

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
PORTER COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
08/18/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Beverly J. Hindes	07-01-13 to 06-30-16
Superintendent of Schools	George H. Letz Dr. Nathan H. Kleefisch	07-01-13 to 08-31-14 09-01-14 to 06-30-16
President of the School Board	David J. Molchan	01-01-13 to 12-31-16



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF BOONE TOWNSHIP, PORTER COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Metropolitan School District of Boone Township (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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 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

May 26, 2016



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

**TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF BOONE TOWNSHIP, PORTER COUNTY, INDIANA**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Metropolitan School District of Boone Township (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 May 26, 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.

NDEPENDENT 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.

Metropolitan School District of Boone Township'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

May 26, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
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	\$ (427,396)	\$ 7,102,675	\$ 6,189,722	\$ -	\$ 485,557	\$ 7,186,130	\$ 6,985,597	\$ -	\$ 686,090
Referendum Tax Levy	-	-	-	-	-	292,293	292,746	-	(453)
Debt Service	2,200,670	3,840,650	3,721,062	-	2,320,258	4,163,485	3,645,339	(472,000)	2,366,404
Retirement/Severance Bond Debt Service	116,717	162,563	181,013	-	98,267	186,147	175,163	-	109,251
Capital Projects	531,885	948,180	915,024	-	565,041	630,139	915,567	254,880	534,493
School Transportation	534,118	640,500	647,346	-	527,272	480,860	654,713	188,800	542,219
School Bus Replacement	89,275	84,770	-	-	174,045	138,128	170,333	(21,680)	120,160
Rainy Day	149,998	-	747,936	695,000	97,062	-	-	50,000	147,062
Technology	-	-	-	114,289	114,289	1,786	31,575	-	84,500
School Lunch	64,730	443,355	361,535	-	146,550	444,382	424,473	-	166,459
Textbook Rental	161,830	225,038	181,426	-	205,442	239,673	155,866	-	289,249
Levy Excess	-	-	-	-	-	1,336	-	-	1,336
Educational License Plates	7,754	112	-	-	7,866	94	-	-	7,960
Early Intervention Grant	2,000	-	-	-	2,000	-	-	-	2,000
BP Grant	321	300	418	-	203	600	90	-	713
Target Grant	478	7,265	6,547	-	1,196	700	1,896	-	-
High Ability	23,897	29,264	24,337	-	28,824	29,803	28,322	-	30,305
Education Technology	7,285	132,491	146,413	-	(6,637)	133,273	106,645	-	19,991
Non-English Speaking Programs P.L. 273-1999	322	-	-	-	322	-	-	-	322
School Technology	14,897	6,137	-	-	21,034	6,189	-	-	27,223
Miscellaneous Programs	4,647	-	2,500	-	2,147	2,750	2,524	-	2,373
Senator David Ford Technology	14,615	-	11,094	-	3,521	-	3,521	-	-
Title I 2008-2009	(201)	-	(201)	-	-	-	-	-	-
Title I 2012-2013	(26,199)	40,487	14,288	-	-	-	-	-	-
Title I 2013-2014	-	74,401	101,661	-	(27,260)	52,783	25,357	-	166
Title I 2014-2015	-	-	-	-	-	94,440	94,997	-	(557)
Improving Teaching Quality, No Child Left, Title II, Part A	(2,948)	15,715	19,195	-	(6,428)	6,428	375	-	(375)
Title III - Language Instruction	127	-	-	-	127	-	-	-	127
Title I - Grants to LEAs	905	-	905	-	-	-	-	-	-
Special Education - Part B	6,494	-	-	-	6,494	-	-	-	6,494
Payroll Clearing Account	34,920	1,539,774	1,544,406	-	30,288	1,595,854	1,575,732	-	50,410
Prepaid Food	6,504	242,272	234,140	-	14,636	226,347	229,854	-	11,129
Fringe Benefit Clearing Fund	14	1,375	1,331	-	58	1,154	1,154	-	58
Totals	\$ 3,517,659	\$ 15,537,324	\$ 15,052,098	\$ 809,289	\$ 4,812,174	\$ 15,914,774	\$ 15,521,839	\$ -	\$ 5,205,109

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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.

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

E. Disbursements

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

Instruction, which includes outflows for regular programs, special programs, 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.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

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 include the following:

Proceeds of long-term debt, which includes money received in relation to the issuance of bonds or other long-term debt issues.

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.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 3. *Property Taxes*

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

Note 4. *Deposits and Investments*

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

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

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

C. Additional Pension Plan

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The Referendum Tax Levy fund; however, is overdrawn due to disbursements exceeding receipts.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with the Boone Township 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 \$1,020,901 and \$888,500, respectively.

Note 9. Other Postemployment Benefits

The School Corporation provides health benefits to eligible retirees at a charge. 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.

