

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

KANKAKEE VALLEY SCHOOL CORPORATION
JASPER COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/25/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer/Treasurer	Carol Deardorff	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Aaron Case Iran G. Floyd (interim)	07-01-16 to 11-30-18 12-01-18 to 06-30-19
President of the School Board	John M. Jungels, III Dr. Edward P. Habrowski Jill Dutlinger	01-01-16 to 12-31-16 01-01-17 to 12-31-18 01-01-19 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Kankakee Valley School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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 February 14, 2019, 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

February 14, 2019



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Kankakee Valley School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 14, 2019, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Kankakee Valley School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 14, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

KANKAKEE VALLEY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-16	Receipts	Disbursements		06-30-17	Receipts	Disbursements		
General	\$ 7,282,881	\$ 22,402,430	\$ 21,591,182	\$ 66,947	\$ 8,161,076	\$ 22,495,361	\$ 21,889,357	\$ 77,013	\$ 8,844,093
Debt Service	205,746	178,898	187,500	(19,601)	177,543	198,789	187,000	(24,548)	164,784
Retirement/Severance Bond Debt Service	-	-	-	-	-	-	-	-	-
Referendum Debt Exempt Capital	471,276	6,132,163	5,994,541	-	608,898	6,165,442	6,162,246	-	612,094
Capital Projects	6,999,652	4,775,801	4,531,285	(141,500)	7,102,668	4,692,379	4,744,153	(152,180)	6,898,714
School Transportation	552,984	1,549,894	1,498,532	94,702	699,048	1,544,569	1,516,476	(198,710)	528,431
School Bus Replacement	392,774	400,756	475,839	40,510	358,201	403,337	424,898	14,606	351,246
Rainy Day	3,452,218	186,674	111,455	241,500	3,768,937	375,673	72,715	352,180	4,424,075
Construction	-	598	598	-	-	-	-	80,000	80,000
School Lunch	488,504	1,365,570	1,259,478	-	594,596	1,384,190	1,342,917	-	635,869
Textbook Rental	754,542	326,620	624,999	19,601	475,764	310,109	264,340	24,548	546,081
Self-Insurance	2,178,568	3,477,394	2,937,148	-	2,718,814	3,444,620	3,312,948	-	2,850,486
Levy Excess	193,295	-	-	(192,799)	496	-	-	-	496
Educational License Plates	9,744	167	500	-	9,411	206	500	-	9,117
Alternative Education	-	13,168	13,168	-	-	10,955	10,955	-	-
School Library Printed Material	-	100	100	-	-	-	-	-	-
Early Intervention Grant	11,915	20,993	27,552	-	5,356	15,770	7,063	-	14,063
Lilly Endowment Grant	-	30,000	12,250	-	17,750	-	17,750	-	-
Technology Local Grant	3,004	5,550	6,300	-	2,254	8,950	2,349	-	8,855
Jasper Foundation Grant	606	4,889	5,495	-	-	9,372	7,862	-	1,510
Monsanto Grant	-	10,000	10,000	-	-	-	-	-	-
Formative Assessment	-	43,734	43,734	-	-	40,983	40,983	-	-
High Ability Learner 2015-2016	5,322	-	5,322	-	-	-	-	-	-
High Ability Learner 2016-2017	-	40,149	26,019	-	14,130	-	14,130	-	-
High Ability Learner 2017-2018	-	-	-	-	-	39,967	27,952	-	12,015
Medicaid Reimbursement	8,865	77,959	-	(64,504)	22,320	122,624	-	(76,785)	68,159
Secured Schools Safety Grant	-	-	40,392	-	(40,392)	40,392	50,000	-	(50,000)
Non-English Speaking Programs	-	-	-	-	-	22,500	17,426	-	5,074
NESP 15-16	1,810	-	1,810	-	-	-	-	-	-

