

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH DEARBORN COMMUNITY
SCHOOL CORPORATION
DEARBORN COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
05/06/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca Heller Shawn Spindler	07-01-12 to 12-31-13 01-01-14 to 06-30-16
Superintendent of Schools	Dr. John Mehrle	07-01-12 to 06-30-16
President of the School Board	Daryl Cutter Gene Ferguson Bill Lane David Lusby	07-01-12 to 12-31-12 01-01-13 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the South Dearborn Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 25, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

February 25, 2016



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the South Dearborn 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 February 25, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Cost as item 2014-002.

South Dearborn 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

February 25, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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SOUTH DEARBORN 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	\$ 2,188,431	\$ 18,425,390	\$ 18,358,034	\$ (1,265,861)	\$ 989,926	\$ 18,108,285	\$ 16,940,891	\$ 77,190	\$ 2,234,510	
Debt Service	2,508,041	3,471,524	4,176,415	-	1,803,150	4,013,333	3,711,351	-	2,105,132	
Retirement/Severance Bond Debt Service	119,032	179,536	223,378	-	75,190	177,738	218,875	-	34,053	
Capital Projects	793,795	1,629,252	2,014,650	-	408,397	1,516,898	1,477,809	-	447,486	
School Transportation	743,993	1,600,216	2,000,239	194,220	538,190	1,622,152	1,691,391	-	468,951	
School Bus Replacement	43,301	-	-	-	43,301	-	-	-	43,301	
Rainy Day	216,172	-	183,222	431,594	464,544	-	71,208	(77,190)	316,146	
School Lunch	601,597	1,206,499	1,265,329	(2,430)	540,337	1,228,172	1,357,592	-	410,917	
Textbook Rental	241,608	366,390	267,330	4,981	345,649	353,209	451,052	76,414	324,220	
Self-Insurance	1,273,018	1,853,460	3,261,277	859,200	724,401	1,330,649	1,928,200	-	126,850	
Levy Excess	633,665	-	-	(633,665)	-	-	-	-	-	
SAFE School Haven	346	-	168	-	178	-	178	-	-	
Rising Sun Regional Foundation Grant	58,583	720,975	421,495	440,798	798,861	674,195	870,124	-	602,932	
SDHS Softball	-	-	-	-	-	19,995	19,995	-	-	
ECO 15	2,605	-	670	-	1,935	-	-	-	1,935	
Scholarships and Awards	272,516	4,216	4,138	-	272,594	2,526	1,176	-	273,944	
Miscellaneous Programs	3,029	-	-	-	3,029	-	-	-	3,029	
K.E. Pitts Library Memorial	1,843	59	-	-	1,902	-	-	-	1,902	
Indiana Next Leadership Grant	279	-	-	-	279	-	-	-	279	
State High Ability Grant	-	40,067	25,493	-	14,574	-	12,746	-	1,828	
High Ability Education Grant	-	-	-	-	-	-	266	-	(266)	
Instructional Support	17,827	218	18,045	-	-	35,411	17,142	-	18,269	
School Technology	33,664	21,264	19,211	-	35,717	27,679	58,215	-	5,181	
Title I	-	-	-	-	-	305,095	332,805	-	(27,710)	
Title I, 2011-2012	(16,407)	152,769	118,279	(18,083)	-	-	-	-	-	
Title I, 2012-2013	-	341,227	353,804	(985)	(13,562)	151,805	133,504	-	4,739	
Vocational and Technical Board Grants	-	-	-	-	-	6,433	6,433	-	-	
Medicaid Reimbursement - Federal	27,186	41,900	11,780	-	57,306	30,996	29,056	-	59,246	
Improving Teaching Quality, No Child Left, Title II, Part A	(16,108)	155,249	134,791	(4,788)	(438)	61,490	63,605	-	(2,553)	
Payroll	(393,551)	13,367,006	12,850,350	-	123,105	13,080,873	14,078,117	-	(874,140)	
Prepaid Food	3,368	511,058	508,268	-	6,157	518,207	515,747	-	8,617	
Education Jobs	(23,073)	47,577	24,504	-	-	-	-	-	-	
Totals	\$ 9,334,760	\$ 44,135,851	\$ 46,240,870	\$ 4,981	\$ 7,234,722	\$ 43,265,140	\$ 43,987,478	\$ 76,414	\$ 6,588,798	

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

SOUTH DEARBORN 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.