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OTHER INFORMATION - UNAUDITED

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

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

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Technology
Cash and investments - beginning	\$ (427,396)	\$ -	\$ 2,200,670	\$ 116,717	\$ 531,885	\$ 534,118	\$ 89,275	\$ 149,998	\$ -
Receipts:									
Local sources	22,074	-	2,740,650	112,563	616,361	444,178	84,770	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	7,049,110	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	1,100,000	50,000	250,000	195,500	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	31,491	-	-	-	81,819	822	-	-	-
Total receipts	7,102,675	-	3,840,650	162,563	948,180	640,500	84,770	-	-
Disbursements:									
Instruction	4,380,719	-	-	-	-	-	-	532,367	-
Support services	1,709,558	-	-	-	378,083	447,346	-	184,811	-
Noninstructional services	99,445	-	-	-	-	-	-	27,585	-
Facilities acquisition and construction	-	-	-	-	301,941	-	-	-	-
Debt services	-	-	3,721,062	181,013	235,000	200,000	-	3,173	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	6,189,722	-	3,721,062	181,013	915,024	647,346	-	747,936	-
Excess (deficiency) of receipts over disbursements	912,953	-	119,588	(18,450)	33,156	(6,846)	84,770	(747,936)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	300,000	-	395,000	-	114,289
Transfers in	-	-	-	-	-	-	-	695,000	-
Transfers out	-	-	-	-	(300,000)	-	(395,000)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	695,000	114,289
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	912,953	-	119,588	(18,450)	33,156	(6,846)	84,770	(52,936)	114,289
Cash and investments - ending	\$ 485,557	\$ -	\$ 2,320,258	\$ 98,267	\$ 565,041	\$ 527,272	\$ 174,045	\$ 97,062	\$ 114,289

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Early Intervention Grant	BP Grant	Target Grant	High Ability	Education Technology
Cash and investments - beginning	\$ 64,730	\$ 161,830	\$ -	\$ 7,754	\$ 2,000	\$ 321	\$ 478	\$ 23,897	\$ 7,285
Receipts:									
Local sources	234,437	196,895	-	-	-	300	700	-	-
Intermediate sources	-	-	-	112	-	-	-	-	-
State sources	5,939	28,143	-	-	-	-	-	29,264	-
Federal sources	195,375	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	132,491
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	7,604	-	-	-	-	-	6,565	-	-
Total receipts	443,355	225,038	-	112	-	300	7,265	29,264	132,491
Disbursements:									
Instruction	-	-	-	-	-	418	6,547	24,337	-
Support services	300	181,426	-	-	-	-	-	-	146,413
Noninstructional services	361,235	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	361,535	181,426	-	-	-	418	6,547	24,337	146,413
Excess (deficiency) of receipts over disbursements	81,820	43,612	-	112	-	(118)	718	4,927	(13,922)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	81,820	43,612	-	112	-	(118)	718	4,927	(13,922)
Cash and investments - ending	\$ 146,550	\$ 205,442	\$ -	\$ 7,866	\$ 2,000	\$ 203	\$ 1,196	\$ 28,824	\$ (6,637)

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	Miscellaneous Programs	Senator David Ford Technology	Title I 2008-2009	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ 322	\$ 14,897	\$ 4,647	\$ 14,615	\$ (201)	\$ (26,199)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	6,137	-	-	-	-	-	-
Federal sources	-	-	-	-	-	40,487	74,401	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	6,137	-	-	-	40,487	74,401	-
Disbursements:								
Instruction	-	-	-	11,094	(201)	13,788	100,661	-
Support services	-	-	2,500	-	-	500	1,000	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,500	11,094	(201)	14,288	101,661	-
Excess (deficiency) of receipts over disbursements	-	6,137	(2,500)	(11,094)	201	26,199	(27,260)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,137	(2,500)	(11,094)	201	26,199	(27,260)	-
Cash and investments - ending	\$ 322	\$ 21,034	\$ 2,147	\$ 3,521	\$ -	\$ -	\$ (27,260)	\$ -

