

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

LINTON-STOCKTON SCHOOL CORPORATION
GREENE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
09/12/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carla Gambill	07-01-13 to 06-30-18
Superintendent of Schools	Nicholas G. Karazsia	07-01-13 to 06-30-18
President of the School Board	Ralph Witty	07-01-13 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE LINTON-STOCKTON SCHOOL
CORPORATION, GREENE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Linton-Stockton 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 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 August 7, 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

August 7, 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 LINTON-STOCKTON SCHOOL
CORPORATION, GREENE 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 Linton-Stockton 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 August 7, 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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 7, 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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LINTON-STOCKTON 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	\$ 1,496,235	\$ 8,370,248	\$ 8,023,305	\$ -	\$ 1,843,178	\$ 8,704,200	\$ 8,141,254	\$ -	\$ 2,406,124
Debt Service	470,080	1,301,669	1,261,159	-	510,590	1,297,479	1,291,669	-	516,400
Retirement/Severance Bond Debt Service	74,965	257,038	248,723	-	83,280	255,364	244,816	-	93,828
Capital Projects	850,179	685,314	1,037,689	-	497,804	616,197	862,883	-	251,118
School Transportation	319,238	436,279	474,448	-	281,069	396,572	452,892	-	224,749
School Bus Replacement	415,524	109,803	-	-	525,327	42,809	123,385	-	444,751
Rainy Day	432,467	-	9,940	(68,209)	354,318	-	-	(33,563)	320,755
Retirement/Severance Bond	-	-	68,209	68,209	-	-	33,563	33,563	-
Construction	1,028,688	-	1,023,173	114,300	119,815	-	58,061	-	61,754
Const Fund Guar Sav Phase 2-2013	-	-	1,972,194	1,972,194	-	-	-	-	-
Const Fund Elem/MS Phase 2-2013	-	-	700,000	700,000	-	-	-	-	-
Const Fund District Wide 2013	-	38,967	37,110	-	1,857	517,133	141,446	-	377,544
School Lunch	402,597	471,727	494,927	-	379,397	582,554	587,392	-	374,559
Textbook Rental	(2,500)	112,846	123,151	-	(12,805)	105,329	40,309	-	52,215
Self-Insurance	1,097,975	1,484,418	1,834,132	-	748,261	732,938	1,334,876	-	146,323
Preventing Youth Problems	49	-	-	-	49	-	-	-	49
Preventing Relational Violence	58	-	-	-	58	-	-	-	58
Family Strengthening Program	13	-	-	-	13	-	-	-	13
Educational License Plates	1,323	169	-	-	1,492	188	-	-	1,680
Wayne Pope Donation Fund	504	840	-	-	1,344	860	819	-	1,385
Recreational Activities	63	-	-	-	63	-	-	-	63
NASA Summer Camp	632	-	-	-	632	-	-	-	632
Scholarships and Awards	5,315	1,816	700	-	6,431	6,401	1,000	-	11,832
Tim Deeter Scholarship	294	438	400	-	332	438	400	-	370
Beecher Family Scholarship	403,529	4,826	4,000	-	404,355	4,826	3,000	-	406,181
Crop Prod Services Scholarship	-	100	100	-	-	100	100	-	-
Dr. L Hare Charitable Trust	1,803	-	-	-	1,803	-	-	-	1,803
High Ability FY 10/11	-	-	(209)	-	209	-	-	-	209
High Ability FY 12/13	2,261	-	2,262	-	(1)	-	-	-	(1)
High Ability 2013-2014	-	29,503	27,495	-	2,008	-	2,009	-	(1)
High Ability 2014-2015	-	-	-	-	-	29,866	19,273	-	10,593
Early Childhood Intervention (First Steps)	-	-	-	-	-	5,806	-	-	5,806
Medicaid Reimbursement	58,753	247	27	-	58,973	243	10	-	59,206
Secured Schools Safety Grant	-	-	-	-	-	8,123	12,813	-	(4,690)
Non-English Speaking Programs P.L. 273-1999	365	-	-	-	365	-	-	-	365
School Technology	10,462	3,965	-	-	14,427	4,017	-	-	18,444
Performance Based Awards	-	-	-	-	-	54,836	52,950	-	1,886
Access Indiana	12,771	1,738	890	-	13,619	790	1,800	-	12,609
Miscellaneous Programs	4	-	-	-	4	-	-	-	4
CAPE II	1,362	-	-	-	1,362	-	-	-	1,362
eLearning Innovation Planning Grant	-	-	-	-	-	13,863	14,047	-	(184)
Donations	22,065	22,999	35,800	-	9,264	994	9,000	-	1,258
Title I 2013/2014	-	189,584	211,198	-	(21,614)	21,615	-	-	1
Title I 2014-2015	-	-	-	-	-	256,309	257,206	-	(897)
Innovative Education Program Strategies Title V (Part A)	3,497	-	-	-	3,497	-	-	-	3,497
Drug Free Schools	556	-	-	-	556	-	-	-	556
Special Ed Early Intervention	-	8,862	8,862	-	-	-	-	-	-
Title II 2012/2013	(124)	10,385	10,261	-	-	-	-	-	-
Title II 7/2012-9/2014	-	61,775	70,648	-	(8,873)	14,654	5,781	-	-
Title II 2013/2015	-	-	-	-	-	66,032	66,242	-	(210)
Rural Schools and Low Income Program - Pass Through State	-	-	-	-	-	-	40	-	(40)
Payroll Withholding	16,479	2,095,514	2,098,486	-	13,507	2,218,794	2,216,896	-	15,405
Totals	\$ 7,127,482	\$ 15,701,070	\$ 19,779,080	\$ 2,786,494	\$ 5,835,966	\$ 15,959,330	\$ 15,975,932	\$ -	\$ 5,819,364

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

LINTON-STOCKTON 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.

