

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SUNMAN-DEARBORN COMMUNITY  
SCHOOL CORPORATION  
DEARBORN COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
08/31/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Charles Blake (deceased)	07-01-13 to 11-18-14
	Mary Ann Baines (interim)	11-19-14 to 01-08-15
	Mary Ann Baines	01-09-15 to 12-31-17
Superintendent of Schools	Dr. Jeffery Hendrix	07-01-13 to 06-30-14
	Dr. John Williams	07-01-14 to 06-30-15
	Dr. Andrew Jackson	07-01-15 to 06-30-20
President of the School Board	Jeff Lyness	01-01-13 to 12-31-14
	Michael Norman	01-01-15 to 12-31-17



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Sunman-Dearborn Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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, 2013 to June 30, 2015.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated July 31, 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

July 31, 2017



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Sunman-Dearborn Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated July 31, 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 a material weakness.

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 item 2015-001 to be a material weakness.

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 2015-001.

**Sunman-Dearborn Community School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

July 31, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,396,769	\$ 24,499,985	\$ 25,777,819	\$ 241,780	\$ 360,715	\$ 24,368,875	\$ 24,706,628	\$ 71	\$ 23,033
Debt Service	2,509,798	8,066,447	6,469,222	(241,530)	3,865,493	7,327,644	6,694,379	-	4,498,758
Retirement/Severance Bond Debt Service	333,775	1,281,055	1,074,966	-	539,864	1,233,982	1,075,042	-	698,804
Capital Projects	1,587,880	2,698,715	2,567,733	-	1,718,862	2,657,242	2,778,614	-	1,597,490
School Transportation	1,588,035	3,027,157	3,056,578	5,820	1,564,434	2,994,230	2,350,391	-	2,208,273
School Bus Replacement	248,702	966,824	283,194	-	932,332	916,808	698,000	-	1,151,140
Rainy Day	1,632,171	-	-	-	1,632,171	-	90,000	-	1,542,171
Retirement/Severance Bond	760,924	-	262,666	-	498,258	-	176,473	-	321,785
School Lunch	534,927	1,713,624	1,738,502	-	510,049	1,676,225	1,803,874	-	382,400
Textbook Rental	181,346	466,034	471,701	-	175,679	494,288	630,555	23,485	62,897
Levy Excess	-	-	-	-	-	1,078	-	-	1,078
Pre-Paid Lunch	24,772	1,037,835	1,037,749	-	24,858	1,027,128	1,026,499	-	25,488
Educational License Plates	8,437	169	-	-	8,606	-	4,274	-	4,332
Payroll	10	6,120,245	6,120,320	-	(65)	5,823,810	5,803,829	-	19,916
Kroger Foundation	-	1,918	1,918	-	-	-	-	-	-
Summer Art	(373)	6,066	1,008	-	4,685	(250)	3,721	-	714
Dearborn County Foundation-Heart of Gold Grant	625	-	625	-	-	-	-	-	-
Dearborn County Foundation Grants	20,321	100,000	30,453	-	89,868	-	89,868	-	-
Envoy Scholarships	8,163	-	-	-	8,163	-	-	-	8,163
Donation-Education Foundation	150,067	141,773	311,428	-	(19,588)	61,276	41,931	-	(243)
City of Lawrenceburg Grant	768,139	539,276	696,194	-	611,221	314,370	611,222	-	314,369
Miscellaneous Programs	-	-	-	-	-	14,633	14,633	-	-
EDUC Foundation	-	-	-	-	-	62,593	28,026	-	34,567
High Ability Grant	15,382	42,928	48,284	-	10,026	40,440	41,781	-	8,685
S-DIS Outdoor Lab	1,484	-	-	-	1,484	-	-	-	1,484
Secured Schools Safety Grant	-	-	-	-	-	49,695	61,835	-	(12,140)
Non-English Speaking Programs P.L. 273-1999	-	-	-	-	-	1,741	1,741	-	-
School Technology	453	8,664	20,325	-	(11,208)	8,715	(3,392)	-	899
Performance Based Awards	-	-	-	-	-	182,190	175,926	-	6,264
E-Rate Technology	27,138	24,278	2,680	-	48,736	28,526	34,249	-	43,013
Title I	(14,058)	238,385	247,404	-	(23,077)	258,052	249,810	-	(14,835)
Title V Part A	10	-	-	-	10	-	10	-	-
R-O-D Federal Grant	(24)	-	(24)	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(44,630)	118,248	70,754	-	2,864	67,816	78,117	-	(7,437)
Title III-Lawrenceburg	263	-	1,848	-	(1,585)	1,546	(39)	-	-
Athletics	-	25,130	26,766	-	(1,636)	28,729	27,093	-	-
<b>Totals</b>	<b>\$ 11,740,506</b>	<b>\$ 51,124,756</b>	<b>\$ 50,320,113</b>	<b>\$ 6,070</b>	<b>\$ 12,551,219</b>	<b>\$ 49,641,382</b>	<b>\$ 49,295,090</b>	<b>\$ 23,556</b>	<b>\$ 12,921,067</b>

