

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
RIPLEY COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
12/10/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lynaya Hess Trina Huff	07-01-12 to 06-30-14 07-01-14 to 06-30-16
Superintendent of Schools	Dr. Leanna Phillippe William Narwold Timothy W. Taylor	07-01-12 to 06-16-14 06-17-14 to 01-01-15 01-01-15 to 06-30-16
President of the School Board	Deanna Young Kathleen Dickman William Travis Neal	07-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-15



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE JAC-CEN-DEL COMMUNITY
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis and Schedule of Leases, 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 August 13, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

August 13, 2015



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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 JAC-CEN-DEL COMMUNITY
SCHOOL CORPORATION, RIPLEY 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 Jac-Cen-Del Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated August 13, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Jac-Cen-Del Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 13, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

	Cash and Investments 07-01-12		Other Financing Sources (Uses)		Cash and Investments 06-30-13		Other Financing Sources (Uses)		Cash and Investments 06-30-14	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 1,486,788	\$ 6,325,091	\$ 6,156,492	\$ (213)	\$ 1,655,174	\$ 6,317,471	\$ 6,548,675	\$ (1,600)	\$ 1,422,370	
Debt Service	257,986	449,616	343,500	(16,900)	347,202	529,287	486,000	(26,212)	364,277	
Capital Projects	133,667	983,161	769,783	(12,806)	334,239	778,134	900,693	54	211,734	
School Transportation	85,053	477,784	460,072	(8,559)	94,206	504,040	557,661	57,653	98,238	
School Bus Replacement	94,825	131,156	66,778	(17,540)	141,663	147,422	120,360	1	168,726	
Rainy Day	662,995	9,648	172,080	14,600	515,163	8,829	44,746	-	479,246	
School Lunch	305,113	470,152	445,848	-	329,417	458,245	546,586	-	241,076	
Textbook Rental	86,395	78,119	35,699	9,821	138,636	65,915	104,385	25,900	126,066	
Levy Excess	9,897	8,116	-	39,383	57,396	14,825	-	(57,396)	14,825	
East Indiana AHEC Grant	-	-	-	-	-	-	816	-	(816)	
Ripley County Community Foundation Grant	331	26,306	25,806	-	831	2,500	1,787	-	1,544	
Reynolds Grant	6,170	9,084	14,182	13	1,085	70,578	17,761	-	53,902	
Educational License Plates	35	93	72	-	56	38	94	-	-	
Project Lead the Way	1,302	2,000	3,128	-	174	-	174	-	-	
Monetary Gifts	-	-	-	-	-	743	743	-	-	
Recreational Activities	17,961	16,015	12,662	-	21,314	11,446	14,076	-	18,684	
Childcare	16,621	19,931	15,866	-	20,686	15,091	15,622	-	20,155	
Safety Grant	-	-	-	-	-	-	933	-	(933)	
Non-English Speaking Programs P.L. 273-1999	-	-	-	-	-	-	1,413	1,413	-	
School Technology	3,780	-	3,780	-	-	-	-	-	-	
Senator David Ford Technology	-	400	-	(400)	-	-	-	-	-	
Excess PTRC Distributions	-	8,000	-	(8,000)	-	-	-	-	-	
Title I 2012-13	-	149,579	161,955	-	(12,376)	12,376	-	-	-	
Title I 2013-14	-	-	-	-	-	124,169	133,290	-	(9,121)	
Title I 2011-12	(23,656)	23,656	-	-	-	-	-	-	-	
Improving Teaching Quality, No Child Left, Title II, Part A	-	44,801	52,644	-	(7,843)	8,697	854	-	-	
6843 Title II Part A	-	-	-	-	-	22,896	35,414	-	(12,518)	
Education Jobs	-	2,693	2,693	-	-	-	-	-	-	
Cafeteria Prepaid	-	-	-	-	-	207,127	201,305	-	5,822	
Payroll Clearing Funds	37,250	1,394,502	1,390,071	-	41,681	1,314,888	1,317,332	-	39,237	
Totals	\$ 3,182,513	\$ 10,629,903	\$ 10,133,111	\$ (601)	\$ 3,678,704	\$ 10,614,717	\$ 11,050,720	\$ (187)	\$ 3,242,514	

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements 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.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

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:

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.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 and 2014.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Jac-Cen-Del Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years ended June 30, 2013 and 2014, totaled \$483,000 and \$489,000, respectively.

