

K John Kasperek Co.

CERTIFIED PUBLIC ACCOUNTANTS

1471 Ring Road • Calumet City, IL 60409 • 708.862.2262

December 12, 2018

Board of Education
Dr. Matthew Wilkinson
Harvey Public Schools District 152
16001 South Lincoln Avenue
Harvey, Illinois 60446

Dear Dr. Wilkinson:

Enclosed are fifteen (15) copies of the audited financial statements and uniform guidance reports for Harvey Public Schools District 152 for the year ended June 30, 2018. We have kept one copy of each for the School Treasurer's Office. We have also enclosed fifteen (15) copies of the Annual Financial Report for the year ended June 30, 2018. We have retained (2) copies for the School Treasurer and two (2) copies for the Regional Office of Education and Illinois State Board of Education. We will also provide you with a flash drive of the reports noted above once we receive all signatures.

If you should have any questions, do not hesitate to call.

Thank you for your business.

Sincerely,



John Kasperek, Jr.
Managing Partner

K John Kasperek Co.

CERTIFIED PUBLIC ACCOUNTANTS

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To the Superintendent and
Board of Education
Harvey Public School District 152
Harvey, Illinois

In planning and performing our audit of the governmental activities, each major fund, and the aggregate remaining fund information of Harvey Public School District 152 (the District) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the District's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

During our audit, we also became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency:

Activity Funds	
Control deficiency:	The activity funds of the District are not thoroughly reconciled, and proper transaction support is not maintained consistently.
Potential effect:	An activity fund could conduct a transaction that is not an appropriate use of funds. Also, the cash balances of each fund may not be an accurate reflection of funds available on a monthly basis.
Recommendation:	We recommend implementing a review process for all activity fund bank reconciliations and ensuring that such reconciliations are completed in a timely manner each month. Also, we recommend enforcing a policy on maintaining all original documents that support the receipt and expenditure of activity funds.

Insurance Expenditures	
Control deficiency:	The District is not maintaining adequate records for insurance expenditures.
Potential effect:	We noted an instance where an insurance payment was made to the credit of the wrong school district. The District was not aware of the error. Additionally, the District was unable to provide us with adequate support for a sample of insurance expenditures. There is the potential for incorrect payments or incorrect recording of payments on the general ledger.
Recommendation:	We recommend the District attach the invoices for insurance payments to the check copies and file accordingly. We further recommend the District review payments made by the Treasurer's office to ensure they are made to the credit of the correct district.

IMRF Contributions	
Control deficiency:	In our testing of IMRF contributions, we noted an instance where the incorrect month's wages were used to calculate the contribution amount.
Potential effect:	The District may remit to IMRF the incorrect amount and not detect it, leading to discrepancies and misstatements.
Recommendation:	We recommend the District perform a review of IMRF remittances before they are submitted to ensure the correct wages are used.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board members, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

John Kasperek Co., Inc.

Calumet City, Illinois
December 3, 2018

John Kasperek Co.

CERTIFIED PUBLIC ACCOUNTANTS

1471 Ring Road · Calumet City, IL 60409 · 708.862.2262

December 3, 2018

To the Superintendent and
Board of Education
Harvey Public School District 152
Harvey, Illinois 60426

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harvey Public Schools District 152 (the "District") for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 8, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to postemployment benefits by adopting Statement of Governmental Accounting Standards (GASB statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ended June 30, 2018. The change will be reflected in the notes to the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Attached is a list of the material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the combining and individual fund financial statements and schedules and the notes to the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the schedule of changes in the employer's net pension liability and related ratios, schedule of the district's proportionate share of the net pension liability, schedule of changes in the net OPEB liability and related ratios, schedule of the district's proportionate share of the net OPEB liability, schedule of employer contributions, schedule of assessed valuations, tax levies extended and collections, schedule of debt service requirements, debt service schedule by levy year, and schedule of legal debt margin, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of Harvey Public School District 152 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

John Kasperuk Co., Inc.

