and Provisions - Assessment System Security.

Eligibility - Group or Area

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the enrollment and poverty data for both public and nonpublic schools reported in the grant applications were accurate. There was not a documented control to ensure that the enrollment and poverty data was reviewed.

Eligibility - Individuals

The School Corporation had not designed or implemented proper internal controls to ensure that all students eligible for Title I services were accounted for on the "Selection List" completed at Central Elementary School and submitted to the Title I Director. Furthermore, there was not a documented control to indicate that the list was reviewed by the Title I Director.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Suspension and Debarment

The School Corporation had not established adequate internal controls to ensure that the contracted vendors had not been suspended or debarred from participation in federal programs.

Special Tests and Provisions - Annual Report Card, High School Graduation Rate

The School Corporation had not established internal controls to ensure that written documentation was retained which supported the student's removal from the high school cohort graduation rate for mobility reasons.

Special Tests and Provisions - Assessment System Security

The School Corporation had not designed or implemented proper internal controls to ensure that all individuals that came in contact with any tests that were administered under the Indiana Assessment System in the School Corporation had signed the Indiana Testing Security and Integrity Agreement. There was not a documented control to ensure that all individuals on the list had a signed agreement.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Eligibility; Procurement and Suspension and Debarment; Special Tests and Provisions - Annual Report Card, High School Graduation Rate; and Special Tests and Provisions - Assessment System Security compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

VALPARAISO COMMUNITY SCHOOLS



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Valparaiso, Indiana 46385

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Office of the Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Quinn VanRys, CFO
Porter County Education Services (PCES)
Sharon Qualkenbush, CFO
Valparaiso Community Schools


Contact Phone Number: Quinn Van Rys (219) 464-9607
Sharon Qualkenbush (219) 531-3000

Status of Audit Finding:

Activities Allowed, Allocate Costs: Procedures were implemented by PCES to verify that the hourly employees time sheets are matched with the payroll accounting reports and certified staff payrolls are reviewed to insure that employees were paid correctly from the correct grant. Evidence of this process began with the FY 2015-2016 payroll of September 18, 2015.

Level of Effort-Maintenance of Effort (MOE): Procedures were implemented by which PCES accounting personnel calculate MOE and provide the calculation and summary data to each member school corporation for review. Evidence of the member district's review is completed by return e-mail acknowledgement to PCES. The e-mail serves as documentation. This process began in September 2016 for the 2017 IDEA, Part B-Part 2 MOE assurance.

Period of Availability: Procedures were implement by PCES accounting personnel to review the Summary of Receipts and Expenditures for each grant fund. This procedure and evidence of review began September 2015 (FY 2015-2016).



Signature
CFO

Title
2-13-18

Date

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: **FY 2013, FY 2014, FY 2015**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: **Calli Dado, Director of Title I**

Contact Phone Number: **(216) 531-3160**

Status of Audit Finding:

The Title I Director signs off on accounts payable claims for Title I expenditures and the Finance Department reviews and initials claims.

Starting December 2016, the Finance Department reviews payroll distribution reports prior to processing the pay run to verify only Title I staff is being paid from the grant.

Starting October 2017, the Finance Department meets monthly with the Title I Director to provide monthly expenditure and payroll distribution reports. The Title I Director reviews, verifies, and signs off on the payroll distribution reports.

Calli Dado

(Signature)

Principal - Central

(Title)

02/06/18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: **FY 2013, FY 2014, FY 2015**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: **Calli Dado, Director of Title I**

Contact Phone Number: **(216) 531-3160**

Status of Audit Finding:

Eligibility – Group or Area

The procedure for reviewing and signing off on enrollment data is in the process of being implemented.

Going forward, the Title I Director will review the ADM data and sign off on the Title I Grant Eligible School Summary page verifying that the information input from the state is correct. The ADM data will be maintained on file with the signed grant.

Eligibility – Individuals

Currently, building principals review, verify and send Title I “Selection Lists” to the Title I Director to be kept on file. The Title I Director reviews the list. Going forward, the director will sign off on the lists to show verification that they have been reviewed.

School Summary. The reports will be signed off on and maintained in the grant records.



(Signature)

Principal, Central Elementary

(Title)

3.14.18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: **FY 2013, FY 2014, FY 2015**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: **Calli Dado, Director of Title I**

Contact Phone Number: **(216) 531-3160**

Status of Audit Finding:

Title I inventory lists include cost of equipment purchased. Building principals review and verify inventory lists with teachers. Inventory lists are then reviewed, verified, and signed off by Title I Director.