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, 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.

SUNMAN-DEARBORN COMMUNITY 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.

*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 services.* 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.

*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.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

**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.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Funding Policy and Annual Pension Cost*

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of funds being set as reimbursable grant or donation funds. The reimbursement for expenditures made by the School Corporation were not received by the School Corporation by July 30, 2014 and 2015. The Payroll fund was negative as of June 30, 2014, due to a posting error. This error was corrected in the subsequent period.

**Note 9. Holding Corporations**

The School Corporation has entered into various capital leases with Sunman-Dearborn Intermediate School Building Corporation, Sunman-Dearborn High School Building Corporation, and Northeast Dearborn School Building Corporations (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related-party of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$7,302,659 and \$7,262,426, respectively.

**Note 10. Other Postemployment Benefits**

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

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,396,769	\$ 2,509,798	\$ 333,775	\$ 1,587,880	\$ 1,588,035	\$ 248,702	\$ 1,632,171	\$ 760,924	\$ 534,927	\$ 181,346
Receipts:										
Local sources	2,217,935	8,066,447	1,281,055	2,698,715	3,022,516	966,824	-	-	1,057,422	390,634
Intermediate sources	39	-	-	-	-	-	-	-	-	-
State sources	22,282,011	-	-	-	-	-	-	-	31,712	75,400
Federal sources	-	-	-	-	-	-	-	-	618,037	-
Other receipts	-	-	-	-	4,641	-	-	-	6,453	-
Total receipts	24,499,985	8,066,447	1,281,055	2,698,715	3,027,157	966,824	-	-	1,713,624	466,034
Disbursements:										
Instruction	20,829,186	-	-	-	-	-	-	106,936	-	-
Support services	4,600,924	-	-	894,932	3,056,578	283,194	-	155,730	33,925	471,701
Noninstructional services	347,709	-	-	-	-	-	-	-	1,704,577	-
Facilities acquisition and construction	-	-	-	1,672,801	-	-	-	-	-	-
Debt services	-	6,469,222	1,074,966	-	-	-	-	-	-	-
Total disbursements	25,777,819	6,469,222	1,074,966	2,567,733	3,056,578	283,194	-	262,666	1,738,502	471,701
Excess (deficiency) of receipts over disbursements	(1,277,834)	1,597,225	206,089	130,982	(29,421)	683,630	-	(262,666)	(24,878)	(5,667)
Other financing sources (uses):										
Sale of capital assets	250	-	-	-	5,820	-	-	-	-	-
Transfers in	241,530	-	-	-	-	-	-	-	-	-
Transfers out	-	(241,530)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	241,780	(241,530)	-	-	5,820	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,036,054)	1,355,695	206,089	130,982	(23,601)	683,630	-	(262,666)	(24,878)	(5,667)
Cash and investments - ending	\$ 360,715	\$ 3,865,493	\$ 539,864	\$ 1,718,862	\$ 1,564,434	\$ 932,332	\$ 1,632,171	\$ 498,258	\$ 510,049	\$ 175,679

