

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BENTON COMMUNITY SCHOOL CORPORATION
BENTON COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
09/15/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance	Tracy Albertson	07-01-13 to 06-30-18
Superintendent of Schools	Destin Haas (Vacant) Gregg H. Hoover	07-01-13 to 10-25-13 10-26-13 to 10-28-13 10-29-13 to 06-30-18
President of the School Board	Michael Souligne Gabe Widmer	07-01-13 to 12-31-14 01-01-15 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BENTON COMMUNITY SCHOOL
CORPORATION, BENTON COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 27, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

July 27, 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 BENTON COMMUNITY SCHOOL
CORPORATION, BENTON 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 Benton Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated July 27, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015- 002.

Benton Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

July 27, 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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BENTON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 2,485,882	\$ 12,639,695	\$ 12,171,128	\$ (26,050)	\$ 2,928,399	\$ 12,567,513	\$ 12,156,614	\$ -	\$ 3,339,298
Debt Service	1,470,075	2,233,361	2,227,500	(13,150)	1,462,786	2,273,355	2,228,500	-	1,507,641
Retirement/Severance Bond Debt Service	31,423	246,815	249,276	-	28,962	246,207	245,353	-	29,816
Capital Projects	608,851	2,093,745	1,904,232	-	798,364	2,206,398	1,823,442	-	1,181,320
School Transportation	623,876	1,797,319	1,594,164	-	827,031	1,864,713	1,541,009	-	1,150,735
School Bus Replacement	682,599	340,660	366,710	-	656,549	342,017	351,640	-	646,926
Rainy Day	5,310,029	2,502	572,019	-	4,740,512	-	110,351	-	4,630,161
Retirement/Severance Bond	340,132	2,969	33,494	-	309,607	4,256	53,988	-	259,875
Reconstruction Fund	4,806	-	-	-	4,806	-	-	-	4,806
Construction High School	639	-	-	-	639	-	-	-	639
School Lunch	509,957	1,013,549	970,907	-	552,599	935,676	886,756	-	601,519
Textbook Rental	332,122	236,979	376,652	-	192,449	202,312	238,731	-	156,030
Levy Excess	-	-	-	-	-	269	-	-	269
Perkins Grant 2012-13	116	-	116	-	-	-	-	-	-
Perkins Grant 2013-14	-	28,478	28,266	-	212	-	212	-	-
Perkins Grant 2014-15	-	-	-	-	-	17,621	18,202	-	(581)
Artist in Residence Grant 2012-13	(501)	597	96	-	-	-	-	-	-
Educational License Plates	13,959	112	-	-	14,071	188	-	-	14,259
Safe Haven Grant 2013-14	-	1,431	3,929	-	(2,498)	1,550	(948)	-	-
Safe Haven Grant 2014-15	-	-	-	-	-	3,800	5,619	-	(1,819)
Early Intervention Grant	1,744	-	1,744	-	-	-	-	-	-
Safe Haven Grant 2012-13	(5,750)	7,300	-	-	1,550	(1,550)	-	-	-
Gifts/Donations	(33,307)	179,459	158,260	-	(12,108)	71,002	66,669	-	(7,775)
Pioneer Grant - Plant & Soil	-	-	-	-	-	5,000	2,952	-	2,048
After School Program	47	69,464	69,511	-	-	48,307	47,784	-	523
Benton Community Foundation	(1,626)	1,443	806	-	(989)	-	(989)	-	-
Cooperative School Services	(4,525)	112,886	99,197	-	9,164	118,097	111,066	-	16,195
Helping Hands Contributions	2,062	-	778	-	1,284	-	-	-	1,284
CEIS Grant - Cooperative Sch Svc	(6,684)	43,868	49,891	-	(12,707)	80,184	71,622	-	(4,145)
Benton Comm Foundation Grants	5,114	6,957	8,400	-	3,671	-	3,179	-	492
Computer Repair Pass-Through	-	4,821	10,770	-	(5,949)	23,773	26,925	-	(9,101)
Windmill Money	515,777	214,285	249,530	-	480,532	104,728	249,530	-	335,730
Project Lead the Way	5	-	5	-	-	-	-	-	-
Medicaid Reimbursement	5,994	934	1,300	-	5,628	3,820	-	-	9,448
James Timothy Scholarship	-	50	50	-	-	50	100	-	(50)
James & Mabel Wright Scholarship	-	250	250	-	-	250	250	-	-
Pioneer Scholarship	-	1,000	1,000	-	-	-	-	-	-
Klemme Scholarship	-	500	500	-	-	250	250	-	-
Non-English Speaking Grant 2012-13	70	-	-	(70)	-	-	-	-	-
Non-English Speaking Grant 2013-14	-	4,544	4,544	-	-	-	-	-	-
School Technology	1,272	4,661	4,665	-	1,268	4,713	4,661	-	1,320
Gifted and Talented 2011-12	29	-	-	-	29	-	29	-	-
Gifted and Talented 2013-14	-	32,476	30,835	-	1,641	-	1,641	-	-
Gifted and Talented 2014-15	-	-	-	-	-	32,597	4,852	-	27,745
Gifted and Talented 2012-13	4,411	-	4,411	-	-	-	-	-	-
Senator David Ford Technology	9,336	50,000	8,779	-	50,557	-	46,362	-	4,195
Title I 2013-14	-	173,955	232,180	-	(58,225)	102,075	43,850	-	-
Title I 2014-15	-	-	-	-	-	160,368	206,888	-	(46,520)
Title I 2011-12	(59,001)	108,634	49,530	-	103	-	103	-	-
Special Ed Improvement Award	(399)	63,847	63,448	-	-	-	-	-	-
Adult Education Grant	1,636	-	-	-	1,636	-	-	-	1,636
Medicaid Reimbursement - Federal	26,866	1,895	797	-	27,964	7,637	6,953	-	28,648
Title II Class Size Reduction 2013-14	(10,950)	66,863	56,088	-	(175)	175	-	-	-
Title II Class Size Reduction 2012-13	-	7,550	21,366	-	(13,816)	56,711	42,895	-	-
Title II Class Size Reduction 2014-15	-	-	-	-	-	31,271	44,998	-	(13,727)
Education Jobs	(2)	2	-	-	-	-	-	-	-
Payroll	29,416	3,344,035	3,332,823	-	40,628	3,392,089	3,390,451	-	42,266
Totals	\$ 12,895,500	\$ 25,139,891	\$ 24,959,947	\$ (39,270)	\$ 13,036,174	\$ 24,907,422	\$ 24,032,490	\$ -	\$ 13,911,106