Calli Dado

(Signature)

principal - central

(Title)

02/06/18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-005 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: **FY 2013, FY 2014, FY 2015**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: **Calli Dado, Director of Title I**

Contact Phone Number: **(216) 531-3160**

Status of Audit Finding:

The 2015-2016 Comparability Report was completed and signed off by the Title I Director. The Comparability Reports are being completed timely.

Calli Dado

(Signature)

Principal - Central

(Title)

02/06/18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

VALPARAISO COMMUNITY SCHOOLS



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Office of the Superintendent

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-006 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: **FY 2013, FY 2014, FY 2015**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: **Calli Dado, Director of Title I**

Contact Phone Number: **(216) 531-3160**

Status of Audit Finding:

Valparaiso High School maintains student exit forms for their records. The registrar updates a Google document containing student names and withdrawal dates. The Title I Director has access to this document as well.

For additional internal control measures, we are adding an additional step to the process where an administrator signs off on the student exit forms and the required documents associated with the mobility reason. This will be implemented during the 2017/2018 school year.

(Signature)

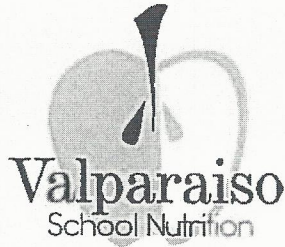
Principal, Central Elementary

(Title)

3/20/18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-007 ACTIVITIES ALLOWED/ALLOWABLE COSTS

Fiscal year in which the finding initially occurred: 2015

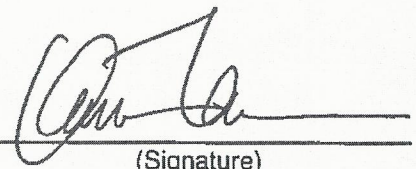
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition

Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning January 2017, the Food Service Director reviews for accuracy payroll disbursements charged to Food Service by the Business Office.



(Signature)

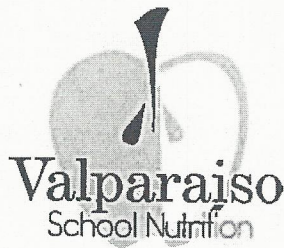
Director School Nutrition

(Title)

3.27.18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-008 CASH MANAGEMENT

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition

Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning September 2016, the Food Service Director will prepare the Annual Financial Report and submit to the Chief Financial Office for review, approval and signature. If the cash balance is in excess of three (3) months operating expenses, the Food Service Director will write a plan to reduce the balance.

(Signature)

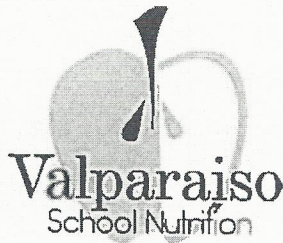
Director School Nutrition

(Title)

3.27.18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-009 ELIGIBILITY

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition

Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning September 2016, all paper free and reduced applications are checked for accuracy by the Office Clerk or Bookkeeper (whoever did not initially calculate). Paper applications are entered into the free and reduced processing software, calculated again and reviewed. Online applications are calculated by the software and reviewed by the Office Clerk or Bookkeeper before processing.

Notification letters are automatically generated by the software upon processing of the application. An electronic report is kept on file indicating that a notification letter was sent.

(Signature)

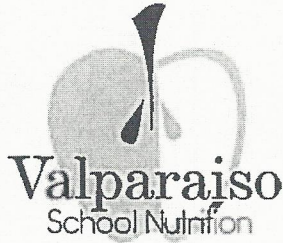
Director School Nutrition

(Title)

3.27.18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-010 PROGRAM INCOME

Fiscal year in which the finding initially occurred: 2015

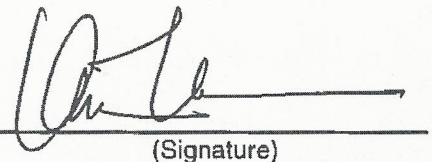
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition

Contact Phone Number: 219-531-3050

Status of Audit Finding:

1. A Prepaid Food fund 8400 has been established for direct receipting of payments. The Bookkeeper will prepare a transfer form listing sales transaction amounts to be transferred from the 8400 fund to the 0800 School Lunch Fund. The Director will review and approve the form and forward to the Chief Financial Officer to make the transfer.
2. Beginning August 2017, the Bookkeeper and Office Clerk will test the point of sale for accurate pricing of reimbursable meals, adult/visitor meals and a la carte items. A sales transaction log will be kept as a record of the test.
3. Beginning June 2016, the premium high school reimbursable lunch has been included in the pricing recommendation made to the Board of Education.