KANKAKEE VALLEY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
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For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
NESP 16-17	-	22,620	19,891	-	2,729	-	2,729	-	-
School Technology	53,152	44,436	40,423	-	57,165	91,086	71,045	-	77,206
Career and Technical Performance Grant	-	33,868	29,672	-	4,196	51,635	40,980	-	14,851
Partners for Drug-Free Jasper County 2017-18	-	2,500	987	-	1,513	3,045	3,308	-	1,250
Partners for Drug-Free Jasper County 2016-17	634	-	634	-	-	-	-	-	-
KVHS Pre-Engineering Grant	3,393	-	-	-	3,393	-	-	-	3,393
Senator David Ford Technology	-	-	-	-	-	-	500	-	(500)
Excess PTRC Distributions	(2,500)	-	-	-	(2,500)	2,500	-	-	-
Title I Basic Grant 2015-16	(15,740)	101,639	85,899	-	-	-	-	-	-
Title I Basic Grant 2016-17	-	251,192	264,723	-	(13,531)	87,335	73,804	-	-
Title I Basic Grant 2017-18	-	-	-	-	-	217,342	259,959	-	(42,617)
Title I Delinquent Grant 2015-16	(2,588)	41,427	38,839	-	-	-	-	-	-
Title I Delinquent Grant 2016-17	-	7,351	7,534	-	(183)	18,351	18,168	-	-
Medicaid Reimbursement - Federal	269,922	142,539	10,906	-	401,555	219,042	67,603	-	552,994
Title II - Improving Teacher Quality 2014-15	(642)	1,068	426	-	-	-	-	-	-
Title II - Improving Teacher Quality 2015-16	(1,682)	71,954	70,720	-	(448)	448	-	-	-
Title II - Improving Teacher Quality 2016-18	-	32,370	35,059	-	(2,689)	20,710	33,041	-	(15,020)
Title II - Improving Teacher Quality 2017-19	-	-	-	-	-	-	39,066	-	(39,066)
Title III - English Language Acquisition 2015-2017	(13,194)	18,796	5,602	-	-	1,239	1,239	-	-
Title III - English Language Acquisition 2016-2018	-	-	11,408	-	(11,408)	13,208	4,090	-	(2,290)
Title III - English Language Acquisition 2017-2019	-	-	-	-	-	-	12,031	-	(12,031)
Payroll Clearing Fund	5,732	5,899,251	5,900,932	-	4,051	5,687,334	5,690,921	-	464
Prepaid Meals Fund	18,370	727,230	725,661	-	19,939	712,618	708,033	-	24,524
Totals	<u>\$ 23,328,563</u>	<u>\$ 48,441,748</u>	<u>\$ 46,654,515</u>	<u>\$ 44,856</u>	<u>\$ 25,160,652</u>	<u>\$ 48,452,081</u>	<u>\$ 47,140,537</u>	<u>\$ 96,124</u>	<u>\$ 26,568,320</u>

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

KANKAKEE VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, 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.

KANKAKEE VALLEY SCHOOL CORPORATION
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.

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.

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:

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

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

KANKAKEE VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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.

KANKAKEE VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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. 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

KANKAKEE VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

B. *Defined Contribution Pension Plan*

American United Life Savings Plan

Plan Description

The School Corporation has a defined contribution pension plan for noncertified employees administered by American United Life as authorized by Indiana Code 5-10-1.1 and qualifies under Section 401(a). The savings plan entered into July 1, 1986, is a defined contribution plan with amounts credited and allocated to an account for each participant. Under a defined contribution plan there are no unfunded liabilities to the School Corporation.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the School Corporation and the Plan Administrator. Plan members are required to contribute 3 percent of the annual covered salary. The School Corporation is required to contribute at an actuarially determined rate for prior service as of July 1986. The current rate is 5 percent of the employee's annual gross earnings. Employer and employee contributions to the plan for the years ending June 30, 2017 and 2018, were \$137,005 and \$179,840 respectively.

Note 7. *Cash Balance Deficits*

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018.

Note 8. *Holding Corporations*

The School Corporation has entered into capital leases with the Kankakee Valley Middle School Building Corporation and the Kankakee Valley Wheatfield School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments to Kankakee Valley Middle School Building Corporation during the years ended June 30, 2017 and 2018, totaled \$5,994,540 and \$6,162,246, respectively. Lease payments to Kankakee Valley Wheatfield School Building Corporation during the years ended June 30, 2017 and 2018, totaled \$187,500 and \$187,000, respectively.

Note 9. *Subsequent Events*

The School Corporation sold general obligation bonds in the amount of \$8,000,000 in July 2018 for renovation and improvements to Kankakee Valley High School.

KANKAKEE VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Other Postemployment Benefits

The School Corporation provides access to health insurance to eligible early retirees and their dependents with the retirees paying the entire premium. These benefits pose a liability to the School Corporation for this year and in future years in the form of possibly higher premiums for current employees because retirees are included in the insurance pool. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

