

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

OREGON-DAVIS SCHOOL CORPORATION
STARKE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
08/16/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-33
Schedule of Payables and Receivables	34
Schedule of Leases and Debt	35
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	38-39
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	42-43
Notes to Schedule of Expenditures of Federal Awards	44
Schedule of Findings and Questioned Costs	45-56
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	58-60
Corrective Action Plan	61-64
Other Reports.....	65

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nicole Salazar	07-01-14 to 06-30-17
Superintendent of Schools	Gregory L. Briles James Dermody Dr. Donald E. Harman	07-01-14 to 12-31-15 01-01-16 to 06-30-16 07-01-16 to 12-31-17
President of the School Board	Christopher Lawrence Kurt Hayes Christopher Lawrence	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE OREGON-DAVIS SCHOOL CORPORATION, STARKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Oregon-Davis School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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 from 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 to 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 June 26, 2017, 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

June 26, 2017



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE OREGON-DAVIS SCHOOL CORPORATION, STARKE 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 Oregon-Davis School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated June 26, 2017, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 2016-001 and 2016-002 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 from 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 2016-002.

Oregon-Davis 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

June 26, 2017

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

(This page intentionally left blank.)

OREGON-DAVIS SCHOOL CORPORATION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 445,803	\$ 3,979,313	\$ 4,102,434	\$ 1,202	\$ 323,884	\$ 4,030,663	\$ 4,137,217	\$ (81,452)	\$ 135,878
Referendum Tax Levy	162,935	411,285	438,061	-	136,159	437,917	496,683	-	77,393
Debt Service	193,794	1,043,177	985,500	-	251,471	1,058,102	896,500	-	413,073
Retirement/Severance Bond Debt Service	8,017	-	-	-	8,017	-	-	-	8,017
Capital Projects	649,730	661,914	669,864	250	642,030	595,491	816,067	-	421,454
School Transportation	171,737	497,087	466,553	13,851	216,122	495,522	460,003	(44,871)	206,770
School Bus Replacement	123,714	165,561	218,366	-	70,909	108,275	96,046	-	83,138
Rainy Day	399,577	50,000	50,000	(250,000)	149,577	25,527	-	45,000	220,104
Retirement/Severance Bond	19,733	-	-	-	19,733	-	-	-	19,733
Post-Retirement/Severance Future Benefits	21,075	-	114,328	250,000	156,747	1,200	83,133	-	74,814
School Lunch	40,822	338,670	333,110	-	46,382	342,269	368,742	-	19,909
Textbook Rental	90,694	62,245	114,141	-	38,798	60,120	104,428	-	(5,510)
Self-Insurance	351,282	312,564	339,266	-	324,580	298,696	338,863	-	284,413
Levy Excess	13,851	129	-	(13,851)	129	-	-	(129)	-
Educational License Plates	3,482	113	-	-	3,595	113	-	-	3,708
Alternative Education	13,646	8,328	18,000	-	3,974	9,251	5,344	-	7,881
School Library Printed Material	(1,105)	-	-	1,105	-	-	-	-	-
Early Intervention Grant	118	-	-	-	118	-	-	-	118
Library Donations	270	-	270	-	-	-	-	-	-
Scholarships and Awards	500	800	1,100	-	200	-	-	-	200
Pledges - Starke United	1,896	-	-	-	1,896	43	-	-	1,939
Award Elementary Instruction Enhancement	2,627	-	-	-	2,627	-	-	-	2,627
American Dairy Assoc. Indiana	-	1,375	172	-	1,203	-	1,203	-	-
Formative Assessment	-	-	-	-	-	7,166	7,166	-	-
High Ability Grant	2,665	26,321	19,156	-	9,830	-	9,830	-	-
High Ability Grant 2009-2010	29	-	-	-	29	27,384	20,264	-	7,149
Medicaid Reimbursement	47	2,801	-	(2,263)	585	4,412	-	(3,603)	1,394
Secured Schools Safety Grant	(7,200)	33,579	36,129	-	(9,750)	16,921	31,767	-	(24,596)
Non-English Speaking Programs	281	-	281	-	-	-	-	-	-
School Technology	1,912	3,669	4,827	-	754	4,404	2,914	-	2,244
Technology Grant* New Tech H.S.	(1,084)	1,084	-	-	-	-	-	-	-
Performance Based Awards	-	11,801	-	(11,395)	406	10,448	10,854	-	-
Miscellaneous Programs	2,124	-	-	-	2,124	-	-	-	2,124
Northern Indiana Comm Foundation	-	-	-	-	-	500	500	-	-
Excess PTRC Distributions	22,728	-	-	-	22,728	-	-	-	22,728
Wellness Program	441	2,160	-	-	2,601	-	462	-	2,139
Title I FY 2012	(71,824)	263,030	216,763	-	(25,557)	241,952	234,285	-	(17,890)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(10,928)	140,009	142,030	-	(12,949)	168,920	165,848	-	(9,877)
Special Education Tech Assistance	-	220	220	-	-	355	355	-	-
Special Education Pre-School	(64)	5,974	5,932	-	(22)	2,628	2,876	-	(270)
Vocational Carl Perkins Grant	-	2,846	2,846	-	-	2,846	2,846	-	-
Career & Technical Educ Grant	817	-	-	-	817	-	-	-	817
Medicaid Reimbursement - Federal	1,635	4,569	386	-	5,818	7,198	8,699	-	4,317
Other Federal Programs	(57,413)	369,457	341,213	11,395	(17,774)	121,834	190,462	86,402	-
Improving Teacher Quality, No Child Left, Title II, Part A	-	30,772	30,772	-	-	31,141	32,421	-	(1,280)
Rural Schools Achievement	(2,912)	35,970	35,560	-	(2,502)	27,486	30,038	-	(5,054)
Title III - English Proficiency Migrant	291	-	-	-	291	-	-	-	291
Qualified School Construction Bond	4,517	-	-	-	4,517	-	-	-	4,517
Payroll Clearing	883	1,049,621	1,048,727	-	1,777	1,081,564	1,081,433	-	1,908
Totals	\$ 2,601,143	\$ 9,516,444	\$ 9,736,007	\$ 294	\$ 2,381,874	\$ 9,220,348	\$ 9,637,249	\$ 1,347	\$ 1,966,320