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Title I - Grants to LEAs	Special Education - Part B	Payroll Clearing Account	Prepaid Food	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ (2,948)	\$ 127	\$ 905	\$ 6,494	\$ 34,920	\$ 6,504	\$ 14	\$ 3,517,659
Receipts:								
Local sources	-	-	-	-	-	-	-	4,452,928
Intermediate sources	-	-	-	-	-	-	-	112
State sources	-	-	-	-	-	-	-	7,118,593
Federal sources	15,715	-	-	-	-	-	-	325,978
Temporary loans	-	-	-	-	-	-	-	1,727,991
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	1,539,774	242,272	1,375	1,911,722
Total receipts	15,715	-	-	-	1,539,774	242,272	1,375	15,537,324
Disbursements:								
Instruction	19,195	-	905	-	-	-	-	5,089,830
Support services	-	-	-	-	-	-	-	3,051,937
Noninstructional services	-	-	-	-	-	-	-	488,265
Facilities acquisition and construction	-	-	-	-	-	-	-	301,941
Debt services	-	-	-	-	-	-	-	4,340,248
Nonprogrammed charges	-	-	-	-	1,544,406	234,140	1,331	1,779,877
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	19,195	-	905	-	1,544,406	234,140	1,331	15,052,098
Excess (deficiency) of receipts over disbursements	(3,480)	-	(905)	-	(4,632)	8,132	44	485,226
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	809,289
Transfers in	-	-	-	-	-	-	-	695,000
Transfers out	-	-	-	-	-	-	-	(695,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	809,289
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,480)	-	(905)	-	(4,632)	8,132	44	1,294,515
Cash and investments - ending	\$ (6,428)	\$ 127	\$ -	\$ 6,494	\$ 30,288	\$ 14,636	\$ 58	\$ 4,812,174

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2015

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Technology
Cash and investments - beginning	\$ 485,557	\$ -	\$ 2,320,258	\$ 98,267	\$ 565,041	\$ 527,272	\$ 174,045	\$ 97,062	\$ 114,289
Receipts:									
Local sources	34,107	292,293	3,163,485	136,147	429,555	305,700	49,584	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	7,117,847	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	1,000,000	50,000	200,000	175,000	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	34,176	-	-	-	584	160	88,544	-	1,786
Total receipts	7,186,130	292,293	4,163,485	186,147	630,139	480,860	138,128	-	1,786
Disbursements:									
Instruction	4,893,517	154,923	-	-	-	-	-	-	-
Support services	1,984,559	137,823	-	-	269,867	459,213	170,333	-	31,575
Noninstructional services	107,521	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	395,700	-	-	-	-
Debt services	-	-	3,645,339	175,163	250,000	195,500	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	6,985,597	292,746	3,645,339	175,163	915,567	654,713	170,333	-	31,575
Excess (deficiency) of receipts over disbursements	200,533	(453)	518,146	10,984	(285,428)	(173,853)	(32,205)	-	(29,789)
Other financing sources (uses):									
Transfers in	-	-	-	-	254,880	188,800	28,320	50,000	-
Transfers out	-	-	(472,000)	-	-	-	(50,000)	-	-
Total other financing sources (uses)	-	-	(472,000)	-	254,880	188,800	(21,680)	50,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	200,533	(453)	46,146	10,984	(30,548)	14,947	(53,885)	50,000	(29,789)
Cash and investments - ending	\$ 686,090	\$ (453)	\$ 2,366,404	\$ 109,251	\$ 534,493	\$ 542,219	\$ 120,160	\$ 147,062	\$ 84,500

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Early Intervention Grant	BP Grant	Target Grant	High Ability	Education Technology
Cash and investments - beginning	\$ 146,550	\$ 205,442	\$ -	\$ 7,866	\$ 2,000	\$ 203	\$ 1,196	\$ 28,824	\$ (6,637)
Receipts:									
Local sources	229,432	211,939	-	-	-	600	700	-	-
Intermediate sources	-	-	-	94	-	-	-	-	-
State sources	6,209	27,734	1,336	-	-	-	-	29,803	-
Federal sources	201,490	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	133,273
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	7,251	-	-	-	-	-	-	-	-
Total receipts	444,382	239,673	1,336	94	-	600	700	29,803	133,273
Disbursements:									
Instruction	-	-	-	-	-	90	1,896	28,322	-
Support services	300	155,866	-	-	-	-	-	-	106,645
Noninstructional services	424,173	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	424,473	155,866	-	-	-	90	1,896	28,322	106,645
Excess (deficiency) of receipts over disbursements	19,909	83,807	1,336	94	-	510	(1,196)	1,481	26,628
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	19,909	83,807	1,336	94	-	510	(1,196)	1,481	26,628
Cash and investments - ending	\$ 166,459	\$ 289,249	\$ 1,336	\$ 7,960	\$ 2,000	\$ 713	\$ -	\$ 30,305	\$ 19,991

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	Miscellaneous Programs	Senator David Ford Technology	Title I 2008-2009	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ 322	\$ 21,034	\$ 2,147	\$ 3,521	\$ -	\$ -	\$ (27,260)	\$ -
Receipts:								
Local sources	-	-	2,750	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	6,189	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	52,783	94,440
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	6,189	2,750	-	-	-	52,783	94,440
Disbursements:								
Instruction	-	-	-	3,521	-	-	25,357	93,997
Support services	-	-	2,524	-	-	-	-	1,000
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,524	3,521	-	-	25,357	94,997
Excess (deficiency) of receipts over disbursements	-	6,189	226	(3,521)	-	-	27,426	(557)
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	-	6,189	226	(3,521)	-	-	27,426	(557)
Cash and investments - ending	\$ 322	\$ 27,223	\$ 2,373	\$ -	\$ -	\$ -	\$ 166	\$ (557)

