

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH CENTRAL COMMUNITY
SCHOOL CORPORATION
LAPORTE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
01/29/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kara S. Schoch James G. Holifield	07-01-12 to 06-30-14 07-01-14 to 06-30-16
Superintendent of Schools	Christopher A. Smith Linda J. Wiltfong	07-01-12 to 06-30-14 07-01-14 to 06-30-16
President of the School Board	David Howell, Jr. Edmund Castle David Howell, Jr.	07-01-12 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTH CENTRAL COMMUNITY
SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

Report on the Financial Statement

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 7, 2015



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302 WEST WASHINGTON STREET
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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 SOUTH CENTRAL COMMUNITY
SCHOOL CORPORATION, LAPORTE 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 South Central Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 7, 2015, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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

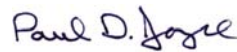
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

South Central Community 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

December 7, 2015

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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.

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

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,595,748	\$ 5,240,668	\$ 5,011,639	\$ (70,166)	\$ 1,754,611	\$ 5,468,042	\$ 5,118,363	\$ -	\$ 2,104,290
Debt Service	228,241	2,738,431	2,473,396	(31,935)	461,341	3,389,995	2,549,989	-	1,301,347
Retirement/Severance Bond Debt Service	62,303	88,342	125,683	(3,707)	21,255	197,454	150,695	-	68,014
Capital Projects	552,675	697,216	880,982	(28,138)	340,771	1,397,008	1,457,796	500	280,483
School Transportation	252,251	447,210	750,172	141,078	90,367	1,274,313	1,029,958	-	334,722
School Bus Replacement	94,145	415,595	193,621	(2,415)	313,704	285,279	368,153	-	230,830
Retirement/Severance Bond	614	-	614	-	-	-	-	-	-
School Lunch	47,378	432,551	424,961	-	54,968	439,133	408,676	-	85,425
Textbook Rental	(67,842)	119,638	78,470	-	(26,674)	126,538	107,401	-	(7,537)
Educational License Plates	6,338	56	-	-	6,394	38	-	-	6,432
SAFE School Haven	148	-	148	-	-	-	-	-	-
SC Elementary Computer	4,865	3,821	2,459	-	6,227	4,586	4,597	-	6,216
Community Corner Donations	2,612	-	-	-	2,612	-	-	-	2,612
Unity Foundation Grant 2011-2012	158	-	158	-	-	-	-	-	-
Monsanto Grant	-	38,300	35,048	-	3,252	5,700	443	-	8,509
Scholarships and Awards	1,879	2	-	-	1,881	2	-	-	1,883
Miscellaneous Programs	29,736	18,068	27,372	-	20,432	19,291	20,046	-	19,677
High Ability 2013-2014	-	-	-	-	-	28,117	13,096	-	15,021
High Ability 2012-2013	-	27,860	22,721	-	5,139	-	5,142	-	(3)
Teacher Quality Improvement Program	4,630	-	4,630	-	-	-	-	-	-
Medicaid Reimbursement	-	-	-	-	-	2,794	-	-	2,794
Secured Schools Safety Grant	-	-	-	-	-	-	3,249	-	(3,249)
School Technology	24,973	16,311	20,832	-	20,452	14,714	20,832	-	14,334
Performance Based Awards	271	-	-	-	271	-	-	-	271
Access Indiana	1,138	-	-	-	1,138	-	-	-	1,138
Title I NCLB FY 11-12	-	16,031	16,031	-	-	-	-	-	-
Title I NCLB FY 12-13	-	89,274	97,833	-	(8,559)	8,559	-	-	-
Title I NCLB FY 13-14	-	-	-	-	-	91,224	99,604	-	(8,380)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	813	-	(813)	58,380	57,567	-	-
Medicaid Reimbursement - Federal	-	-	-	-	-	5,170	-	-	5,170
Improving Teaching Quality, No Child Left, Title II, Part A	-	21,124	22,611	-	(1,487)	4,431	2,946	-	(2)
Title II Part A 12-13	-	-	-	-	-	14,920	16,413	-	(1,493)
Education Jobs	-	34,034	29,317	(4,717)	-	-	-	-	-
Payroll Fund	36,194	1,080,150	1,089,303	-	27,041	1,110,788	1,117,674	-	20,155
Prepaid Food	(794)	2,440	312	-	1,334	1,014	218	-	2,130
Totals	\$ 2,877,661	\$ 11,527,122	\$ 11,309,126	\$ -	\$ 3,095,657	\$ 13,947,490	\$ 12,552,858	\$ 500	\$ 4,490,789

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

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

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

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

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

Noninstructional services which include outflows for food service operations.