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

OREGON-DAVIS 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, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

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

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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.

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

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. Most are a result of the funds being set up for reimbursable grants. Reimbursements for expenditures were not received by June 30, 2015 or 2016. The Textbook Rental fund was overdrawn due to expenditures exceeding receipts and available cash balances.

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into capital leases with Oregon-Davis Building Corporation Phase III (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$973,003 and \$884,484, respectively.

Note 9. *Other Postemployment Benefits*

The School Corporation provides health insurance benefits to eligible retirees and their spouses. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports 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.

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

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 445,803	\$ 162,935	\$ 193,794	\$ 8,017	\$ 649,730	\$ 171,737	\$ 123,714	\$ 399,577
Receipts:								
Local sources	51,641	411,285	1,043,177	-	586,009	463,325	115,561	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	3,924,305	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	50,000	50,000
Other receipts	3,367	-	-	-	75,905	33,762	-	-
Total receipts	3,979,313	411,285	1,043,177	-	661,914	497,087	165,561	50,000
Disbursements:								
Instruction	2,591,513	340,883	-	-	-	-	-	-
Support services	1,507,177	17,456	-	-	274,960	466,553	168,366	-
Noninstructional services	1,464	79,722	-	-	-	-	-	-
Facilities acquisition and construction	2,280	-	-	-	394,904	-	-	-
Debt service	-	-	985,500	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	50,000	50,000
Total disbursements	4,102,434	438,061	985,500	-	669,864	466,553	218,366	50,000
Excess (deficiency) of receipts over disbursements	(123,121)	(26,776)	57,677	-	(7,950)	30,534	(52,805)	-
Other financing sources (uses):								
Sale of capital assets	44	-	-	-	250	-	-	-
Transfers in	2,263	-	-	-	-	13,851	-	-
Transfers out	(1,105)	-	-	-	-	-	-	(250,000)
Total other financing sources (uses)	1,202	-	-	-	250	13,851	-	(250,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(121,919)	(26,776)	57,677	-	(7,700)	44,385	(52,805)	(250,000)
Cash and investments - ending	\$ 323,884	\$ 136,159	\$ 251,471	\$ 8,017	\$ 642,030	\$ 216,122	\$ 70,909	\$ 149,577

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

	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates
Cash and investments - beginning	\$ 19,733	\$ 21,075	\$ 40,822	\$ 90,694	\$ 351,282	\$ 13,851	\$ 3,482
Receipts:							
Local sources	-	-	107,842	36,597	312,564	129	-
Intermediate sources	-	-	-	-	-	-	113
State sources	-	-	3,196	25,648	-	-	-
Federal sources	-	-	227,308	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	324	-	-	-	-
Total receipts	-	-	338,670	62,245	312,564	129	113
Disbursements:							
Instruction	-	114,328	-	-	-	-	-
Support services	-	-	12	114,141	-	-	-
Noninstructional services	-	-	333,098	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	339,266	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	114,328	333,110	114,141	339,266	-	-
Excess (deficiency) of receipts over disbursements	-	(114,328)	5,560	(51,896)	(26,702)	129	113
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	250,000	-	-	-	-	-
Transfers out	-	-	-	-	-	(13,851)	-
Total other financing sources (uses)	-	250,000	-	-	-	(13,851)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	135,672	5,560	(51,896)	(26,702)	(13,722)	113
Cash and investments - ending	\$ 19,733	\$ 156,747	\$ 46,382	\$ 38,798	\$ 324,580	\$ 129	\$ 3,595