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Title I - Grants to LEAs	Special Education - Part B	Payroll Clearing Account	Prepaid Food	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ (6,428)	\$ 127	\$ -	\$ 6,494	\$ 30,288	\$ 14,636	\$ 58	\$ 4,812,174
Receipts:								
Local sources	-	-	-	-	-	-	-	4,856,292
Intermediate sources	-	-	-	-	-	-	-	94
State sources	-	-	-	-	-	-	-	7,189,118
Federal sources	6,428	-	-	-	-	-	-	355,141
Temporary loans	-	-	-	-	-	-	-	1,558,273
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	1,595,854	226,347	1,154	1,955,856
Total receipts	6,428	-	-	-	1,595,854	226,347	1,154	15,914,774
Disbursements:								
Instruction	375	-	-	-	-	-	-	5,201,998
Support services	-	-	-	-	-	-	-	3,319,705
Noninstructional services	-	-	-	-	-	-	-	531,694
Facilities acquisition and construction	-	-	-	-	-	-	-	395,700
Debt services	-	-	-	-	-	-	-	4,266,002
Nonprogrammed charges	-	-	-	-	1,575,732	229,854	1,154	1,806,740
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	375	-	-	-	1,575,732	229,854	1,154	15,521,839
Excess (deficiency) of receipts over disbursements	6,053	-	-	-	20,122	(3,507)	-	392,935
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	522,000
Transfers out	-	-	-	-	-	-	-	(522,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,053	-	-	-	20,122	(3,507)	-	392,935
Cash and investments - ending	\$ (375)	\$ 127	\$ -	\$ 6,494	\$ 50,410	\$ 11,129	\$ 58	\$ 5,205,109

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METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 118,480</u>	<u>\$ 2,862</u>

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Boone Township School Building Corporation	Mortgage Series 2011	\$ 113,000	6/30/2012	12/31/2019
Boone Township School Building Corporation	Construction Bonds 2009 (QSCB)	282,000	6/30/2010	12/31/2023
Boone Township School Building Corporation	Mortgage Series 2013A	340,000	1/15/2014	1/15/1937
Boone Township School Building Corporation	Mortgage Series 2013B	33,000	1/15/2014	1/15/2024
Boone Township School Building Corporation	Mortgage Series 2014	144,000	7/15/2014	1/15/2027
American Capital	7th & 8th Grade Chromebooks 1:1 Devices	18,012	7/1/2015	1/15/2017
Dell Financial Services	8th Grade 1:1 Devices Now 6th Grade	20,543	8/5/2013	8/5/2015
HP Financial	H.S. Chromebooks 1:1 Devices	28,995	8/1/2014	8/1/2017
Ricoh USA	Copier Lease	29,553	7/31/2013	7/31/2018
Total of annual lease payments		<u>\$ 1,009,103</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Amended Pension Bonds 2004		\$ 825,000	\$ 126,043
Tax anticipation warrants	2015 Tax Anticipation Warrants		1,375,000	1,387,788
Notes and loans payable	Common School Loan #A1690		73,010	21,538
Notes and loans payable	Common School Loan #A1733		84,320	21,871
Notes and loans payable	Common School Loan #A1827		92,480	23,987
Notes and loans payable	Common School Loan #A0352		1,702,823	322,037
Notes and loans payable	Common School Loan #A0517		4,650,000	477,000
Notes and loans payable	Common School Loan #A0523		4,500,000	543,750
Notes and loans payable	Common School Loan #A0562		570,000	84,233
Notes and loans payable	Common School Loan #A1439		10,510	-
Notes and loans payable	Common School Loan #A1545		41,720	21,120
Notes and loans payable	Common School Loan #A1471		20,940	10,522
Notes and loans payable	Common School Loan #A1511		41,539	21,030
Notes and loans payable	Common School Loan #A1619		73,010	21,434
Totals			<u>\$ 14,060,352</u>	<u>\$ 3,082,353</u>

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 355,110
Infrastructure	4,580,626
Buildings	31,898,416
Improvements other than buildings	2,548,999
Machinery, equipment, and vehicles	3,657,304
Books and other	-
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Total capital assets	<u><u>\$ 43,040,455</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF BOONE TOWNSHIP, PORTER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of Boone Township'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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2015-005, 2015-006, and 2015-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement, Program Income, and Special Test and Provisions - Verifications of Free and Reduced Price Applications that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on the Other 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 its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that

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

material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, and 2015-008 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