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.

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,486,788	\$ 257,986	\$ 133,667	\$ 85,053	\$ 94,825	\$ 662,995	\$ 305,113	\$ 86,395
Receipts:								
Local sources	419,400	449,616	971,203	476,853	131,156	9,648	235,247	50,173
Intermediate sources	8	-	-	-	-	-	-	-
State sources	5,905,683	-	-	-	-	-	6,725	27,646
Federal sources	-	-	-	-	-	-	227,661	-
Other	-	-	11,958	931	-	-	519	300
Total receipts	<u>6,325,091</u>	<u>449,616</u>	<u>983,161</u>	<u>477,784</u>	<u>131,156</u>	<u>9,648</u>	<u>470,152</u>	<u>78,119</u>
Disbursements:								
Current:								
Instruction	4,483,546	-	-	-	-	149,831	-	-
Support services	1,590,638	-	396,534	447,052	66,778	22,249	9,484	35,699
Noninstructional services	82,308	-	-	-	-	-	413,383	-
Facilities acquisition and construction	-	-	373,249	13,020	-	-	22,981	-
Debt services	-	343,500	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>6,156,492</u>	<u>343,500</u>	<u>769,783</u>	<u>460,072</u>	<u>66,778</u>	<u>172,080</u>	<u>445,848</u>	<u>35,699</u>
Excess (deficiency) of receipts over disbursements	<u>168,599</u>	<u>106,116</u>	<u>213,378</u>	<u>17,712</u>	<u>64,378</u>	<u>(162,432)</u>	<u>24,304</u>	<u>42,420</u>
Other financing sources (uses):								
Transfers in	400	-	-	-	-	14,600	-	9,821
Transfers out	(613)	(16,900)	(12,806)	(8,559)	(17,540)	-	-	-
Total other financing sources (uses)	<u>(213)</u>	<u>(16,900)</u>	<u>(12,806)</u>	<u>(8,559)</u>	<u>(17,540)</u>	<u>14,600</u>	<u>-</u>	<u>9,821</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>168,386</u>	<u>89,216</u>	<u>200,572</u>	<u>9,153</u>	<u>46,838</u>	<u>(147,832)</u>	<u>24,304</u>	<u>52,241</u>
Cash and investments - ending	<u>\$ 1,655,174</u>	<u>\$ 347,202</u>	<u>\$ 334,239</u>	<u>\$ 94,206</u>	<u>\$ 141,663</u>	<u>\$ 515,163</u>	<u>\$ 329,417</u>	<u>\$ 138,636</u>

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

	Levy Excess	East Indiana AHEC Grant	Ripley County Community Foundation Grant	Reynolds Grant	Educational License Plates	Project Lead The Way	Monetary Gifts	Recreational Activities
Cash and investments - beginning	\$ 9,897	\$ -	\$ 331	\$ 6,170	\$ 35	\$ 1,302	\$ -	\$ 17,961
Receipts:								
Local sources	8,116	-	26,306	9,084	-	2,000	-	16,015
Intermediate sources	-	-	-	-	93	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>8,116</u>	<u>-</u>	<u>26,306</u>	<u>9,084</u>	<u>93</u>	<u>2,000</u>	<u>-</u>	<u>16,015</u>
Disbursements:								
Current:								
Instruction	-	-	5,968	8,884	-	-	-	-
Support services	-	-	-	-	72	3,128	-	105
Noninstructional services	-	-	-	-	-	-	-	12,557
Facilities acquisition and construction	-	-	19,838	5,298	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>25,806</u>	<u>14,182</u>	<u>72</u>	<u>3,128</u>	<u>-</u>	<u>12,662</u>
Excess (deficiency) of receipts over disbursements	<u>8,116</u>	<u>-</u>	<u>500</u>	<u>(5,098)</u>	<u>21</u>	<u>(1,128)</u>	<u>-</u>	<u>3,353</u>
Other financing sources (uses):								
Transfers in	39,383	-	-	13	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>39,383</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>47,499</u>	<u>-</u>	<u>500</u>	<u>(5,085)</u>	<u>21</u>	<u>(1,128)</u>	<u>-</u>	<u>3,353</u>
Cash and investments - ending	<u>\$ 57,396</u>	<u>\$ -</u>	<u>\$ 831</u>	<u>\$ 1,085</u>	<u>\$ 56</u>	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 21,314</u>