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

	Alternative Education	School Library Printed Material	Early Intervention Grant	Library Donations	Scholarships and Awards	Pledges - Starke United	Award Elementary Instruction Enhancement
Cash and investments - beginning	\$ 13,646	\$ (1,105)	\$ 118	\$ 270	\$ 500	\$ 1,896	\$ 2,627
Receipts:							
Local sources	-	-	-	-	800	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	8,328	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>8,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>
Disbursements:							
Instruction	18,000	-	-	-	-	-	-
Support services	-	-	-	270	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,100	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>270</u>	<u>1,100</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(9,672)</u>	<u>-</u>	<u>-</u>	<u>(270)</u>	<u>(300)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	1,105	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,105</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>(9,672)</u>	<u>1,105</u>	<u>-</u>	<u>(270)</u>	<u>(300)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,974</u>	<u>\$ -</u>	<u>\$ 118</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,896</u>	<u>\$ 2,627</u>

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

	American Dairy Assoc. Indiana	Formative Assessment	High Ability Grant	High Ability Grant 2009-2010	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ -	\$ -	\$ 2,665	\$ 29	\$ 47	\$ (7,200)	\$ 281
Receipts:							
Local sources	1,375	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	26,321	-	2,801	33,579	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>1,375</u>	<u>-</u>	<u>26,321</u>	<u>-</u>	<u>2,801</u>	<u>33,579</u>	<u>-</u>
Disbursements:							
Instruction	-	-	19,156	-	-	-	281
Support services	-	-	-	-	-	36,129	-
Noninstructional services	172	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>172</u>	<u>-</u>	<u>19,156</u>	<u>-</u>	<u>-</u>	<u>36,129</u>	<u>281</u>
Excess (deficiency) of receipts over disbursements	<u>1,203</u>	<u>-</u>	<u>7,165</u>	<u>-</u>	<u>2,801</u>	<u>(2,550)</u>	<u>(281)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(2,263)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,263)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,203</u>	<u>-</u>	<u>7,165</u>	<u>-</u>	<u>538</u>	<u>(2,550)</u>	<u>(281)</u>
Cash and investments - ending	<u>\$ 1,203</u>	<u>\$ -</u>	<u>\$ 9,830</u>	<u>\$ 29</u>	<u>\$ 585</u>	<u>\$ (9,750)</u>	<u>\$ -</u>

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

	School Technology	Technology Grant* New Tech H.S.	Performance Based Awards	Miscellaneous Programs	Northern Indiana Comm Foundation	Excess PTRC Distributions	Wellness Program
Cash and investments - beginning	\$ 1,912	\$ (1,084)	\$ -	\$ 2,124	\$ -	\$ 22,728	\$ 441
Receipts:							
Local sources	-	-	-	-	-	-	2,160
Intermediate sources	-	1,084	-	-	-	-	-
State sources	3,669	-	11,801	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>3,669</u>	<u>1,084</u>	<u>11,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160</u>
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	4,827	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>4,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,158)</u>	<u>1,084</u>	<u>11,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(11,395)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(11,395)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,158)</u>	<u>1,084</u>	<u>406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160</u>
Cash and investments - ending	<u>\$ 754</u>	<u>\$ -</u>	<u>\$ 406</u>	<u>\$ 2,124</u>	<u>\$ -</u>	<u>\$ 22,728</u>	<u>\$ 2,601</u>

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

	Title I FY 2012	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Education Tech Assistance	Special Education Pre- School	Vocational Carl Perkins Grant	Career & Technical Educ Grant	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ (71,824)	\$ (10,928)	\$ -	\$ (64)	\$ -	\$ 817	\$ 1,635
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	263,030	140,009	220	5,974	2,846	-	4,569
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>263,030</u>	<u>140,009</u>	<u>220</u>	<u>5,974</u>	<u>2,846</u>	<u>-</u>	<u>4,569</u>
Disbursements:							
Instruction	154,371	142,030	220	-	2,846	-	386
Support services	62,392	-	-	5,932	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>216,763</u>	<u>142,030</u>	<u>220</u>	<u>5,932</u>	<u>2,846</u>	<u>-</u>	<u>386</u>
Excess (deficiency) of receipts over disbursements	<u>46,267</u>	<u>(2,021)</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>4,183</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>46,267</u>	<u>(2,021)</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>4,183</u>
Cash and investments - ending	<u>\$ (25,557)</u>	<u>\$ (12,949)</u>	<u>\$ -</u>	<u>\$ (22)</u>	<u>\$ -</u>	<u>\$ 817</u>	<u>\$ 5,818</u>