May 26, 2016

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.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
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	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			SY 2013-2014	\$ -	\$ 21,305	\$ -	\$ -
School Breakfast			SY 2014-2015	-	-	-	29,482
Total - School Breakfast Program				-	21,305	-	29,482
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			SY 2013-2014	-	174,070	-	-
School Lunch			SY 2014-2015	-	-	-	172,008
School Lunch - Commodities			SY 2013-2014	-	29,602	-	-
School Lunch - Commodities			SY 2014-2015	-	-	-	30,575
Total - National School Lunch Program				-	203,672	-	202,583
Total - Child Nutrition Cluster				-	224,977	-	232,065
Total - Department of Agriculture				-	224,977	-	232,065
<u>Department of Education</u>							
Special Education Cluster							
Special Education_Grants to States	Indiana Department of Education	84.027					
Special Education IDEA Part B 611			14212-050-PN01	-	1,329	-	-
Special Education IDEA Part B 611			14213-050-PN01	-	43,355	-	1,616
Special Education IDEA Part B 611			14214-050-PN01	-	151,901	-	52,914
Special Education IDEA Part B 611			14215-050-PN01	-	-	-	154,643
Special Education IDEA Part B T.A.			99914-050-TA01	-	1,132	-	2,717
Total - Special Education_Grants to States				-	197,717	-	211,890

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(Continued)

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	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>							
Special Education Cluster (continued)							
Special Education_Preschool Grants	Indiana Department of Education	84.173					
Special Education IDEA Part B 619			45714-050-PN01	-	6,471	-	-
Special Education IDEA Part B 619			45715-050-PN01	-	-	-	6,438
Total - Special Education_Preschool Grants				-	6,471	-	6,438
Total - Special Education Cluster				-	204,188	-	218,328
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I - 12/13 #4160			14-6460	-	40,487	-	-
Title I - 13/14 #4170			14-6460	-	74,401	-	-
Title I - 13/14 #4170			15-6460	-	-	-	52,783
Title I - 14/15 #4180			15-6460	-	-	-	94,440
Total - Title I Grants to Local Educational Agencies				-	114,888	-	147,223
Mathematics and Science Partnerships STEM Grant	Merrillville Community School Corporation	84.366					
			2013-15	-	-	-	1,600
Total - Mathematics and Science Partnerships				-	-	-	1,600
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
Title II-Part A 12/14 #113			FFY 2012	-	1,357	-	-
Title II-Part A 13/15 #114			FFY 2013	-	14,358	-	6,428
Total - Improving Teacher Quality State Grants				-	15,715	-	6,428
Total - Department of Education				-	334,791	-	373,579
Total federal awards expended				\$ -	\$ 559,768	\$ -	\$ 605,644

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and June 30, 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 3. Special Education Cooperative

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
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 for Special Education Cluster; Qualified for Child Nutrition Cluster
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____	Name of Federal Program or Cluster
Child Nutrition Cluster	
Special Education Cluster	

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

Auditee qualified as low-risk auditee?	no
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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 responsible for preparing and submitting the SEFA without oversight, review, or approval.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, there were the following errors:

1. Department of Agriculture federal expenditures were understated in 2013-2014 school year by \$16,816 and overstated in the 2014-2015 school year by \$224,283.
2. Commodities for the National School Lunch program totaling \$29,602 and \$30,575 were not included in the 2013-2014 and 2014-2015 school years, respectively.
3. Three state grants were reported in the 2013-2014 school year, overstating the SEFA by \$40,359.
4. Two federal grants totaling \$19,727 were not included on the 2014-2015 SEFA.
5. Program names were not correct.
6. CFDA numbers were not included.
7. Clusters were not properly identified.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

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:

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
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 operated effectively, material misstatements of the SEFA would have 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, that is part of this report.

FINDING 2015-002 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to receipts, including School Lunch receipts and payroll disbursements. These deficiencies constitute material weaknesses.

Lack of Segregation of Duties:

The Treasurer recorded all receipts for the School Corporation; however, the receipts were not always recorded in the computerized accounting system at the time of collection. The School Corporation's financial system allowed the receipts to be backdated when recorded. There was no segregation of duties, such as an oversight, review, or approval process.

One food service employee was responsible for verifying the daily collections, preparing the deposit slips, remitting the collections to the depository, and generating any necessary adjustments to the school lunch software system. There was no segregation of duties, such as an oversight, review, or approval process.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Treasurer was responsible for entering all certified staff's payroll information into the payroll software system. 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.

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 had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted. Management had not conducted a risk assessment related to the School Corporation's financial reporting and transactions.

Effect

The failure to establish controls would have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, ELIGIBILITY, REPORTING

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2013-2014, SY 2014-2015

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principals, Eligibility, and Reporting compliance requirements.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not designed or implemented adequate policies or procedures to ensure that payroll disbursements were only for food service operating and administrative costs. Three internal control related deviations were detected when testing payroll. In one case, the payroll trail journal was not reviewed for that particular pay period. In two cases, employees were overpaid and underpaid. Internal controls are deemed ineffective as there was a deviation in 37.5 percent of the tested pay periods. There was no segregation of duties, such as oversight, review, or approval process.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that eligibility for free and reduced price meals was accurately determined. Applications were not submitted to review prior to the notification of eligibility. There was no segregation of duties, such as an oversight, review, or approval process.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that Sponsor Claim (reimbursement claim), the Annual Financial Reports, and the Verification Summary Reports were accurate prior to submission. One employee was responsible for preparing and submitting the Sponsor Claim (reimbursement claim) and the Verification Summary Reports. Another employee was responsible for preparing and submitting the Annual Financial Reports. There was no segregation of duties, such as an oversight, review, or approval process.