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

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

Nonprogrammed charges which include outflows for indirect costs and scholarships.

F. Other Financing Sources and Uses

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

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. (The School Corporation belongs to the Educational Service Centers Risk Funding Trust.)

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. The deficit in the Textbook Rental fund is a result of not receiving enough textbook rental monies to cover actual costs. Several grant funds contained deficits in cash. This is a result of those grants being reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 or 2014.

Note 8. Holding Corporation

The School Corporation entered into a capital leases with the South Central Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments on Series 2005 and Series 2008 bonds during the school years ending June 30, 2013 and 2014, totaled \$1,304,500 and \$1,304,700, respectively.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

The School Corporation issued Tax Anticipation Warrants (TAW) for 2014 and 2015. The 2014 TAW was paid in full December 31, 2014, and the 2015 TAW will be paid in full on December 31, 2015.

A construction bond was issued on July 29, 2015, for \$7,500,000 for the purpose of construction and renovations to the school building. No payments will be due until July 2017 (when the 2005 Series bonds are paid in full).

Note 10. Combined Funds

Funds related to Prepaid Food and Payroll Fund are reported individually in the current financial statement, but were combined into one fund in the prior financial statement.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,595,748	\$ 228,241	\$ 62,303	\$ 552,675	\$ 252,251	\$ 94,145	\$ 614	\$ 47,378	\$ (67,842)
Receipts:									
Local sources	44,353	1,862,360	29,156	257,096	213,740	270,176	-	276,171	100,303
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	5,187,128	-	-	-	-	-	-	7,102	18,659
Federal sources	-	-	-	-	-	-	-	149,038	-
Temporary loans	-	876,071	59,186	440,120	231,125	145,419	-	-	-
Other	9,187	-	-	-	2,345	-	-	240	676
Total receipts	5,240,668	2,738,431	88,342	697,216	447,210	415,595	-	432,551	119,638
Disbursements:									
Current:									
Instruction	3,533,958	-	-	-	-	-	576	-	-
Support services	1,383,838	-	-	344,871	513,804	87,246	38	1,943	78,470
Noninstructional services	93,843	-	-	-	-	-	-	430,018	-
Facilities acquisition and construction	-	-	-	364,847	-	-	-	(7,000)	-
Debt services	-	2,473,396	125,683	171,264	236,368	106,375	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,011,639	2,473,396	125,683	880,982	750,172	193,621	614	424,961	78,470
Excess (deficiency) of receipts over disbursements	229,029	265,035	(37,341)	(183,766)	(302,962)	221,974	(614)	7,590	41,168
Other financing sources (uses):									
Transfers in	4,717	-	-	-	159,336	-	-	-	-
Transfers out	(74,883)	(31,935)	(3,707)	(28,138)	(18,258)	(2,415)	-	-	-
Total other financing sources (uses)	(70,166)	(31,935)	(3,707)	(28,138)	141,078	(2,415)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	158,863	233,100	(41,048)	(211,904)	(161,884)	219,559	(614)	7,590	41,168
Cash and investments - ending	\$ 1,754,611	\$ 461,341	\$ 21,255	\$ 340,771	\$ 90,367	\$ 313,704	\$ -	\$ 54,968	\$ (26,674)