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

	Other Federal Programs	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools Achievement	Title III - English Proficiency Migrant	Qualified School Construction Bond	Payroll Clearing	Totals
Cash and investments - beginning	\$ (57,413)	\$ -	\$ (2,912)	\$ 291	\$ 4,517	\$ 883	\$ 2,601,143
Receipts:							
Local sources	-	-	-	-	-	-	3,132,465
Intermediate sources	-	-	-	-	-	-	1,197
State sources	-	-	-	-	-	-	4,039,648
Federal sources	369,457	30,772	35,970	-	-	-	1,080,155
Interfund loans	-	-	-	-	-	-	100,000
Other receipts	-	-	-	-	-	1,049,621	1,162,979
Total receipts	<u>369,457</u>	<u>30,772</u>	<u>35,970</u>	<u>-</u>	<u>-</u>	<u>1,049,621</u>	<u>9,516,444</u>
Disbursements:							
Instruction	-	15,572	-	-	-	-	3,399,586
Support services	341,213	15,200	35,560	-	-	-	3,050,188
Noninstructional services	-	-	-	-	-	-	414,456
Facilities acquisition and construction	-	-	-	-	-	-	397,184
Debt service	-	-	-	-	-	-	985,500
Nonprogrammed charges	-	-	-	-	-	1,048,727	1,389,093
Interfund loans	-	-	-	-	-	-	100,000
Total disbursements	<u>341,213</u>	<u>30,772</u>	<u>35,560</u>	<u>-</u>	<u>-</u>	<u>1,048,727</u>	<u>9,736,007</u>
Excess (deficiency) of receipts over disbursements	<u>28,244</u>	<u>-</u>	<u>410</u>	<u>-</u>	<u>-</u>	<u>894</u>	<u>(219,563)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	294
Transfers in	11,395	-	-	-	-	-	278,614
Transfers out	-	-	-	-	-	-	(278,614)
Total other financing sources (uses)	<u>11,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>39,639</u>	<u>-</u>	<u>410</u>	<u>-</u>	<u>-</u>	<u>894</u>	<u>(219,269)</u>
Cash and investments - ending	<u>\$ (17,774)</u>	<u>\$ -</u>	<u>\$ (2,502)</u>	<u>\$ 291</u>	<u>\$ 4,517</u>	<u>\$ 1,777</u>	<u>\$ 2,381,874</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 323,884	\$ 136,159	\$ 251,471	\$ 8,017	\$ 642,030	\$ 216,122	\$ 70,909	\$ 149,577
Receipts:								
Local sources	65,965	437,917	1,058,102	-	471,339	474,990	108,275	25,527
Intermediate sources	-	-	-	-	-	-	-	-
State sources	3,960,946	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	3,752	-	-	-	124,152	20,532	-	-
Total receipts	<u>4,030,663</u>	<u>437,917</u>	<u>1,058,102</u>	<u>-</u>	<u>595,491</u>	<u>495,522</u>	<u>108,275</u>	<u>25,527</u>
Disbursements:								
Instruction	2,659,483	375,089	-	-	-	-	-	-
Support services	1,475,724	54,310	-	-	326,065	460,003	96,046	-
Noninstructional services	-	67,284	-	-	-	-	-	-
Facilities acquisition and construction	2,010	-	-	-	490,002	-	-	-
Debt service	-	-	896,500	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>4,137,217</u>	<u>496,683</u>	<u>896,500</u>	<u>-</u>	<u>816,067</u>	<u>460,003</u>	<u>96,046</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(106,554)</u>	<u>(58,766)</u>	<u>161,602</u>	<u>-</u>	<u>(220,576)</u>	<u>35,519</u>	<u>12,229</u>	<u>25,527</u>
Other financing sources (uses):								
Sale of capital assets	1,347	-	-	-	-	-	-	-
Transfers in	3,603	-	-	-	-	129	-	45,000
Transfers out	(86,402)	-	-	-	-	(45,000)	-	-
Total other financing sources (uses)	<u>(81,452)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,871)</u>	<u>-</u>	<u>45,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(188,006)</u>	<u>(58,766)</u>	<u>161,602</u>	<u>-</u>	<u>(220,576)</u>	<u>(9,352)</u>	<u>12,229</u>	<u>70,527</u>
Cash and investments - ending	<u>\$ 135,878</u>	<u>\$ 77,393</u>	<u>\$ 413,073</u>	<u>\$ 8,017</u>	<u>\$ 421,454</u>	<u>\$ 206,770</u>	<u>\$ 83,138</u>	<u>\$ 220,104</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates
Cash and investments - beginning	\$ 19,733	\$ 156,747	\$ 46,382	\$ 38,798	\$ 324,580	\$ 129	\$ 3,595
Receipts:							
Local sources	-	1,200	100,774	33,808	298,696	-	-
Intermediate sources	-	-	-	-	-	-	113
State sources	-	-	3,006	26,099	-	-	-
Federal sources	-	-	238,173	-	-	-	-
Other receipts	-	-	316	213	-	-	-
Total receipts	<u>-</u>	<u>1,200</u>	<u>342,269</u>	<u>60,120</u>	<u>298,696</u>	<u>-</u>	<u>113</u>
Disbursements:							
Instruction	-	83,133	-	-	-	-	-
Support services	-	-	2,124	93,343	1,558	-	-
Noninstructional services	-	-	366,618	-	-	-	-
Facilities acquisition and construction	-	-	-	11,085	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	337,305	-	-
Total disbursements	<u>-</u>	<u>83,133</u>	<u>368,742</u>	<u>104,428</u>	<u>338,863</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(81,933)</u>	<u>(26,473)</u>	<u>(44,308)</u>	<u>(40,167)</u>	<u>-</u>	<u>113</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(129)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(81,933)</u>	<u>(26,473)</u>	<u>(44,308)</u>	<u>(40,167)</u>	<u>(129)</u>	<u>113</u>
Cash and investments - ending	<u>\$ 19,733</u>	<u>\$ 74,814</u>	<u>\$ 19,909</u>	<u>\$ (5,510)</u>	<u>\$ 284,413</u>	<u>\$ -</u>	<u>\$ 3,708</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Alternative Education	School Library Printed Material	Early Intervention Grant	Library Donations	Scholarships and Awards	Pledges - Starke United	Award Elementary Instruction Enhancement
Cash and investments - beginning	\$ 3,974	\$ -	\$ 118	\$ -	\$ 200	\$ 1,896	\$ 2,627
Receipts:							
Local sources	-	-	-	-	-	43	-
Intermediate sources	-	-	-	-	-	-	-
State sources	9,251	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>9,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>-</u>
Disbursements:							
Instruction	5,344	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>5,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>-</u>
Cash and investments - ending	<u>\$ 7,881</u>	<u>\$ -</u>	<u>\$ 118</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,939</u>	<u>\$ 2,627</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	American Dairy Assoc. Indiana	Formative Assessment	High Ability Grant	High Ability Grant 2009-2010	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 1,203	\$ -	\$ 9,830	\$ 29	\$ 585	\$ (9,750)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	7,166	-	27,384	4,412	16,921	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	7,166	-	27,384	4,412	16,921	-
Disbursements:							
Instruction	-	-	9,830	20,264	-	-	-
Support services	-	7,166	-	-	-	31,767	-
Noninstructional services	1,203	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,203	7,166	9,830	20,264	-	31,767	-
Excess (deficiency) of receipts over disbursements	(1,203)	-	(9,830)	7,120	4,412	(14,846)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(3,603)	-	-
Total other financing sources (uses)	-	-	-	-	(3,603)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,203)	-	(9,830)	7,120	809	(14,846)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 7,149	\$ 1,394	\$ (24,596)	\$ -