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

BENTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

BENTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

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

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

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

Debt 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:

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

BENTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for 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.

BENTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

BENTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not made by June 30, 2014 and 2015.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with the Benton School Improvement Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2014 and 2015, totaled \$2,227,500 and \$2,228,500, respectively.

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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 2,485,882	\$ 1,470,075	\$ 31,423	\$ 608,851	\$ 623,876	\$ 682,599	\$ 5,310,029	\$ 340,132
Receipts:								
Local sources	306,826	2,233,361	246,815	2,093,745	1,797,319	340,660	2,502	2,969
Intermediate sources	3,869	-	-	-	-	-	-	-
State sources	12,329,000	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	12,639,695	2,233,361	246,815	2,093,745	1,797,319	340,660	2,502	2,969
Disbursements:								
Instruction	8,410,261	-	-	-	-	-	2,500	33,494
Support services	3,760,867	-	-	1,174,566	1,594,164	-	300,718	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	729,666	-	366,710	268,801	-
Debt service	-	2,227,500	249,276	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	12,171,128	2,227,500	249,276	1,904,232	1,594,164	366,710	572,019	33,494
Excess (deficiency) of receipts over disbursements	468,567	5,861	(2,461)	189,513	203,155	(26,050)	(569,517)	(30,525)
Other financing sources (uses):								
Transfers out	(26,050)	(13,150)	-	-	-	-	-	-
Total other financing sources (uses)	(26,050)	(13,150)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	442,517	(7,289)	(2,461)	189,513	203,155	(26,050)	(569,517)	(30,525)
Cash and investments - ending	\$ 2,928,399	\$ 1,462,786	\$ 28,962	\$ 798,364	\$ 827,031	\$ 656,549	\$ 4,740,512	\$ 309,607