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

	Childcare	Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Title I 2012-13	Title I 2013-14
Cash and investments - beginning	\$ 16,621	\$ -	\$ -	\$ 3,780	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	19,931	-	-	-	-	8,000	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	400	-	-	-
Federal sources	-	-	-	-	-	-	149,579	-
Other	-	-	-	-	-	-	-	-
Total receipts	19,931	-	-	-	400	8,000	149,579	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	159,367	-
Support services	-	-	-	3,780	-	-	2,037	-
Noninstructional services	15,866	-	-	-	-	-	551	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	15,866	-	-	3,780	-	-	161,955	-
Excess (deficiency) of receipts over disbursements	4,065	-	-	(3,780)	400	8,000	(12,376)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(400)	(8,000)	-	-
Total other financing sources (uses)	-	-	-	-	(400)	(8,000)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,065	-	-	(3,780)	-	-	(12,376)	-
Cash and investments - ending	\$ 20,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,376)	\$ -

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

	Title I 2011-12	Improving Teaching Quality, No Child Left, Title II, Part A	6843 Title II Part A	Education Jobs	Cafeteria Prepaid	Payroll Clearing Funds	Totals
Cash and investments - beginning	\$ (23,656)	\$ -	\$ -	\$ -	\$ -	\$ 37,250	\$ 3,182,513
Receipts:							
Local sources	-	-	-	-	-	-	2,832,748
Intermediate sources	-	-	-	-	-	-	101
State sources	-	-	-	-	-	-	5,940,454
Federal sources	23,656	44,801	-	2,693	-	-	448,390
Other	-	-	-	-	-	1,394,502	1,408,210
Total receipts	<u>23,656</u>	<u>44,801</u>	<u>-</u>	<u>2,693</u>	<u>-</u>	<u>1,394,502</u>	<u>10,629,903</u>
Disbursements:							
Current:							
Instruction	-	37,726	-	2,693	-	-	4,848,015
Support services	-	4,512	-	-	-	-	2,582,068
Noninstructional services	-	-	-	-	-	-	524,665
Facilities acquisition and construction	-	10,406	-	-	-	-	444,792
Debt services	-	-	-	-	-	-	343,500
Other disbursements	-	-	-	-	-	1,390,071	1,390,071
Total disbursements	<u>-</u>	<u>52,644</u>	<u>-</u>	<u>2,693</u>	<u>-</u>	<u>1,390,071</u>	<u>10,133,111</u>
Excess (deficiency) of receipts over disbursements	<u>23,656</u>	<u>(7,843)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,431</u>	<u>496,792</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	64,217
Transfers out	-	-	-	-	-	-	(64,818)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(601)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>23,656</u>	<u>(7,843)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,431</u>	<u>496,191</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (7,843)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,681</u>	<u>\$ 3,678,704</u>