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, and revenue for or on behalf of the School Corporation.

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

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, 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.

Nonprogrammed charges which include outflows for scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

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

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

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

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 is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

SOUTH DEARBORN 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.

SOUTH DEARBORN 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 four funds with a deficit cash balance. The deficit cash balance in three of the four funds is due to the funds being set up for reimbursable grants. The reimbursements for the expenditures from these funds were not received by June 30, 2014.

The fourth fund, Payroll, has a deficit cash balance because insurance premiums were paid from the fund to the School Corporation's insurance consortium; however, funds were not properly transferred into the Payroll fund to fund these expenditures.

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

Note 8. *Holding Corporation*

The School Corporation has entered into a capital lease with Aurora 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 school years ended June 30, 2013 and 2014, totaled \$2,846,000 and \$2,868,000, respectively.

Note 9. *Subsequent Events*

On July 7, 2015, the Aurora School Building Corporation (the lessor) sold bonds in the amount of \$5,000,000 for the purpose of financing, improving, renovating, and equipping the school buildings within the School Corporation. The School Corporation will repay the debt with semiannual lease payments to the lessor.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 2,188,431	\$ 2,508,041	\$ 119,032	\$ 793,795	\$ 743,993	\$ 43,301	\$ 216,172	\$ 601,597	\$ 241,608	\$ 1,273,018	\$ 633,665
Receipts:											
Local sources	1,461,027	3,471,524	179,536	1,629,252	1,600,216	-	-	527,645	272,637	1,853,460	-
Intermediate sources	144,968	-	-	-	-	-	-	-	-	-	-
State sources	16,819,395	-	-	-	-	-	-	13,769	93,753	-	-
Federal sources	-	-	-	-	-	-	-	665,085	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total receipts	18,425,390	3,471,524	179,536	1,629,252	1,600,216	-	-	1,206,499	366,390	1,853,460	-
Disbursements:											
Current:											
Instruction	12,980,999	-	-	89	-	-	135,094	4,726	-	1,778,642	-
Support services	5,093,307	-	-	946,566	1,445,626	-	48,128	76,045	267,330	-	-
Noninstructional services	282,921	-	-	-	-	-	-	1,184,558	-	-	-
Facilities acquisition and construction	-	-	-	605,720	-	-	-	-	-	-	-
Debt services	-	4,176,415	223,378	462,275	554,613	-	-	-	-	-	-
Nonprogrammed charges	807	-	-	-	-	-	-	-	-	1,482,635	-
Total disbursements	18,358,034	4,176,415	223,378	2,014,650	2,000,239	-	183,222	1,265,329	267,330	3,261,277	-
Excess (deficiency) of receipts over disbursements	67,356	(704,891)	(43,842)	(385,398)	(400,023)	-	(183,222)	(58,830)	99,060	(1,407,817)	-
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	4,981	-	-
Transfers in	-	-	-	-	202,069	-	431,594	-	-	859,200	-
Transfers out	(1,265,861)	-	-	-	(7,849)	-	-	(2,430)	-	-	(633,665)
Total other financing sources (uses)	(1,265,861)	-	-	-	194,220	-	431,594	(2,430)	4,981	859,200	(633,665)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,198,505)	(704,891)	(43,842)	(385,398)	(205,803)	-	248,372	(61,260)	104,041	(548,617)	(633,665)
Cash and investments - ending	\$ 989,926	\$ 1,803,150	\$ 75,190	\$ 408,397	\$ 538,190	\$ 43,301	\$ 464,544	\$ 540,337	\$ 345,649	\$ 724,401	\$ -

SOUTH DEARBORN 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)