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

	Educational License Plates	SAFE School Haven	SC Elementary Computer	Community Corner Donations	Unity Foundation Grant 2011-2012	Monsanto Grant	Scholarships and Awards	Miscellaneous Programs	High Ability 2013-2014
Cash and investments - beginning	\$ 6,338	\$ 148	\$ 4,865	\$ 2,612	\$ 158	\$ -	\$ 1,879	\$ 29,736	\$ -
Receipts:									
Local sources	-	-	-	-	-	13,300	2	-	-
Intermediate sources	56	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	3,821	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	25,000	-	18,068	-
Total receipts	56	-	3,821	-	-	38,300	2	18,068	-
Disbursements:									
Current:									
Instruction	-	-	2,459	-	-	-	-	-	-
Support services	-	148	-	-	158	-	-	27,372	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	35,048	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	148	2,459	-	158	35,048	-	27,372	-
Excess (deficiency) of receipts over disbursements	56	(148)	1,362	-	(158)	3,252	2	(9,304)	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	56	(148)	1,362	-	(158)	3,252	2	(9,304)	-
Cash and investments - ending	\$ 6,394	\$ -	\$ 6,227	\$ 2,612	\$ -	\$ 3,252	\$ 1,881	\$ 20,432	\$ -

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

	High Ability 2012-2013	Teacher Quality Improvement Program	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Performance Based Awards	Access Indiana	Title I NCLB FY 11-12	Title I NCLB FY 12-13
Cash and investments - beginning	\$ -	\$ 4,630	\$ -	\$ -	\$ 24,973	\$ 271	\$ 1,138	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	27,860	-	-	-	16,311	-	-	-	-
Federal sources	-	-	-	-	-	-	-	16,031	89,274
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	27,860	-	-	-	16,311	-	-	16,031	89,274
Disbursements:									
Current:									
Instruction	17,987	3,365	-	-	-	-	-	14,845	87,998
Support services	334	1,265	-	-	20,832	-	-	-	7,527
Noninstructional services	-	-	-	-	-	-	-	1,186	2,308
Facilities acquisition and construction	4,400	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	22,721	4,630	-	-	20,832	-	-	16,031	97,833
Excess (deficiency) of receipts over disbursements	5,139	(4,630)	-	-	(4,521)	-	-	-	(8,559)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,139	(4,630)	-	-	(4,521)	-	-	-	(8,559)
Cash and investments - ending	\$ 5,139	\$ -	\$ -	\$ -	\$ 20,452	\$ 271	\$ 1,138	\$ -	\$ (8,559)

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

	Title I NCLB FY 13-14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A 12-13	Education Jobs	Payroll Fund	Prepaid Food	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,194	\$ (794)	\$ 2,877,661
Receipts:									
Local sources	-	-	-	-	-	-	-	2,440	3,069,097
Intermediate sources	-	-	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	-	-	5,257,060
Federal sources	-	-	-	21,124	-	34,034	-	-	313,322
Temporary loans	-	-	-	-	-	-	-	-	1,751,921
Other	-	-	-	-	-	-	1,080,150	-	1,135,666
Total receipts	-	-	-	21,124	-	34,034	1,080,150	2,440	11,527,122
Disbursements:									
Current:									
Instruction	-	-	-	22,611	-	13,729	-	-	3,697,528
Support services	-	813	-	-	-	15,588	-	-	2,484,247
Noninstructional services	-	-	-	-	-	-	-	-	527,355
Facilities acquisition and construction	-	-	-	-	-	-	-	-	397,295
Debt services	-	-	-	-	-	-	-	-	3,113,086
Nonprogrammed charges	-	-	-	-	-	-	1,089,303	312	1,089,615
Total disbursements	-	813	-	22,611	-	29,317	1,089,303	312	11,309,126
Excess (deficiency) of receipts over disbursements	-	(813)	-	(1,487)	-	4,717	(9,153)	2,128	217,996
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	164,053
Transfers out	-	-	-	-	-	(4,717)	-	-	(164,053)
Total other financing sources (uses)	-	-	-	-	-	(4,717)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(813)	-	(1,487)	-	-	(9,153)	2,128	217,996
Cash and investments - ending	\$ -	\$ (813)	\$ -	\$ (1,487)	\$ -	\$ -	\$ 27,041	\$ 1,334	\$ 3,095,657