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,655,174	\$ 347,202	\$ 334,239	\$ 94,206	\$ 141,663	\$ 515,163	\$ 329,417	\$ 138,636
Receipts:								
Local sources	443,366	529,287	771,841	504,040	147,422	8,829	220,812	35,947
Intermediate sources	18	-	-	-	-	-	-	-
State sources	5,874,087	-	-	-	-	-	6,381	29,668
Federal sources	-	-	-	-	-	-	231,052	-
Other	-	-	6,293	-	-	-	-	300
Total receipts	<u>6,317,471</u>	<u>529,287</u>	<u>778,134</u>	<u>504,040</u>	<u>147,422</u>	<u>8,829</u>	<u>458,245</u>	<u>65,915</u>
Disbursements:								
Current:								
Instruction	4,762,326	-	-	-	-	19,137	-	-
Support services	1,701,360	-	671,045	555,712	120,360	25,609	18,355	104,385
Noninstructional services	84,989	-	-	-	-	-	444,125	-
Facilities acquisition and construction	-	-	229,648	1,949	-	-	84,106	-
Debt services	-	486,000	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>6,548,675</u>	<u>486,000</u>	<u>900,693</u>	<u>557,661</u>	<u>120,360</u>	<u>44,746</u>	<u>546,586</u>	<u>104,385</u>
Excess (deficiency) of receipts over disbursements	<u>(231,204)</u>	<u>43,287</u>	<u>(122,559)</u>	<u>(53,621)</u>	<u>27,062</u>	<u>(35,917)</u>	<u>(88,341)</u>	<u>(38,470)</u>
Other financing sources (uses):								
Transfers in	-	-	54	57,653	1	-	-	25,900
Transfers out	(1,600)	(26,212)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,600)</u>	<u>(26,212)</u>	<u>54</u>	<u>57,653</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>25,900</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(232,804)</u>	<u>17,075</u>	<u>(122,505)</u>	<u>4,032</u>	<u>27,063</u>	<u>(35,917)</u>	<u>(88,341)</u>	<u>(12,570)</u>
Cash and investments - ending	<u>\$ 1,422,370</u>	<u>\$ 364,277</u>	<u>\$ 211,734</u>	<u>\$ 98,238</u>	<u>\$ 168,726</u>	<u>\$ 479,246</u>	<u>\$ 241,076</u>	<u>\$ 126,066</u>

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

	Levy Excess	East Indiana AHEC Grant	Ripley County Community Foundation Grant	Reynolds Grant	Educational License Plates	Project Lead The Way	Monetary Gifts	Recreational Activities
Cash and investments - beginning	\$ 57,396	\$ -	\$ 831	\$ 1,085	\$ 56	\$ 174	\$ -	\$ 21,314
Receipts:								
Local sources	14,825	-	2,500	70,578	-	-	743	11,446
Intermediate sources	-	-	-	-	38	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>14,825</u>	<u>-</u>	<u>2,500</u>	<u>70,578</u>	<u>38</u>	<u>-</u>	<u>743</u>	<u>11,446</u>
Disbursements:								
Current:								
Instruction	-	816	1,787	17,761	-	-	-	-
Support services	-	-	-	-	94	174	743	-
Noninstructional services	-	-	-	-	-	-	-	14,076
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>816</u>	<u>1,787</u>	<u>17,761</u>	<u>94</u>	<u>174</u>	<u>743</u>	<u>14,076</u>
Excess (deficiency) of receipts over disbursements	<u>14,825</u>	<u>(816)</u>	<u>713</u>	<u>52,817</u>	<u>(56)</u>	<u>(174)</u>	<u>-</u>	<u>(2,630)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(57,396)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(57,396)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(42,571)</u>	<u>(816)</u>	<u>713</u>	<u>52,817</u>	<u>(56)</u>	<u>(174)</u>	<u>-</u>	<u>(2,630)</u>
Cash and investments - ending	<u>\$ 14,825</u>	<u>\$ (816)</u>	<u>\$ 1,544</u>	<u>\$ 53,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,684</u>