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KANKAKEE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 7,282,881	\$ 205,746	\$ -	\$ 471,276	\$ 6,999,652	\$ 552,984	\$ 392,774	\$ 3,452,218	\$ -
Receipts:									
Local sources	505,144	178,898	-	6,132,163	4,763,461	1,541,827	400,756	186,674	598
Intermediate sources	1,124	-	-	-	-	-	-	-	-
State sources	21,817,817	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	78,345	-	-	-	12,340	8,067	-	-	-
Total receipts	22,402,430	178,898	-	6,132,163	4,775,801	1,549,894	400,756	186,674	598
Disbursements:									
Instruction	15,355,571	-	-	-	-	-	-	-	-
Support services	5,911,991	-	-	-	2,314,714	1,498,532	475,839	111,455	598
Noninstructional services	323,620	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	2,216,571	-	-	-	-
Debt service	-	187,500	-	5,994,541	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	21,591,182	187,500	-	5,994,541	4,531,285	1,498,532	475,839	111,455	598
Excess (deficiency) of receipts over disbursements	811,248	(8,602)	-	137,622	244,516	51,362	(75,083)	75,219	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	2,443	-	-	-	-	1,903	40,510	-	-
Transfers in	64,504	-	-	-	-	192,799	-	241,500	-
Transfers out	-	(19,601)	-	-	(141,500)	(100,000)	-	-	-
Total other financing sources (uses)	66,947	(19,601)	-	-	(141,500)	94,702	40,510	241,500	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	878,195	(28,203)	-	137,622	103,016	146,064	(34,573)	316,719	-
Cash and investments - ending	\$ 8,161,076	\$ 177,543	\$ -	\$ 608,898	\$ 7,102,668	\$ 699,048	\$ 358,201	\$ 3,768,937	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION
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 For the Year Ended June 30, 2017

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	School Library Printed Material	Early Intervention Grant	Lilly Endowment Grant
Cash and investments - beginning	\$ 488,504	\$ 754,542	\$ 2,178,568	\$ 193,295	\$ 9,744	\$ -	\$ -	\$ 11,915	\$ -
Receipts:									
Local sources	643,383	224,869	3,477,394	-	-	-	100	-	30,000
Intermediate sources	-	-	-	-	167	-	-	-	-
State sources	18,807	101,127	-	-	-	13,168	-	20,993	-
Federal sources	701,568	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	1,812	624	-	-	-	-	-	-	-
Total receipts	1,365,570	326,620	3,477,394	-	167	13,168	100	20,993	30,000
Disbursements:									
Instruction	-	-	-	-	-	13,168	100	27,552	-
Support services	28,993	624,999	12,607	-	-	-	-	-	12,250
Noninstructional services	1,230,485	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,924,541	-	500	-	-	-	-
Total disbursements	1,259,478	624,999	2,937,148	-	500	13,168	100	27,552	12,250
Excess (deficiency) of receipts over disbursements	106,092	(298,379)	540,246	-	(333)	-	-	(6,559)	17,750
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	19,601	-	-	-	-	-	-	-
Transfers out	-	-	-	(192,799)	-	-	-	-	-
Total other financing sources (uses)	-	19,601	-	(192,799)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	106,092	(278,778)	540,246	(192,799)	(333)	-	-	(6,559)	17,750
Cash and investments - ending	\$ 594,596	\$ 475,764	\$ 2,718,814	\$ 496	\$ 9,411	\$ -	\$ -	\$ 5,356	\$ 17,750

KANKAKEE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Technology Local Grant	Jasper Foundation Grant	Monsanto Grant	Formative Assessment	High Ability Learner 2015-2016	High Ability Learner 2016-2017	High Ability Learner 2017-2018	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ 3,004	\$ 606	\$ -	\$ -	\$ 5,322	\$ -	\$ -	\$ 8,865	\$ -
Receipts:									
Local sources	5,550	4,889	10,000	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	43,734	-	40,149	-	77,959	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	5,550	4,889	10,000	43,734	-	40,149	-	77,959	-
Disbursements:									
Instruction	800	5,495	10,000	-	5,322	26,019	-	-	-
Support services	5,500	-	-	43,734	-	-	-	-	40,392
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,300	5,495	10,000	43,734	5,322	26,019	-	-	40,392
Excess (deficiency) of receipts over disbursements	(750)	(606)	-	-	(5,322)	14,130	-	77,959	(40,392)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(64,504)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(64,504)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(750)	(606)	-	-	(5,322)	14,130	-	13,455	(40,392)
Cash and investments - ending	\$ 2,254	\$ -	\$ -	\$ -	\$ -	\$ 14,130	\$ -	\$ 22,320	\$ (40,392)