Calumet City, Illinois
December 3, 2018

Harvey Public Schools District 152

Year End: June 30, 2018

Adjusting Journal Entries

Date: 7/1/2017 To 6/30/2018

Prepared by	Reviewed by	Reviewed by	Reviewed by
TJG 10/24/2018	JJK 11/11/2018		

TB.30. 01

Number	Date	Name	Account No	Debit	Credit
1	6/30/2018	Abolishment of Working Cash Fund	2E7110 20-OMF		500,000
1	6/30/2018	Permanent Transfer of Interest	2E8140 20-OMF		500,000
1	6/30/2018	Abolishment of Working Cash Fund	6E7110 60-CPF	500,000	
1	6/30/2018	Permanent Transfer of Interest	6E7140 60-CPF		1,150,000
1	6/30/2018	Abolishment or Abatement of Working Cash Fund	7E8110 70-WCF		500,000
1	6/30/2018	Abolishment or Abatement of Working Cash Fund	7E8110 70-WCF	1,150,000	
1	6/30/2018	CASH	20.1.0101.000.0000.00.00 0	500,000	
1	6/30/2018	CASH	20.1.0101.000.0000.00.00 20-OMF	500,000	
1	6/30/2018	CASH	60.1.0101.000.0000.00.00 60-CPF	1,150,000	
1	6/30/2018	CASH	60.1.0101.000.0000.00.00 60-CPF	500,000	
1	6/30/2018	CASH	70.1.0101.000.0000.00.00 70-WCF		1,150,000
1	6/30/2018	CASH	70.1.0101.000.0000.00.00 70-WCF		500,000
To record transfers approved by resolution					
2	6/30/2018	Federal Spec Ed - Preschool Flow Through	10.4.0000.000.4600.00.00 10-EF		5,671
2	6/30/2018	Federal Spec Ed - Idea Flow Through/Low Incidence	10.4.0000.000.4620.00.00 10-EF	5,671	
to reclass to correct grant line					
3	6/30/2018	Refund Of Prior Years Expenditures	10.4.0000.000.1950.00.00 10-EF		99,525
3	6/30/2018	Federal Spec Ed - Idea Flow Through/Low Incidence	10.4.0000.000.4620.00.00 10-EF	99,525	
to reclass ECHO Excess Fund Balance to participating districts					
4	6/30/2018	Cash	10.1.0101.000.0000.00.00 10-EF		3,864
4	6/30/2018	Current Taxes	10.4.0000.000.1111.00.00 10-EF		37,612
4	6/30/2018	1st Prior Yr Taxes	10.4.0000.000.1112.00.00 10-EF		17,236
4	6/30/2018	Oth Prior Yr Taxes	10.4.0000.000.1113.00.00 10-EF	58,712	
4	6/30/2018	CASH	13.1.0101.000.0000.00.00 10-EF		759
4	6/30/2018	Oth Prior Yr Taxes	13.4.0000.000.1113.00.00 10-EF	1,079	
4	6/30/2018	Current Taxes	13.4.0000.000.1141.00.00 10-EF		1
4	6/30/2018	1st Prior Yr Taxes	13.4.0000.000.1142.00.00 10-EF		319
4	6/30/2018	CASH	20.1.0101.000.0000.00.00 20-OMF		8,687
4	6/30/2018	Current Taxes	20.4.0000.000.1111.00.00 20-OMF		11,603
4	6/30/2018	1st Prior Yr Taxes	20.4.0000.000.1112.00.00 20-OMF	1,968	
4	6/30/2018	Oth Prior Yr Taxes	20.4.0000.000.1113.00.00 20-OMF	18,322	
4	6/30/2018	CASH	24.1.0101.000.0000.00.00 20-OMF		1,492
4	6/30/2018	Oth Prior Yr Taxes	24.4.0000.000.1113.00.00 20-OMF	2,112	
4	6/30/2018	Current Taxes	24.4.0000.000.1131.00.00 20-OMF		2
4	6/30/2018	1st Prior Yr Taxes	24.4.0000.000.1132.00.00 20-OMF		618
4	6/30/2018	CASH	30.1.0101.000.0000.00.00 30-DSF	34,796	
4	6/30/2018	Current Taxes	30.4.0000.000.1111.00.00 30-DSF		34,796
4	6/30/2018	CASH	40.1.0101.000.0000.00.00 40-TF	5,260	
4	6/30/2018	Current Taxes	40.4.0000.000.1111.00.00 40-TF		10,428
4	6/30/2018	1st Prior Yr Taxes	40.4.0000.000.1112.00.00 40-TF		2,116
4	6/30/2018	Oth Prior Yr Taxes	40.4.0000.000.1113.00.00 40-TF	7,284	
4	6/30/2018	CASH	50.1.0101.000.0000.00.00 50-ISF		3,696
4	6/30/2018	Current Taxes	50.4.0000.000.1111.00.00 50-ISF		6,679
4	6/30/2018	1st Prior Yr Taxes	50.4.0000.000.1112.00.00 50-ISF		4,263
4	6/30/2018	Oth Prior Yr Taxes	50.4.0000.000.1113.00.00 50-ISF	14,638	
4	6/30/2018	CASH	55.1.0101.000.0000.00.00 50-ISF		6,828
4	6/30/2018	Oth Prior Yr Taxes	55.4.0000.000.1113.00.00 50-ISF	21,387	
4	6/30/2018	Current Taxes	55.4.0000.000.1151.00.00 50-ISF		8,338
4	6/30/2018	1st Prior Yr Taxes	55.4.0000.000.1152.00.00 50-ISF		6,221
4	6/30/2018	CASH	70.1.0101.000.0000.00.00 70-WCF		1,315
4	6/30/2018	Current Taxes	70.4.0000.000.1111.00.00 70-WCF		541