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

	Childcare	Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Title I 2012-13	Title I 2013-14
Cash and investments - beginning	\$ 20,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,376)	\$ -
Receipts:								
Local sources	15,091	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	12,376	124,169
Other	-	-	-	-	-	-	-	-
Total receipts	15,091	-	-	-	-	-	12,376	124,169
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	120,030
Support services	-	633	1,413	-	-	-	-	9,634
Noninstructional services	15,622	-	-	-	-	-	-	3,626
Facilities acquisition and construction	-	300	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	15,622	933	1,413	-	-	-	-	133,290
Excess (deficiency) of receipts over disbursements	(531)	(933)	(1,413)	-	-	-	12,376	(9,121)
Other financing sources (uses):								
Transfers in	-	-	1,413	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	1,413	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(531)	(933)	-	-	-	-	12,376	(9,121)
Cash and investments - ending	\$ 20,155	\$ (933)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,121)

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

	Title I 2011-12	Improving Teaching Quality, No Child Left, Title II, Part A	6843 Title II Part A	Education Jobs	Cafeteria Prepaid	Payroll Clearing Funds	Totals
Cash and investments - beginning	\$ -	\$ (7,843)	\$ -	\$ -	\$ -	\$ 41,681	\$ 3,678,704
Receipts:							
Local sources	-	-	-	-	-	-	2,776,727
Intermediate sources	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	5,910,136
Federal sources	-	8,697	22,896	-	-	-	399,190
Other	-	-	-	-	207,127	1,314,888	1,528,608
Total receipts	-	8,697	22,896	-	207,127	1,314,888	10,614,717
Disbursements:							
Current:							
Instruction	-	-	20,206	-	-	-	4,942,063
Support services	-	-	-	-	-	-	3,209,517
Noninstructional services	-	-	-	-	-	-	562,438
Facilities acquisition and construction	-	854	15,208	-	-	-	332,065
Debt services	-	-	-	-	-	-	486,000
Other disbursements	-	-	-	-	201,305	1,317,332	1,518,637
Total disbursements	-	854	35,414	-	201,305	1,317,332	11,050,720
Excess (deficiency) of receipts over disbursements	-	7,843	(12,518)	-	5,822	(2,444)	(436,003)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	85,021
Transfers out	-	-	-	-	-	-	(85,208)
Total other financing sources (uses)	-	-	-	-	-	-	(187)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,843	(12,518)	-	5,822	(2,444)	(436,190)
Cash and investments - ending	\$ -	\$ -	\$ (12,518)	\$ -	\$ 5,822	\$ 39,237	\$ 3,242,514

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JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES
 June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Jac-Cen-Del Community School Building Corporation	Building renovations	\$ 489,000	7/15/2012	7/15/2030
Total of annual lease payments		<u>\$ 489,000</u>		

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE JAC-CEN-DEL COMMUNITY
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2014-004, 2014-005, 2014-006, and 2014-009 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management, Equipment and Real Property Management, Procurement and Suspension and Debarment, Reporting, Eligibility, and Special Tests and Provisions - Paid Lunch Equity 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.

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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-007, 2014-008, and 2014-010. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, and 2014-010 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

August 13, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program Cafeteria School Breakfast Program	Indiana Department of Education	10.553	69-6900	\$ 49,032	\$ 50,689
National School Lunch Program Cafeteria School Lunch Program	Indiana Department of Education	10.555	69-6900	218,652	219,560
Total - Child Nutrition Cluster				267,684	270,249
Total - Department of Agriculture				267,684	270,249
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies Title I 2013-2014	Indiana Department of Education	84.010	14-6900	173,235	136,544
Total - Title I, Part A Cluster				173,235	136,544
Special Education Cluster					
Special Education_Grants to States FY 2012	Indiana Department of Education	84.027	14212-052-PN01	50,235	-
FY 2013			14213-052-PN01	60,956	63,685
FY 2014			14214-052-PN01	-	57,556
Total - Special Education Cluster				111,191	121,241
Improving Teacher Quality State Grants Title II 2013-2014	Indiana Department of Education	84.367	14-6900	44,801	31,593
Education Jobs Fund	Indiana Department of Education	84.410	6900	2,693	-
Total - Department of Education				331,920	289,378
<u>Department of Health and Human Services</u>					
Preventive Health and Health Services Block Grant	Indiana Department of Health	93.991	400361014660013	-	100
Total - Department of Health and Human Services				-	100
Total federal awards expended				\$ 599,604	\$ 559,727

