

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CULVER COMMUNITY SCHOOL CORPORATION
MARSHALL COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
07/01/2016

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Independent Auditor's Report | 3-5 |
| 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 <i>Government Auditing Standards</i> | 6-7 |
| Financial Statement and Accompanying Notes: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis..... | 11 |
| Notes to Financial Statement | 12-17 |
| Other Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis..... | 20-31 |
| Schedule of Leases and Debt | 33 |
| Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance..... | 36-37 |
| Schedule of Expenditures of Federal Awards and Accompanying Notes: Schedule of Expenditures of Federal Awards..... | 41 |
| Notes to Schedule of Expenditures of Federal Awards | 42 |
| Schedule of Findings and Questioned Costs | 43-47 |
| Auditee Prepared Document: Corrective Action Plan | 50-52 |
| Other Reports..... | 53 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|-------------------------------|----------------------|
| Treasurer | Thomas L. Bendy | 07-01-13 to 04-20-14 |
| | Sherie L. Breitenbach | 04-21-14 to 11-21-14 |
| | (Vacant) | 11-22-14 to 11-24-14 |
| | Ben Lady (Interim) | 11-25-14 to 11-30-14 |
| | Kellie J. Manzuk | 12-01-14 to 04-24-15 |
| | (Vacant) | 04-25-15 to 04-28-15 |
| | Denise J. Chandler (Interim) | 04-29-15 to 06-14-15 |
| | Casey L. Howard | 06-15-15 to 06-30-16 |
| Superintendent of Schools | Bradley S. Schuldt | 07-01-13 to 12-31-13 |
| | Dr. Vicki McGuire | 01-01-14 to 12-21-15 |
| | Charles I. Kitchell (Interim) | 12-22-15 to 06-30-16 |
| President of the School Board | Ryan A. Sieber | 01-01-13 to 12-31-13 |
| | Jack L. Jones | 01-01-14 to 12-31-14 |
| | Ken VanDePutte | 01-01-15 to 12-31-15 |
| | James M. Wentzel | 01-01-16 to 12-31-16 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CULVER COMMUNITY SCHOOL
CORPORATION, MARSHALL COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Culver Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, 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, 2013 to June 30, 2015.

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, 2013 to June 30, 2015, 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.

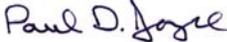
Other Information

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 April 14, 2016, 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

April 14, 2016



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 CULVER COMMUNITY SCHOOL
CORPORATION, MARSHALL 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 Culver Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 14, 2016, 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 items 2015-001 and 2015-002 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

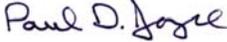
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 2015-001.