KANKAKEE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2017

	Non-English Speaking Programs	NESP 15-16	NESP 16-17	School Technology	Career and Technical Performance Grant	Partners for Drug-Free Jasper County 2017-18	Partners for Drug-Free Jasper County 2016-17	KVHS Pre-Engineering Grant	Senator David Ford Technology
Cash and investments - beginning	\$ -	\$ 1,810	\$ -	\$ 53,152	\$ -	\$ -	\$ 634	\$ 3,393	\$ -
Receipts:									
Local sources	-	-	-	35,968	-	2,500	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	22,620	8,468	33,868	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	22,620	44,436	33,868	2,500	-	-	-
Disbursements:									
Instruction	-	1,310	14,046	-	29,672	-	-	-	-
Support services	-	-	5,625	40,423	-	987	634	-	-
Noninstructional services	-	500	220	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,810	19,891	40,423	29,672	987	634	-	-
Excess (deficiency) of receipts over disbursements	-	(1,810)	2,729	4,013	4,196	1,513	(634)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	(1,810)	2,729	4,013	4,196	1,513	(634)	-	-
Cash and investments - ending	\$ -	\$ -	\$ 2,729	\$ 57,165	\$ 4,196	\$ 1,513	\$ -	\$ 3,393	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Excess PTRC Distributions	Title I Basic Grant 2015-16	Title I Basic Grant 2016-17	Title I Basic Grant 2017-18	Title I Delinquent Grant 2015-16	Title I Delinquent Grant 2016-17	Medicaid Reimbursement - Federal	Title II - Improving Teacher Quality 2014-15	Title II - Improving Teacher Quality 2015-16
Cash and investments - beginning	\$ (2,500)	\$ (15,740)	\$ -	\$ -	\$ (2,588)	\$ -	\$ 269,922	\$ (642)	\$ (1,682)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	101,639	251,192	-	41,427	7,351	142,539	1,068	71,954
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	101,639	251,192	-	41,427	7,351	142,539	1,068	71,954
Disbursements:									
Instruction	-	74,431	245,236	-	36,336	7,534	5,031	-	20,694
Support services	-	11,292	19,164	-	2,503	-	5,875	426	50,026
Noninstructional services	-	176	323	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	85,899	264,723	-	38,839	7,534	10,906	426	70,720
Excess (deficiency) of receipts over disbursements	-	15,740	(13,531)	-	2,588	(183)	131,633	642	1,234
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	15,740	(13,531)	-	2,588	(183)	131,633	642	1,234
Cash and investments - ending	\$ (2,500)	\$ -	\$ (13,531)	\$ -	\$ -	\$ (183)	\$ 401,555	\$ -	\$ (448)

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	Title II - Improving Teacher Quality 2016-18	Title II - Improving Teacher Quality 2017-19	Title III - English Language Acquisition 2015-2017	Title III - English Language Acquisition 2016-2018	Title III - English Language Acquisition 2017-2019	Payroll Clearing Fund	Prepaid Meals Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (13,194)	\$ -	\$ -	\$ 5,732	\$ 18,370	\$ 23,328,563
Receipts:								
Local sources	-	-	-	-	-	-	-	18,144,174
Intermediate sources	-	-	-	-	-	-	-	1,291
State sources	-	-	-	-	-	-	-	22,198,710
Federal sources	32,370	-	18,796	-	-	-	-	1,369,904
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	5,899,251	727,230	6,727,669
Total receipts	32,370	-	18,796	-	-	5,899,251	727,230	48,441,748
Disbursements:								
Instruction	29,579	-	-	10,558	-	-	-	15,918,454
Support services	5,480	-	5,602	850	-	-	-	11,230,491
Noninstructional services	-	-	-	-	-	-	-	1,555,324
Facilities acquisition and construction	-	-	-	-	-	-	-	2,216,571
Debt service	-	-	-	-	-	-	-	6,182,041
Nonprogrammed charges	-	-	-	-	-	5,900,932	725,661	9,551,634
Total disbursements	35,059	-	5,602	11,408	-	5,900,932	725,661	46,654,515
Excess (deficiency) of receipts over disbursements	(2,689)	-	13,194	(11,408)	-	(1,681)	1,569	1,787,233
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	44,856
Transfers in	-	-	-	-	-	-	-	518,404
Transfers out	-	-	-	-	-	-	-	(518,404)
Total other financing sources (uses)	-	-	-	-	-	-	-	44,856
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,689)	-	13,194	(11,408)	-	(1,681)	1,569	1,832,089
Cash and investments - ending	\$ (2,689)	\$ -	\$ -	\$ (11,408)	\$ -	\$ 4,051	\$ 19,939	\$ 25,160,652