(Signature)

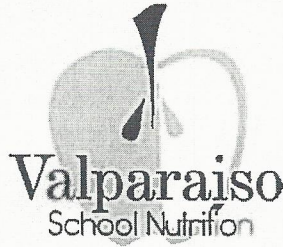
Director School Nutrition

(Title)

3.27.18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-011 REPORTING

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

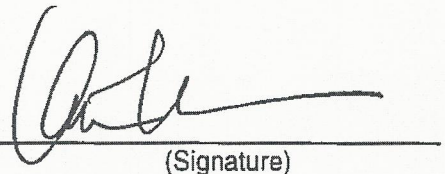
Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition

Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning September 2016, the Food Service Director will prepare the Annual Financial Report (AFR) and submit to the Chief Financial Officer for review, approval and signature.

Beginning December 2016, the Bookkeeper will prepare the Verification Summary Report and submit to the Food Service Director for review, approval and signature.



(Signature)

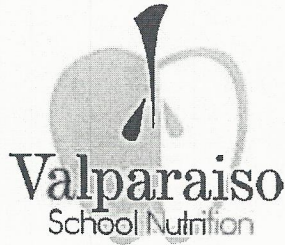
Director School Nutrition

(Title)

3.27.18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-012 SPECIAL TESTS AND PROVISIONS - VERIFICATIONS

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition

Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning October 2017, the Bookkeeper will prepare the Verification sample generated through the food service software and submit to the Food Service Director to review for accuracy.

(Signature)

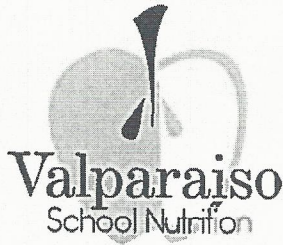
Director School Nutrition

(Title)

3.27.18

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-013 SPECIAL TESTS AND PROVISIONS – PAID LUNCH EQUITY

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition

Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning July 2017, the Food Service Bookkeeper will prepare and maintain a file to include all calculations performed to establish prices in compliance with the paid lunch equity requirement. The calculations will be performed using the Indiana Department of Education PLE tool. The Food Service Director will review the file for accuracy. The Paid Lunch Equity calculations and recommendation for meal prices will be submitted to the Board of Education for review and approval.

A handwritten signature in black ink, appearing to read "K Kane", written over a horizontal line.

(Signature)

A handwritten title in black ink, "Director School Nutrition", written over a horizontal line.

(Title)

A handwritten date in black ink, "3.27.18", written over a horizontal line.

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



CORRECTIVE ACTION PLAN

FINDING 2017-001 ACTIVITIES ALLOWED/ALLOWABLE COSTS

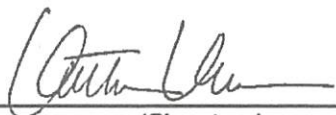
Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition
Contact Phone Number: 219-531-3050

Description of Corrective Action Plan:

As an internal control, the Bookkeeper will prepare and sign the daily program income transmittals. The Director or designee will review for accuracy and sign. The business office will return to the food service office any transmittals without proper signatures. Only properly signed transmittals will be received.

In order to provide an internal control system for the reporting of payroll, time sheets for employees charged to the 0800 fund which were not originally processed by the food service office will be provided to the Food Service Director with a payroll report for review and approval. Discrepancies will be reported to the Chief Financial Officer.

Anticipated Completion Date: August 1, 2018



(Signature)

FSD

(Title)

4-18-18

(Date)



CORRECTIVE ACTION PLAN

FINDING 2017-002 CASH MANAGEMENT

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition
Contact Phone Number: 219-531-3050

Description of Corrective Action Plan:

The Food Service Director will prepare the Annual Financial Report and submit to the Chief Financial Officer for review, approval and signature. If the cash balance is in excess of three (3) months operating expenses, the Food Service Director will write a plan to reduce the balance. The Annual Financial Report and written plan, if any, will be submitted to the state agency.