LINTON-STOCKTON 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 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.

F. Other Financing Sources and Uses

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

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

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.

LINTON-STOCKTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

LINTON-STOCKTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

LINTON-STOCKTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Disbursement

The High Ability FY 10/11 fund disbursements appear as a negative entry for the year 2013-2014. An incorrect distribution code was used which resulted in this error. This error was corrected on July 11, 2017.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being setup as reimbursable grant funds. The Textbook Rental fund has a deficit balance at June 30, 2014, due to revenue not being receipted in from the extra-curricular account at year-end.

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with the Linton-Stockton High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Bond payments were made by the School Corporation directly to the banks for the lessor's debt. During the years ending June 30, 2014 and 2015 payments of principal and interest were made that totaled \$1,255,355 and \$1,291,669, respectively.

LINTON-STOCKTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees the following benefits: postemployment health insurance and bridge to retirement benefits, as authorized by Indiana Code 5-10-8. 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.

Note 11. Subsequent Events

The Linton-Stockton School Building Corporation has completed the following events subsequent to this audit period ending June 30, 2015:

- Paid off the Junior High Project, 2005 debt.
- Refinanced the General Obligation Pension Bonds, 2004 which will mature on July 5, 2020.
- Issued First Mortgage Bonds, Series 2016A, for \$1,960,000, which will mature June 30, 2028.
- Issued First Mortgage Bonds, Series 2016B, for \$1,550,000, which will mature June 30, 2028.
- Issued First Mortgage Bonds, Series 2016C, for \$2,000,000, which will mature December 31, 2029.
- Issued General Obligation Bonds, Series 2016, for \$350,000, which will mature December 31, 2018.

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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.

LINTON-STOCKTON 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	Construction	Const Fund Guar Sav Phase 2-2013	Const Fund Elem/MS Phase 2-2013
Cash and investments - beginning	\$ 1,496,235	\$ 470,080	\$ 74,965	\$ 850,179	\$ 319,238	\$ 415,524	\$ 432,467	\$ -	\$ 1,028,688	\$ -	\$ -
Receipts:											
Local sources	38,627	1,301,669	257,038	685,314	436,279	109,803	-	-	-	-	-
Intermediate sources	206	-	-	-	-	-	-	-	-	-	-
State sources	8,324,177	-	-	-	-	-	-	-	-	-	-
Federal sources	7,238	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	8,370,248	1,301,669	257,038	685,314	436,279	109,803	-	-	-	-	-
Disbursements:											
Instruction	5,643,737	-	-	-	-	-	9,940	68,209	-	-	-
Support services	2,274,101	-	-	383,979	474,448	-	-	-	-	-	-
Noninstructional services	105,467	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	653,710	-	-	-	-	1,023,173	1,972,194	700,000
Debt service	-	1,261,159	248,723	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,023,305	1,261,159	248,723	1,037,689	474,448	-	9,940	68,209	1,023,173	1,972,194	700,000
Excess (deficiency) of receipts over disbursements	346,943	40,510	8,315	(352,375)	(38,169)	109,803	(9,940)	(68,209)	(1,023,173)	(1,972,194)	(700,000)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	114,300	1,972,194	700,000
Transfers in	-	-	-	-	-	-	-	68,209	-	-	-
Transfers out	-	-	-	-	-	-	(68,209)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(68,209)	68,209	114,300	1,972,194	700,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	346,943	40,510	8,315	(352,375)	(38,169)	109,803	(78,149)	-	(908,873)	-	-
Cash and investments - ending	\$ 1,843,178	\$ 510,590	\$ 83,280	\$ 497,804	\$ 281,069	\$ 525,327	\$ 354,318	\$ -	\$ 119,815	\$ -	\$ -

LINTON-STOCKTON 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)