Culver 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

April 14, 2016

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

CULVER COMMUNITY SCHOOLS CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

| Fund | Cash and Investments 07-01-13 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-14 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-15 |
|---|-------------------------------------|----------------------|----------------------|--------------------------------------|-------------------------------------|----------------------|----------------------|--------------------------------------|-------------------------------------|
| General | \$ 135,882 | \$ 6,367,761 | \$ 6,470,078 | \$ 130 | \$ 33,695 | \$ 6,048,865 | \$ 5,771,809 | \$ 72 | \$ 310,823 |
| Debt Service | 709,095 | 1,637,755 | 1,629,999 | - | 716,851 | 1,911,380 | 1,691,698 | - | 936,533 |
| Retirement/Severance Bond Debt Service | 66,114 | 299,329 | 299,403 | - | 66,040 | 365,245 | 299,486 | - | 131,799 |
| Capital Projects | 609,779 | 1,090,084 | 1,011,910 | (100,000) | 587,953 | 1,003,665 | 905,006 | (260,000) | 426,612 |
| School Transportation | 397,707 | 849,978 | 701,300 | (81,204) | 465,181 | 891,507 | 697,908 | - | 658,780 |
| School Bus Replacement | 335,203 | 221,305 | 165,516 | - | 390,992 | 225,361 | 162,045 | (200,000) | 254,308 |
| Rainy Day | 818,796 | - | 96,699 | 181,204 | 903,301 | - | 423,872 | 460,000 | 939,429 |
| Retirement/Severance Bond | 549,492 | 2,039 | 25,514 | - | 526,017 | 621 | - | - | 526,638 |
| CES Project Construction | 1,475,351 | 593 | 1,475,944 | - | - | - | - | - | - |
| School Lunch | 199,056 | 496,982 | 508,175 | - | 187,863 | 484,349 | 500,517 | - | 171,695 |
| Textbook Rental | 129,509 | 90,894 | 19,685 | - | 200,718 | 87,010 | 101,869 | - | 185,859 |
| Self-Insurance | 94,791 | 124,430 | 145,484 | - | 73,737 | 55,853 | 84,308 | - | 45,282 |
| Levy Excess | - | - | - | - | - | 261 | - | - | 261 |
| Joint Services and Supply - Area Vocational School | 90,150 | 173,992 | 151,542 | - | 112,600 | - | 112,600 | - | - |
| Educational License Plates | 748 | 169 | 260 | - | 657 | 75 | 42 | - | 690 |
| Alternative Education | - | 2,511 | 2,511 | - | - | - | - | - | - |
| Alternative Education 2014-2015 | - | - | - | - | - | 3,283 | 3,283 | - | - |
| Donations | - | 5,250 | - | - | 5,250 | 16,685 | 20,141 | - | 1,794 |
| Project Lead Way - Donations | - | - | - | - | - | 50,250 | - | - | 50,250 |
| High Ability Grant 2013-2014 | - | 27,812 | 27,057 | - | 755 | - | 755 | - | - |
| High Ability Grant 2014-2015 | - | - | - | - | - | 27,881 | 21,692 | - | 6,189 |
| Adult and Continuing Education | 3,930 | - | - | - | 3,930 | - | - | - | 3,930 |
| Medicaid Reimbursement | - | 202 | - | (130) | 72 | 7,310 | - | (72) | 7,310 |
| Secured Schools Safety Grant FY2014 | - | - | - | - | - | 15,000 | 15,000 | - | - |
| Recreational Activities | 142 | - | - | - | 142 | - | 142 | - | - |
| Welfare Activities | 680 | - | - | - | 680 | - | 680 | - | - |
| School Technology | 24,008 | 3,617 | 10,312 | - | 17,313 | 4,807 | 13,287 | - | 8,833 |
| Performance Based Awards | - | - | - | - | - | 50,053 | 40,493 | - | 9,560 |
| Title I 2012-2013 | (87,451) | 87,451 | - | - | - | - | - | - | - |
| Title I 2013-2014 | - | 201,322 | 264,655 | - | (63,333) | 65,055 | 1,722 | - | - |
| Title I 2014-2015 | - | - | - | - | - | 182,615 | 235,281 | - | (52,666) |
| (IDEA, Part B) LEA Capacity Building (Sliver) Grants | (232,824) | 235,085 | 2,775 | - | (514) | - | - | 514 | - |
| Special Education 611 Grant 2013-2014 | - | 301,548 | 327,440 | - | (25,892) | 37,601 | 11,709 | - | - |
| Special Education 611 Grant 2014-2015 | - | - | - | - | - | 234,540 | 288,931 | - | (54,391) |
| Special Education 619 Grant 2013-2014 | - | 8,992 | 8,992 | - | - | - | - | - | - |
| Special Education, Part B, 611 Technical Assistance Grant | - | - | - | - | - | 514 | 622 | (514) | (622) |
| Special Education Improvement Grant FY2013 | (64,896) | 69,571 | 4,675 | - | - | - | - | - | - |
| Tobacco Education Grant | 1,738 | - | - | - | 1,738 | - | - | - | 1,738 |
| Carl Perkins Grant 2012-2013 | (89,414) | 89,414 | - | - | - | - | - | - | - |
| Carl Perkins Grant 2013-2014 | - | 164,899 | 201,217 | - | (36,318) | - | - | - | (36,318) |
| Medicaid Reimbursement - Federal | 4,814 | 374 | 4,467 | - | 721 | 16,226 | 867 | - | 16,080 |
| Improving Teaching Quality, No Child Left, Title II, Part A | - | - | 51,700 | - | (51,700) | - | - | 51,700 | - |
| Title II, Part A, 2013-2014 | (935) | 46,927 | 45,992 | - | - | 4,870 | 4,870 | - | - |
| Title II, Part A, 2014-2015 | - | - | - | - | - | 51,700 | - | (51,700) | - |
| Title II, Part A, FY2014 | - | - | - | - | - | 44,527 | 44,527 | - | - |
| Payroll Clearing | - | 1,673,273 | 1,673,270 | - | 3 | 1,447,429 | 1,414,937 | - | 32,496 |
| Totals | \$ 5,171,465 | \$ 14,273,559 | \$ 15,326,572 | \$ - | \$ 4,118,452 | \$ 13,334,538 | \$ 12,870,099 | \$ - | \$ 4,582,892 |

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

CULVER 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 may 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, revenue from community services 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.

CULVER 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.

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 may include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education 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 and community 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 donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

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

F. Other Financing Sources and Uses

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

CULVER 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.

CULVER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Note 5. Risk Management

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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.

CULVER 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. Holding Corporation

The School Corporation has entered into capital leases with the Culver 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 during the years ended June 30, 2014 and 2015, totaled \$1,402,500 and \$1,407,000, respectively.

Note 8. Other Postemployment Benefits

The School Corporation provides Health and Vision insurance benefits to eligible retirees and their spouses. The eligible retiree must pay the cost of the benefits until age 65. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

CULVER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 or 2015.

(This page intentionally left blank.)

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.

CULVER COMMUNITY SCHOOLS 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 | Rainy Day | Retirement/ Severance Bond |
|---|------------------|-------------------|---|---------------------|--------------------------|------------------------------|-------------------|----------------------------------|
| Cash and investments - beginning | \$ 135,882 | \$ 709,095 | \$ 66,114 | \$ 609,779 | \$ 397,707 | \$ 335,203 | \$ 818,796 | \$ 549,492 |
| Receipts: | | | | | | | | |
| Local sources | 273,592 | 1,637,755 | 299,329 | 1,090,084 | 847,737 | 221,305 | - | 2,039 |
| Intermediate sources | 99 | - | - | - | - | - | - | - |
| State sources | 6,089,492 | - | - | - | - | - | - | - |
| Federal sources | 4,578 | - | - | - | - | - | - | - |
| Other | - | - | - | - | 2,241 | - | - | - |
| Total receipts | <u>6,367,761</u> | <u>1,637,755</u> | <u>299,329</u> | <u>1,090,084</u> | <u>849,978</u> | <u>221,305</u> | <u>-</u> | <u>2,039</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 4,006,442 | - | - | - | - | - | - | - |
| Support services | 2,326,780 | 7,887 | - | 672,829 | 701,300 | 165,516 | 96,699 | 25,514 |
| Noninstructional services | 136,856 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | 339,081 | - | - | - | - |
| Debt services | - | 1,622,112 | 299,403 | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>6,470,078</u> | <u>1,629,999</u> | <u>299,403</u> | <u>1,011,910</u> | <u>701,300</u> | <u>165,516</u> | <u>96,699</u> | <u>25,514</u> |
| Excess (deficiency) of receipts over disbursements | <u>(102,317)</u> | <u>7,756</u> | <u>(74)</u> | <u>78,174</u> | <u>148,678</u> | <u>55,789</u> | <u>(96,699)</u> | <u>(23,475)</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | 130 | - | - | - | - | - | 181,204 | - |
| Transfers out | - | - | - | (100,000) | (81,204) | - | - | - |
| Total other financing sources (uses) | <u>130</u> | <u>-</u> | <u>-</u> | <u>(100,000)</u> | <u>(81,204)</u> | <u>-</u> | <u>181,204</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(102,187)</u> | <u>7,756</u> | <u>(74)</u> | <u>(21,826)</u> | <u>67,474</u> | <u>55,789</u> | <u>84,505</u> | <u>(23,475)</u> |
| Cash and investments - ending | <u>\$ 33,695</u> | <u>\$ 716,851</u> | <u>\$ 66,040</u> | <u>\$ 587,953</u> | <u>\$ 465,181</u> | <u>\$ 390,992</u> | <u>\$ 903,301</u> | <u>\$ 526,017</u> |