Harvey Public Schools District 152

Year End: June 30, 2018

Adjusting Journal Entries

Date: 7/1/2017 To 6/30/2018

Prepared by	Reviewed by	Reviewed by	Reviewed by
TJG 10/24/2018	JJK 11/11/2018		

TB.30. 01-1

Number	Date	Name	Account No	Debit	Credit
4	6/30/2018	1st Prior Yr Taxes			
4	6/30/2018	Oth Prior Yr Taxes	70.4.0000.000.1112.00.00 70-WCF	191	
4	6/30/2018	CASH	70.4.0000.000.1113.00.00 70-WCF	1,665	
4	6/30/2018	Current Taxes	80.1.0101.000.0000.00.00 80-TIF		13,415
4	6/30/2018	1st Prior Yr Taxes	80.4.0000.000.1111.00.00 80-TIF		2
4	6/30/2018	Oth Prior Yr Taxes	80.4.0000.000.1112.00.00 80-TIF		5,495
			80.4.0000.000.1113.00.00 80-TIF	18,912	
		To adjust real estate taxes allocations based upon levy allocation.			
5	6/30/2018	Principal on Bonds Sold	3E7210 30-DSF		10,400
5	6/30/2018	Principal on Bonds Sold	7E7210 70-WCF		1,589,600
5	6/30/2018	Other Local Revenues	30.4.0000.000.1999.00.00 30-DSF	10,400	
5	6/30/2018	Other Local Revenues	70.4.0000.000.1999.00.00 70-WCF	1,589,600	
		To reclassify principal on bonds issued			
6	6/30/2018	.2	1A140 10-EF	219,408	
6	6/30/2018	INTERFUND PAYABLES	8A410 80-TIF		219,408
6	6/30/2018	Cash	10.1.0101.000.0000.00.00 10-EF		219,408
6	6/30/2018	CASH	80.1.0101.000.0000.00.00 80-TIF	219,408	
		To reclassify negative cash in the Tort Immunity Fund as an interfund loan			
7	6/30/2018	Cash	10.1.0101.000.0000.00.00 10-EF		2,874
7	6/30/2018	Interest On Investments	10.4.0000.000.1510.00.00 10-EF	2,874	
7	6/30/2018	CASH	60.1.0101.000.0000.00.00 60-CPF	2,874	
7	6/30/2018	Interest On Investments	60.4.0000.000.1510.00.00 60-CPF		2,874
		To eliminate negative interest in the capital projects fund			
8	6/30/2018	CASH	20.1.0101.000.0000.00.00 20-OMF		82,662
8	6/30/2018	Corp Pers Prop Repl Tax	20.4.0000.000.1230.00.00 20-OMF	82,662	
8	6/30/2018	CASH	55.1.0101.000.0000.00.00 50-ISF	82,662	
8	6/30/2018	Corp Pers Prop Repl Tax	55.4.0000.000.1230.00.00 50-ISF		82,662
		To reclass PPRT Revenue to Fund 55 for District to cover it's first lien rights			
9	6/30/2018	Reserved	10.2.0481.000.0003.00.00 10-EF		112,686
9	6/30/2018	Reserved	10.2.0481.000.0005.00.00 10-EF	36,139	
9	6/30/2018	Refund Of Prior Years Expenditures	10.4.0000.000.1950.00.00 10-EF	76,547	
		To write off unchanged payroll liability accounts			
10	6/30/2018	Cash	10.1.0101.000.0000.00.00 10-EF		91,190
10	6/30/2018	General State Aid	10.4.0000.000.3001.00.00 10-EF	91,190	
10	6/30/2018	CASH	20.1.0101.000.0000.00.00 20-OMF	91,190	
10	6/30/2018	General State Aid	20.4.0000.000.3001.00.00 20-OMF		91,190
		To allocate additional State aid to O&M			
11	6/30/2018	ERATE	20.4.0000.000.1920.00.00 20-OMF	251,402	
11	6/30/2018	Other Local Revenues	20.4.0000.000.1999.00.00 20-OMF		251,402