	Const Fund District Wide 2013	School Lunch	Textbook Rental	Self- Insurance	Preventing Youth Problems	Preventing Relational Violence	Family Strengthening Program	Educational License Plates	Wayne Pope Donation Fund	Recreational Activities	NASA Summer Camp
Cash and investments - beginning	\$ -	\$ 402,597	\$ (2,500)	\$ 1,097,975	\$ 49	\$ 58	\$ 13	\$ 1,323	\$ 504	\$ 63	\$ 632
Receipts:											
Local sources	38,967	200,373	58,772	1,477,326	-	-	-	-	840	-	-
Intermediate sources	-	-	-	-	-	-	-	169	-	-	-
State sources	-	4,663	54,074	-	-	-	-	-	-	-	-
Federal sources	-	266,691	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	7,092	-	-	-	-	-	-	-
Total receipts	<u>38,967</u>	<u>471,727</u>	<u>112,846</u>	<u>1,484,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169</u>	<u>840</u>	<u>-</u>	<u>-</u>
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	-	-
Support services	-	-	123,151	-	-	-	-	-	-	-	-
Noninstructional services	-	494,927	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	37,110	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,834,132	-	-	-	-	-	-	-
Total disbursements	<u>37,110</u>	<u>494,927</u>	<u>123,151</u>	<u>1,834,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,857</u>	<u>(23,200)</u>	<u>(10,305)</u>	<u>(349,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169</u>	<u>840</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,857</u>	<u>(23,200)</u>	<u>(10,305)</u>	<u>(349,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169</u>	<u>840</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,857</u>	<u>\$ 379,397</u>	<u>\$ (12,805)</u>	<u>\$ 748,261</u>	<u>\$ 49</u>	<u>\$ 58</u>	<u>\$ 13</u>	<u>\$ 1,492</u>	<u>\$ 1,344</u>	<u>\$ 63</u>	<u>\$ 632</u>

LINTON-STOCKTON 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)

	Scholarships and Awards	Tim Deeter Scholarship	Beecher Family Scholarship	Crop Prod Services Scholarship	Dr. L Hare Charitable Trust	High Ability FY 10/11	High Ability FY 12/13	High Ability 2013-2014	High Ability 2014-2015	Early Childhood Intervention (First Steps)	Medicaid Reimbursement
Cash and investments - beginning	\$ 5,315	\$ 294	\$ 403,529	\$ -	\$ 1,803	\$ -	\$ 2,261	\$ -	\$ -	\$ -	\$ 58,753
Receipts:											
Local sources	1,816	438	4,826	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	247
Federal sources	-	-	-	-	-	-	-	29,503	-	-	-
Other receipts	-	-	-	100	-	-	-	-	-	-	-
Total receipts	<u>1,816</u>	<u>438</u>	<u>4,826</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,503</u>	<u>-</u>	<u>-</u>	<u>247</u>
Disbursements:											
Instruction	-	-	-	-	-	(209)	2,262	27,495	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-	27
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	700	400	4,000	100	-	-	-	-	-	-	-
Total disbursements	<u>700</u>	<u>400</u>	<u>4,000</u>	<u>100</u>	<u>-</u>	<u>(209)</u>	<u>2,262</u>	<u>27,495</u>	<u>-</u>	<u>-</u>	<u>27</u>
Excess (deficiency) of receipts over disbursements	<u>1,116</u>	<u>38</u>	<u>826</u>	<u>-</u>	<u>-</u>	<u>209</u>	<u>(2,262)</u>	<u>2,008</u>	<u>-</u>	<u>-</u>	<u>220</u>
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,116</u>	<u>38</u>	<u>826</u>	<u>-</u>	<u>-</u>	<u>209</u>	<u>(2,262)</u>	<u>2,008</u>	<u>-</u>	<u>-</u>	<u>220</u>
Cash and investments - ending	<u>\$ 6,431</u>	<u>\$ 332</u>	<u>\$ 404,355</u>	<u>\$ -</u>	<u>\$ 1,803</u>	<u>\$ 209</u>	<u>\$ (1)</u>	<u>\$ 2,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,973</u>

LINTON-STOCKTON 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)

	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Access Indiana	Miscellaneous Programs	CAPE II	eLearning Innovation Planning Grant	Donations	Title I 2013/2014
Cash and investments - beginning	\$ -	\$ 365	\$ 10,462	\$ -	\$ 12,771	\$ 4	\$ 1,362	\$ -	\$ 22,065	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	877	-	-	-	-	-
State sources	-	-	3,965	-	861	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	22,999	189,584
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	3,965	-	1,738	-	-	-	22,999	189,584
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	211,198
Support services	-	-	-	-	890	-	-	-	35,800	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	890	-	-	-	35,800	211,198
Excess (deficiency) of receipts over disbursements	-	-	3,965	-	848	-	-	-	(12,801)	(21,614)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	3,965	-	848	-	-	-	(12,801)	(21,614)
Cash and investments - ending	\$ -	\$ 365	\$ 14,427	\$ -	\$ 13,619	\$ 4	\$ 1,362	\$ -	\$ 9,264	\$ (21,614)

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

	Title I 2014-2015	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Special Ed Early Intervention	Title II 2012/2013	Title II 7/2012-9/2014	Title II 2013/2015	Rural Schools and Low Income Program - Pass Through State	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ 3,497	\$ 556	\$ -	\$ (124)	\$ -	\$ -	\$ -	\$ 16,479	\$ 7,127,482
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	4,612,088
Intermediate sources	-	-	-	-	-	-	-	-	-	1,252
State sources	-	-	-	-	-	-	-	-	-	8,387,987
Federal sources	-	-	-	8,862	10,385	61,775	-	-	-	597,037
Other receipts	-	-	-	-	-	-	-	-	2,095,514	2,102,706
Total receipts	-	-	-	8,862	10,385	61,775	-	-	2,095,514	15,701,070
Disbursements:										
Instruction	-	-	-	8,862	-	-	-	-	-	5,971,494
Support services	-	-	-	-	10,261	70,648	-	-	-	3,373,305
Noninstructional services	-	-	-	-	-	-	-	-	-	600,394
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	4,386,187
Debt service	-	-	-	-	-	-	-	-	-	1,509,882
Nonprogrammed charges	-	-	-	-	-	-	-	-	2,098,486	3,937,818
Total disbursements	-	-	-	8,862	10,261	70,648	-	-	2,098,486	19,779,080
Excess (deficiency) of receipts over disbursements	-	-	-	-	124	(8,873)	-	-	(2,972)	(4,078,010)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	2,786,494
Transfers in	-	-	-	-	-	-	-	-	-	68,209
Transfers out	-	-	-	-	-	-	-	-	-	(68,209)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	2,786,494
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	124	(8,873)	-	-	(2,972)	(1,291,516)
Cash and investments - ending	\$ -	\$ 3,497	\$ 556	\$ -	\$ -	\$ (8,873)	\$ -	\$ -	\$ 13,507	\$ 5,835,966