Context

Based on the initial assessment of the Child Nutrition Cluster, it was determined that these are systematic problems. Controls over Activities Allowed or Unallowed and Allowable Costs/Cost Principals were not effective and there were no controls over Eligibility or Reporting; therefore, this is not an isolated incident.

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 had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

Views of Responsible Officials

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

FINDING 2015-004 - CASH MANAGEMENT

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2013-2014, SY 2014-2015

Pass-Through Entity: Indiana Department of Education

Condition

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were limited to the average expenditures for three months. There was no segregation of duties, such as an oversight, review, or approval process.

The School Corporation maintained cash balances that exceeded the average expenditures for 3 months for 19 of 24 months during the audit period. The cash balance exceeded the average expenditures for 3 months by amounts ranging from \$3,404 to \$41,691 for the 2013-2014 school year. The cash balance exceeded the average expenditures for 3 months by amounts ranging from \$20,522 to \$68,009 for the 2014-2015 school year.

Context

This is a systematic problem as it was an issue in 19 of the 24 months tested.

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. . . ."

7 CFR section 210.14(b) states:

"*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 220.7(e)(1)(iv) states:

"Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; and . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

We also recommended that the School Corporation comply with the Cash Management requirements.

Views of Responsible Officials

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

FINDING 2015-005 - PROCUREMENT

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2013-2014, SY 2014-2015

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Procurement compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that services procured from a food service management were properly bid. No one ensured that bid documents were safeguarded and retained for audit. There was no segregation of duties, such as an oversight, review, or approval process.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The original agreement with the food service management vendor was an annual contract entered into in 2011. As part of the agreement, the School Corporation was given the option to extend the original contract annually for up to four years. The School Corporation failed to retain the original procurement documents that led to the selection of the food service management service.

Context

This is a systematic problem as it affects procurement of services for up to five years.

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. . . ."

7 CFR 3016.36(b)(9) states:

"Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

We also recommended that the School Corporation comply with the Procurement requirements.

Views of Responsible Officials

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-006 - PROGRAM INCOME

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2013-2014, SY 2014-2015

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Program Income compliance requirement.

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

The School Corporation recorded food service program income based on deposits made rather than actual collections received. The Treasurer recorded deposits into the Prepaid Food Clearing fund monthly. The Treasurer then transferred an amount from the Prepaid Food Clearing fund into the School Lunch fund based on cash collections rather than actual sales.

Context

This is a systematic problem as it is the common practice in all instances for the School Corporation.

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. . . ."

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 220.13(i) states in part:

"Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

We also recommended that the School Corporation comply with the Program Income requirements.

Views of Responsible Officials

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

**FINDING 2015-007 - SPECIAL TESTS AND PROVISIONS - VERIFICATION
OF FREE AND REDUCED PRICE APPLICATIONS**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2013-2014, SY 2014-2015

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Special Tests and Provisions - Verifications of Free and Reduced Price Applications compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the correct number of applications was chosen for the verification process or that the appropriate changes were made to the eligibility status of the applications. There was no segregation of duties, such as an oversight, review, or approval process.

The School Corporation failed to retain records determining the verification of free and reduced price applications for the 2013-2014 school year.

Context

This was an isolated instance as there were verified applications for the following two years.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
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. . . ."

7 CFR 245.6a(c) states:

"*Verification requirement—(1) General.* The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

- (4) Currently approved and denied applications for free and reduced price lunches and a description of the verification activities, including verified applications, and any accompanying source documentation in accordance with 7 CFR 245.6a of this Title; . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

We also recommended that the School Corporation comply with the Special Tests and Provisions - Verification of Free and Reduced Price Application requirements.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2015-008 - SPECIAL EDUCATION CLUSTER

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-050-PN01, 14213-050-PN01,
14214-050-PN01, 14215-050-PN01,
45714-050-PN01, 45715-050-PN01,
99914-050-TA01

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Costs Principles, Level of Effort - Maintenance of Effort, and Period of Availability compliance requirements.

Over 95 percent of the grant expenditures were for payroll and related benefit costs for special education personnel. One employee was responsible for the preparation, posting, and payment of the bi-weekly payroll and related benefit costs without evidence of a review process. Policies or procedures had not been designed or implemented to ensure required periodic certifications were prepared for all personnel paid solely from federal funds. In addition, for hourly employees, the timesheets that supported the payment of payroll did not indicate the program or fund from which the employee was paid.