CULVER COMMUNITY SCHOOLS 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)

| | CES Project Construction | School Lunch | Textbook Rental | Self- Insurance | Levy Excess | Joint Services and Supply - Area Vocational School | Educational License Plates | Alternative Education |
|---|-----------------------------|-----------------|--------------------|--------------------|----------------|---|----------------------------------|--------------------------|
| Cash and investments - beginning | \$ 1,475,351 | \$ 199,056 | \$ 129,509 | \$ 94,791 | \$ - | \$ 90,150 | \$ 748 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | 593 | 177,510 | 50,167 | 124,430 | - | 173,992 | - | - |
| Intermediate sources | - | - | - | - | - | - | 169 | - |
| State sources | - | 3,933 | 40,727 | - | - | - | - | 2,511 |
| Federal sources | - | 315,539 | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | 593 | 496,982 | 90,894 | 124,430 | - | 173,992 | 169 | 2,511 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | 151,542 | 260 | 2,511 |
| Support services | 1,429 | - | 19,685 | - | - | - | - | - |
| Noninstructional services | - | 508,175 | - | - | - | - | - | - |
| Facilities acquisition and construction | 1,474,515 | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 145,484 | - | - | - | - |
| Total disbursements | 1,475,944 | 508,175 | 19,685 | 145,484 | - | 151,542 | 260 | 2,511 |
| Excess (deficiency) of receipts over disbursements | (1,475,351) | (11,193) | 71,209 | (21,054) | - | 22,450 | (91) | - |
| 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 | (1,475,351) | (11,193) | 71,209 | (21,054) | - | 22,450 | (91) | - |
| Cash and investments - ending | \$ - | \$ 187,863 | \$ 200,718 | \$ 73,737 | \$ - | \$ 112,600 | \$ 657 | \$ - |

CULVER COMMUNITY SCHOOLS 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)

| | Alternative Education 2014-2015 | Donations | Project Lead Way - Donations | High Ability Grant 2013-2014 | High Ability Grant 2014-2015 | Adult and Continuing Education | Medicaid Reimbursement | Secured Schools Safety Grant FY2014 |
|---|---------------------------------------|-----------|------------------------------------|------------------------------------|------------------------------------|---|---------------------------|--|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,930 | \$ - | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | 5,250 | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | 27,812 | - | - | 202 | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | 5,250 | - | 27,812 | - | - | 202 | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | 27,057 | - | - | - | - |
| Support services | - | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | - | - | 27,057 | - | - | - | - |
| Excess (deficiency) of receipts over disbursements | - | 5,250 | - | 755 | - | - | 202 | - |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | (130) | - |
| Total other financing sources (uses) | - | - | - | - | - | - | (130) | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 5,250 | - | 755 | - | - | 72 | - |
| Cash and investments - ending | \$ - | \$ 5,250 | \$ - | \$ 755 | \$ - | \$ 3,930 | \$ 72 | \$ - |

CULVER COMMUNITY SCHOOLS 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)

| | Recreational Activities | Welfare Activities | School Technology | Performance Based Awards | Title I 2012-2013 | Title I 2013-2014 | Title I 2014-2015 | (IDEA, Part B) LEA Capacity Building (Sliver) Grants |
|---|----------------------------|-----------------------|----------------------|--------------------------------|----------------------|----------------------|----------------------|--|
| Cash and investments - beginning | \$ 142 | \$ 680 | \$ 24,008 | \$ - | \$ (87,451) | \$ - | \$ - | \$ (232,824) |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | 3,617 | - | - | - | - | - |
| Federal sources | - | - | - | - | 87,451 | 201,322 | - | 235,085 |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 3,617 | - | 87,451 | 201,322 | - | 235,085 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | 210,863 | - | 2,775 |
| Support services | - | - | - | - | - | 53,738 | - | - |
| Noninstructional services | - | - | - | - | - | 54 | - | - |
| Facilities acquisition and construction | - | - | 10,312 | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | - | 10,312 | - | - | 264,655 | - | 2,775 |
| Excess (deficiency) of receipts over disbursements | - | - | (6,695) | - | 87,451 | (63,333) | - | 232,310 |
| 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 | - | - | (6,695) | - | 87,451 | (63,333) | - | 232,310 |
| Cash and investments - ending | \$ 142 | \$ 680 | \$ 17,313 | \$ - | \$ - | \$ (63,333) | \$ - | \$ (514) |