Harvey Public Schools District 152

Year End: June 30, 2018

Adjusting Journal Entries

Date: 7/1/2017 To 6/30/2018

TB.30. 01-2

Prepared by	Reviewed by	Reviewed by	Reviewed by
TJG 10/24/2018	JJK 11/11/2018		

Number	Date	Name	Account No	Debit	Credit
To reclassify E-Rate revenue to proper account Other Local Revenue					
12	6/30/2018	Exec Admin Administration - Reg Pay	10.5.2320.106.0000.00.00 10-EF		
12	6/30/2018	Teachers Retirement	10.5.2320.211.0000.00.00 10-EF		797,085
12	6/30/2018	THIS	10.5.2320.217.0000.00.00 10-EF		83,128
12	6/30/2018	Medical Insurance	10.5.2320.222.0000.00.00 10-EF		6,995
12	6/30/2018	Dental Insurance	10.5.2320.223.0000.00.00 10-EF		125,127
12	6/30/2018	Principal	10.5.2410.106.0000.00.00 10-EF		4,296
12	6/30/2018	TRS	10.5.2410.211.0000.00.00 10-EF	797,085	
12	6/30/2018	THIS	10.5.2410.217.0000.00.00 10-EF	83,128	
12	6/30/2018	Medical Insurance	10.5.2410.222.0000.00.00 10-EF	6,995	
12	6/30/2018	Dental Insurance	10.5.2410.223.0000.00.00 10-EF	125,127	
				4,296	
PBC Entry - to reclassify principal salaries and benefits					
13	6/30/2018	OTHER SERV	20.5.2540.390.0000.99.00 20-OMF		
13	6/30/2018	CAPITALIZED EQUIP	20.5.2540.550.0000.99.00 20-OMF	47,500	47,500
To reclassify capital building improvement from Purchase Services to Capital Outlay.					
14	6/30/2018	Medicaid Matching Funds - Administrative Outreach	10.4.0000.000.4991.00.00 10-EF		
14	6/30/2018	Medicaid Matching Funds - Fee For Service Program	10.4.0000.000.4992.00.00 10-EF	8,973	8,973
to reclass Medicaid Admin Claim out of Fee for Service					
15	6/30/2018	State "On-behalf" Payments	1C3998 10-EF		
15	6/30/2018	State Retirement Contribution	10.5.1999.900.0000.00.00 10-EF	4,019,815	4,739,230
15	6/30/2018	State Retirement Contribution - Support	10.5.2999.900.0000.00.00 10-EF	719,415	
To record TRS on-behalf payment.					
16	6/30/2018	Oth Prior Yr Taxes	10.4.0000.000.1113.00.00 10-EF	370	
16	6/30/2018	Oth Prior Yr Taxes	10.4.0000.000.1113.00.00 10-EF	51	
16	6/30/2018	Other Local Revenues	10.4.0000.000.1999.00.00 10-EF		370
16	6/30/2018	Other Local Revenues	10.4.0000.000.1999.00.00 10-EF		51
To move United State Treasury deposits from property taxes to Other Income					
				13,160,633	13,160,633
Net Income (Loss)					1,993,925