The Maintenance of Effort calculation was determined and monitored solely by one individual. An oversight, review, or approval process had not been evidenced or established.

The School Corporation historically expended the available funds in advance of the end of the period of availability. However, evidence of a review process was not noted to ensure that grant funds were disbursed within the period of availability and that expenditures were not made from expired grant funds.

Context

These are systematic problems as they are pervasive throughout the grant.

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 had not developed a system of internal controls that segregated key functions.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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AUDITEE PREPARED DOCUMENTS

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

Administration
Nathan H. Kleefisch, Ed.D.
Superintendent of Schools

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Jeffrey J. Brooks
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Hebron Middle School

James R. Martin
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Timothy J. Riese
Member

Section III – Federal Award Findings and Questioned Costs

Finding 2013-002 – Internal Controls over compliance requirements that have a direct and material effect on child nutrition cluster.

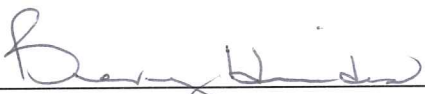
Audit 2011 - 2013

Federal Agency: U. S. Department of Agriculture Federal Program: Child Nutrition Cluster CFDA
Number: 10.553, 10.555 Federal Award Number and Year: FY2012 and FY2013 Pass-through Agency:
Indiana Department of Education Auditee Contract Person: Beverly Hindes Contact Phone Number:
219-996-4771 ext. 128.

Status of Audit Finding:

MSD Boone Township continues to make internal changes to processes and procedures with the Child Nutrition Program to enhance transparency and accountability. Some of these changes include:

1. Segregation of duties between Food Service Leaders.
2. Additional oversight by Corporation Treasurer.
3. Food Service Director (Chartwells) to provide monthly reports containing details of meals served, revenue generated, to the School Superintendent and Corporation Treasurer.

Signed: 
Beverly Hindes, Treasurer

Date: April 13, 2016

Signed: 
Dr. Nathan Kleefisch, Superintendent

Date: April 13, 2016



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Finding 2015-001

Auditee Contact Person: Beverly Hindes

Contact Phone Number: 219-996-4771

Expected Completion Date: 2016

Corrective Action Plan

This was the first time completing the SEFA and without any guidance on how to pull the accurate data we concur with the finding.

We will use this Audit adjustment for the next reporting of the SEFA.

The SEFA will be reviewed by the Superintendent.



Beverly Hindes, Treasurer

May 26, 2016

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Timothy J. Riese
Member

Finding 2015-002

Auditee Contact Person: Beverly Hindes, Scott Howard

Contact Phone Number: 219-996-4771


Expected Completion Date: 2016

Corrective Action Plan

Segregation of Duties:

Corporation Receipts are reviewed and approved by Deputy Treasurer.

Certified Payroll. The Treasurer and the Superintendent's Secretary review and sign off on the annual certified salary spreadsheet. This procedure has proven to be effective.


Beverly Hindes, Treasurer

Food Service. The department leads will cross check and sign off on the daily deposits. The Food Service Director will be responsible for reviewing reports for meal counts vs. cash.


Scott Howard, Food Service Manager; Chartwell's

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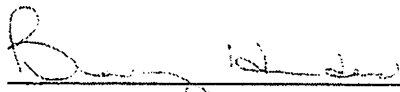
Finding 2015-003

Auditee Contact Person: Beverly Hindes, Scott Howard

Contact Phone Number: 219-996-4771

Corrective Action Plan

Payroll trial journals have always been cross checked. The Treasurer will be responsible for reviewing each payroll and approving with initials/signature.



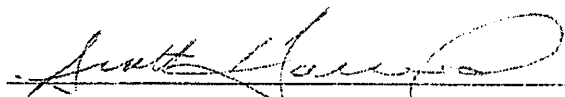
Beverly Hindes

May 26, 2016

Expected Completion Date: This plan was in place prior to the audit review but formal evidence began April 2016.

Food Service. Chartwell's will submit the Monthly Reimbursement Report and Verification Summary Reports to either the Superintendent or the Treasurer prior to submission. The Annual Financial Report that the Treasurer completes will be reviewed and approved by the Superintendent.

Parents are now entering data online for eligibility.



Scott Howard, Food Service Manager; Chartwell's

May 26, 2016



Beverly Hindes, Treasurer

May 26, 2016

Expected Completion Date: This plan is being implemented effective June 1, 2016.

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Finding 2015-004

Auditee Contact Person: Beverly Hindes, Dr. Nathan Kleefisch


Contact Phone Number: 219-996-4771

Expected Completion Date: 2016

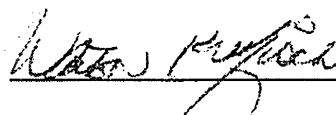
Corrective Action Plan

M. S. D. of Boone Township will be beginning an extensive remodeling project to our Elementary/Middle School Cafeteria. This project will use the cash balance that we had been saving to pay for the remodeling without use of other funding sources.