CULVER COMMUNITY SCHOOLS 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)

| | Special Education 611 Grant 2013-2014 | Special Education 611 Grant 2014-2015 | Special Education 619 Grant 2013-2014 | Special Education Part B, 611 Technical Assistance Grant | Special Education Improvement Grant FY2013 | Tobacco Education Grant | Carl Perkins Grant 2012-2013 | Carl Perkins Grant 2013-2014 |
|---|--|--|--|---|--|-------------------------------|------------------------------------|------------------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ (64,896) | \$ 1,738 | \$ (89,414) | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | 301,548 | - | 8,992 | - | 69,571 | - | 89,414 | 164,899 |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | <u>301,548</u> | <u>-</u> | <u>8,992</u> | <u>-</u> | <u>69,571</u> | <u>-</u> | <u>89,414</u> | <u>164,899</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 288,291 | - | 8,992 | - | 4,675 | - | - | 201,217 |
| Support services | 39,149 | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>327,440</u> | <u>-</u> | <u>8,992</u> | <u>-</u> | <u>4,675</u> | <u>-</u> | <u>-</u> | <u>201,217</u> |
| Excess (deficiency) of receipts over disbursements | <u>(25,892)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>64,896</u> | <u>-</u> | <u>89,414</u> | <u>(36,318)</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(25,892)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>64,896</u> | <u>-</u> | <u>89,414</u> | <u>(36,318)</u> |
| Cash and investments - ending | <u>\$ (25,892)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,738</u> | <u>\$ -</u> | <u>\$ (36,318)</u> |

CULVER COMMUNITY SCHOOLS 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)

| | Medicaid Reimbursement - Federal | Improving Teaching Quality, No Child Left, Title II, Part A | Title II, Part A, 2013-2014 | Title II Part A 2014-2015 | Title II, Part A, FY2014 | Payroll Clearing | Totals |
|---|--|--|-----------------------------------|---------------------------------|--------------------------------|---------------------|---------------------|
| Cash and investments - beginning | \$ 4,814 | \$ - | \$ (935) | \$ - | \$ - | \$ - | \$ 5,171,465 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | 4,903,783 |
| Intermediate sources | - | - | - | - | - | - | 268 |
| State sources | - | - | - | - | - | - | 6,168,294 |
| Federal sources | 374 | - | 46,927 | - | - | - | 1,525,700 |
| Other | - | - | - | - | - | 1,673,273 | 1,675,514 |
| Total receipts | <u>374</u> | <u>-</u> | <u>46,927</u> | <u>-</u> | <u>-</u> | <u>1,673,273</u> | <u>14,273,559</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 4,467 | 51,700 | 45,992 | - | - | - | 5,006,784 |
| Support services | - | - | - | - | - | - | 4,110,526 |
| Noninstructional services | - | - | - | - | - | - | 645,085 |
| Facilities acquisition and construction | - | - | - | - | - | - | 1,823,908 |
| Debt services | - | - | - | - | - | - | 1,921,515 |
| Nonprogrammed charges | - | - | - | - | - | 1,673,270 | 1,818,754 |
| Total disbursements | <u>4,467</u> | <u>51,700</u> | <u>45,992</u> | <u>-</u> | <u>-</u> | <u>1,673,270</u> | <u>15,326,572</u> |
| Excess (deficiency) of receipts over disbursements | <u>(4,093)</u> | <u>(51,700)</u> | <u>935</u> | <u>-</u> | <u>-</u> | <u>3</u> | <u>(1,053,013)</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | 181,334 |
| Transfers out | - | - | - | - | - | - | (181,334) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(4,093)</u> | <u>(51,700)</u> | <u>935</u> | <u>-</u> | <u>-</u> | <u>3</u> | <u>(1,053,013)</u> |
| Cash and investments - ending | <u>\$ 721</u> | <u>\$ (51,700)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3</u> | <u>\$ 4,118,452</u> |

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

| | General | Debt Service | Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Retirement/ Severance Bond |
|---|-------------------|-------------------|---|---------------------|--------------------------|------------------------------|-------------------|----------------------------------|
| Cash and investments - beginning | \$ 33,695 | \$ 716,851 | \$ 66,040 | \$ 587,953 | \$ 465,181 | \$ 390,992 | \$ 903,301 | \$ 526,017 |
| Receipts: | | | | | | | | |
| Local sources | 273,656 | 1,911,380 | 365,245 | 1,003,665 | 879,845 | 225,361 | - | 621 |
| Intermediate sources | 68 | - | - | - | - | - | - | - |
| State sources | 5,750,969 | - | - | - | - | - | - | - |
| Federal sources | 24,172 | - | - | - | - | - | - | - |
| Other | - | - | - | - | 11,662 | - | - | - |
| Total receipts | <u>6,048,865</u> | <u>1,911,380</u> | <u>365,245</u> | <u>1,003,665</u> | <u>891,507</u> | <u>225,361</u> | <u>-</u> | <u>621</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 3,640,458 | - | - | - | - | - | 156,570 | - |
| Support services | 1,962,782 | - | - | 506,243 | 697,908 | 162,045 | 263,317 | - |
| Noninstructional services | 168,569 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | 398,763 | - | - | 3,985 | - |
| Debt services | - | 1,691,698 | 299,486 | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>5,771,809</u> | <u>1,691,698</u> | <u>299,486</u> | <u>905,006</u> | <u>697,908</u> | <u>162,045</u> | <u>423,872</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>277,056</u> | <u>219,682</u> | <u>65,759</u> | <u>98,659</u> | <u>193,599</u> | <u>63,316</u> | <u>(423,872)</u> | <u>621</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | 72 | - | - | - | - | - | 460,000 | - |
| Transfers out | - | - | - | (260,000) | - | (200,000) | - | - |
| Total other financing sources (uses) | <u>72</u> | <u>-</u> | <u>-</u> | <u>(260,000)</u> | <u>-</u> | <u>(200,000)</u> | <u>460,000</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>277,128</u> | <u>219,682</u> | <u>65,759</u> | <u>(161,341)</u> | <u>193,599</u> | <u>(136,684)</u> | <u>36,128</u> | <u>621</u> |
| Cash and investments - ending | <u>\$ 310,823</u> | <u>\$ 936,533</u> | <u>\$ 131,799</u> | <u>\$ 426,612</u> | <u>\$ 658,780</u> | <u>\$ 254,308</u> | <u>\$ 939,429</u> | <u>\$ 526,638</u> |