	SAFE School Haven	Rising Sun Regional Foundation Grant	SDHS Softball	ECO 15	Scholarships and Awards	Miscellaneous Programs	K.E. Pitts Library Memorial	Indiana Next Leadership Grant	State High Ability Grant	High Ability Education Grant	Instructional Support
Cash and investments - beginning	\$ 346	\$ 58,583	\$ -	\$ 2,605	\$ 272,516	\$ 3,029	\$ 1,843	\$ 279	\$ -	\$ -	\$ 17,827
Receipts:											
Local sources	-	720,975	-	-	4,216	-	59	-	4,485	-	218
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	35,582	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	720,975	-	-	4,216	-	59	-	40,067	-	218
Disbursements:											
Current:											
Instruction	168	354,280	-	670	-	-	-	-	25,493	-	18,045
Support services	-	24,155	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	43,060	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	4,138	-	-	-	-	-	-
Total disbursements	168	421,495	-	670	4,138	-	-	-	25,493	-	18,045
Excess (deficiency) of receipts over disbursements	(168)	299,480	-	(670)	78	-	59	-	14,574	-	(17,827)
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	440,798	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	440,798	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(168)	740,278	-	(670)	78	-	59	-	14,574	-	(17,827)
Cash and investments - ending	\$ 178	\$ 798,861	\$ -	\$ 1,935	\$ 272,594	\$ 3,029	\$ 1,902	\$ 279	\$ 14,574	\$ -	\$ -

SOUTH DEARBORN 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)

	School Technology	Title I	Title I, 2011-2012	Title I, 2012-2013	Vocational and Technical Board Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll	Prepaid Food	Education Jobs	Totals
Cash and investments - beginning	\$ 33,664	\$ -	\$ (16,407)	\$ -	\$ -	\$ 27,186	\$ (16,108)	\$ (393,551)	\$ 3,368	\$ (23,073)	\$ 9,334,760
Receipts:											
Local sources	21,264	-	-	-	-	-	-	-	-	-	11,746,514
Intermediate sources	-	-	-	-	-	-	-	-	-	-	144,968
State sources	-	-	-	-	-	-	-	-	-	-	16,962,499
Federal sources	-	-	152,769	341,227	-	41,900	155,249	-	-	47,577	1,403,807
Other	-	-	-	-	-	-	-	13,367,006	511,058	-	13,878,063
Total receipts	21,264	-	152,769	341,227	-	41,900	155,249	13,367,006	511,058	47,577	44,135,851
Disbursements:											
Current:											
Instruction	-	-	72,627	314,557	-	7,325	134,491	-	-	24,504	15,851,710
Support services	19,211	-	45,440	38,973	-	4,455	300	-	-	-	8,009,536
Noninstructional services	-	-	212	274	-	-	-	-	-	-	1,467,965
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	648,780
Debt services	-	-	-	-	-	-	-	-	-	-	5,416,681
Nonprogrammed charges	-	-	-	-	-	-	-	12,850,350	508,268	-	14,846,198
Total disbursements	19,211	-	118,279	353,804	-	11,780	134,791	12,850,350	508,268	24,504	46,240,870
Excess (deficiency) of receipts over disbursements	2,053	-	34,490	(12,577)	-	30,120	20,458	516,656	2,789	23,073	(2,105,019)
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	4,981
Transfers in	-	-	-	6,642	-	-	-	-	-	-	1,940,303
Transfers out	-	-	(18,083)	(7,627)	-	-	(4,788)	-	-	-	(1,940,303)
Total other financing sources (uses)	-	-	(18,083)	(985)	-	-	(4,788)	-	-	-	4,981
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,053	-	16,407	(13,562)	-	30,120	15,670	516,656	2,789	23,073	(2,100,038)
Cash and investments - ending	\$ 35,717	\$ -	\$ -	\$ (13,562)	\$ -	\$ 57,306	\$ (438)	\$ 123,105	\$ 6,157	\$ -	\$ 7,234,722