LINTON-STOCKTON 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	Construction	Const Fund Guar Sav Phase 2-2013	Const Fund Elem/MS Phase 2-2013
Cash and investments - beginning	\$ 1,843,178	\$ 510,590	\$ 83,280	\$ 497,804	\$ 281,069	\$ 525,327	\$ 354,318	\$ -	\$ 119,815	\$ -	\$ -
Receipts:											
Local sources	39,637	1,297,479	255,364	616,197	396,572	42,809	-	-	-	-	-
Intermediate sources	93	-	-	-	-	-	-	-	-	-	-
State sources	8,664,440	-	-	-	-	-	-	-	-	-	-
Federal sources	30	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	8,704,200	1,297,479	255,364	616,197	396,572	42,809	-	-	-	-	-
Disbursements:											
Instruction	5,710,195	-	-	-	-	-	-	33,563	-	-	-
Support services	2,329,904	-	-	400,549	452,892	123,385	-	-	-	-	-
Noninstructional services	101,155	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	462,334	-	-	-	-	58,061	-	-
Debt service	-	1,291,669	244,816	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,141,254	1,291,669	244,816	862,883	452,892	123,385	-	33,563	58,061	-	-
Excess (deficiency) of receipts over disbursements	562,946	5,810	10,548	(246,686)	(56,320)	(80,576)	-	(33,563)	(58,061)	-	-
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	33,563	-	-	-
Transfers out	-	-	-	-	-	-	(33,563)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(33,563)	33,563	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	562,946	5,810	10,548	(246,686)	(56,320)	(80,576)	(33,563)	-	(58,061)	-	-
Cash and investments - ending	\$ 2,406,124	\$ 516,400	\$ 93,828	\$ 251,118	\$ 224,749	\$ 444,751	\$ 320,755	\$ -	\$ 61,754	\$ -	\$ -

LINTON-STOCKTON 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)

	Const Fund District Wide 2013	School Lunch	Textbook Rental	Self- Insurance	Preventing Youth Problems	Preventing Relational Violence	Family Strengthening Program	Educational License Plates	Wayne Pope Donation Fund	Recreational Activities	NASA Summer Camp
Cash and investments - beginning	\$ 1,857	\$ 379,397	\$ (12,805)	\$ 748,261	\$ 49	\$ 58	\$ 13	\$ 1,492	\$ 1,344	\$ 63	\$ 632
Receipts:											
Local sources	517,133	191,051	53,105	727,493	-	-	-	-	860	-	-
Intermediate sources	-	-	-	-	-	-	-	188	-	-	-
State sources	-	4,441	52,224	-	-	-	-	-	-	-	-
Federal sources	-	387,062	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	5,445	-	-	-	-	-	-	-
Total receipts	517,133	582,554	105,329	732,938	-	-	-	188	860	-	-
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	-	-
Support services	-	-	40,309	-	-	-	-	-	819	-	-
Noninstructional services	-	587,392	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	141,446	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,334,876	-	-	-	-	-	-	-
Total disbursements	141,446	587,392	40,309	1,334,876	-	-	-	-	819	-	-
Excess (deficiency) of receipts over disbursements	375,687	(4,838)	65,020	(601,938)	-	-	-	188	41	-	-
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	375,687	(4,838)	65,020	(601,938)	-	-	-	188	41	-	-
Cash and investments - ending	\$ 377,544	\$ 374,559	\$ 52,215	\$ 146,323	\$ 49	\$ 58	\$ 13	\$ 1,680	\$ 1,385	\$ 63	\$ 632

LINTON-STOCKTON 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)