Anticipated Completion Date: September 1, 2018

(Signature)

FSD

(Title)

4-18-18

(Date)



CORRECTIVE ACTION PLAN

FINDING 2017-003 EQUIPMENT, SPECIAL TESTS AND PROVISIONS

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition
Contact Phone Number: 219-531-3050

Description of Corrective Action Plan:

The Food Service Bookkeeper will prepare and maintain a file to include all calculations performed to establish prices in compliance with the paid lunch equity requirement. The calculations will be reviewed for accuracy and approved by the Food Service Director. This file will also contain a copy of the paid lunch pricing recommendation to and approval by the Board of Education.

The business office will prepare and send the capital asset report to the Food Service Director annually to review all food service equipment listed. The Food Service Director will update the report with additions or deletions and sign.

Anticipated Completion Date: September 1, 2018

(Signature)

FSD

(Title)

4-18-18

(Date)



CORRECTIVE ACTION PLAN

FINDING 2017-004 PROCUREMENT AND SUSPENSION AND DEBARMENT

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition
Contact Phone Number: 219-531-3050

Description of Corrective Action Plan:

All purchases over \$3,500 but less than \$150,000 will be procured through the small purchase procedure requiring quotes. A file will be maintained for all informal procurement with a quote analysis report prepared by the Office Clerk or designee and reviewed and approved by the Food Service Director.

The Office Clerk will check vendors with contracts of \$25,000 or more annually to ensure they have not been excluded or disqualified by checking the SAM exclusions or by receiving a signed certification form from the vendor. The Office Clerk will prepare a report of all suspension and certifications obtained that the Food Service Director will review, sign and file.

Anticipated Completion Date: September 1, 2018

(Signature)

FSD

(Title)

4-18-18

(Date)

VALPARAISO COMMUNITY SCHOOLS



Office of the Superintendent

Administration Building
3801 North Campbell Street
Valparaiso, Indiana 46385

Telephone: (219) 531-3000
FAX: (219) 531-3009

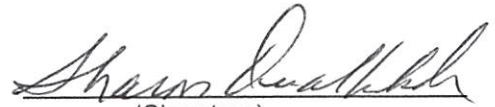
FINDING 2017-005 SPECIAL EDUCATION CLUSTER REPORTING

Contact Person Responsible for Corrective Action: Eric Hadley, IT Data Manager
Contact Phone Number: 219-531-3000

Description of Corrective Action Plan:

As an internal control, the data manager will compare source documents with reports prior to submission. All documentation along with the completed report will be given to the Assistant Superintendent for Technology and Curriculum for review prior to submitting the official report.

Anticipated Completion Date: July 1, 2018



(Signature)

CFO
(Title)

April 18, 2018
(Date)

VALPARAISO COMMUNITY SCHOOLS



Office of the Superintendent

Administration Building
3801 North Campbell Street
Valparaiso, Indiana 46385

Telephone: (219) 531-3000
FAX: (219) 531-3009

CORRECTIVE ACTION PLAN

FINDING 2017-006 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Calli Dado, Director of Title I

Contact Phone Number: (219) 531-3030

Description of Corrective Action Plan:

Eligibility - Group/Area

Title I Director will review, verify and sign off on the grant's Eligible Schools Summary page indicating that enrollment and poverty data is correct.

Eligibility - Individual

Title I Director will review and sign off on targeted assistance schools' student selection documents.

Suspension and Debarment

As an internal control, vendor contracts will include a provision stating the vendor has not been suspended or debarred from participation in federal programs. As an extra measure, a signed certification will be required from all new vendors stating they have not been suspended or debarred from participation in federal programs.

Special Tests and Provisions - Annual Report Card, HS Grad Rate

The Title I Director and Finance Department will review the Department of Education's non-regulatory guidance in reference to the high school graduation rate. A new transfer out form will be created to ensure the proper written documentation is on file for the various transfer out reasons. As an internal control, a high school administrator will review the documentation verifying it is complete and sign the transfer out form.

Special Tests and Provisions - Assessment System Security

Building principals will maintain a control chart of all staff members that have completed and signed off on the IDOE Testing Security and Integrity agreements as well as the signed agreements themselves. Control charts and signed documents will be sent to the administrative building at the end of each year. The Assistant Superintendent will review and sign off indicating the control charts accuracy. Documents will be maintained on file for (3) years.


(Signature)

Director of Title I

(Title)

04/18/18

(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.