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

	Levy Excess	Pre- Paid Lunch	Educational License Plates	Payroll	Kroger Foundation	Summer Art	Dearborn County Foundation- Heart of Gold Grant	Dearborn County Foundation Grants	Envoy Scholarships
Cash and investments - beginning	\$ -	\$ 24,772	\$ 8,437	\$ 10	\$ -	\$ (373)	\$ 625	\$ 20,321	\$ 8,163
Receipts:									
Local sources	-	1,037,835	-	-	-	6,066	-	100,000	-
Intermediate sources	-	-	169	-	1,918	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	6,120,245	-	-	-	-	-
Total receipts	-	1,037,835	169	6,120,245	1,918	6,066	-	100,000	-
Disbursements:									
Instruction	-	-	-	-	1,918	1,008	-	14,420	-
Support services	-	-	-	6,120,320	-	-	625	-	-
Noninstructional services	-	1,037,749	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	16,033	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,037,749	-	6,120,320	1,918	1,008	625	30,453	-
Excess (deficiency) of receipts over disbursements	-	86	169	(75)	-	5,058	(625)	69,547	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	86	169	(75)	-	5,058	(625)	69,547	-
Cash and investments - ending	\$ -	\$ 24,858	\$ 8,606	\$ (65)	\$ -	\$ 4,685	\$ -	\$ 89,868	\$ 8,163

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

	Donation- Education Foundation	City of Lawrenceburg Grant	Miscellaneous Programs	EDUC Foundation	High Ability Grant	S-DIS Outdoor Lab	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 150,067	\$ 768,139	\$ -	\$ -	\$ 15,382	\$ 1,484	\$ -	\$ -	\$ 453
Receipts:									
Local sources	141,773	539,276	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	42,928	-	-	-	8,664
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	141,773	539,276	-	-	42,928	-	-	-	8,664
Disbursements:									
Instruction	248,725	-	-	-	48,284	-	-	-	-
Support services	62,703	696,194	-	-	-	-	-	-	20,325
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	311,428	696,194	-	-	48,284	-	-	-	20,325
Excess (deficiency) of receipts over disbursements	(169,655)	(156,918)	-	-	(5,356)	-	-	-	(11,661)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(169,655)	(156,918)	-	-	(5,356)	-	-	-	(11,661)
Cash and investments - ending	\$ (19,588)	\$ 611,221	\$ -	\$ -	\$ 10,026	\$ 1,484	\$ -	\$ -	\$ (11,208)

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

	Performance Based Awards	E-Rate Technology	Title I	Title V Part A	R-O-D Federal Grant	Improving Teaching Quality, No Child Left, Title II, Part A	Title III- Lawrenceburg	Athletics	Totals
Cash and investments - beginning	\$ -	\$ 27,138	\$ (14,058)	\$ 10	\$ (24)	\$ (44,630)	\$ 263	\$ -	\$ 11,740,506
Receipts:									
Local sources	-	-	-	-	-	-	-	25,130	21,551,628
Intermediate sources	-	-	-	-	-	-	-	-	2,126
State sources	-	-	-	-	-	-	-	-	22,440,715
Federal sources	-	24,278	238,385	-	-	118,248	-	-	998,948
Other receipts	-	-	-	-	-	-	-	-	6,131,339
Total receipts	-	24,278	238,385	-	-	118,248	-	25,130	51,124,756
Disbursements:									
Instruction	-	-	235,809	-	(24)	70,754	1,848	-	21,558,864
Support services	-	2,680	11,595	-	-	-	-	-	16,411,426
Noninstructional services	-	-	-	-	-	-	-	26,766	3,116,801
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,688,834
Debt services	-	-	-	-	-	-	-	-	7,544,188
Total disbursements	-	2,680	247,404	-	(24)	70,754	1,848	26,766	50,320,113
Excess (deficiency) of receipts over disbursements	-	21,598	(9,019)	-	24	47,494	(1,848)	(1,636)	804,643
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	6,070
Transfers in	-	-	-	-	-	-	-	-	241,530
Transfers out	-	-	-	-	-	-	-	-	(241,530)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	6,070
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	21,598	(9,019)	-	24	47,494	(1,848)	(1,636)	810,713
Cash and investments - ending	\$ -	\$ 48,736	\$ (23,077)	\$ 10	\$ -	\$ 2,864	\$ (1,585)	\$ (1,636)	\$ 12,551,219