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | CES Project Construction | School Lunch | Textbook Rental | Self- Insurance | Levy Excess | Joint Services and Supply - Area Vocational School | Educational License Plates | Alternative Education |
|---|-----------------------------|-----------------|--------------------|--------------------|----------------|---|----------------------------------|--------------------------|
| Cash and investments - beginning | \$ - | \$ 187,863 | \$ 200,718 | \$ 73,737 | \$ - | \$ 112,600 | \$ 657 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | 158,551 | 45,293 | 55,853 | 261 | - | - | - |
| Intermediate sources | - | - | - | - | - | - | 75 | - |
| State sources | - | 4,169 | 41,717 | - | - | - | - | - |
| Federal sources | - | 321,629 | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | 484,349 | 87,010 | 55,853 | 261 | - | 75 | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | 112,600 | 42 | - |
| Support services | - | - | 101,869 | - | - | - | - | - |
| Noninstructional services | - | 500,517 | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 84,308 | - | - | - | - |
| Total disbursements | - | 500,517 | 101,869 | 84,308 | - | 112,600 | 42 | - |
| Excess (deficiency) of receipts over disbursements | - | (16,168) | (14,859) | (28,455) | 261 | (112,600) | 33 | - |
| 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 | - | (16,168) | (14,859) | (28,455) | 261 | (112,600) | 33 | - |
| Cash and investments - ending | \$ - | \$ 171,695 | \$ 185,859 | \$ 45,282 | \$ 261 | \$ - | \$ 690 | \$ - |

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | Alternative Education 2014-2015 | Donations | Project Lead Way - Donations | High Ability Grant 2013-2014 | High Ability Grant 2014-2015 | Adult and Continuing Education | Medicaid Reimbursement | Secured Schools Safety Grant FY2014 |
|---|---------------------------------------|-----------------|------------------------------------|------------------------------------|------------------------------------|---|---------------------------|--|
| Cash and investments - beginning | \$ - | \$ 5,250 | \$ - | \$ 755 | \$ - | \$ 3,930 | \$ 72 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | 16,685 | 50,250 | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | 3,283 | - | - | - | 27,881 | - | 7,310 | 15,000 |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | <u>3,283</u> | <u>16,685</u> | <u>50,250</u> | <u>-</u> | <u>27,881</u> | <u>-</u> | <u>7,310</u> | <u>15,000</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 3,283 | 20,141 | - | 755 | 21,692 | - | - | 15,000 |
| Support services | - | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>3,283</u> | <u>20,141</u> | <u>-</u> | <u>755</u> | <u>21,692</u> | <u>-</u> | <u>-</u> | <u>15,000</u> |
| Excess (deficiency) of receipts over disbursements | <u>-</u> | <u>(3,456)</u> | <u>50,250</u> | <u>(755)</u> | <u>6,189</u> | <u>-</u> | <u>7,310</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | (72) | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(72)</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>-</u> | <u>(3,456)</u> | <u>50,250</u> | <u>(755)</u> | <u>6,189</u> | <u>-</u> | <u>7,238</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 1,794</u> | <u>\$ 50,250</u> | <u>\$ -</u> | <u>\$ 6,189</u> | <u>\$ 3,930</u> | <u>\$ 7,310</u> | <u>\$ -</u> |

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | Recreational Activities | Welfare Activities | School Technology | Performance Based Awards | Title I 2012-2013 | Title I 2013-2014 | Title I 2014-2015 | (IDEA, Part B) LEA Capacity Building (Sliver) Grants |
|---|----------------------------|-----------------------|----------------------|--------------------------------|----------------------|----------------------|----------------------|--|
| Cash and investments - beginning | \$ 142 | \$ 680 | \$ 17,313 | \$ - | \$ - | \$ (63,333) | \$ - | \$ (514) |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | 3,669 | 41,741 | - | - | - | - |
| Federal sources | - | - | - | - | - | 65,055 | 182,615 | - |
| Other | - | - | 1,138 | 8,312 | - | - | - | - |
| Total receipts | - | - | 4,807 | 50,053 | - | 65,055 | 182,615 | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 142 | 680 | - | 40,493 | - | - | 187,390 | - |
| Support services | - | - | - | - | - | 1,722 | 47,171 | - |
| Noninstructional services | - | - | - | - | - | - | 720 | - |
| Facilities acquisition and construction | - | - | 13,287 | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 142 | 680 | 13,287 | 40,493 | - | 1,722 | 235,281 | - |
| Excess (deficiency) of receipts over disbursements | (142) | (680) | (8,480) | 9,560 | - | 63,333 | (52,666) | - |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | 514 |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | 514 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (142) | (680) | (8,480) | 9,560 | - | 63,333 | (52,666) | 514 |
| Cash and investments - ending | \$ - | \$ - | \$ 8,833 | \$ 9,560 | \$ - | \$ - | \$ (52,666) | \$ - |

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | Special Education 611 Grant 2013-2014 | Special Education 611 Grant 2014-2015 | Special Education 619 Grant 2013-2014 | Special Education Part B, 611 Technical Assistance Grant | Special Education Improvement Grant FY2013 | Tobacco Education Grant | Carl Perkins Grant 2012-2013 | Carl Perkins Grant 2013-2014 |
|---|--|--|--|---|--|-------------------------------|------------------------------------|------------------------------------|
| Cash and investments - beginning | \$ (25,892) | \$ - | \$ - | \$ - | \$ - | \$ 1,738 | \$ - | \$ (36,318) |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | 37,601 | 234,540 | - | 514 | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | <u>37,601</u> | <u>234,540</u> | <u>-</u> | <u>514</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 11,709 | 238,345 | - | 622 | - | - | - | - |
| Support services | - | 50,586 | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>11,709</u> | <u>288,931</u> | <u>-</u> | <u>622</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>25,892</u> | <u>(54,391)</u> | <u>-</u> | <u>(108)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | (514) | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(514)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>25,892</u> | <u>(54,391)</u> | <u>-</u> | <u>(622)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ (54,391)</u> | <u>\$ -</u> | <u>\$ (622)</u> | <u>\$ -</u> | <u>\$ 1,738</u> | <u>\$ -</u> | <u>\$ (36,318)</u> |