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 989,926	\$ 1,803,150	\$ 75,190	\$ 408,397	\$ 538,190	\$ 43,301	\$ 464,544	\$ 540,337	\$ 345,649	\$ 724,401	\$ -
Receipts:											
Local sources	1,505,821	4,013,333	177,738	1,516,898	1,619,009	-	-	540,149	275,873	1,330,649	-
Intermediate sources	28,497	-	-	-	-	-	-	-	-	-	-
State sources	16,572,638	-	-	-	-	-	-	85,305	77,336	-	-
Federal sources	-	-	-	-	-	-	-	602,718	-	-	-
Other	1,329	-	-	-	3,143	-	-	-	-	-	-
Total receipts	18,108,285	4,013,333	177,738	1,516,898	1,622,152	-	-	1,228,172	353,209	1,330,649	-
Disbursements:											
Current:											
Instruction	12,636,487	-	-	15	1,565	-	11,945	3,330	-	222,221	-
Support services	4,031,233	(89)	-	1,077,381	1,689,826	-	59,263	193,101	451,052	770	-
Noninstructional services	266,306	-	-	-	-	-	-	1,161,161	-	-	-
Facilities acquisition and construction	6,865	-	-	400,413	-	-	-	-	-	-	-
Debt services	-	3,711,440	218,875	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	1,705,209	-
Total disbursements	16,940,891	3,711,351	218,875	1,477,809	1,691,391	-	71,208	1,357,592	451,052	1,928,200	-
Excess (deficiency) of receipts over disbursements	1,167,394	301,982	(41,137)	39,089	(69,239)	-	(71,208)	(129,420)	(97,843)	(597,551)	-
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	76,414	-	-
Transfers in	77,190	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(77,190)	-	-	-	-
Total other financing sources (uses)	77,190	-	-	-	-	-	(77,190)	-	76,414	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,244,584	301,982	(41,137)	39,089	(69,239)	-	(148,398)	(129,420)	(21,429)	(597,551)	-
Cash and investments - ending	\$ 2,234,510	\$ 2,105,132	\$ 34,053	\$ 447,486	\$ 468,951	\$ 43,301	\$ 316,146	\$ 410,917	\$ 324,220	\$ 126,850	\$ -

SOUTH DEARBORN 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)

	SAFE School Haven	Rising Sun Regional Foundation Grant	SDHS Softball	ECO 15	Scholarships and Awards	Miscellaneous Programs	K.E. Pitts Library Memorial	Indiana Next Leadership Grant	State High Ability Grant	High Ability Education Grant	Instructional Support
Cash and investments - beginning	\$ 178	\$ 798,861	\$ -	\$ 1,935	\$ 272,594	\$ 3,029	\$ 1,902	\$ 279	\$ 14,574	\$ -	\$ -
Receipts:											
Local sources	-	674,195	19,995	-	2,526	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	35,411
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	674,195	19,995	-	2,526	-	-	-	-	-	35,411
Disbursements:											
Current:											
Instruction	178	394,611	-	-	-	-	-	-	12,746	266	17,142
Support services	-	471,063	19,995	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	4,450	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,176	-	-	-	-	-	-
Total disbursements	178	870,124	19,995	-	1,176	-	-	-	12,746	266	17,142
Excess (deficiency) of receipts over disbursements	(178)	(195,929)	-	-	1,350	-	-	-	(12,746)	(266)	18,269
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(178)	(195,929)	-	-	1,350	-	-	-	(12,746)	(266)	18,269
Cash and investments - ending	\$ -	\$ 602,932	\$ -	\$ 1,935	\$ 273,944	\$ 3,029	\$ 1,902	\$ 279	\$ 1,828	\$ (266)	\$ 18,269

SOUTH DEARBORN 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)