	Scholarships and Awards	Tim Deeter Scholarship	Beecher Family Scholarship	Crop Prod Services Scholarship	Dr. L Hare Charitable Trust	High Ability FY 10/11	High Ability FY 12/13	High Ability 2013-2014	High Ability 2014-2015	Early Childhood Intervention (First Steps)	Medicaid Reimbursement
Cash and investments - beginning	\$ 6,431	\$ 332	\$ 404,355	\$ -	\$ 1,803	\$ 209	\$ (1)	\$ 2,008	\$ -	\$ -	\$ 58,973
Receipts:											
Local sources	6,401	438	4,826	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	5,806	-
State sources	-	-	-	-	-	-	-	-	-	-	243
Federal sources	-	-	-	-	-	-	-	-	29,866	-	-
Other receipts	-	-	-	100	-	-	-	-	-	-	-
Total receipts	6,401	438	4,826	100	-	-	-	29,866	5,806	243	
Disbursements:											
Instruction	-	-	-	-	-	-	-	2,009	19,273	-	-
Support services	-	-	-	-	-	-	-	-	-	-	10
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,000	400	3,000	100	-	-	-	-	-	-	-
Total disbursements	1,000	400	3,000	100	-	-	-	2,009	19,273	-	10
Excess (deficiency) of receipts over disbursements	5,401	38	1,826	-	-	-	-	(2,009)	10,593	5,806	233
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,401	38	1,826	-	-	-	-	(2,009)	10,593	5,806	233
Cash and investments - ending	\$ 11,832	\$ 370	\$ 406,181	\$ -	\$ 1,803	\$ 209	\$ (1)	\$ (1)	\$ 10,593	\$ 5,806	\$ 59,206

LINTON-STOCKTON 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)

	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Access Indiana	Miscellaneous Programs	CAPE II	eLearning Innovation Planning Grant	Donations	Title I 2013/2014
Cash and investments - beginning	\$ -	\$ 365	\$ 14,427	\$ -	\$ 13,619	\$ 4	\$ 1,362	\$ -	\$ 9,264	\$ (21,614)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	8,123	-	4,017	54,836	790	-	-	13,863	-	-
Federal sources	-	-	-	-	-	-	-	-	994	21,615
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	8,123	-	4,017	54,836	790	-	-	13,863	994	21,615
Disbursements:										
Instruction	-	-	-	52,950	-	-	-	-	-	-
Support services	12,813	-	-	-	1,800	-	-	14,047	9,000	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	12,813	-	-	52,950	1,800	-	-	14,047	9,000	-
Excess (deficiency) of receipts over disbursements	(4,690)	-	4,017	1,886	(1,010)	-	-	(184)	(8,006)	21,615
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,690)	-	4,017	1,886	(1,010)	-	-	(184)	(8,006)	21,615
Cash and investments - ending	\$ (4,690)	\$ 365	\$ 18,444	\$ 1,886	\$ 12,609	\$ 4	\$ 1,362	\$ (184)	\$ 1,258	\$ 1

LINTON-STOCKTON 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 2014-2015	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Special Ed Early Intervention	Title II 2012/2013	Title II 7/2012-9/2014	Title II 2013/2015	Rural Schools and Low Income Program - Pass Through State	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ 3,497	\$ 556	\$ -	\$ -	\$ (8,873)	\$ -	\$ -	\$ 13,507	\$ 5,835,966
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	4,149,365
Intermediate sources	-	-	-	-	-	-	-	-	-	6,087
State sources	-	-	-	-	-	-	-	-	-	8,802,977
Federal sources	256,309	-	-	-	14,654	66,032	-	-	-	776,562
Other receipts	-	-	-	-	-	-	-	-	2,218,794	2,224,339
Total receipts	256,309	-	-	-	14,654	66,032	-	-	2,218,794	15,959,330
Disbursements:										
Instruction	257,206	-	-	-	-	-	-	-	-	6,075,196
Support services	-	-	-	-	-	5,781	66,242	40	-	3,457,591
Noninstructional services	-	-	-	-	-	-	-	-	-	688,547
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	661,841
Debt service	-	-	-	-	-	-	-	-	-	1,536,485
Nonprogrammed charges	-	-	-	-	-	-	-	-	2,216,896	3,556,272
Total disbursements	257,206	-	-	-	-	5,781	66,242	40	2,216,896	15,975,932
Excess (deficiency) of receipts over disbursements	(897)	-	-	-	-	8,873	(210)	(40)	1,898	(16,602)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	33,563
Transfers out	-	-	-	-	-	-	-	-	-	(33,563)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(897)	-	-	-	-	8,873	(210)	(40)	1,898	(16,602)
Cash and investments - ending	\$ (897)	\$ 3,497	\$ 556	\$ -	\$ -	\$ -	\$ (210)	\$ (40)	\$ 15,405	\$ 5,819,364

LINTON-STOCKTON SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Linton-Stockton High School Building Corporation	High School Construction and Additions	\$ 1,119,575	4/20/1998	6/30/2026
Linton-Stockton High School Building Corporation	Junior High Project, 2005	<u>117,300</u>	8/17/2005	1/15/2016
Total governmental activities		<u>1,236,875</u>		
Total of annual lease payments		<u>\$ 1,236,875</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General Obligation Pension Bonds, 2004	Pension	\$ 1,055,000	\$ 159,854
Totals		<u>\$ 1,055,000</u>	<u>\$ 159,854</u>

LINTON-STOCKTON 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	\$ 583,492
Buildings	16,065,954
Improvements other than buildings	1,186,572
Machinery, equipment, and vehicles	1,100,194
Total governmental activities	18,936,212
Total capital assets	\$ 18,936,212