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | Medicaid Reimbursement - Federal | Improving Teaching Quality, No Child Left, Title II, Part A | Title II, Part A, 2013-2014 | Title II Part A 2014-2015 | Title II, Part A, FY2014 | Payroll Clearing | Totals |
|---|--|--|-----------------------------------|---------------------------------|--------------------------------|---------------------|---------------------|
| Cash and investments - beginning | \$ 721 | \$ (51,700) | \$ - | \$ - | \$ - | \$ 3 | \$ 4,118,452 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | 4,986,666 |
| Intermediate sources | - | - | - | - | - | - | 143 |
| State sources | - | - | - | - | - | - | 5,895,739 |
| Federal sources | 16,226 | - | 4,870 | 51,700 | 44,527 | - | 983,449 |
| Other | - | - | - | - | - | 1,447,429 | 1,468,541 |
| Total receipts | <u>16,226</u> | <u>-</u> | <u>4,870</u> | <u>51,700</u> | <u>44,527</u> | <u>1,447,429</u> | <u>13,334,538</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 867 | - | 4,870 | - | 44,527 | - | 4,500,186 |
| Support services | - | - | - | - | - | - | 3,793,643 |
| Noninstructional services | - | - | - | - | - | - | 669,806 |
| Facilities acquisition and construction | - | - | - | - | - | - | 416,035 |
| Debt services | - | - | - | - | - | - | 1,991,184 |
| Nonprogrammed charges | - | - | - | - | - | 1,414,937 | 1,499,245 |
| Total disbursements | <u>867</u> | <u>-</u> | <u>4,870</u> | <u>-</u> | <u>44,527</u> | <u>1,414,937</u> | <u>12,870,099</u> |
| Excess (deficiency) of receipts over disbursements | <u>15,359</u> | <u>-</u> | <u>-</u> | <u>51,700</u> | <u>-</u> | <u>32,493</u> | <u>464,440</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | 51,700 | - | - | - | - | 512,286 |
| Transfers out | - | - | - | (51,700) | - | - | (512,286) |
| Total other financing sources (uses) | <u>-</u> | <u>51,700</u> | <u>-</u> | <u>(51,700)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>15,359</u> | <u>51,700</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>32,493</u> | <u>464,440</u> |
| Cash and investments - ending | <u>\$ 16,080</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,496</u> | <u>\$ 4,582,892</u> |

(This page intentionally left blank.)

CULVER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|------------------------------------|--|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| Culver School Building Corporation | Culver School Corporation Administration Building (2006) | \$ 828,000 | 6/30/2006 | 6/30/2027 |
| Culver School Building Corporation | CES, MES, CMS, CHS Building Maintenance (2009A) | 548,500 | 10/20/2009 | 12/31/2022 |
| Culver School Building Corporation | CES Building Maintenance (2009B) | 26,000 | 10/20/2009 | 12/31/2022 |
| Adams Remco | Administration Building - Toshiba Estudio C3555 Copier | 2,832 | 12/26/2013 | 12/26/2017 |
| Adams Remco | Culver Elementary School - Toshiba 855 Copier | 4,006 | 7/1/2013 | 7/1/2018 |
| U.S. Bank Equipment Finance | Culver Elementary School - Toshiba Estudio 756 Copier | 3,825 | 7/1/2013 | 12/2/2018 |
| U.S. Bank Equipment Finance | Culver Elementary School - Savin MP7502SP Copier | 3,879 | 7/1/2015 | 7/1/2019 |
| U.S. Bank Equipment Finance | Culver Middle School - Savin 9080SP Copier | 6,086 | 8/1/2011 | 8/1/2016 |
| U.S. Bank Equipment Finance | Culver High School - Savin 9080SP Copier | 6,569 | 7/24/2012 | 7/24/2017 |
| Apple Finance Services | Upgrade Computer Hardware | <u>100,831</u> | 5/15/2014 | 7/15/2016 |
| Total of annual lease payments | | <u>\$ 1,530,528</u> | | |

| Type | Description of Debt Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------|--|--------------------------------|---|
| Governmental activities: | | | |
| General obligation bonds | Qualified School Construction Bond Debt 2010 | \$ 1,510,000 | \$ 215,582 |
| General obligation bonds | CES Building Maintenance Construction Bonds 2013 | 1,480,000 | 136,658 |
| General obligation bonds | Amended School Corporation Pension Bond 2013A | <u>1,758,881</u> | <u>289,219</u> |
| Totals | | <u>\$ 4,748,881</u> | <u>\$ 641,459</u> |

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE CULVER COMMUNITY SCHOOL
CORPORATION, MARSHALL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Culver 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, 2013 to June 30, 2015. 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, 2013 to June 30, 2015.

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

Report on Internal Control Over Compliance

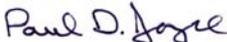
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 item 2015-003 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.