	School Technology	Title I	Title I, 2011-2012	Title I, 2012-2013	Vocational and Technical Board Grants	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll	Prepaid Food	Education Jobs	Totals
Cash and investments - beginning	\$ 35,717	\$ -	\$ -	\$ (13,562)	\$ -	\$ 57,306	\$ (438)	\$ 123,105	\$ 6,157	\$ -	\$ 7,234,722
Receipts:											
Local sources	27,679	-	-	-	6,433	-	-	-	-	-	11,710,298
Intermediate sources	-	-	-	-	-	-	-	-	-	-	28,497
State sources	-	-	-	-	-	-	-	-	-	-	16,770,690
Federal sources	-	305,095	-	151,805	-	30,996	61,490	-	-	-	1,152,104
Other	-	-	-	-	-	-	-	13,080,873	518,207	-	13,603,551
Total receipts	27,679	305,095	-	151,805	6,433	30,996	61,490	13,080,873	518,207	-	43,265,140
Disbursements:											
Current:											
Instruction	-	298,841	-	118,790	-	1,060	57,105	-	-	-	13,776,302
Support services	58,215	33,687	-	14,714	6,433	27,996	6,500	-	-	-	8,141,140
Noninstructional services	-	277	-	-	-	-	-	-	-	-	1,427,744
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	411,728
Debt services	-	-	-	-	-	-	-	-	-	-	3,930,315
Nonprogrammed charges	-	-	-	-	-	-	-	14,078,117	515,747	-	16,300,249
Total disbursements	58,215	332,805	-	133,504	6,433	29,056	63,605	14,078,117	515,747	-	43,987,478
Excess (deficiency) of receipts over disbursements	(30,536)	(27,710)	-	18,301	-	1,940	(2,115)	(997,244)	2,460	-	(722,338)
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	76,414
Transfers in	-	-	-	-	-	-	-	-	-	-	77,190
Transfers out	-	-	-	-	-	-	-	-	-	-	(77,190)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	76,414
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(30,536)	(27,710)	-	18,301	-	1,940	(2,115)	(997,244)	2,460	-	(645,924)
Cash and investments - ending	\$ 5,181	\$ (27,710)	\$ -	\$ 4,739	\$ -	\$ 59,246	\$ (2,553)	\$ (874,140)	\$ 8,617	\$ -	\$ 6,588,798

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 910,200</u>	<u>\$ 30,264</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Aurora School Building Corporation	First Mortgage Bonds, Series 2004	<u>\$ 2,888,000</u>	7/15/2005	1/15/2025
Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year	
Governmental activities: Revenue bonds	School Severance Funding	\$ 1,125,000	\$ 218,766	
Notes and loans payable	Common School Fund Loan	<u>6,318,942</u>	<u>821,462</u>	
Totals		<u>\$ 7,443,942</u>	<u>\$ 1,040,228</u>	

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Other Matters

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

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

Report on Internal Control Over Compliance

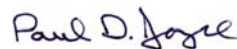
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over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

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

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

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

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

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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.

SOUTH DEARBORN 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	Indiana Department of Education	10.553			
FY 13			13-1600	\$ 122,131	\$ -
FY 14			14-1600	-	125,968
Total for program				<u>122,131</u>	<u>125,968</u>
National School Lunch Program	Indiana Department of Education	10.555			
FY 13			13-1600	629,481	-
FY 14			14-1600	-	635,727
Total for program				<u>629,481</u>	<u>635,727</u>
Total for cluster				<u>751,612</u>	<u>761,695</u>
Total for federal grantor agency				<u>751,612</u>	<u>761,695</u>
<u>Institution of Museum and Library Services</u>					
Grants to States	Indiana Department of Education	45.310			
FY 14			14-1600	-	6,433
Total for federal grantor agency				<u>-</u>	<u>6,433</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
FY 12			12-1600	152,770	-
FY 13			13-1600	341,227	151,805
FY 14			14-1600	-	305,095
Total for cluster				<u>493,997</u>	<u>456,900</u>

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

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2013 and 2014
 (Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Special Education Cluster (IDEA)					
Special Education-Grants To States	Indiana Department of Education	84.027			
FY 12			14212-130-PN01	203,286	-
FY 13			14213-052-PN01	194,405	233,593
FY 14			14214-052-PN01	-	134,827
			99914-052-TA01	-	<u>1,564</u>
Total for program				<u>397,691</u>	<u>369,984</u>
Special Education-Preschool Grants					
Indiana Department of Education	Indiana Department of Education	84.173			
FY 12			45712-130-PN01	2,095	-
FY 13			45713-052-PN01	1,118	3,407
FY 14			45714-052-PN01	-	<u>82</u>
Total for program				<u>3,213</u>	<u>3,489</u>
Total for cluster				<u>400,904</u>	<u>373,473</u>
Improving Teacher Quality State Grants					
Indiana Department of Education	Indiana Department of Education	84.367			
FY 13			12-1600	155,249	-
FY 14			13-1600	-	<u>61,490</u>
Total for program				<u>155,249</u>	<u>61,490</u>
Education Jobs Fund					
Indiana Department of Education	Indiana Department of Education	84.410			
FY 13			13-1600	<u>47,577</u>	-
Total for program				<u>47,577</u>	-
Total for federal grantor agency				<u>1,097,727</u>	<u>891,863</u>
Total federal awards expended				<u>\$ 1,849,339</u>	<u>\$ 1,659,991</u>