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 360,715	\$ 3,865,493	\$ 539,864	\$ 1,718,862	\$ 1,564,434	\$ 932,332	\$ 1,632,171	\$ 498,258	\$ 510,049	\$ 175,679
Receipts:										
Local sources	2,271,016	7,327,644	1,233,982	2,657,242	2,994,230	916,808	-	-	1,055,396	420,964
Intermediate sources	29	-	-	-	-	-	-	-	-	-
State sources	22,097,830	-	-	-	-	-	-	-	32,770	73,324
Federal sources	-	-	-	-	-	-	-	-	582,019	-
Other receipts	-	-	-	-	-	-	-	-	6,040	-
Total receipts	24,368,875	7,327,644	1,233,982	2,657,242	2,994,230	916,808	-	-	1,676,225	494,288
Disbursements:										
Instruction	18,222,863	-	-	-	-	-	90,000	66,245	-	-
Support services	6,092,961	-	-	999,237	2,350,391	698,000	-	110,228	27,839	630,555
Noninstructional services	390,804	-	-	-	-	-	-	-	1,662,877	-
Facilities acquisition and construction	-	-	-	1,779,377	-	-	-	-	-	-
Debt services	-	6,694,379	1,075,042	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	113,158	-
Total disbursements	24,706,628	6,694,379	1,075,042	2,778,614	2,350,391	698,000	90,000	176,473	1,803,874	630,555
Excess (deficiency) of receipts over disbursements	(337,753)	633,265	158,940	(121,372)	643,839	218,808	(90,000)	(176,473)	(127,649)	(136,267)
Other financing sources (uses):										
Sale of capital assets	71	-	-	-	-	-	-	-	-	23,485
Total other financing sources (uses)	71	-	-	-	-	-	-	-	-	23,485
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(337,682)	633,265	158,940	(121,372)	643,839	218,808	(90,000)	(176,473)	(127,649)	(112,782)
Cash and investments - ending	\$ 23,033	\$ 4,498,758	\$ 698,804	\$ 1,597,490	\$ 2,208,273	\$ 1,151,140	\$ 1,542,171	\$ 321,785	\$ 382,400	\$ 62,897

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

	Levy Excess	Pre- Paid Lunch	Educational License Plates	Payroll	Kroger Foundation	Summer Art	Dearborn County Foundation- Heart of Gold Grant	Dearborn County Foundation Grants	Envoy Scholarships
Cash and investments - beginning	\$ -	\$ 24,858	\$ 8,606	\$ (65)	\$ -	\$ 4,685	\$ -	\$ 89,868	\$ 8,163
Receipts:									
Local sources	1,078	1,027,128	-	-	-	(250)	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	5,823,810	-	-	-	-	-
Total receipts	1,078	1,027,128	-	5,823,810	-	(250)	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	3,721	-	5,901	-
Support services	-	-	-	5,803,829	-	-	-	-	-
Noninstructional services	-	1,026,499	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	4,274	-	-	-	-	83,967	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,026,499	4,274	5,803,829	-	3,721	-	89,868	-
Excess (deficiency) of receipts over disbursements	1,078	629	(4,274)	19,981	-	(3,971)	-	(89,868)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,078	629	(4,274)	19,981	-	(3,971)	-	(89,868)	-
Cash and investments - ending	\$ 1,078	\$ 25,488	\$ 4,332	\$ 19,916	\$ -	\$ 714	\$ -	\$ -	\$ 8,163