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	School Technology	Technology Grant* New Tech H.S.	Performance Based Awards	Miscellaneous Programs	Northern Indiana Comm Foundation	Excess PTRC Distributions	Wellness Program
Cash and investments - beginning	\$ 754	\$ -	\$ 406	\$ 2,124	\$ -	\$ 22,728	\$ 2,601
Receipts:							
Local sources	-	-	-	-	500	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	4,404	-	10,448	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>4,404</u>	<u>-</u>	<u>10,448</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>
Disbursements:							
Instruction	-	-	10,854	-	500	-	-
Support services	2,914	-	-	-	-	-	462
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>2,914</u>	<u>-</u>	<u>10,854</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>462</u>
Excess (deficiency) of receipts over disbursements	<u>1,490</u>	<u>-</u>	<u>(406)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(462)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,490</u>	<u>-</u>	<u>(406)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(462)</u>
Cash and investments - ending	<u>\$ 2,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,124</u>	<u>\$ -</u>	<u>\$ 22,728</u>	<u>\$ 2,139</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Title I FY 2012	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Education Tech Assistance	Special Education Pre- School	Vocational Carl Perkins Grant	Career & Technical Educ Grant	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ (25,557)	\$ (12,949)	\$ -	\$ (22)	\$ -	\$ 817	\$ 5,818
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	241,952	168,920	355	2,628	2,846	-	7,198
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>241,952</u>	<u>168,920</u>	<u>355</u>	<u>2,628</u>	<u>2,846</u>	<u>-</u>	<u>7,198</u>
Disbursements:							
Instruction	154,048	165,848	355	-	2,846	-	8,699
Support services	80,237	-	-	2,876	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>234,285</u>	<u>165,848</u>	<u>355</u>	<u>2,876</u>	<u>2,846</u>	<u>-</u>	<u>8,699</u>
Excess (deficiency) of receipts over disbursements	<u>7,667</u>	<u>3,072</u>	<u>-</u>	<u>(248)</u>	<u>-</u>	<u>-</u>	<u>(1,501)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>7,667</u>	<u>3,072</u>	<u>-</u>	<u>(248)</u>	<u>-</u>	<u>-</u>	<u>(1,501)</u>
Cash and investments - ending	\$ <u>(17,890)</u>	\$ <u>(9,877)</u>	\$ <u>-</u>	\$ <u>(270)</u>	\$ <u>-</u>	\$ <u>817</u>	\$ <u>4,317</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Other Federal Programs	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools Achievement	Title III - English Proficiency Migrant	Qualified School Construction Bond	Payroll Clearing	Totals
Cash and investments - beginning	\$ (17,774)	\$ -	\$ (2,502)	\$ 291	\$ 4,517	\$ 1,777	\$ 2,381,874
Receipts:							
Local sources	-	-	-	-	-	-	3,077,136
Intermediate sources	-	-	-	-	-	-	113
State sources	-	-	-	-	-	-	4,070,037
Federal sources	121,834	31,141	27,486	-	-	-	842,533
Other receipts	-	-	-	-	-	1,081,564	1,230,529
Total receipts	<u>121,834</u>	<u>31,141</u>	<u>27,486</u>	<u>-</u>	<u>-</u>	<u>1,081,564</u>	<u>9,220,348</u>
Disbursements:							
Instruction	-	9,204	-	-	-	-	3,505,497
Support services	190,462	23,217	30,038	-	-	-	2,878,312
Noninstructional services	-	-	-	-	-	-	435,105
Facilities acquisition and construction	-	-	-	-	-	-	503,097
Debt service	-	-	-	-	-	-	896,500
Nonprogrammed charges	-	-	-	-	-	1,081,433	1,418,738
Total disbursements	<u>190,462</u>	<u>32,421</u>	<u>30,038</u>	<u>-</u>	<u>-</u>	<u>1,081,433</u>	<u>9,637,249</u>
Excess (deficiency) of receipts over disbursements	<u>(68,628)</u>	<u>(1,280)</u>	<u>(2,552)</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>(416,901)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	1,347
Transfers in	86,402	-	-	-	-	-	135,134
Transfers out	-	-	-	-	-	-	(135,134)
Total other financing sources (uses)	<u>86,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,347</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>17,774</u>	<u>(1,280)</u>	<u>(2,552)</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>(415,554)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (1,280)</u>	<u>\$ (5,054)</u>	<u>\$ 291</u>	<u>\$ 4,517</u>	<u>\$ 1,908</u>	<u>\$ 1,966,320</u>