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	For the Year Ended June 30, 2013	For the Year Ended June 30, 2014
National School Lunch Program	10.555	\$ 40,023	\$ 39,197

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for Child Nutrition Cluster; Unmodified for Special Education 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

Section II - Financial Statement Findings

FINDING 2014-001 - SEGREGATION OF DUTIES OVER FINANCIAL TRANSACTIONS AND REPORTING AND PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to receipting. The Treasurer prepares the receipts and the deposit. The receipts are then reviewed by the Deputy Treasurer; however, there is no documentation of this review. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.
2. 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). The Treasurer prepared the SEFA; however, there was no control to ensure its accuracy.

The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: (a) total federal expenditures were incorrectly reported; and (b) expenditures and information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were omitted for some grant awards. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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:

- (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.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 69-6900
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the following compliance requirements: Allowable Costs/Cost Principles. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Allowable Costs/Cost Principles

For the fiscal years 2013 and 2014, there was no review of payroll to verify that all employees paid from the School Lunch fund were in fact school lunch employees.

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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."

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

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

FINDING 2014-003 - CASH MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING

Federal Agency: Department of Education

Federal Program: Special Education_Grants to States

CFDA Number: 84.027

Federal Award Number and Year (or Other Identifying Number): 14212-052-PN01, 14213-052-PN01,
14214-052-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Period of Availability, and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Cash Management, Period of Availability, and Reporting

There is no control to ensure that the Requests for Reimbursement submitted to the Ripley-Ohio-Dearborn Special Education Cooperative were accurate, that money is only being requested for expenses which have already been paid by the School Corporation, and that grant funds are not being spent after the period of availability has passed.

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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."

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

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

FINDING 2014-004 - CASH MANAGEMENT

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 69-6900
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the Cash Management compliance requirements that have a direct and material effect on the programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

There were no procedures established to ensure that the School Lunch fund cash balances were maintained in compliance with the Cash Management requirements. The failure to establish an effective internal control system allowed noncompliance with the requirements.

The School Corporation Food Service Department maintains a cash balance in excess of federal regulations. The average three month expenditures of the School Corporation for the school lunch program for fiscal year 2013 and fiscal year 2014, were \$133,755 and \$163,976, respectively. The month-end cash balances from the two year audit period ranged from \$208,836 to \$329,417. This compliance requirement was not monitored by the School Lunch Director or by any other employee of the School Corporation.

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR section 210.14(a) states in part:

"School food authorities shall maintain a nonprofit school food service . . ."

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)."

7 CFR section 210.2 defines net cash resources as:

"*Net cash resources* means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit school food service at any given time, less cash payable. Such monies may include, but are not limited to, cash on hand, cash receivable, earnings on investments, cash on deposit and the value of stocks, bonds or other negotiable securities."

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."

The cash balance maintained by the School Corporation resulted in noncompliance with program requirements that they must operate a nonprofit school food service and limit net cash resource. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal reimbursements.

We recommended that School Corporation officials implement procedures that would limit net cash resources to three months' average expenditures and to establish internal controls to ensure that its school food service program is operated as a nonprofit service.

FINDING 2014-005 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 69-6900
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the Equipment and Real Property Management compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required equipment procedures were applied to all applicable food service assets. There was no equipment ledger for assets that were purchased with the federal grant funds.

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

7 CFR 3016.32(d) states in part:

- "(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

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."

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the Equipment compliance requirement. We also recommended that the School Corporation's management create and maintain an equipment ledger of Cafeteria Capital Assets purchased with federal funds.

FINDING 2014-006 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 69-6900
Pass-Through Entity: Indiana Department of Education

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related the Procurement and Suspension and Debarment compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required Procurement, or Suspension and Debarment procedures were applied to all applicable purchases. The School Corporation did not obtain three written quotes from vendors for milk/dairy products in fiscal year 2013 and fiscal year 2014. In addition, there was no evidence that officials verified that bread and milk/dairy vendors were not suspended or debarred.