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,754,611	\$ 461,341	\$ 21,255	\$ 340,771	\$ 90,367	\$ 313,704	\$ -	\$ 54,968	\$ (26,674)
Receipts:									
Local sources	40,800	2,788,806	164,428	1,109,331	925,355	285,279	-	280,851	101,243
Intermediate sources	43	-	-	-	-	-	-	-	-
State sources	5,411,767	-	-	-	-	-	-	7,416	20,364
Federal sources	-	-	-	-	-	-	-	150,626	-
Temporary loans	-	601,189	33,026	283,979	346,156	-	-	-	-
Other	15,432	-	-	3,698	2,802	-	-	240	4,931
Total receipts	5,468,042	3,389,995	197,454	1,397,008	1,274,313	285,279	-	439,133	126,538
Disbursements:									
Current:									
Instruction	3,584,752	-	-	-	-	-	-	-	-
Support services	1,407,397	-	-	341,920	507,632	173,658	-	1,193	107,401
Noninstructional services	103,214	-	-	-	-	-	-	407,483	-
Facilities acquisition and construction	23,000	-	-	611,894	-	-	-	-	-
Debt services	-	2,549,989	150,695	503,982	522,326	194,495	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,118,363	2,549,989	150,695	1,457,796	1,029,958	368,153	-	408,676	107,401
Excess (deficiency) of receipts over disbursements	349,679	840,006	46,759	(60,788)	244,355	(82,874)	-	30,457	19,137
Other financing sources (uses):									
Sale of capital assets	-	-	-	500	-	-	-	-	-
Total other financing sources	-	-	-	500	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	349,679	840,006	46,759	(60,288)	244,355	(82,874)	-	30,457	19,137
Cash and investments - ending	\$ 2,104,290	\$ 1,301,347	\$ 68,014	\$ 280,483	\$ 334,722	\$ 230,830	\$ -	\$ 85,425	\$ (7,537)

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

	Educational License Plates	SAFE School Haven	SC Elementary Computer	Community Corner Donations	Unity Foundation Grant 2011-2012	Monsanto Grant	Scholarships and Awards	Miscellaneous Programs	High Ability 2013-2014
Cash and investments - beginning	\$ 6,394	\$ -	\$ 6,227	\$ 2,612	\$ -	\$ 3,252	\$ 1,881	\$ 20,432	\$ -
Receipts:									
Local sources	-	-	-	-	-	5,700	2	-	-
Intermediate sources	38	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	28,117
Federal sources	-	-	4,586	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	19,291	-
Total receipts	38	-	4,586	-	-	5,700	2	19,291	28,117
Disbursements:									
Current:									
Instruction	-	-	4,597	-	-	-	-	1,210	11,248
Support services	-	-	-	-	-	-	-	18,836	1,848
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	443	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,597	-	-	443	-	20,046	13,096
Excess (deficiency) of receipts over disbursements	38	-	(11)	-	-	5,257	2	(755)	15,021
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	38	-	(11)	-	-	5,257	2	(755)	15,021
Cash and investments - ending	\$ 6,432	\$ -	\$ 6,216	\$ 2,612	\$ -	\$ 8,509	\$ 1,883	\$ 19,677	\$ 15,021

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

	High Ability 2012-2013	Teacher Quality Improvement Program	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Performance Based Awards	Access Indiana	Title I NCLB FY 11-12	Title I NCLB FY 12-13
Cash and investments - beginning	\$ 5,139	\$ -	\$ -	\$ -	\$ 20,452	\$ 271	\$ 1,138	\$ -	\$ (8,559)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	2,794	-	14,714	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	8,559
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	2,794	-	14,714	-	-	-	8,559
Disbursements:									
Current:									
Instruction	3,207	-	-	-	-	-	-	-	-
Support services	1,935	-	-	-	20,832	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	3,249	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,142	-	-	3,249	20,832	-	-	-	-
Excess (deficiency) of receipts over disbursements	(5,142)	-	2,794	(3,249)	(6,118)	-	-	-	8,559
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,142)	-	2,794	(3,249)	(6,118)	-	-	-	8,559
Cash and investments - ending	\$ (3)	\$ -	\$ 2,794	\$ (3,249)	\$ 14,334	\$ 271	\$ 1,138	\$ -	\$ -