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

SOUTH DEARBORN 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	2013	2014
National School Lunch Program	10.555	\$ 86,527	\$ 86,857

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Title I, Part A Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to cash and investments, receipts, and vendor disbursements. During the audit period the Treasurer was primarily responsible for issuing receipts, depositing receipts, issuing vendor checks, recording transactions in the financial accounting system, and reconciling the funds ledger to the depository balance.
2. The School Corporation's internal controls over payroll disbursements require approval of the disbursement by the School Board. Payroll disbursements were not approved by the School Board in 2 of the 40 disbursements tested.

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

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

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

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

FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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. There was no evidence presented that the information was reviewed or approved by another individual.

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:

1. The expenditures presented for audit for CFDA 84.010, Title I Grants To Local Educational Agencies were understated in the amount of \$297,932.
2. The expenditures presented for audit for CFDA 84.027, Special Education-Grants to States were overstated in the amount of \$1,243,586.
3. The expenditures presented for audit for CFDA 84.173, Special Education-Preschool Grants were overstated in the amount of \$125,302.

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)

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

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.
- (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 2014-003 - CASH MANAGEMENT, ELIGIBILITY, REPORTING, AND SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-1600, 13-1600, 14-1600

Pass-Through Entity: Indiana Department of Education

SOUTH DEARBORN 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 to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Reporting, and Special Tests and Provisions.

Cash Management and Reporting: Reimbursement requests were prepared and submitted to the State by the Treasurer. There was no control in place to ensure that reimbursement requests were accurate and reflected only expenditures paid prior to requesting reimbursement.

Eligibility

Secretaries from each school building update student information that was submitted on the Real Time Report, and used to determine eligibility. There was no control in place to ensure the Real Time Report information is accurate prior to submission. For eligibility of individuals, the School Corporation prepares an assessment of the students based on various testing modules to determine eligibility. There was no control in place to ensure the assessment was properly performed in accordance with criteria established by the School Corporation.

Special Tests and Provisions (Comparability)

The Assistant Superintendent prepared the Title I comparability reports. No evidence was presented to indicate that a control was in place to ensure that the comparability reports were accurate and complete.

Special Tests and Provisions (Annual Report Card/High School Graduation Rate): The School Corporation utilized a Withdrawal/Exit Interview Form to support removal of a student from the cohort. The control established by the School Corporation was that the Withdrawal/Exit Interview Forms were reviewed and signed by the building principal; however the forms presented for audit did not contain the signature of the building principal.

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.

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

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

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

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

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

FINDING 2014-004 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-1600, 13-1600, 14-1600

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. 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.

The School Corporation did not have a system in place to ensure compliance with the Circular A-87 regulations for time and effort reporting. The semiannual certification activity reports include all employees that worked exclusively on Title I activities. Only one of the four semiannual certification activity reports was presented for audit.

An internal control system 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.

OMB Circular A-87, Attachment B, Section B (h), Compensation for personal services, states in part:

"Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation . . .

- (3) 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 semiannually will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
 - (a) More than one Federal award
 - (b) A Federal award and a non-Federal award

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

- (c) An indirect cost activity and a direct cost activity
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity."

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

"The audit shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee 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. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls and policies and procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirements of the program.

FINDING 2014-005 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education

Federal Program: Special Education-Grants to States; Special Education-Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14212-130-PN01, 14213-052-PN01,
14214-052-PN01, 99914-052-TA01,
45712-130-PN01, 45713-052-PN01,
45714-052-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 and Reporting.

The School Corporation designated a fiscal agent to receive and manage the funding of the Special Education programs. The School Corporation did not have controls in place to monitor the fiscal agent's system of internal control. We noted the following deficiencies in the internal control system of the fiscal agent:

Cash Management

Requests for Reimbursement were prepared by the fiscal agent's Treasurer. There was no control in place to ensure that expenditures were paid prior to requesting reimbursement.

Reporting

The Requests for Reimbursement and Final Expenditure Reports were prepared and submitted by the fiscal agent's Treasurer. There was no control in place to ensure that the reports were accurate prior to submission.

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

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.