KANKAKEE VALLEY SCHOOL CORPORATION
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 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 8,161,076	\$ 177,543	\$ -	\$ 608,898	\$ 7,102,668	\$ 699,048	\$ 358,201	\$ 3,768,937	\$ -
Receipts:									
Local sources	429,827	198,789	-	6,165,442	4,637,124	1,539,125	403,337	375,673	-
Intermediate sources	1,124	-	-	-	-	-	-	-	-
State sources	22,041,074	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	23,336	-	-	-	55,255	5,444	-	-	-
Total receipts	22,495,361	198,789	-	6,165,442	4,692,379	1,544,569	403,337	375,673	-
Disbursements:									
Instruction	15,474,863	-	-	-	-	-	-	-	-
Support services	6,066,168	-	-	-	1,972,397	1,516,476	424,898	72,715	-
Noninstructional services	348,326	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	2,771,756	-	-	-	-
Debt service	-	187,000	-	6,162,246	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	21,889,357	187,000	-	6,162,246	4,744,153	1,516,476	424,898	72,715	-
Excess (deficiency) of receipts over disbursements	606,004	11,789	-	3,196	(51,774)	28,093	(21,561)	302,958	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	80,000
Sale of capital assets	228	-	-	-	-	1,290	14,606	-	-
Transfers in	76,785	-	-	-	-	-	-	352,180	-
Transfers out	-	(24,548)	-	-	(152,180)	(200,000)	-	-	-
Total other financing sources (uses)	77,013	(24,548)	-	-	(152,180)	(198,710)	14,606	352,180	80,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	683,017	(12,759)	-	3,196	(203,954)	(170,617)	(6,955)	655,138	80,000
Cash and investments - ending	\$ 8,844,093	\$ 164,784	\$ -	\$ 612,094	\$ 6,898,714	\$ 528,431	\$ 351,246	\$ 4,424,075	\$ 80,000

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 For the Year Ended June 30, 2018

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	School Library Printed Material	Early Intervention Grant	Lilly Endowment Grant
Cash and investments - beginning	\$ 594,596	\$ 475,764	\$ 2,718,814	\$ 496	\$ 9,411	\$ -	\$ -	\$ 5,356	\$ 17,750
Receipts:									
Local sources	619,271	203,948	3,444,620	-	-	-	-	-	-
Intermediate sources	-	-	-	-	206	-	-	-	-
State sources	18,664	105,530	-	-	-	10,955	-	15,770	-
Federal sources	744,373	-	-	-	-	-	-	-	-
Other receipts	1,882	631	-	-	-	-	-	-	-
Total receipts	1,384,190	310,109	3,444,620	-	206	10,955	-	15,770	-
Disbursements:									
Instruction	-	-	-	-	-	10,955	-	7,063	-
Support services	12,911	264,340	40	-	-	-	-	-	17,750
Noninstructional services	1,330,006	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	3,312,908	-	500	-	-	-	-
Total disbursements	1,342,917	264,340	3,312,948	-	500	10,955	-	7,063	17,750
Excess (deficiency) of receipts over disbursements	41,273	45,769	131,672	-	(294)	-	-	8,707	(17,750)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	24,548	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	24,548	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	41,273	70,317	131,672	-	(294)	-	-	8,707	(17,750)
Cash and investments - ending	\$ 635,869	\$ 546,081	\$ 2,850,486	\$ 496	\$ 9,117	\$ -	\$ -	\$ 14,063	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Technology Local Grant	Jasper Foundation Grant	Monsanto Grant	Formative Assessment	High Ability Learner 2015-2016	High Ability Learner 2016-2017	High Ability Learner 2017-2018	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ 2,254	\$ -	\$ -	\$ -	\$ -	\$ 14,130	\$ -	\$ 22,320	\$ (40,392)
Receipts:									
Local sources	8,950	9,372	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	40,983	-	-	39,967	122,624	40,392
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	8,950	9,372	-	40,983	-	-	39,967	122,624	40,392
Disbursements:									
Instruction	1,099	-	-	-	-	14,130	27,952	-	-
Support services	-	7,862	-	40,983	-	-	-	-	50,000
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	1,250	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	2,349	7,862	-	40,983	-	14,130	27,952	-	50,000
Excess (deficiency) of receipts over disbursements	6,601	1,510	-	-	-	(14,130)	12,015	122,624	(9,608)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(76,785)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(76,785)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,601	1,510	-	-	-	(14,130)	12,015	45,839	(9,608)
Cash and investments - ending	\$ 8,855	\$ 1,510	\$ -	\$ -	\$ -	\$ -	\$ 12,015	\$ 68,159	\$ (50,000)