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

	Title I NCLB FY 13-14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A 12-13	Education Jobs	Payroll Fund	Prepaid Food	Totals
Cash and investments - beginning	\$ -	\$ (813)	\$ -	\$ (1,487)	\$ -	\$ -	\$ 27,041	\$ 1,334	\$ 3,095,657
Receipts:									
Local sources	-	-	-	-	-	-	-	1,014	5,702,809
Intermediate sources	-	-	-	-	-	-	-	-	81
State sources	-	-	-	-	-	-	-	-	5,485,172
Federal sources	91,224	58,380	5,170	4,431	14,920	-	-	-	337,896
Temporary loans	-	-	-	-	-	-	-	-	1,264,350
Other	-	-	-	-	-	-	1,110,788	-	1,157,182
Total receipts	91,224	58,380	5,170	4,431	14,920	-	1,110,788	1,014	13,947,490
Disbursements:									
Current:									
Instruction	93,039	49,989	-	2,946	16,413	-	-	-	3,767,401
Support services	4,449	7,578	-	-	-	-	-	-	2,594,679
Noninstructional services	2,116	-	-	-	-	-	-	-	512,813
Facilities acquisition and construction	-	-	-	-	-	-	-	-	638,586
Debt services	-	-	-	-	-	-	-	-	3,921,487
Nonprogrammed charges	-	-	-	-	-	-	1,117,674	218	1,117,892
Total disbursements	99,604	57,567	-	2,946	16,413	-	1,117,674	218	12,552,858
Excess (deficiency) of receipts over disbursements	(8,380)	813	5,170	1,485	(1,493)	-	(6,886)	796	1,394,632
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	500
Total other financing sources	-	-	-	-	-	-	-	-	500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,380)	813	5,170	1,485	(1,493)	-	(6,886)	796	1,395,132
Cash and investments - ending	\$ (8,380)	\$ -	\$ 5,170	\$ (2)	\$ (1,493)	\$ -	\$ 20,155	\$ 2,130	\$ 4,490,789

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SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
South Central Community School Building Corporation	Addition/Renovation	\$ 767,800	7/5/2005	7/5/2017
South Central Community School Building Corporation	Addition/Renovation	<u>536,000</u>	1/15/2009	1/15/2028
Total of annual lease payments		<u><u>\$ 1,303,800</u></u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension Debt Service	\$ 795,000	\$ 89,148
Tax anticipation warrants	Fund Cash Flows	<u>1,012,017</u>	<u>1,028,175</u>
Totals		<u><u>\$ 1,807,017</u></u>	<u><u>\$ 1,117,323</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE SOUTH CENTRAL COMMUNITY
SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the South Central Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, and 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

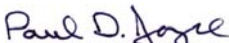
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses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

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

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

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

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


Paul D. Joyce, CPA
State Examiner

December 7, 2015

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.

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SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Entity (or Other) Identifying Number	Federal Awards Expended 06-30-13	Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY2012-2013	\$ 17,223	\$ -
School Breakfast Program			FY2013-2014	-	15,081
National School Lunch Program	Indiana Department of Education	10.555	FY2012-2013	161,887	-
School Lunch Program			FY2013-2014	-	175,812
Total - Department of Agriculture				179,110	190,893
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-4940	16,031	-
			13-4940	89,274	8,559
			14-4940	-	91,224
Total - Title I, Part A Cluster				105,305	99,783
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027	14212-057-PN01	54,271	-
			14213-057-PN01	125,997	57,574
			14214-057-PN01	-	142,101
			525-0-1374	-	2,512
			A58-3-13DL-1503	-	58,377
Total - Special Education_Grants to State				180,268	260,564
Special Education_Preschool Grants	Indiana Department of Education	84.173	45712-057-PN01	85	-
			45713-057-PN01	4,808	2,436
			45714-057-PN01	-	5,096
Total - Special Education_Preschool Grants				4,893	7,532
Total - Special Education Cluster (IDEA)				185,161	268,096
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	11-4940	6,229	2,945
			12-4940	14,895	1,487
			13-4940	-	14,920
Total - Improving Teacher Quality State Grants				21,124	19,352
Education Jobs Fund	Indiana Department of Education	84.410	FY2012-2013	34,034	-
Total - Department of Education				345,624	387,231
Total federal awards expended				\$ 524,734	\$ 578,124