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

	Donation- Education Foundation	City of Lawrenceburg Grant	Miscellaneous Programs	EDUC Foundation	High Ability Grant	S-DIS Outdoor Lab	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ (19,588)	\$ 611,221	\$ -	\$ -	\$ 10,026	\$ 1,484	\$ -	\$ -	\$ (11,208)
Receipts:									
Local sources	61,276	314,370	14,633	62,593	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	40,440	-	49,695	1,741	8,715
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	61,276	314,370	14,633	62,593	40,440	-	49,695	1,741	8,715
Disbursements:									
Instruction	33,888	539,276	8,328	-	41,781	-	61,835	1,666	-
Support services	8,043	71,946	6,305	28,026	-	-	-	75	(3,392)
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	41,931	611,222	14,633	28,026	41,781	-	61,835	1,741	(3,392)
Excess (deficiency) of receipts over disbursements	19,345	(296,852)	-	34,567	(1,341)	-	(12,140)	-	12,107
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,345	(296,852)	-	34,567	(1,341)	-	(12,140)	-	12,107
Cash and investments - ending	\$ (243)	\$ 314,369	\$ -	\$ 34,567	\$ 8,685	\$ 1,484	\$ (12,140)	\$ -	\$ 899

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

	Performance Based Awards	E-Rate Technology	Title I	Title V Part A	R-O-D Federal Grant	Improving Teaching Quality, No Child Left, Title II, Part A	Title III- Lawrenceburg	Athletics	Totals
Cash and investments - beginning	\$ -	\$ 48,736	\$ (23,077)	\$ 10	\$ -	\$ 2,864	\$ (1,585)	\$ (1,636)	\$ 12,551,219
Receipts:									
Local sources	-	-	-	-	-	-	-	28,729	20,386,839
Intermediate sources	-	-	-	-	-	-	-	-	29
State sources	182,190	-	-	-	-	-	1,546	-	22,488,251
Federal sources	-	28,526	258,052	-	-	67,816	-	-	936,413
Other receipts	-	-	-	-	-	-	-	-	5,829,850
Total receipts	182,190	28,526	258,052	-	-	67,816	1,546	28,729	49,641,382
Disbursements:									
Instruction	175,926	-	234,227	10	-	78,117	(39)	-	19,563,745
Support services	-	34,249	15,583	-	-	-	-	-	16,873,875
Noninstructional services	-	-	-	-	-	-	-	27,093	3,107,273
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,867,618
Debt services	-	-	-	-	-	-	-	-	7,769,421
Nonprogrammed charges	-	-	-	-	-	-	-	-	113,158
Total disbursements	175,926	34,249	249,810	10	-	78,117	(39)	27,093	49,295,090
Excess (deficiency) of receipts over disbursements	6,264	(5,723)	8,242	(10)	-	(10,301)	1,585	1,636	346,292
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	23,556
Total other financing sources (uses)	-	-	-	-	-	-	-	-	23,556
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,264	(5,723)	8,242	(10)	-	(10,301)	1,585	1,636	369,848
Cash and investments - ending	\$ 6,264	\$ 43,013	\$ (14,835)	\$ -	\$ -	\$ (7,437)	\$ -	\$ -	\$ 12,921,067

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 213,801</u>	<u>\$ 177,241</u>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Northeast Dearborn School Building Corporation	Qualified School Construction Bond	\$ 9,241	12/9/2010	7/1/2021
Sunman Dearborn High School Building Corporation	Renovation and Addition to East Central High School	3,255,000	7/15/2013	1/15/2026
Sunman Dearborn Intermediate School Building Corporation	MS renovation and construction of IS	<u>3,066,000</u>	7/5/2005	1/5/2021
Total of annual lease payments		<u>\$ 6,330,241</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	Pension Bond	\$ 8,985,000	\$ 1,146,867
Notes and loans payable	Common School Loan	<u>2,554,259</u>	<u>483,059</u>
Totals		<u>\$ 11,539,259</u>	<u>\$ 1,629,926</u>

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SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 1,116,000
Infrastructure	2,315,775
Buildings	168,159,025
Machinery, equipment, and vehicles	9,605,196
Books and other	100,000
Total capital assets	\$ 181,295,996

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Sunman-Dearborn Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015.