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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
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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE LINTON-STOCKTON SCHOOL
CORPORATION, GREENE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Linton-Stockton 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)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-003, 2015-004, and 2015-005. 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 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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LINTON-STOCKTON 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	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	2013-2014	\$ 39,587	\$ -
			2014-2015	-	62,857
				<u>39,587</u>	<u>62,857</u>
Total - School Breakfast Program				<u>39,587</u>	<u>62,857</u>
National School Lunch Program		10.555	2013-2014	227,104	-
			2014-2015	-	324,205
Commodities			2013-2015	39,421	42,135
				<u>266,525</u>	<u>366,340</u>
Total - National School Lunch Program				<u>266,525</u>	<u>366,340</u>
Total - Child Nutrition Cluster				<u>306,112</u>	<u>429,197</u>
Total - Department of Agriculture				<u>306,112</u>	<u>429,197</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027	14212-24-PN01	10,136	-
			14213-24-PN01	93,116	1,015
			14214-24-PN01	164,744	109,154
			14215-24-PN01	-	179,799
			99914-24-PN01	4,547	-
				<u>272,543</u>	<u>289,968</u>
Total - Special Education_Grants to States				<u>272,543</u>	<u>289,968</u>
Special Education_Preschool Grants	Indiana Department of Education	84.173	45713-024-PN-01	3,083	-
			45714-024-PN-01	4,221	3,300
			45715-024-PN-01	-	2,523
				<u>7,304</u>	<u>5,823</u>
Total - Special Education_Preschool Grants				<u>7,304</u>	<u>5,823</u>
Total - Special Education Cluster (IDEA)				<u>279,847</u>	<u>295,791</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 13-14-2950	189,584	21,615
			FY 14-15-2950	-	256,309
				<u>189,584</u>	<u>277,924</u>
Total - Title I Grants to Local Educational Agencies				<u>189,584</u>	<u>277,924</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 11-13-2950	10,385	-
			FY 12-14-2950	61,775	14,654
			FY 13-15-2950	-	66,032
				<u>72,160</u>	<u>80,686</u>
Total - Improving Teacher Quality State Grants				<u>72,160</u>	<u>80,686</u>
Total - Department of Education				<u>541,591</u>	<u>654,401</u>
<u>Department of Health and Human Services</u>					
Preventive Health and Health Services Block Grant	Indiana Department of Education	93.991	FY 2012	100	-
Total - Department of Health and Human Services				<u>100</u>	<u>-</u>
Total federal awards expended				<u>\$ 847,803</u>	<u>\$ 1,083,598</u>

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

LINTON-STOCKTON 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 the Greene-Sullivan Special Education Cooperative (Cooperative) which operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards 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 Cooperative.

LINTON-STOCKTON 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster (IDEA)

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

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

Section II - Financial Statement Findings

No matters are reportable.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-001

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-24-PN01, 14213-24-PN01,
14214-24-PN01, 99914-24-PN01,
14215-24-PN01, 45713-024-PN-01,
45714-024-PN-01, 45715-024-PN-01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grants. There was no oversight of the Cooperative by the School Corporation. Each member school is ultimately responsible for ensuring compliance with the requirements.

The School Corporation had not established an internal control system to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. The School Corporation failed to keep the necessary documentation relating to Circular A-87 for time and effort reporting. For those employees that were paid entirely from the Special Education program, the Cooperative did not submit Semi-Annual Certification.

Context

There were no Semi-Annual Certification completed during the audit period.

Criteria

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

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

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

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

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured the School Corporation complied with the Allowable Costs/Cost Principles compliance requirement concerning time and effort reporting.

Effect

The failure to establish an effective internal control system enabled noncompliance to occur. Noncompliance with the Allowable Costs/Cost Principles 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 and implement procedures to monitor the Cooperative to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles 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 2015-002

Subject: Special Education Cluster (IDEA) - 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): 14212-24-PN01, 14213-24-PN01,
14214-24-PN01, 99914-24-PN01,
45713-024-PN-01, 45714-024-PN-01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

Condition

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grants. There was no oversight of the Cooperative by the School Corporation. Each member school is ultimately responsible for ensuring compliance with the requirements.

The School Corporation had not established an effective internal control system over their Special Education Program related to the Reporting compliance requirement. Reimbursement Requests were prepared and filed by the Cooperative Treasurer with no oversight, review, or approval process or other compensating control.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

Controls did not exist over the compliance requirement of Reporting for Reimbursement Requests for the 2013-2014 school year.

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 would have ensured the School Corporation complied with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system could have enabled noncompliance to occur. Noncompliance with 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 and implement procedures to monitor the Cooperative to ensure compliance with the grant agreement and the Reporting 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

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

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): 14213-24-PN01, 14214-24-PN01,
14215-24-PN01, 45714-024-PN-01,
45715-024-PN-01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have procedures in place to verify that the vendors were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into a contract with them.

Context

The School Corporation did not verify that vendors were not suspended or debarred prior to awarding the contracts with 100 percent of applicable vendors for the 2014-2015 school year.

Criteria

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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 would have ensured that the School Corporation complied with the Procurement and Suspension and Debarment requirements.

Effect

The failure to establish an effective internal control system enabled material 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

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and implement procedures to monitor the Cooperative to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment 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

Subject: School Breakfast Program and National School Lunch Program - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): 2013-2014, 2014-2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the Cash Management compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure that the cash balance (Net Cash Resources) in the School Lunch fund did not exceed the three months average expenditures.