KANKAKEE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Non-English Speaking Programs	NESP 15-16	NESP 16-17	School Technology	Career and Technical Performance Grant	Partners for Drug-Free Jasper County 2017-18	Partners for Drug-Free Jasper County 2016-17	KVHS Pre-Engineering Grant	Senator David Ford Technology
Cash and investments - beginning	\$ -	\$ -	\$ 2,729	\$ 57,165	\$ 4,196	\$ 1,513	\$ -	\$ 3,393	\$ -
Receipts:									
Local sources	-	-	-	78,676	-	3,045	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	22,500	-	-	11,010	51,635	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	1,400	-	-	-	-	-
Total receipts	22,500	-	-	91,086	51,635	3,045	-	-	-
Disbursements:									
Instruction	14,051	-	2,449	-	37,726	-	-	-	500
Support services	3,375	-	-	71,045	3,254	3,308	-	-	-
Noninstructional services	-	-	280	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	17,426	-	2,729	71,045	40,980	3,308	-	-	500
Excess (deficiency) of receipts over disbursements	5,074	-	(2,729)	20,041	10,655	(263)	-	-	(500)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	5,074	-	(2,729)	20,041	10,655	(263)	-	-	(500)
Cash and investments - ending	\$ 5,074	\$ -	\$ -	\$ 77,206	\$ 14,851	\$ 1,250	\$ -	\$ 3,393	\$ (500)

KANKAKEE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Excess PTRC Distributions	Title I Basic Grant 2015-16	Title I Basic Grant 2016-17	Title I Basic Grant 2017-18	Title I Delinquent Grant 2015-16	Title I Delinquent Grant 2016-17	Medicaid Reimbursement - Federal	Title II - Improving Teacher Quality 2014-15	Title II - Improving Teacher Quality 2015-16
Cash and investments - beginning	\$ (2,500)	\$ -	\$ (13,531)	\$ -	\$ -	\$ (183)	\$ 401,555	\$ -	\$ (448)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	2,500	-	-	-	-	-	-	-	-
Federal sources	-	-	87,335	217,342	-	18,351	219,042	-	448
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	2,500	-	87,335	217,342	-	18,351	219,042	-	448
Disbursements:									
Instruction	-	-	68,446	241,249	-	18,168	59,733	-	-
Support services	-	-	5,251	18,174	-	-	7,870	-	-
Noninstructional services	-	-	107	536	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	73,804	259,959	-	18,168	67,603	-	-
Excess (deficiency) of receipts over disbursements	2,500	-	13,531	(42,617)	-	183	151,439	-	448
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	2,500	-	13,531	(42,617)	-	183	151,439	-	448
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (42,617)	\$ -	\$ -	\$ 552,994	\$ -	\$ -

KANKAKEE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Title II - Improving Teacher Quality 2016-18	Title II - Improving Teacher Quality 2017-19	Title III - English Language Acquisition 2015-2017	Title III - English Language Acquisition 2016-2018	Title III - English Language Acquisition 2017-2019	Payroll Clearing Fund	Prepaid Meals Fund	Totals
Cash and investments - beginning	\$ (2,689)	\$ -	\$ -	\$ (11,408)	\$ -	\$ 4,051	\$ 19,939	\$ 25,160,652
Receipts:								
Local sources	-	-	-	-	-	-	-	18,117,199
Intermediate sources	-	-	-	-	-	-	-	1,330
State sources	-	-	-	-	-	-	-	22,523,604
Federal sources	20,710	-	1,239	13,208	-	-	-	1,322,048
Other receipts	-	-	-	-	-	5,687,334	712,618	6,487,900
Total receipts	20,710	-	1,239	13,208	-	5,687,334	712,618	48,452,081
Disbursements:								
Instruction	13,733	39,066	-	-	11,031	-	-	16,042,214
Support services	19,308	-	1,239	4,090	1,000	-	-	10,584,454
Noninstructional services	-	-	-	-	-	-	-	1,679,255
Facilities acquisition and construction	-	-	-	-	-	-	-	2,773,006
Debt service	-	-	-	-	-	-	-	6,349,246
Nonprogrammed charges	-	-	-	-	-	5,690,921	708,033	9,712,362
Total disbursements	33,041	39,066	1,239	4,090	12,031	5,690,921	708,033	47,140,537
Excess (deficiency) of receipts over disbursements	(12,331)	(39,066)	-	9,118	(12,031)	(3,587)	4,585	1,311,544
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	80,000
Sale of capital assets	-	-	-	-	-	-	-	16,124
Transfers in	-	-	-	-	-	-	-	453,513
Transfers out	-	-	-	-	-	-	-	(453,513)
Total other financing sources (uses)	-	-	-	-	-	-	-	96,124
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,331)	(39,066)	-	9,118	(12,031)	(3,587)	4,585	1,407,668
Cash and investments - ending	\$ (15,020)	\$ (39,066)	\$ -	\$ (2,290)	\$ (12,031)	\$ 464	\$ 24,524	\$ 26,568,320

KANKAKEE VALLEY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 291,589</u>	<u>\$ 260,481</u>