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 3,507,510</u>	<u>\$ 2,838,214</u>

OREGON-DAVIS SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Inc	Lease Rental	\$ 83,670	06/01/2014	02/01/2018
US Bank Equipment Finance	Lease Rental	7,440	09/29/2014	10/01/2019
Oregon-Davis Building Corporation Phase III	To refund First Mortgage Refunding Bonds, Series 2002 and improvements at the Jr/Sr High School	742,500	04/17/2012	07/15/2023
Oregon-Davis Building Corporation Phase III	Renovation of the Elementary School	228,375	01/12/2010	01/01/2025
Oregon-Davis Building Corporation Phase III	Renovation of the Jr/Sr High School	<u>24,625</u>	12/30/2009	01/15/2027
Total of annual lease payments		<u>\$ 1,086,610</u>		

(This page intentionally left blank.)

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 OREGON-DAVIS SCHOOL CORPORATION, STARKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Oregon-Davis 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, 2014 to June 30, 2016. 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, 2014 to June 30, 2016.

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 2016-007. 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

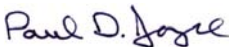
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 a 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 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007 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

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2014/2015 FY 2015/2016	\$ - -	\$ 62,752 -	\$ - -	\$ - 72,021
Total - School Breakfast Program				-	62,752	-	72,021
National School Lunch Program	Indiana Department of Education	10.555	FY 2014/2015 FY 2015/2016	- -	156,147 -	- -	- 158,929
National School Lunch Commodities			FY 2014/2015 FY 2015/2016	- -	21,148 -	- -	- 21,309
Total - National School Lunch Program				-	177,295	-	180,238
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2014/2015 FY 2015/2016	- -	2,845 -	- -	- 2,842
Total - Summer Food Service Program for Children				-	2,845	-	2,842
Total - Child Nutrition Cluster				-	242,892	-	255,101
Child and Adult Care Food Program							
After School Snack	Indiana Department of Education	10.558	FY 2014/2015 FY 2015/2016	- -	8,409 -	- -	- 7,223
Total - Child and Adult Care Food Program				-	8,409	-	7,223
Total - Department of Agriculture				-	251,301	-	262,324
Department of Education							
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010	14-7495 15-7495 15-7495 16-7495	- - - -	106,893 156,138 - -	- - - -	- - 56,827 185,125
Total - Title I Grants to Local Educational Agencies				-	263,031	-	241,952
Special Education Cluster (IDEA)							
Special Education_Grants to States							
	Indiana Department of Education	84.027	14213-137-PN01 14214-137-PN01 14215-137-PN01 14216-108-PN01 99914-137-TA01	- - - - -	28 26,452 113,529 - 220	- - - - -	- - 32,766 136,154 355
Total - Special Education_Grants to State				-	140,229	-	169,275