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

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

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

7 CFR 3016.35 states in part:

"Grantees and sub-grantees must not make any award or permit any award (sub-grant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, Debarment and Suspension."

7 CFR 3016.36 states in part:

"(b) *Procurement standards:*

- (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.
- (2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders."

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the School Corporation's officials establish and implement effective internal controls over and comply with Procurement and Suspension and Debarment requirements of the programs.

FINDING 2014-007 - REPORTING

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 69-6900
Pass-Through Entity: Indiana Department of Education

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

There were multiple months during the audit period where the number of meals for which the School Corporation requested reimbursement did not match the number of meals served shown in the School Corporation eTriton lunch software. Five monthly reimbursement requested were tested, and of those five there were three instances of incorrect reporting. The November 2012, February 2013, and May 2013 reimbursement requests all showed a number of meals served which was not reflected by the reports generated by the School Corporation's eTriton lunch software.

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

7 CFR 210.7(c)(1) states that school food authorities shall:

"(iii) Base Claims for Reimbursement on lunch counts, taken daily at the point of service, which correctly identify the number of free, reduced price and paid lunches served to eligible children;

(iv) Correctly record, consolidate and report those lunch and supplement counts on the Claim for Reimbursement; and

(v) Ensure that Claims for Reimbursement do not request payment for any excess lunches produced, as prohibited in §210.10(a)(2), or non-Program lunches (i.e., a la carte or adult lunches) or for more than one meal supplement per child per day."

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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."

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

We recommended that the School Corporation's management establish controls, including segregation of duties, and comply with the compliance requirements listed above.

FINDING 2014-008 - ELIGIBILITY

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 69-6900
Pass-Through Entity: Indiana Department of Education

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

For the audit period, there is no evidence available to indicate that parents who submitted Free and Reduced Price Meal Applications were informed of the status of their children, be it free, reduced, or paid. One procedure the School Corporation used was for parents to bring an application to the school and they are then informed of their student's status verbally. However, there is no evidence available for audit to indicate that they were informed either verbally or through the use of a letter. For parents who send in an application, a letter is mailed out to inform them of their student's status. School Corporation officials have also not retained any documentation to indicate that they have provided all parents with information detailing the eligibility criteria to be used. There is a lack of controls currently in place to ensure that parents are informed of the eligibility criteria, as well as their student's eligibility status, and that documentation is kept to indicate such.

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 245.6(c)(6) states:

Notice of approval—(i) Income applications.

"The local educational agency must promptly notify the household of the children's eligibility and provide the eligible children the benefits to which they are entitled."

7 CFR 245.5(a) states in part:

"After the State agency, or FNSRO where applicable, notifies the local educational agency (as defined in § 245.2) that its criteria for determining the eligibility of children for free and reduced price meals and for free milk have been approved, the local educational agency (as defined in § 245.2) shall publicly announce such criteria: *Provided however*, that no such public announcement shall be required for boarding schools, residential child care institutions (see § 210.2 of this chapter, definition of *Schools*), or a school which includes food service fees in its tuition, where all attending children are provided the same meals or milk. Such announcements shall be made at the beginning of each school year or, if notice of approval is given thereafter, within 10 days after the notice is received. The public announcement of such criteria, as a minimum, shall include the following:

- (1) Except as provided in § 245.6(b), a letter or notice and application distributed on or about the beginning of each school year, to the parents of all children in attendance at school. . . ."

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."

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

We recommended that the School Corporation put internal controls and procedures in place to ensure compliance with Eligibility standards.

FINDING 2014-009 - SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 69-6900
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the Special Tests and Provisions compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

For the audit period there was no preparation of Paid Lunch Equity calculations made by the School Corporation. There is a lack of controls currently in place to ensure that Paid Lunch Equity calculations are performed, and that they are accurate. Since the end of the audit period, the Head Cook at the elementary school has begun preparing the Paid Lunch Equity calculation, but there are no controls in place to ensure the accuracy of the calculations.