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances, the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 30,054	\$ 40,267

Note 3. Special Education Cooperative

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
----------------------------------------	----

Section II - Financial Statement Findings

FINDING 2014-001 - FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting that we consider to be material weaknesses as described below:

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to school lunch receipts, disbursements (including payroll), and cash and investment balances.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Treasurer records school lunch receipts; however, they are not always recorded in the computerized accounting system at the time of collection. The School Corporation's financial system allows the receipts to be backdated when recorded. The Treasurer also prepares, records, and reconciles non-payroll disbursements. In addition, the Treasurer independently performs the cash reconciliements of the record balances to the bank balances. The Deputy Treasurer independently generates and records the payroll transactions and then remits payroll amounts to the depository for direct deposit and tax payments. The School Corporation has not designed or implemented adequate segregation of duties such as oversight, review, or approval processes.

2. Preparation of the Schedule of Expenditures of Federal Awards (SEFA): The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected. The Treasurer prepares the SEFA without oversight, review, or approval.

The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014 002 - INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY2012-2013, FY2013-2104
Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements that have a direct and material effect on the programs: Allowable Activities, Allowable Costs, Cash Management, Program Income, and Special Tests and Provisions - Verification of Free and Reduced Price Applications.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Allowable Activities/Allowable Costs

The School Corporation has not designed or implemented adequate policies or procedures to ensure that payroll disbursements are for only food service employees or that all accounts payable vouchers are for only food service operating and administrative costs. An effective oversight, review or approval process has not been established to ensure compliance with Allowable Activities and Allowable Costs requirements.

Cash Management

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances are limited to three months' average expenditures in compliance with Cash Management requirements. There is no oversight, review, or monitoring of the cash balances.

Program Income

The School Corporation has not designed or implemented adequate policies or procedures to ensure that program income was properly recorded in the financial records. An oversight, review, or approval process has not been established.

Special Tests and Provisions - Verification of Free and Reduced Price Applications

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the verifications of free and reduced price meal applications are in compliance with the requirements, are accurate, or are subjected to review.

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

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

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements that have a direct and material effect on the programs.

FINDING 2014-003 - ELIGIBILITY

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years: FY2012-2013, FY2013-2014

Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Eligibility compliance requirements.

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the determinations of eligibility for free and reduced price meals were accurate. Applications were not subjected to review prior to the notification of eligibility. An oversight, review, or approval process has not been established.

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

Compliance

The Food Service office is responsible for notifying the household of their children's eligibility for benefits to which they are entitled. Of the applications tested for 2012-2013 school year, 62 percent did not have the documentation of notification. Of the applications tested for the 2013-2014 school year, 56 percent did not have the documentation of notification.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 245.6(c)(6) states in part:

"(6) *Notice of approval*—

(i) *Income applications.* The local educational agency must notify the household of the children's eligibility and provide the eligible children the benefits to which they are entitled within 10 operating days of receiving the application from the household.

(ii) *Direct Certification.* Households approved for benefits based on information provided by the appropriate State or local agency responsible for the administration of the SNAP, FDPIR or TANF must be notified, in writing, that their children are eligible for free meals or free milk, that no application for free and reduced price school meals or free milk is required. The notice of eligibility must also inform the household that the parent or guardian must notify the local educational agency if they do not want their children to receive free benefits. However, when the parent or guardian transmits a notice of eligibility provided by the SNAP, FDPIR or TANF office, the local educational agency is not required to provide a separate notice of eligibility. The local educational agency must notify, in writing, households with children who are approved on the basis of documentation that they are *Categorically eligible*, as defined in §245.2, that their children are eligible for free meals or free milk, and that no application is required."

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Eligibility requirements. In addition, we recommended the School Corporation comply with the Eligibility requirements.