KANKAKEE VALLEY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Kankakee Valley Middle School Building Corporation	KV Middle School 2009 Bonds	\$ 4,766,500	07/13/2009	12/31/2019
Kankakee Valley Middle School Building Corporation	KV Middle School 2010 Bonds	2,298,000	10/01/2009	06/30/2020
Kankakee Valley Wheatfield School Building Corporation	KV Wheatfield Elementary 2014	<u>186,500</u>	05/12/2014	12/31/2028
Total of annual lease payments		<u>\$ 7,251,000</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	KV High School Sport Field Renovations	<u>\$ 219,817</u>
		<u>\$ 8,000,000</u>

KANKAKEE VALLEY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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	\$ 2,126,060
Infrastructure	3,478,556
Buildings	120,046,665
Improvements other than buildings	19,001,965
Machinery, equipment, and vehicles	11,684,756
Construction in progress	<u>38,437</u>
Total capital assets	<u>\$ 156,376,439</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the Kankakee Valley School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018.

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

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.

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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002, that we consider to be a material weakness.

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

February 14, 2019

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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.

KANKAKEE VALLEY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster School Breakfast Program	Indiana Department of Education	10.553	FY 16-17 FY 17-18	\$ - -	\$ 97,536 -	\$ - -	\$ - 108,513
Total - School Breakfast Program				-	97,536	-	108,513
National School Lunch Program Commodities	Indiana Department of Education	10.555	FY 16-17 FY 17-18 FY 16-17, FY 17-18	- - -	604,032 - 107,473	- - -	- 635,860 116,588
Total - National School Lunch Program				-	711,505	-	752,448
Total - Child Nutrition Cluster				-	809,041	-	860,961
Total - Department of Agriculture				-	809,041	-	860,961
<u>Department of Education</u>							
Special Education Cluster (IDEA) Special Education Grants to States	Indiana Department of Education	84.027	14216-049-PN01 14216-150-PN01 14217-049-PN01 18611-049-PN01	- - - -	116,883 67,370 623,818 -	- - - -	- 497 183,560 597,045
Total - Special Education Grants to States				-	808,071	-	781,102
Special Education Preschool Grants	Indiana Department of Education	84.173	45716-049-PN01 45716-150-PN01 45717-049-PN01 18619-049-PN01	- - - -	4,211 6,728 9,779 -	- - - -	- - 16,191 8,425
Total - Special Education Preschool Grants				-	20,718	-	24,616
Total - Special Education Cluster (IDEA)				-	828,789	-	805,718

KANKAKEE VALLEY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	15-3785	-	101,639	-	-
			16-3785	-	251,192	-	87,335
			17-3785	-	-	-	217,342
Total - Title I Grants to Local Educational Agencies				-	352,831	-	304,677
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013	16-3785	41,427	41,427	-	-
			17-3785	7,351	7,351	18,352	18,352
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				48,778	48,778	18,352	18,352
English Language Acquisition State Grants	Indiana Department of Education	84.365	01116-130-PN01	-	18,796	-	1,239
			01117-211-PN01	-	-	-	13,208
Total - English Language Acquisition State Grants				-	18,796	-	14,447
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	14-3785	-	1,068	-	-
			15-3785	-	71,954	-	448
			16-3785	-	32,370	-	20,710
Total - Supporting Effective Instruction State Grants				-	105,392	-	21,158
Total - Department of Education				48,778	1,354,586	18,352	1,164,352
Total federal awards expended				\$ 48,778	\$ 2,163,627	\$ 18,352	\$ 2,025,313

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

KANKAKEE VALLEY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. 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 (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 of the School Corporation. This activity is reported on the financial statement of the Cooperative.

KANKAKEE VALLEY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
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>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to receipts. The School Corporation had not properly designed or implemented an adequate system of internal controls to ensure that receipts were properly recorded. One employee recorded receipts to the financial accounting system without any review or oversight.

Context

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

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

Criteria

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

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

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

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

Cause

Management of the School Corporation had not established a proper system of internal control that segregated key functions.

Effect

The failure to establish effective internal controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to receipts.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

Subject: Child Nutrition Cluster - Reporting
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): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

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

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 Reporting compliance requirement.

The Food Service Director and the Treasurer worked together to prepare the Annual Financial Report; however, there was no indication of review prior to submission.

Context

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

Criteria

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

Management had not developed a system of internal controls to ensure compliance with the grant agreement and 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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and 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.