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

**Report on Internal Control over Compliance**


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 2015-002, 2015-003, and 2015-004 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

July 31, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program FY 2014			FY 14	\$ -	\$ 83,032	\$ -	\$ -
School Breakfast Program FY 2015			FY 15	-	-	-	79,439
Total - School Breakfast Program				-	83,032	-	79,439
National School Lunch Program							
Commodities	Indiana Department of Education	10.555			119,239		128,467
School Lunch FY 2014			FY 14	-	415,766	-	-
School Lunch FY 2015			FY 15	-	-	-	374,113
Total - National School Lunch Program				-	535,005	-	502,580
Total - Child Nutrition Cluster				-	618,037	-	582,019
Total - Department of Agriculture				-	618,037	-	582,019
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
IDEA Part B Section 611			14213-052-PN01	-	876,137	-	181
IDEA Part B Section 611			14214-052-PN01	-	317,037	-	593,044
IDEA Part B Section 611			14215-052-PN01	-	-	-	537,402
Technical Assistance			99914-052-TA01	-	1,995	-	10,901
Total - Special Education_Grants to States				-	1,195,169	-	1,141,528
Special Education_Preschool Grants							
IDEA Part B Section 619	Indiana Department of Education	84.173	45713-052-PN01	-	34,819	-	-
IDEA Part B Section 619			45714-052-PN01	-	10,767	-	39,383
Total - Special Education_Preschool Grants				-	45,586	-	39,383
Total - Special Education Cluster (IDEA)				-	1,240,755	-	1,180,911
Title I Grants to Local Educational Agencies							
Title I 12-13	Indiana Department of Education	84.010	FY 2013	-	91,062	-	-
Title I 13-14			FY 2014	-	147,235	-	83,353
Title I 14-15			FY 2015	-	-	-	174,786
Total - Title I Grants to Local Educational Agencies				-	238,297	-	258,139
Improving Teacher Quality State Grants							
Title II Part A	Indiana Department of Education	84.367	FY 12	-	42,376	-	21,541
			FY 13	-	75,872	-	46,275
Total - Improving Teacher Quality State Grants				-	118,248	-	67,816
Total - Department of Education				-	1,597,300	-	1,506,866
Total federal awards expended				\$ -	\$ 2,215,337	\$ -	\$ 2,088,885

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. *Basis of Presentation***

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

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

**Note 2. *Summary of Significant Accounting Policies***

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-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.

**Note 3. *Special Education Cooperative***

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	no

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2015-001 - INTERNAL CONTROLS OVER THE 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). The SEFA information entered into the Indiana Gateway for Governmental Units was prepared and submitted by the Treasurer.

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

The total federal awards expended were overstated on the SEFA in total \$494,686. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

*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."

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. . . ."

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

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

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

*Cause*

Management had not established a system of internal controls that would have ensured proper reporting of federal expenditures on the SEFA.

*Effect*

Without a proper system of internal control in place, material misstatements of the SEFA remained undetected. The SEFA contained 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 2015-002 - INTERNAL CONTROLS OVER THE CHILD NUTRITION CLUSTER**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14, FY 15

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Reporting, Special Test and Provisions - Verification of Free and Reduced Price Applications (NSLP).

*Cash Management*

A control process had not been established to ensure that the School Lunch fund's net cash resources were limited to the average expenditures for three months.

*Reporting*

A control process had not been established to ensure the reimbursement reports, Annual Financial Report, and verification summary reports were accurate prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

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

*Special Tests and Provisions - Verification of Free and Reduced Priced Applications (NSLP)*

A control process had not been established to ensure the verification of free and reduced priced applications was performed in accordance with program requirements. There was no segregation of duties, such as an oversight, review, or approval process.

*Context*

The lack of controls over the compliance requirements listed above was a systemic problem throughout the entire 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. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions and would have ensured compliance with the listed requirements.