FINDING 2014-004 - REPORTING

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years: FY2012-2013, FY2013-2014

Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Reporting compliance requirements.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that the Annual Financial Reports (AFR) were accurate. The reports were not subjected to review before they were submitted to ensure that they were accurate and in compliance with Reporting requirements. An oversight, review, or approval process has not been established.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Compliance

The School Corporation did not fully comply with the applicable Reporting requirements of the programs. The School Corporation is required to complete and submit an AFR at the end of each fiscal year. The information reported in the AFR should reflect the financial transactions and position of the School Lunch fund and be supported by the accounting records. The FY2013-2014 AFR had the following discrepancies: reported revenues differed from the School Lunch fund receipts by \$7,638; reported expenditures differed from the School Lunch fund disbursements by \$9,278; reported ending cash balance differed from the School Lunch fund cash balance at June 30, 2014, by \$1,160. The June 30, 2014 balance of the Prepaid Lunch fund of \$2,130 was not included in the report.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements for Reporting. In addition, we recommended the School Corporation comply with the Reporting requirements.

FINDING 2014-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY2012-2013, FY2013-2014
Pass-Through Entity: Indiana Department of Education

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Internal Controls

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements for Special Tests and Provisions - Paid Lunch Equity.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that paid lunch equity was properly implemented. There was no oversight, review, or monitoring process to ensure that the required lunch prices were properly charged to the students.

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

Compliance

The School Corporation did not comply with the paid lunch equity requirements. The School Corporation is required to establish prices for paid lunches per the compliance requirements. If the average price of the School Corporation's paid lunch is less than the difference between the per meal federal reimbursement for paid lunches and free lunches received by the School Corporation in the previous year, new paid lunch prices are to be implemented.

The Indiana Department of Education calculated the required weighted average price for school lunches for the 2013-2014 school year to be \$2.00. The School Corporation did not correctly implement the required weighted average paid lunch price for the 2013-2014 school year. The Elementary school paid lunch prices were \$1.90 and the Middle School and High School paid lunch prices were \$2.00. This resulted in a weighted average price that was below the amount required.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR paragraph 210.14(e) states in part:

"(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

- (i) 2 percent; and

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.

- (4) *Price Adjustments.* (i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents. . . ."

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

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirements. Additionally, we recommended that the School Corporation comply with Special Tests and Provisions - Paid Lunch Equity.

AUDITEE PREPARED DOCUMENT

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION

9808 S 600 W
Union Mills, IN 46382
219-767-2263 or 219-733-2311
Fax 219-767-2260

Mrs. Linda Wiltfong
Ms. Sandra Wood
Mr. Ben Anderson

Superintendent
High School Principal
Elementary Principal

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swood@scentral.k12.in.us
banderson@scentral.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-001 (Financial Transactions and Reporting)

Contact Person Responsible for Corrective Action: Jim Holifield

Contact Phone Number: 219-767-2263

Description of Corrective Action Plan:

1A. Segregation of Duties:

- Cafeteria Cashiers/Lead will sign-off on daily bank deposits
- Corporation Secretary will record information from Student Management Software (Harmony), match to deposits, and sign-off on form
- Treasurer will review and initial this form
- Administrative Assistant will record receipts in Komputrol (daily)

Receipts at Time of Transaction:

- At the time of transaction, a record of the transaction is created in Harmony
- Parents/Guardians have access to this record/receipt as soon as transaction occurs

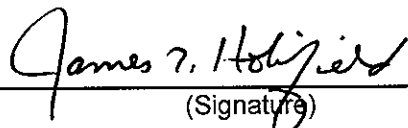
1B. Payroll/Taxes:


- Deputy Treasurer prepares Federal tax submittal for online payment (www.eftps.gov)
- Treasurer will review these amounts and approve (signature)

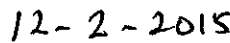
2. Preparation of SEFA Report:

- Treasurer will prepare SEFA (with assistance from Food Service Director)
- Superintendent will review and approve before it is submitted via Gateway

Anticipated Completion Date: January 1, 2016


(Signature)


(Title)


(Date)

Mission Statement

South Central Community School Corporation believes that all students will succeed to the best of their abilities.

School, family, and community will collaborate to prepare students for the 21st century by providing opportunities for students to develop intellectual, social, emotional, physical, and life-long decision making skills for higher levels of excellence.