Monthly, during the bank reconciliation a review of the cash balance will be verified.



Beverly Hindes, Treasurer



Dr. Nathan Kleefisch, Superintendent

May 26, 2016



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Finding 2015-005

Auditee Contact Person: Beverly Hindes, Dr. Nathan Kleefisch

Contact Phone Number: 219-996-4771

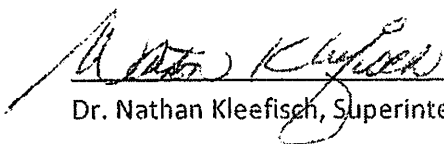
Expected Completion Date: 2016

Corrective Action Plan

M. S. D. of Boone Township concurs with the finding. We have entered into another procurement of service for the Food Service Department and will retain the original contract along with bid documents.



Beverly Hindes, Treasurer



Dr. Nathan Kleefisch, Superintendent

May 26, 2016



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Finding 2015-006

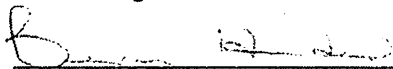
Auditee Contact Person: Beverly Hindes, Dr. Nathan Kleefisch

Contact Phone Number: 219-996-4771

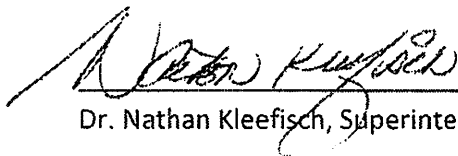
Expected Completion Date: 2016

Corrective Action Plan

The Treasurer will pull sales reports which will assist in crediting the 8400. They will be initialed after being reviewed.



Beverly Hindes, Treasurer



Dr. Nathan Kleefisch, Superintendent

May 26, 2016

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Timothy J. Riese
Member

Finding 2015-007 – Special Tests and Provisions

Auditee Contact Person: Scott Howard, Dr. Nathan Kleefisch

Contact Phone Number: 219-996-4771

Expected Completion Date: This plan was in place prior to the audit review but formal evidence began July 2015 (FY2015).

Corrective Action Plan

Due to a change in Food Service Management the free and reduced price applications were not able to be found. This was an isolated incident and feel that we have the proper internal controls so this is not an issue.



Scott Howard, Food Service Manager; Chartwell's



Dr. Nathan Kleefisch, Superintendent

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Timothy J. Riese
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Finding 2015-008

Auditee Contact Person: Beverly Hindes, Treasurer MSD Boone Township

Quinn Van Rys, Chief Financial Officer, Porter County Education Services Cooperative

Contact Phone Number:

Beverly Hindes 219-996-4771

Quinn Van Rys 219-464-9607

Corrective Action Plan:

1. Activities Allowed, Allowable Costs and Period of Availability: PCES hourly employees' time sheets will be matched with the payroll accounting code report that indicates which employees were paid from which accounts. The report and time sheets will be reviewed to insure correct payment of personnel and such review evidenced by the PCES CFO (initial & date). The certified teaching staff hired by the PCES board specifically for special education is for grant eligible positions. Certified staff members and the account codes from which they are paid are also included with the payroll account code review process.

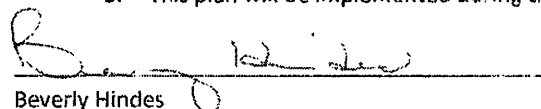
2. Period of Availability: Monthly, PCES personnel review the summary of receipts and expenditures for each grant fund. A comparison of YTD receipts, expenditures, and total approved budget amounts for each grant provides on-going monitoring to determine the amount of grant funds still available for expenditure. Once the budget amount has been expended, the grant fund accounts are closed (deactivated) so that additional expenditures from a subsequent period cannot be charged to the completed grant. Such review will be evidenced by initial and date of the PCES reviewer.

3. Level of Effort – Maintenance of Effort (MOE): PCES personnel calculate the member school corporations' MOE each fiscal year. PCES will complete the calculation, summarize the underlying data, and provide that information to each member district for review/acknowledgement and evidence of such by the member district. PCES will maintain this evidenced documentation for audit review.

MSD of Boone Township School Corporation will request PCES to provide these items for MSD of Boone Township School Corporation personnel to review these processes for compliance. MSD of Boone Township personnel will evidence such review by signature and date of the corresponding documents.

Anticipated Completion Date:

1. This plan was implemented beginning with the 9-18-2015 payroll.
2. This plan was in place prior to the audit review but formal evidence began September 2015.
3. This plan will be implemented during the next calculation of MOE for state reporting.



Beverly Hindes

Treasurer

May 26, 2016



MSD of Boone Township
HELPING STUDENTS SUCCEED

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/>.