The School Corporation Food Service maintained a cash balance (Net Cash Resources) in excess of federal regulations. The three months average expenditures for the fiscal year ending June 30, 2014, was \$148,478. The cash balance (Net Cash Resources) at June 30, 2014, was \$379,395, resulting in cash balances (Net Cash Resources) in excess of \$230,917. The three months average expenditures for the fiscal year ending June 30, 2015, was \$176,217. The cash balance (Net Cash Resources) at June 30, 2015, was \$374,558, resulting in cash balances (Net Cash Resources) in excess of \$198,341.

Context

The monthly ending balance (Net Cash Resources) in the School Lunch fund exceeded the three months average expenditures during 24 of the 24 months 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. . . ."

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 220.7(e) states in part:

"Each school fund authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction: . . .

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

7 CFR section 210.14(b) states:

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

Cause

Management had not developed and followed an effective system of internal controls that segregated key functions, or developed and implemented a plan to reduce the cash balances (Net Cash Resources) of the School Lunch fund to an amount that did not exceed the three months average expenditures.

Effect

The failure to establish internal controls enabled material 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, including segregation of duties, related to the grant agreement and the compliance requirement listed above and that the School Corporation's management comply with the Cash Management requirements of the programs.

Views of Responsible Officials

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

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-005

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): 2013-2014, 2014-2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure that the weighted average paid lunch price calculations were completed and that the paid lunch prices were established accordingly.

Context

The School Corporation did not perform the required paid lunch equity or its weighted average price calculations for the 2013-2014 school year.

The weighted-average price calculation for the 2014-2015 school year was performed; however, the calculation was incorrect. The School Corporation calculated the weighted average lunch price to be \$2.50; however, the weighted average lunch price should have been \$2.59.

Criteria

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

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

7 CFR 210.14(e) states in part:

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

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

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Effect

The failure to establish internal controls enabled material 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, including segregation of duties, related to the grant agreement and the compliance requirement 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.

LINTON-STOCKTON SCHOOL CORPORATION

Superintendent

Nicholas G. Karazsia

Board Members

Clint House
Les Newman
Mike Perigo
John Preble
Ralph Witty

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

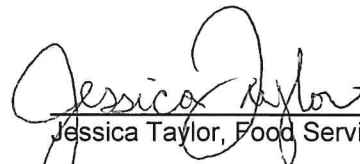
FINDING 2013-002

Fiscal year in which the finding initially occurred: FY 2013
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jessica Taylor, Food Service Director
Contact Phone Number: 812-847-6020

Status of Audit Finding:

Linton-Stockton School Corporation has implemented procedures to properly establish an internal control system, including segregation of duties, for cash management and reporting for the Food Service Department.

At the time of the audit when this Finding was noted, the school corporation employed a Food Service Director who retired shortly after completion of the audit in May of 2014. The current Food Service Director was hired in May of 2014 and assumed responsibility for Food Service at the beginning of the 2014-2015 school year. Since that time, the Food Service Director has created and implemented internal controls to ensure that free and reduced applications are entered correctly and that the correct status has been made and entered on the student's demographics. In addition, procedures have been implemented to ensure that all free and reduced applications are available for review at all times and that an application is on file for each student receiving assistance.



Jessica Taylor, Food Service Director
August 7, 2017



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LINTON-STOCKTON SCHOOL CORPORATION

Superintendent

Nicholas G. Karazsia

Board Members

Clint House
Les Newman
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John Preble
Ralph Witty

CORRECTION ACTION PLAN

Finding 2015-001

Contact Person Responsible for Corrective Action: Claudia Walker, Treasurer, Greene-Sullivan Special Education Cooperative, Sarah Sparks, Director of Special Education, Greene-Sullivan Special Education Cooperative, Carla Gambill, Treasurer, Linton-Stockton School Corporation, and Nicholas Karazsia, Superintendent, Linton-Stockton School Corporation

Contact Phone Number: (812) 847-8497 and (812) 847-6020

Views of Responsible Officials: We concur with the finding.

Description of Correction Action Plan:

- Greene-Sullivan Special Education Cooperative has revised internal controls regarding completion of semi-annual certification reports to require completion of the Semi-Annual Certification reports in July and December. Those reports will be approved by the Director of the Greene-Sullivan Special Education Cooperative and a copy of the approved reports will be provided to the Treasurer of Linton-Stockton School Corporation no later than July 31 and December 31 of each calendar year.

Anticipated Completion Date: Immediate



Sarah Sparks, Director of Special Education
Greene-Sullivan Special Education
Cooperative



Claudia Walker, Treasurer
Greene-Sullivan Special Education
Cooperative



Carla Gambill, Treasurer
Linton-Stockton School Corporation



Nicholas Karazsia, Superintendent
Linton-Stockton School Corporation



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CORRECTION ACTION PLAN

Finding 2015-002

Contact Person Responsible for Corrective Action: Claudia Walker, Treasurer, Greene-Sullivan Special Education Cooperative, Sarah Sparks, Director of Special Education, Greene-Sullivan Special Education Cooperative, Carla Gambill, Treasurer, Linton-Stockton School Corporation, and Nicholas Karazsia, Superintendent, Linton-Stockton School Corporation

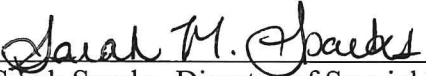
Contact Phone Number: (812) 847-8497

Views of Responsible Officials: We concur with the finding.