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

7 CFR 210.14(e) states in part:

"For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) Calculation procedures. Each school food authority shall:

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section."

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."

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

We recommended that the School Corporation put internal controls and procedures in place to ensure compliance with Paid Lunch Equity requirements.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-010 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education
Federal Program: Special Education_Grants to States
CFDA Number: 84.027
Federal Award Number and Year (or Other Identifying Number): 14212-052-PN01, 14213-052-PN01,
14214-052-PN01
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirements. The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with Allowable Costs/Cost Principles compliance requirements related to the program.

There is no control in place to ensure that only employees who worked with the Special Education program are paid with Special Education funds. In addition, any employee that worked solely with the Special Education program is required to support their salary and wages by a semiannual certification. All Special Education employees were listed on semiannual certifications, but for fiscal year 2014 the semiannual certifications were not signed by a supervisor with direct knowledge of the work performed by the employees as required.

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

OMB Circular A-87, Attachment B, paragraph 8(h)(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

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."

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. We also recommended that the School Corporation complete the semiannual certifications for each employee paid solely from Special Education funds and have them signed by the appropriate designee.

AUDITEE PREPARED DOCUMENT

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



JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION

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“Educating the Future”



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CORRECTIVE ACTION PLAN

August 8, 2015

FINDING 2014-001

Corrective action has already been put in place for receipts. The deputy treasurer reviews and signs off on all receipts and deposits before they are taken to the bank by the Treasurer.

Corrective action has already been put in place for the SEFA. The SEFA is reviewed by the Superintendent and signed off by both the superintendent and the treasurer. Some great advice was given to the treasurer on how to properly fill the SEFA out. Going forward it will be done properly.

FINDING 2014-002

Corrective action moving forward will be put into place to have the grant managers to review and sign off on all activities pertaining to their perspective grants. The treasurer and/or the superintendent will sign off on all reimbursement forms.

FINDING 2014-003

Corrective action moving forward will be put into place to have the grant managers to review and sign off on all activities pertaining to their perspective Grants. The treasurer and/or the superintendent will sign off on all reimbursement forms. Each payroll the distribution report will be printed for review and signed off by the treasurer and deputy treasurer.

FINDING 2014-004

Corrective action has already been put in place by communicating with cafeteria managers and advising them to put together a plan to help alleviate this matter. The central office staff is also discussing a plan to upgrade equipment for future projects.

FINDING 2014-005

Corrective action has already been put in place and the cafeteria managers are currently working on providing an inventory of all cafeteria assets. This inventory will be updated and maintained on a yearly basis.

FINDING 2014-006

Corrective action has already been put in place. This year the corporation obtained 3 bids on those areas necessary and also used the website to check for suspension and debarment of our vendors and all documentation has been kept.

FINDING 2014-007

Corrective action has already been put in place. Meal counts and dollar figures are checked on a monthly basis to insure that pricing and the proper number of meals served coincide with the number being requested for reimbursement as they should.

FINDING 2014-008

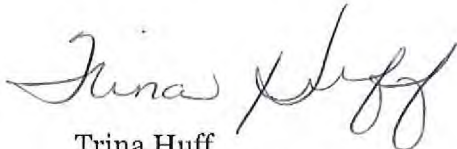
Corrective action has already been put in place. A copy of the letter provided to each parent sent notifying them of their Direct Certification is on file and each parent has signed off on the application indicating they were informed of their status. Those who apply throughout the year receive a copy of the notification letter, which will also be kept on file.

FINDING 2014-09

Corrective action has already been put in place. The PLE was filed by the treasure this year, reviewed and signed by the cafeteria manager at the High School.

FINDING 2014-010

The directors responsible for personnel working and being paid under their grant will be required to prepare and sign off on a Time and Effort log.



Trina Huff
Corporation Treasurer



Timothy Taylor
Superintendent

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.