*Effect*

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements 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, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2015-003 - CASH MANAGEMENT AND REPORTING**

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): 14213-052-PN01, 14214-052-PN01,  
99914-052-TA01, 14215-052-PN01,  
45714-052-PN01

Pass-Through Entity: Indiana Department of Education

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

*Condition*

Management of the School Corporation had not established an effective internal control system, which would have included oversight of the Fiscal Agent, as it relates to the following compliance requirements: Cash Management and Reporting.

*Cash Management*

The School Corporation designated a fiscal agent to receive and manage the Special Education programs. Management of the School Corporation had not implemented controls over the Fiscal Agent as it relates to the Cash Management compliance requirement. Reimbursement requests were prepared by the Fiscal Agent's Treasurer. There was no control in place to ensure that expenditures were paid prior to requesting reimbursement.

*Reporting*

The School Corporation designated a fiscal agent to manage the Special Education programs. Management of the School Corporation had not implemented controls over the fiscal agent as it relates to the Reporting compliance requirement. Grant reports were prepared and submitted by the Fiscal Agent's Treasurer. There was no control in place to ensure that the reports were accurate prior to submission.

*Context*

The lack of controls was a systemic problem over the requirements listed above during the entire 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. . . ."

*Cause*

Management had not developed a system of internal controls to provide oversight over duties performed by the Fiscal Agent to ensure compliance with the compliance requirements of the grant.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

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

*Recommendation*

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

*Views of Responsible Officials*

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

***FINDING 2015-004 - REPORTING, SPECIAL TESTS AND PROVISIONS - COMPARABILITY***

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): FY 2013, FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Reporting and Special Tests and Provisions - Comparability.

*Reporting*

Management of the School Corporation had not established an effective internal control system related to the Reporting compliance requirement. One employee was responsible for preparing and submitting required reports. There was no segregation of duties, such as an oversight, review, or approval process to ensure reports were accurate prior to submission.

*Special Tests and Provisions - Comparability*

Management of the School Corporation had not established an effective internal control system related to the Special Tests and Provisions - Comparability compliance requirement. One employee was responsible for preparing and submitting the comparability report. There was no segregation of duties, such as an oversight, review, or approval process, to ensure the reports were completed and accurate.

*Context*

The lack of controls was a systemic problem over the requirements listed above during the entire 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. . . ."

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

*Cause*

Management had not developed a system of internal controls that segregated key functions and would have ensured compliance with the listed requirements.

*Effect*

The failure to establish controls could have enabled material noncompliance to go undetected. Noncompliance with the compliance requirements 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, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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

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#### AUDITEE-PREPARED DOCUMENTS

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



Sunman-Dearborn Community Schools  
1 Trojan Place, Suite B  
St. Leon, IN 47012

Dr. Andrew Jackson  
Superintendent

Ms. Cindy Morton  
Director of Support Services

Ms. Mary Ann Baines  
Director of Financial Operations

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2013-002**

Fiscal year in which the finding initially occurred: SY 11-12  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Mary Ann Baines (Charles Blake D.O.D. 11/13/2014)  
Title: Director of Financial Operations/Treasurer  
Contact Phone Number: 812-623-2291 Ext. 10907

Status of Audit Finding: Cash Management fixed SY 2013-14 and Reporting fixed SY 2014-15.

### **FINDING 2013-003**

Fiscal year in which the finding initially occurred: SY 11-12  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Mary Ann Baines (Charles Blake D.O.D. 11/13/2014)  
Title: Director of Financial Operations/Treasurer  
Contact Phone Number: 812-623-2291 Ext. 10907

Status of Audit Finding: Fixed June 2016

### **FINDING 2013-004**

Fiscal year in which the finding initially occurred: SY 11-12  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Mary Ann Baines (Charles Blake D.O.D. 11/13/2014)  
Title: Director of Financial Operations/Treasurer  
Contact Phone Number: 812-623-2291 Ext. 10907