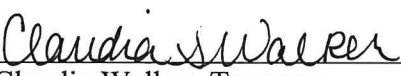
Description of Correction Action Plan:

- Greene-Sullivan Special Education Cooperative has revised the internal controls involving reimbursement requests to require the review and approval of each reimbursement request by the Director of the Greene-Sullivan Special Education Cooperative prior to submitting the reimbursement request. The Treasurer of Greene-Sullivan Special Education Cooperative will provide the Treasurer of Linton-Stockton School Corporation a copy of each approved reimbursement request.

Anticipated Completion Date: Immediate




Sarah Sparks, Director of Special Education
Greene-Sullivan Special Education
Cooperative



Claudia Walker, Treasurer
Greene-Sullivan Special Education
Cooperative



Carla Gambill, Treasurer
Linton-Stockton School Corporation



Nicholas Karazsia, Superintendent
Linton-Stockton School Corporation



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Ralph Witty

CORRECTION ACTION PLAN

Finding 2015-003

Contact Person Responsible for Corrective Action: Claudia Walker, Treasurer, Greene-Sullivan Special Education Cooperative, Sarah Sparks, Director of Special Education, Greene-Sullivan Special Education Cooperative, Carla Gambill, Treasurer, Linton-Stockton School Corporation, and Nicholas Karazsia, Superintendent, Linton-Stockton School Corporation

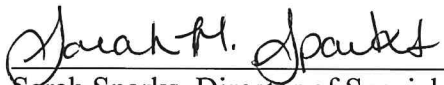
Contact Phone Number: (812) 847-8497

Views of Responsible Officials: We concur with the finding.

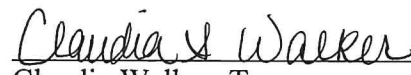
Description of Correction Action Plan:

- Greene-Sullivan Special Education Cooperative has revised internal controls regarding purchasing with federal dollars to include a search for the proposed vendor name on the federal website. A copy of each vendor search will be maintained in the vendor files. If the vendor is suspended or debarred, a contract will not be awarded. The vendor searches will be available for inspection by the Treasurer and/or Superintendent of Linton-Stockton School Corporation at all times.

Anticipated Completion Date: Immediate



Sarah Sparks, Director of Special Education
Greene-Sullivan Special Education
Cooperative



Claudia Walker, Treasurer
Greene-Sullivan Special Education
Cooperative



Carla Gambill, Treasurer
Linton-Stockton School Corporation



Nicholas Karazsia, Superintendent
Linton-Stockton School Corporation



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CORRECTION ACTION PLAN

Finding 2015-004

Contact Person Responsible for Corrective Action: Jessica Taylor, Food Service Director

Contact Phone Number: (812) 847-6020

Views of Responsible Officials: We concur with the finding.

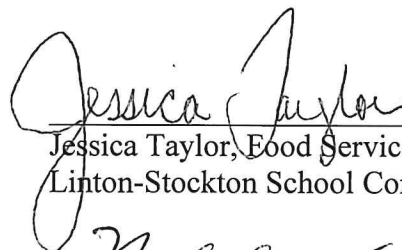
Description of Correction Action Plan:

- In June and July of 2017, the Food Service Director completed a renovation of the flooring in the High School Auditoria and a renovation in the Elementary Cafeteria and Kitchen, which included painting and flooring.
- The Food Service Director plans to replace equipment in the high school and the elementary kitchens, which will decrease the cash balance in School Lunch.
- The Food Service Director will apply for a waiver for the 2018-2019 school year to avoid raising breakfast and lunch prices based on the excess cash balance.
- The Food Service Director will research different food options that may be made available to our staff and students that will increase costs and thereby decrease the excess cash balance.

Anticipated Completion Date: Immediate



Carla Gambill, Treasurer
Linton-Stockton School Corporation



Jessica Taylor, Food Service Director
Linton-Stockton School Corporation



Nicholas Karazsia, Superintendent
Linton-Stockton School Corporation



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CORRECTION ACTION PLAN

Finding 2015-005

Contact Person Responsible for Corrective Action: Jessica Taylor, Food Service Director, and Carla Gambill, Treasurer

Contact Phone Number: (812) 847-6020

Views of Responsible Officials: We concur with the finding.

Description of Correction Action Plan:

- Internal Controls have been revised to provide that the Food Service Director will continue to prepare the Paid Lunch Equity calculations; however, those calculations will be provided to the Corporation Treasurer for approval and verification that the calculated amount is correct prior to submission to the state.
- Internal Controls have also been revised to include the requirement of retaining supporting documentation in the file with the report.

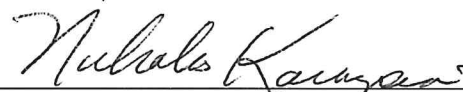
Anticipated Completion Date: Immediate



Carla Gambill, Treasurer
Linton-Stockton School Corporation



Jessica Taylor, Food Service Director
Linton-Stockton School Corporation



Nicholas Karazsia, Superintendent
Linton-Stockton School Corporation



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OTHER REPORTS

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