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

	Reconstruction Fund	Construction High School	School Lunch	Textbook Rental	Levy Excess	Perkins Grant 2012-13	Perkins Grant 2013-14	Perkins Grant 2014-15
Cash and investments - beginning	\$ 4,806	\$ 639	\$ 509,957	\$ 332,122	\$ -	\$ 116	\$ -	\$ -
Receipts:								
Local sources	-	-	413,901	164,537	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	599,648	72,442	-	-	-	-
Federal sources	-	-	-	-	-	-	28,478	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	1,013,549	236,979	-	-	28,478	-
Disbursements:								
Instruction	-	-	-	-	-	-	12,875	-
Support services	-	-	1,043	376,652	-	116	15,391	-
Noninstructional services	-	-	969,864	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	970,907	376,652	-	116	28,266	-
Excess (deficiency) of receipts over disbursements	-	-	42,642	(139,673)	-	(116)	212	-
Other financing sources (uses):								
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	42,642	(139,673)	-	(116)	212	-
Cash and investments - ending	\$ 4,806	\$ 639	\$ 552,599	\$ 192,449	\$ -	\$ -	\$ 212	\$ -

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

	Artist in Residence Grant 2012-13	Educational License Plates	Safe Haven Grant 2013-14	Safe Haven Grant 2014-15	Early Intervention Grant	Safe Haven Grant 2012-13	Gifts/ Donations
Cash and investments - beginning	\$ (501)	\$ 13,959	\$ -	\$ -	\$ 1,744	\$ (5,750)	\$ (33,307)
Receipts:							
Local sources	-	-	-	-	-	-	179,459
Intermediate sources	-	112	-	-	-	-	-
State sources	597	-	1,431	-	-	7,300	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>597</u>	<u>112</u>	<u>1,431</u>	<u>-</u>	<u>-</u>	<u>7,300</u>	<u>179,459</u>
Disbursements:							
Instruction	96	-	-	-	1,744	-	72,724
Support services	-	-	3,929	-	-	-	85,536
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>96</u>	<u>-</u>	<u>3,929</u>	<u>-</u>	<u>1,744</u>	<u>-</u>	<u>158,260</u>
Excess (deficiency) of receipts over disbursements	<u>501</u>	<u>112</u>	<u>(2,498)</u>	<u>-</u>	<u>(1,744)</u>	<u>7,300</u>	<u>21,199</u>
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>501</u>	<u>112</u>	<u>(2,498)</u>	<u>-</u>	<u>(1,744)</u>	<u>7,300</u>	<u>21,199</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 14,071</u>	<u>\$ (2,498)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,550</u>	<u>\$ (12,108)</u>

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

	Pioneer Grant - Plant & Soil	After School Program	Benton Community Foundation	Cooperative School Services	Helping Hands Contributions	CEIS Grant - Cooperative Sch Svc	Benton Comm Foundation Grants
Cash and investments - beginning	\$ -	\$ 47	\$ (1,626)	\$ (4,525)	\$ 2,062	\$ (6,684)	\$ 5,114
Receipts:							
Local sources	-	69,464	1,443	112,886	-	43,868	6,957
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	69,464	1,443	112,886	-	43,868	6,957
Disbursements:							
Instruction	-	69,431	806	93,530	55	49,891	8,400
Support services	-	80	-	5,667	723	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	69,511	806	99,197	778	49,891	8,400
Excess (deficiency) of receipts over disbursements	-	(47)	637	13,689	(778)	(6,023)	(1,443)
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(47)	637	13,689	(778)	(6,023)	(1,443)
Cash and investments - ending	\$ -	\$ -	\$ (989)	\$ 9,164	\$ 1,284	\$ (12,707)	\$ 3,671