Status of Audit Finding: Fixed SY 2013-14



Sunman-Dearborn Community Schools  
1 Trojan Place, Suite B  
St. Leon, IN 47012

Dr. Andrew Jackson  
Superintendent

Ms. Cindy Morton  
Director of Support Services

Ms. Mary Ann Baines  
Director of Financial Operations

**CORRECTIVE ACTION PLAN**

**FINDING 2015-001 - Internal Controls over the preparation of the Schedule of Expenditures of Federal Awards**

Contact Person: Mary Ann Baines  
Title: Director of Financial Operations/Treasurer  
Contact Phone Number: 812-623-2291 Ext. 10907

**VIEWS OF RESPONSIBLE OFFICIAL:** We concur with the finding.

**CORRECTIVE ACTION PLAN** - Beginning with the 2016-17 Annual Financial Report (Gateway) which consists of the SEFA, all of the expenditures will be submitted and reviewed by two different parties. Upon review both parties will sign off on the report and then report will be submitted.

**FINDING 2015-002 - Internal Controls over the Child Nutrition Cluster**

Contact Person: Mary Ann Baines  
Title: Director of Financial Operations/Treasurer  
Contact Phone Number: 812-623-2291 Ext. 10907

**VIEWS OF RESPONSIBLE OFFICIAL:** We concur with the finding.

**CORRECTIVE ACTION PLAN** - Effective quarter ending June 30, 2017 the Director of Financial Operations (DOF)/Treasurer will review quarterly the cash balance in the School Lunch and Breakfast program. The cash balance will be reviewed with the Director of Food Service (DFS) and both parties will sign off on the quarterly cash balance to ensure our net cash resources are limited to the average expenditure for three months. Both parties will initial.

Effective with the May 2016 School Lunch and Breakfast reimbursement claim, the Food Services Administrative Assistant prepares the claim. She then forwards to the DFS for review and approval. After approval from DFS the claim is then submitted to the state by the Food Service Administrative Assistant. Both parties will initial.

Effective with the 2016-17 Annual Financial Report, the Food Service Administrative Assistant provides the Director of Food and Nutrition Services with the expenditures and receipts for the fiscal year. The DFS reviews the reports and prepares the Annual Financial Report. The DFS then provides the AFR to the Director of Financial Operations to review and compare to prior submissions, after review the Director

of Financial Operations signs off on and the DFS submits the Annual Financial Report. All parties will initial.

Effective with the 2017-18 school year the free and reduced applications (after completed by the principals) will be forwarded to each school's food service manager. The food service manager will enter the application into the system, initial and forward the application on to the DFS. The DFS will then check the system to make sure the application was entered correctly and initial.

Effective with the 2017-18 school year the verification process, included but not limited to the verification selection process, preparation of letters to the selected applicants, verification of the applications, and verification or change of the free/reduced status of the students in the system, will be reviewed by both the food service bookkeeper and the Director of Food Services.

### **FINDING 2015-003 - Cash Management and Reporting**

Contact Person: Mary Ann Baines  
Title: Director of Financial Operations/Treasurer  
Contact Phone Number: 812-623-2291 Ext. 10907

**VIEWS OF RESPONSIBLE OFFICIAL:** We concur with the finding.

**CORRECTIVE ACTION PLAN** - Beginning in September 2016 a document has been presented at each of the monthly ROD Board meetings. The document lists each fund and includes the fund balance and cash balance. Beginning in March 2017 the date of availability and reporting information was added to the document. The superintendent reviews and signs each month. Copies of all grant applications, revisions, reimbursement requests and final reports are received and filed.

### **FINDING 2015-004 - Reporting, Special Tests and Provisions-Comparability**

Contact Person: Mary Ann Baines  
Title: Director of Financial Operations/Treasurer  
Contact Phone number: 812-623-2291 Ext. 10907

**VIEWS OF RESPONSIBLE OFFICIAL:** We concur with the finding.

**CORRECTIVE ACTION PLAN** - Beginning with the 2017-18 Title I grant the Annual Financial Report will be reviewed by the Title I Coordinator prior to submission by the DFO. Beginning with the 2017-18 Title I grant the Superintendent will review the Comparability report prior to submission by the Title I Grant Coordinator.

#### 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/>.