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

April 14, 2016

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

CULVER COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2014 and 2015

| Federal Grantor Agency Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-14 | Total Federal Awards Expended 06-30-15 |
|---|---------------------------------------|---------------------------|--|---|---|
| <u>Department of Agriculture</u> | | | | | |
| Child Nutrition Cluster | | | | | |
| School Breakfast Program | Indiana Department of Education | 10.553 | SY 13/14, 14/15 | \$ 52,038 | \$ 56,113 |
| National School Lunch Program | | 10.555 | SY 13/14, 14/15 | 273,830 | 268,103 |
| Summer Food Service Program for Children | | 10.559 | SY 13/14, 14/15 | <u>27,797</u> | <u>30,522</u> |
| Total - Child Nutrition Cluster | | | | <u>353,665</u> | <u>354,738</u> |
| <u>Department of Education</u> | | | | | |
| Title I Grants to Local Educational Agencies | | | | | |
| | Indiana Department of Education | 84.010 | 13-5455 | 87,450 | - |
| | | | 14-5455 | 201,322 | 65,055 |
| | | | 15-5455 | <u>-</u> | <u>182,615</u> |
| Total - Title I Grants to Local Educational Agencies | | | | <u>288,772</u> | <u>247,670</u> |
| Special Education Cluster | | | | | |
| Special Education_Grants to States | | | | | |
| | Indiana Department of Education | 84.027 | 14213-132-PN01 | 232,823 | - |
| | | | 14214-132-PN01 | 301,548 | 37,601 |
| | | | 99914-132-TA01 | 2,262 | 514 |
| | | | 7000H027A110084 | 69,571 | - |
| | | | 14215-132-PN01 | <u>-</u> | <u>234,540</u> |
| Total - Special Education_Grants to States | | | | <u>606,204</u> | <u>272,655</u> |
| Special Education_Preschool Grants | | | | | |
| | | 84.173 | 45714-132-PN01 | <u>8,992</u> | <u>-</u> |
| Total - Special Education Cluster | | | | <u>615,196</u> | <u>272,655</u> |
| Career and Technical Education-Basic Grants to States | | | | | |
| | Indiana Department of Education | 84.048 | 12-4700-5455 | 89,414 | - |
| | | | 13-4700-5455 | <u>164,899</u> | <u>-</u> |
| Total - Career and Technical Education-Basic Grants to States | | | | <u>254,313</u> | <u>-</u> |
| Career and Technical Education-Basic Grants to States | | | | | |
| | Plymouth Community School Corporation | | 14-4700-5455 | <u>-</u> | <u>4,578</u> |
| Total - Career and Technical Education-Basic Grants to States | | | | <u>254,313</u> | <u>4,578</u> |
| Improving Teacher Quality State Grants | | | | | |
| | Indiana Department of Education | 84.367 | 12-5455 | 46,927 | 4,870 |
| | | | 13-5455 | - | 51,700 |
| | | | 14-5455 | <u>-</u> | <u>44,527</u> |
| Total - Improving Teacher Quality State Grants | | | | <u>46,927</u> | <u>101,097</u> |
| Total - Department of Education | | | | <u>1,205,208</u> | <u>626,000</u> |
| Total federal awards expended | | | | <u>\$ 1,558,873</u> | <u>\$ 980,738</u> |

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

CULVER 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. Subrecipients

Of the federal expenditures presented in the SEFA, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2014 and 2015:

| Program Title | Federal CFDA Number | 2014 | 2015 |
|---|---------------------------|------------|------|
| Career and Technical Education- Basic Grants to States | 84.048 | \$ 245,157 | \$ - |

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

| Program Title | Federal CFDA Number | 2014 | 2015 |
|-------------------------------|---------------------------|-----------|-----------|
| National School Lunch Program | 10.555 | \$ 38,126 | \$ 33,109 |

CULVER 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:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---|
| 84.010 | Title I Grants to Local Educational Agencies Special Education Cluster |

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 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). One person was solely responsible for preparing and submitting the SEFA without oversight, review, or approval.

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

During the audit of the SEFA, we noted the following errors:

1. The Department of Agriculture federal expenditures of \$708,403 were not included.
2. CFDA numbers were not included.
3. Clusters were not properly identified.
4. Federal Grantor Agencies were not included.
5. Pass-thru Entities were not included.
6. Pass-thru Entities' Program ID numbers were not included.
7. Program names were not correct.
8. State Grants were included.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Criteria

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available . . . "

Cause

Management had not established a system of internal control that would ensure proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

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

FINDING 2015-002 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation has not separated incompatible activities related to cash and investments, receipts, vendor, and payroll disbursements. One person issued receipts, recorded receipts, prepared the deposit tickets, and reconciled the bank balances to the record balances. One person independently prepared and processed payroll. One person independently prepared, recorded, and reconciled vendor disbursements. There was no segregation of duties, such as an oversight, review, or approval process.

Criteria

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.

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

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)

Cause

Management of the School Corporation has not established a proper system of internal control that would ensure accuracy in financial transactions and reporting.

Effect

The failure to establish controls could enable material misstatements or irregularities to remain undetected.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 13-5455, 14-5455, 15-5455

Pass-Through Entity: Indiana Department of Education

Condition

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

The School Corporation has not designed or implemented adequate policies and procedures to ensure that monthly reimbursement reports and annual financial reports were accurate prior to submission. One person independently prepared and submitted the monthly reimbursement reports and the annual financial reports. There was no segregation of duties, such as an oversight, review, or approval process.

Context

Based on initial assessment of Title I Grants to Local Educational Agencies Program it was determined that there were no controls in place over Cash Management and Reporting. A review of several reports indicated that this is not an isolated incident.

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

Criteria

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

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

Cause

Management did not develop a system of internal controls that segregated key functions.

Effect

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 program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. 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 program. 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.

Views of Responsible Officials

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

(This page intentionally left blank.)