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CORRECTIVE ACTION PLAN

FINDING 2014-002 (Internal Controls Over the Child Nutrition Cluster)

Contact Person Responsible for Corrective Action: Jim Holifield

Contact Phone Number: 219-767-2263

Description of Corrective Action Plan:

Allowable Activities/Costs:

Food Service Director approves invoices/timesheets

Deputy Treasurer reviews and enters payroll and invoice information into Komputrol

Treasurer reviews and signs-off on payment for invoices

Cash Management:

Food Service Director will create a plan for expenditure of School Lunch funds above the limit of three months' average expenditures

Program Income:

Corporation Secretary receives notice of ACH/direct deposit

Administrative Assistant records the receipt in Komputrol

Treasurer signs-off on receipt

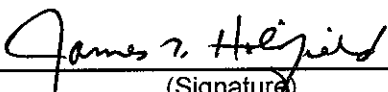
Copy of receipt is attached to Food Service Director's report (DOE data)

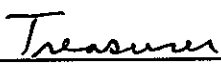
Treasurer verifies (initials) that the receipt and report numbers match


Special Tests and Provisions—Verification of Free and Reduced Price Applications

Cafeteria Lead will randomly check 3-5% of applications and sign-off on these as being correct

Anticipated Completion Date: October 1, 2016


(Signature)


(Title)


(Date)

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CORRECTIVE ACTION PLAN

FINDING 2014-003 (Eligibility)

Contact Person Responsible for Corrective Action: Lori Sikora

Contact Phone Number: 219-767-2263

Description of Corrective Action Plan:

Internal Controls:


Food Service Director creates Free/Reduced Price list using data provide by parents/guardians
Cafeteria Lead reviews list and verifies a random sample of applications (3-5%)
List is approved/signed by Food Service Director and Cafeteria Lead


Compliance:

Food Service Director will maintain hard-copies of all Free/Reduced price approval/denial letters

Anticipated Completion Date: October 1, 2016


(Signature)


(Title)


(Date)

Mission Statement

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banderson@scentral.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-004 (Reporting)

Contact Person Responsible for Corrective Action: Jim Holifield

Contact Phone Number: 219-767-2263

Description of Corrective Action Plan:

Internal Controls:

Food Service Director will review and sign-off on Annual Financial Report before it is submitted via Gateway by Treasurer

Compliance:

Food Service Director will review and sign-off on Annual Financial Report before it is submitted via Gateway by Treasurer

Any errors or discrepancies will be noted and corrected prior to report submission

Anticipated Completion Date: September 15, 2016

James N. Holifield
(Signature)

Treasurer
(Title)

12-2-2015
(Date)

Mission Statement

South Central Community School Corporation believes that all students will succeed to the best of their abilities.

School, family, and community will collaborate to prepare students for the 21st century by providing opportunities for students to develop intellectual, social, emotional, physical, and life-long decision making skills for higher levels of excellence.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION

9808 S 600 W
Union Mills, IN 46382
219-767-2263 or 219-733-2311
Fax 219-767-2260

Mrs. Linda Wiltfong
Ms. Sandra Wood
Mr. Ben Anderson

Superintendent
High School Principal
Elementary Principal

lwiltfong@scentral.k12.in.us
swood@scentral.k12.in.us
banderson@scentral.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-005 (Special Tests and Provisions— Paid Lunch Equity)

Contact Person Responsible for Corrective Action: Jim Holifield

Contact Phone Number: 219-767-2263

Description of Corrective Action Plan:

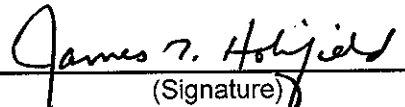
Internal Controls:


Food Service Director will calculate amounts utilizing IDOE website
Treasurer will review calculations and creates recommendations for School Board
Board approves/rejects recommendations

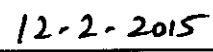
Compliance:

Food Service Director utilizes State formula/calculations to determine amounts
Treasurer will review calculations and creates recommendations for School Board
Board approves/rejects recommendations

Anticipated Completion Date: March 30, 2016


(Signature)


(Title)


(Date)

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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/>.