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-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 with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

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AUDITEE PREPARED DOCUMENTS

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



6109 Squire Place, Aurora, IN 47001 www.sdsc.k12.in.us T: 812-926-2090 F: 812-926-4216

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-2 – CASH MANAGEMENT AND INTERNAL CONTROLS OVER CASH MANAGEMENT

Original Assigned SBA Audit Report Number: B42040
Report Period: 07-01-10 to 06-30-12
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Shawn Spindler, Treasurer
Contact Phone Number: 812-926-2090

Requests for reimbursement are based on actual expenditures, not budgeted expenditures. Reimbursements are submitted on the 1st and 15th of the month (unless these dates are weekends, then the prior business day is used).

FINDING 2012-3 – INTERNAL CONTROLS OVER ALLOWABLE ACTIVITIES AND ALLOWABLE COSTS/ COST PRINCIPLES

Original Assigned SBA Audit Report Number: B42040
Report Period: 07-01-10 to 06-30-12
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Shawn Spindler, Treasurer
Contact Phone Number: 812-926-2090

All payroll claims are reviewed by the Corporate Treasurer who approves by signing each payroll register.



(Signature)

Corporate Treasurer

(Title)

10/14/15

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Shawn Spindler, Treasurer
Contact Phone Number: 812.926.2090

Description of Corrective Action Plan:

1. The School Corporation has hired an assistant since the audit period to help with the lack of segregation of duties. This person issues all receipts, issues all checks, and will be trained on reconciling the funds ledger. The Treasurer reviews all receipts and claims prior to issuing checks. The Superintendent and Assistant Superintendent also review the claims prior to issuing checks.
2. The School Corporation has implemented several controls to ensure all payroll disbursements are approved by the School Board. This includes review by the Treasurer and Assistant Superintendent, and verification that the ledger matches with the payroll reports.

Anticipated Completion Date: January 26, 2016

FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Shawn Spindler, Treasurer
Contact Phone Number: 812.926.2090

Description of Corrective Action Plan: After completion of the SEFA, it will be reviewed and approved by both the Superintendent and Assistant Superintendent.

Anticipated Completion Date: July 1, 2016

FINDING 2014-003 - CASH MANAGEMENT, ELIGIBILITY, REPORTING, AND SPECIAL TESTS AND PROVISIONS

Contact Person Responsible for Corrective Action: Shawn Spindler, Treasurer
Eric Lows, Assistant Superintendent/Title I Director
Contact Phone Number: 812.926.2090

Description of Corrective Action Plan: The School Corporation has implemented additional control over the cash management and reporting of the Title I program. Prior to submission of reimbursement requests, the Treasurer reviews the request with the Assistant Superintendent/Title I Director who then signs off on it. When determining eligibility for Title I, we will begin to have each principal sign off on the assessment reports showing they have reviewed for accuracy. Prior to submission to the state for the Real Time Reports, we will also have the principals sign off on them after reviewing. For the comparability reports, the Assistant Superintendent will complete the reports and then review with the Treasurer and Superintendent who will approve. Moving forward, the Withdrawal forms will be reviewed and signed by the building principal as they have control of the building.

Anticipated Completion Date: July 1, 2016

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FINDING 2014-004 - ALLOWABLE COSTS/ COST PRINCIPLES

Contact Person Responsible for Corrective Action: Eric Lows, Assistant Superintendent/Title I Director
Contact Phone Number: 812.926.2090

Description of Corrective Action Plan: The Assistant Superintendent/Title I Director will ensure that all semi-annual certification activity reports will be completed twice per year.

Anticipated Completion Date: January 26, 2016

FINDING 2014-005 - CASH MANAGEMENT AND REPORTING

Contact Person Responsible for Corrective Action: Shawn Spindler, Treasurer
Contact Phone Number: 812.926.2090

Description of Corrective Action Plan: The ROD co-op has implemented a control regarding cash management for the reimbursement requests. The Treasurer will prepare the requests and the Director will approve and sign off on them. A control will be implemented for the reporting to where the requests will be presented to the Board, which consists of school Superintendents, and have them approve and sign off on them.

Anticipated Completion Date: July 1, 2016



(Signature)



(Title)



(Date)

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OTHER REPORTS

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