AUDITEE PREPARED DOCUMENT

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

Culver Community Schools Corporation

Mr. Charles Kitchell – Interim Superintendent

www.culver.k12.in.us

PO Box 231, 700 School Street
Culver, IN 46511-0231
Phone (574) 842-3364
Fax (574) 842-4615

Aubbeenaubbee Township – Fulton County
North Bend Township – Starke County
Tippecanoe Township – Pulaski County
Union Township – Marshall County

CORRECTIVE ACTION PLAN

FINDING 2015-001 – Preparation of the Schedule of Expenditure of Federal Awards

Contact Person Responsible for Corrective Action: Casey Howard
Contact Phone Number: 574-842-3364

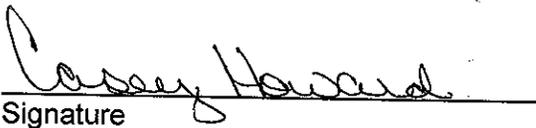
Views of Responsible Official:

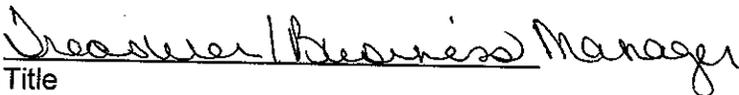
Description of Corrective Action Plan:

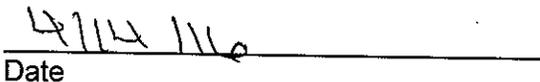
Going forward the Treasurer will complete the Schedule of Expenditures of Federal Awards (SEFA). After completion but before submission the Deputy Treasurer will review. After completion and review but before submission the Superintendent will approve.

Future submission of SEFA will include the Department of Agriculture grant, CFDA numbers, Federal Grantor Agencies, pass-thru entities, pass-thru entities program ID numbers and program names correctly. Treasurer will properly indentify clusters and not include state grants.

Anticipated Completion Date: August 2016


Signature


Title


Date

Culver Community Schools Corporation

Mr. Charles Kitchell – Interim Superintendent

www.culver.k12.in.us

PO Box 231, 700 School Street
Culver, IN 46511-0231
Phone (574) 842-3364
Fax (574) 842-4615

Aubbeenaubbee Township – Fulton County
North Bend Township – Starke County
Tippecanoe Township – Pulaski County
Union Township – Marshall County

CORRECTIVE ACTION PLAN

FINDING 2015-002 – Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Casey Howard
Contact Phone Number: 574-842-3364

Views of Responsible Official:

Description of Corrective Action Plan:

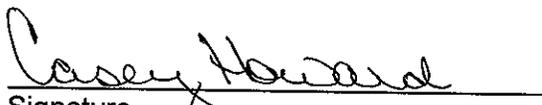
The Secretary will receive all deposits, the Secretary will give all deposits to the Deputy Treasurer to prepare for actual bank deposit. The Treasurer will review deposit and initial approval for submission to local bank. After the Deputy Treasurer submits deposits to bank the Treasurer will enter as receipts into financial software.

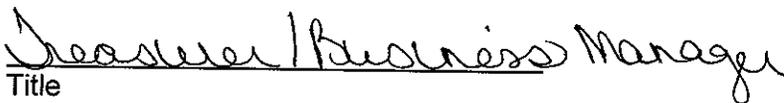
After Supervisors, Principals, etc. review and approve payroll they will be submitted to the Deputy Treasurer for processing. The Deputy Treasurer will process and complete the payroll procedures. The Treasurer will review payroll to verify and approve. The Board of Trustees will also approve in the following board meeting.

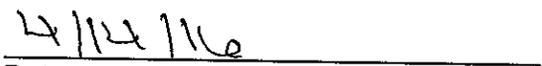
The Treasurer processes and completes all of the accounts payable. All invoices other than fixed invoices must have the Supervisors, Principals, Superintendent and/or purchase order signatures for approval. The Board of Trustees will also approve in the following board meeting.

The Treasurer balances monthly bank statements to financial software and creates monthly reports for the Board of Trustees. Prior to submitting financial statements and reports the Deputy Treasurer will review and approve. The Board of Trustees will also approve in the following board meeting.

Anticipated Completion Date: April 2016


Signature


Title


Date

Culver Community Schools Corporation

Mr. Charles Kitchell – Interim Superintendent

www.culver.k12.in.us

PO Box 231, 700 School Street
Culver, IN 46511-0231
Phone (574) 842-3364
Fax (574) 842-4615

Aubbeenaubbee Township – Fulton County
North Bend Township – Starke County
Tippecanoe Township – Pulaski County
Union Township – Marshall County

CORRECTIVE ACTION PLAN

FINDING 2015-003 – Cash Management and Reporting

Contact Person Responsible for Corrective Action: Casey Howard
Contact Phone Number: 574-842-3364

Views of Responsible Official:

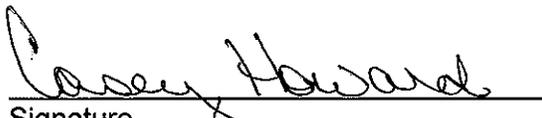
Description of Corrective Action Plan:

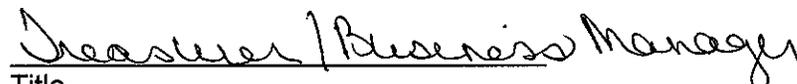
The Title I Coordinator and Treasurer will work together to create a budget for the upcoming Title I Grant. The Title I Coordinator will present the budget to the Board of Trustees for approval. Once approved the Treasurer will enter budget information into financial software.

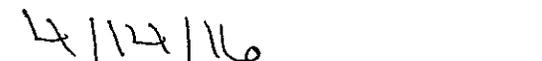
The Treasurer will prepare the monthly reimbursement report. The Superintendent will review and approve report. The Treasurer will then submit the report for reimbursement.

The annual financial report is submitted by the Title I Coordinator. The Treasurer creates all financials requested by the Title I Coordinator. The Title I Coordinator will create the annual report and the Superintendent will review and approve. The Title I Coordinator will then submit the annual financial report.

Anticipated Completion Date: July 2015


Signature


Title


Date

OTHER REPORTS

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