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

OREGON-DAVIS SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016
 (Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Education (continued)</u>							
Special Education Cluster (IDEA) (continued)							
Special Education_Preschool Grants	Indiana Department of Education						
FY 2015 Federal Part B 619 Funds		84.173	45715-137-PN01	-	5,974	-	21
FY 2016 Federal Part B 619 Funds			45716-108-PN01	-	-	-	2,607
Total - Special Education_Preschool Grants				-	5,974	-	2,628
Total - Special Education Cluster (IDEA)				-	146,203	-	171,903
Career and Technical Education -- Basic Grants to States	Plymouth Community School Corporation	84.048					
			FY 2014/2015	-	2,846	-	-
			FY 2015/2016	-	-	-	2,846
Total - Career and Technical Education -- Basic Grants to States				-	2,846	-	2,846
Rural Education	Direct Grant	84.358					
			S358A148048	-	18,722	-	-
			S358A158048	-	17,248	-	17,172
			S358A168048	-	-	-	10,314
Total - Rural Education				-	35,970	-	27,486
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
			2012-2014	-	6,100	-	-
			2013-2015	-	23,575	-	2,005
			2014-2016	-	1,097	-	14,711
			2015-2017	-	-	-	14,426
Total - Improving Teacher Quality State Grants				-	30,772	-	31,142
Teacher Incentive Fund	Indiana Department of Education	84.374					
			FY 2014/2015	-	369,457	-	-
			FY 2015/2016	-	-	-	121,833
Total - Teacher Incentive Fund				-	369,457	-	121,833
Total - Department of Education				-	848,279	-	597,162
Total federal awards expended				\$ -	\$ 1,099,580	\$ -	\$ 859,486

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

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)
84.374	Teacher Incentive Fund

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

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

FINDING 2016-001 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

There was a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to receipts. There was no evidence that different people issued the receipts, prepared the deposit slips, made the deposits, and traced the daily receipts to the deposit.

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. 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 action. Separating the ability to record, authorize, and approve the transactions along with the handling of the related asset reduces the risk of error or fraudulent actions. It also reduces the risk of management override. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management had not established a proper system of internal control, including segregation of duties.

Effect

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

Views of Responsible Officials

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

FINDING 2016-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). One employee prepared the SEFA without controls to ensure its accuracy before submission.

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The SEFA presented for audit contained the following errors:

1. The Teacher Incentive Fund expenditures were overstated by \$392,248 for the school year ended June 30, 2015.
2. The Special Education Cluster (IDEA) expenditures were understated by \$220 for the school year ended June 30, 2015.
3. The Child Nutrition Cluster did not include commodities of \$21,148 for the school year ended June 30, 2015. The Child Nutrition Cluster also did not include the Summer Food Service Program for Children in the amount of \$2,845 and \$2,842 for the school years ended June 30, 2015 and 2016, respectively.

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. 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 action. Separating the ability to record, authorize, and approve the transactions along with the handling of the related asset reduces the risk of error or fraudulent actions. It also reduces the risk of management override. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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 §.310. . . ."

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

"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.
. . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003 - INTERNAL CONTROLS OVER TEACHER INCENTIVE FUND

Federal Agency: Department of Education

Federal Program: Teacher Incentive Fund

CFDA Number: 84.374

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014/2015, FY 2015/2016

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Availability of Federal Funds compliance requirements. The majority of the program expenditures were for payroll. There were no controls in place to ensure that only applicable teachers' payroll was charged to the Teacher Incentive Fund program or that payroll transactions were within the period of availability.

Context

The lack of controls was a systemic problem. There were no documented controls over the compliance requirements noted in the *Condition* throughout the audit period.

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-004 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014/2015, FY 2015/2016

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting compliance requirements.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The School Corporation had not established an effective internal control system to ensure that payroll disbursements were for allowable activities and allowable costs. There was no review of payroll expenditures prior to payment.

Reporting

The School Corporation had not established an effective internal control system to ensure that the monthly Sponsor Claim (claim for reimbursement) were accurate. There was no review of the monthly Sponsor Claim (claim for reimbursement) prior to submission.

Context

The lack of controls was a systemic problem which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-005 - INTERNAL CONTROLS OVER SPECIAL EDUCATION CLUSTER (IDEA)

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-137-PN01, 14214-137-PN01,
14215-137-PN01, 14216-108-PN01,
99914-137-TA01, 45715-137-PN01,
45716-108-PN01

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Period of Availability of Federal Funds compliance requirements. The majority of the program expenditures were for payroll. There were no controls in place to ensure that only applicable teacher's payroll were charged to the Special Education_Grants to States and Special Education_Preschool Grants programs, or that payroll transactions were within the period of availability.

Context

The lack of controls was a systemic problem. There were no documented controls over the compliance requirements noted in the *Condition* throughout the audit period.

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

**FINDING 2016-006 - INTERNAL CONTROLS OVER TITLE I
GRANTS TO LOCAL EDUCATIONAL AGENCIES**

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-7495, 15-7495, 16-7495
Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Availability of Federal Funds compliance requirements. The majority of the program expenditures were for payroll. There were no controls in place to ensure that only applicable teachers' payroll was charged to the Title I Grants to Local Educational Agencies program or that payroll transactions were within the period of availability.

Context

The lack of controls was a systemic problem. There were no documented controls over the compliance requirements noted in the *Condition* throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

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

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-007 - SPECIAL TESTS AND PROVISIONS - ASSESSMENT SECURITY SYSTEM

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-7495, 15-7495, 16-7495

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Assessment Security System portion of the Special Tests and Provisions compliance requirement.

The School Corporation was required to maintain Indiana Testing Security and Integrity Agreements for any individual who administers, handles, or has access to secure test materials at the district or school level. There were no agreements retained for audit for the 2014-2015 school year.

Context

The lack of controls and noncompliance was a systemic problem which occurred during the first year of the audit period.