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AUDITEE-PREPARED DOCUMENTS

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



Kankakee Valley School Corporation

12021 N 550 W

PO Box 278

Wheatfield, Indiana 46392-0278

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Fax: 219-987-4710

Interim Superintendent – Mr. Iran G. Floyd
Assistant Superintendent – Mrs. Allisa Schnick
Chief Financial Officer – Ms. Carol Deardorff
Director of Buildings and Grounds – Mr. Tom Sherwood

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Jeff DeYoung, Member

Tim Helton, Member

Lana Olson, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2016

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

Contact Person Responsible for Corrective Action: Michelle Flick, Food Service Director

Contact Phone Number: 219.987.4711 Ext. 1117

Status of Audit Finding:

- A. The Director of Food Services is monitoring the daily and monthly cash balances of the Lunch Program and is working towards the compliance of three month's average expenditures. This finding remains a Work in Progress. In addition, the Lunch Program is also working with the Superintendent and Director of Buildings and Grounds to update our High School Cafeteria. A spending allowance is set aside in order to provide the necessary furnishings. An expected date is within the year.

Michelle Flick
(Signature)

Director of Food Services
(Title)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal year in which the finding initially occurred: FY 2014, FY 2015
 Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Education
 Contact Person Responsible for Corrective Action: Carol L. Deardorff, CFO/Treasurer
 Contact Phone Number: 219.987.4711 x1113

Status of Audit Finding: Corrected. Employees who are paid from Federal grants and other funds, keep daily time and effort logs that are reviewed and initialed by their supervisor. Employees who are paid from only one Federal grant are documented by their supervisor on a semi-annual certification activity report.

Carol L. Deardorff
 (Signature)

CFO/Treasurer
 (Title)

01.08.2019
 (Date)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003

Fiscal year in which the finding initially occurred: FY 2014, FY 2015
 Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Education
 Contact Person Responsible for Corrective Action: Carol L. Deardorff, CFO/Treasurer
 Contact Phone Number: 219.987.4711 x1113

Status of Audit Finding: Resolved. This was in regards to a Title I Delinquent grant for White's Residential & Family Services. That institution closed in August 2017, so we will no longer be receiving this grant.

Carol L. Deardorff
(Signature)

CFO/Treasurer
(Title)

01.08.2019
(Date)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-004

Fiscal year in which the finding initially occurred: FY 2014, FY 2015
 Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Education
 Contact Person Responsible for Corrective Action: Carol L. Deardorff, CFO/Treasurer
 Contact Phone Number: 219.987.4711 x1113

Status of Audit Finding: Corrected. Prior to removing a student from the graduation cohort, that determination is reviewed by the high school guidance department and the high school principal or designee. A form has been created to document that review.

Carol L. Deardorff
 (Signature)

CFO/Treasurer
 (Title)

01.08.2019
 (Date)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-005

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

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

Contact Person Responsible for Corrective Action: Carol L. Deardorff, CFO/Treasurer

Contact Phone Number: 219.987.4711 x1113

Status of Audit Finding: Corrected. This finding was in regards to our Special Education Federal Grants through Cooperative School Services. Now suspension and disbarment is checked by Cooperative School Services by either checking the vendor on the SAM website, or collecting a certification form from the person or contractor, and then furnishing Kankakee Valley School Corporation with proof of the results.

Carol L. Deardorff
(Signature)

CFO/Treasurer
(Title)

01.08.2019
(Date)



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Mr. Tim Helton, Member

CORRECTIVE ACTION PLAN

FINDING 2018-0001

Contact Person Responsible for Corrective Action: Carol L. Deardorff, CFO/Treasurer

Contact Phone Number: 219.987.4711 x1113

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

A receipt detail report will be printed at the end of each month, and will be compared to the receipt forms issued for the month by either the Deputy Treasurer or the Accounts Payable Clerk to verify that the receipts were posted in the financial software for the correct amount, and to the correct fund and receipt account. The receipt detail report will be signed and dated by the employee conducting the review to verify that all information was posted correctly.

Anticipated Completion Date: We will implement this procedure in January 2019.

Carol L. Deardorff
(Signature)

Chief Financial Officer/Treas.
(Title)

02.14.2019
(Date)



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Mr. Tim Helton, Member*

CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action: *Michelle Flick, Food Service Director*
Contact Phone Number: 219-987-4711 ext. 1117

Views of Responsible Official: *We concur with Finding 2018-002*

Description of Corrective Action Plan:

We need to establish a more effective internal control when reporting our Annual Financial Report (AFR) to the State. Food Service Director and Assistant Food Service Director collectively worked together inputting information to send to the State. However, we have not shown evidence of a signature and date on the report. Starting immediately for the next submission of AFR to the State, Food Service Director and Assistant Food Service Director will sign and date the physical form of the report and retain in our records indicating our internal control.

Anticipated Completion Date: *Next submission of report, July 2019.*

Michelle Flick
(Signature)

Food Service Director
(Title)

2.8.19
(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/>.