Criteria

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

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

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Indiana Assessment Program Manual, Chapter 10, Section 4, Part D states in part: ". . . Ensure all applicable school and corporation staff review and sign the Indiana Testing Security and Integrity Agreement annually by the end of September as described in the Code of Ethical Practices and Procedures. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Assessment Security System requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Special Tests and Provisions - Assessment Security System compliance requirement. We also recommended that the School Corporation comply with the Special Tests and Provisions - Assessment Security System requirements.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

OREGON-DAVIS SCHOOL CORPORATION

Dr. Donald E. Harman, Superintendent

5998 North 750 East

Hamlet, IN 46532

574-867-2111

FAX 574-867-8191

www.odschools.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Nicole Salazar

Contact Phone Number: 574-867-2111

Status of Audit Finding: Our net cash resources for the School Lunch Fund are monitored on a monthly basis. Applications for free and reduced price lunches are reviewed and verified by a second person.

Nicole Salazar
(Signature)

Treasurer
(Title)

04-27-2017
(Date)

OREGON-DAVIS SCHOOL CORPORATION

Dr. Donald E. Harman, Superintendent

5998 North 750 East

Hamlet, IN 46532

574-867-2111

FAX 574-867-8191

www.odschools.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Nicole Salazar

Contact Phone Number: 574-867-2111

Status of Audit Finding: Applications for free and reduced price lunches are kept in a file for all that are required to fill out an application. Notification of eligibility letters are sent home to all that filled out applications and copies are kept in the free and reduced lunch file. Those who are direct certified receive a notice of direct certification and copies of those are also kept in the free and reduced file.

Nicole Salazar
(Signature)

Treasurer
(Title)

04-27-2017
(Date)

OREGON-DAVIS SCHOOL CORPORATION
Dr. Donald E. Harman, Superintendent
5998 North 750 East
Hamlet, IN 46532
574-867-2111
FAX 574-867-8191
www.odschools.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Nicole Salazar
Contact Phone Number: 574-867-2111

Status of Audit Finding: Reimbursement requests are reviewed and signed by a second person.

Nicole Salazar
(Signature)

Treasurer
(Title)

04-26-2017
(Date)

OREGON-DAVIS SCHOOL CORPORATION

Dr. Donald E. Harman, Superintendent

5998 North 750 East

Hamlet, IN 46532

574-867-2111

FAX 574-867-8191

www.odschools.org

CORRECTIVE ACTION PLAN

FINDING 2016-001 - FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Nicole Salazar

Contact Phone Number: 574-867-2111

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We have implemented a system that requires the preparer and a second party to initial receipts and corresponding reports, deposit slips and bank receipts.

Anticipated Completion Date: July 1, 2017

FINDING 2016-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Nicole Salazar

Contact Phone Number: 574-867-2111

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We have implemented controls so that there has to be dual signatures on the Schedule of Expenditures of Federal Awards before submission.

Anticipated Completion Date: July 1, 2017

FINDING 2016-003 - INTERNAL CONTROLS OVER TEACHER INCENTIVE FUND

Contact Person Responsible for Corrective Action: Nicole Salazar
Contact Phone Number: 574-867-2111

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We have implemented controls that require a second party review and initial the payroll distribution report and subsequent reimbursement request for all expenditures for all federal grants.

Anticipated Completion Date: July 1, 2017

FINDING 2016-004 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

Contact Person Responsible for Corrective Action: Nicole Salazar
Contact Phone Number: 574-867-2111

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We have implemented controls that require a second party review and initial the payroll distribution report and subsequent reimbursement request for all expenditures for all federal grants.

Anticipated Completion Date: July 1, 2017

FINDING 2016-005 - INTERNAL CONTROLS OVER SPECIAL EDUCATION CLUSTER (IDEA)

Contact Person Responsible for Corrective Action: Nicole Salazar
Contact Phone Number: 574-867-2111

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We have implemented controls that require a second party review and initial the payroll distribution report and subsequent reimbursement request for all expenditures for all federal grants.

Anticipated Completion Date: July 1, 2017

FINDING 2016-006 - INTERNAL CONTROLS OVER TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Contact Person Responsible for Corrective Action: Nicole Salazar
Contact Phone Number: 574-867-2111

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We have implemented controls that require a second party review and initial the payroll distribution report and subsequent reimbursement request for all expenditures for all federal grants.

Anticipated Completion Date: July 1, 2017

FINDING 2016-007 - SPECIAL TESTS AND PROVISIONS - ASSESSMENT SECURITY SYSTEM

Contact Person Responsible for Corrective Action: Nicole Salazar
Contact Phone Number: 574-867-2111

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We have implemented controls that require all Indiana Testing Security and Integrity Agreements for any individual who administers, handles, or has access to secure test materials at the district or school level be kept on file until such time as they are released by Indiana Archives and Records Administration for disposal.

Anticipated Completion Date: July 1, 2017

Nicole Salazar
(Signature)

Treasurer
(Title)

06-26-17
(Date)

OTHER REPORTS

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