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

	Computer Repair Pass-Through	Windmill Money	Project Lead the Way	Medicaid Reimbursement	James Timothy Scholarship	James & Mabel Wright Scholarship	Pioneer Scholarship
Cash and investments - beginning	\$ -	\$ 515,777	\$ 5	\$ 5,994	\$ -	\$ -	\$ -
Receipts:							
Local sources	4,821	214,285	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	934	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	50	250	1,000
Total receipts	<u>4,821</u>	<u>214,285</u>	<u>-</u>	<u>934</u>	<u>50</u>	<u>250</u>	<u>1,000</u>
Disbursements:							
Instruction	-	245,530	5	580	-	-	-
Support services	10,770	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	4,000	-	720	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	50	250	1,000
Total disbursements	<u>10,770</u>	<u>249,530</u>	<u>5</u>	<u>1,300</u>	<u>50</u>	<u>250</u>	<u>1,000</u>
Excess (deficiency) of receipts over disbursements	<u>(5,949)</u>	<u>(35,245)</u>	<u>(5)</u>	<u>(366)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,949)</u>	<u>(35,245)</u>	<u>(5)</u>	<u>(366)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (5,949)</u>	<u>\$ 480,532</u>	<u>\$ -</u>	<u>\$ 5,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Klemme Scholarship	Non-English Speaking Grant 2012-13	Non-English Speaking Grant 2013-14	School Technology	Gifted and Talented 2011-12	Gifted and Talented 2013-14	Gifted and Talented 2014-15
Cash and investments - beginning	\$ -	\$ 70	\$ -	\$ 1,272	\$ 29	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	4,544	4,661	-	32,476	-
Federal sources	-	-	-	-	-	-	-
Other receipts	500	-	-	-	-	-	-
Total receipts	500	-	4,544	4,661	-	32,476	-
Disbursements:							
Instruction	-	-	4,544	-	-	30,835	-
Support services	-	-	-	4,665	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	500	-	-	-	-	-	-
Total disbursements	500	-	4,544	4,665	-	30,835	-
Excess (deficiency) of receipts over disbursements	-	-	-	(4)	-	1,641	-
Other financing sources (uses):							
Transfers out	-	(70)	-	-	-	-	-
Total other financing sources (uses)	-	(70)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(70)	-	(4)	-	1,641	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,268	\$ 29	\$ 1,641	\$ -

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

	Gifted and Talented 2012-13	Senator David Ford Technology	Title I 2013-14	Title I 2014-15	Title I 2011-12	Special Ed Improvement Award	Adult Education Grant
Cash and investments - beginning	\$ 4,411	\$ 9,336	\$ -	\$ -	\$ (59,001)	\$ (399)	\$ 1,636
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	50,000	-	-	-	-	-
Federal sources	-	-	173,955	-	108,634	63,847	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	50,000	173,955	-	108,634	63,847	-
Disbursements:							
Instruction	4,411	-	208,493	-	29,137	63,448	-
Support services	-	8,779	12,560	-	19,467	-	-
Noninstructional services	-	-	11,127	-	926	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	4,411	8,779	232,180	-	49,530	63,448	-
Excess (deficiency) of receipts over disbursements	(4,411)	41,221	(58,225)	-	59,104	399	-
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,411)	41,221	(58,225)	-	59,104	399	-
Cash and investments - ending	\$ -	\$ 50,557	\$ (58,225)	\$ -	\$ 103	\$ -	\$ 1,636

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

	Medicaid Reimbursement - Federal	Title II Class Size Reduction 2013-14	Title II Class Size Reduction 2012-13	Title II Class Size Reduction 2014-15	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ 26,866	\$ (10,950)	\$ -	\$ -	\$ (2)	\$ 29,416	\$ 12,895,500
Receipts:							
Local sources	-	-	-	-	-	-	8,235,818
Intermediate sources	-	-	-	-	-	-	3,981
State sources	-	-	-	-	-	-	13,103,033
Federal sources	1,895	66,863	7,550	-	2	-	451,224
Other receipts	-	-	-	-	-	3,344,035	3,345,835
Total receipts	1,895	66,863	7,550	-	2	3,344,035	25,139,891
Disbursements:							
Instruction	-	55,248	20,619	-	-	-	9,418,657
Support services	743	840	747	-	-	-	7,378,023
Noninstructional services	-	-	-	-	-	-	981,917
Facilities acquisition and construction	54	-	-	-	-	-	1,369,951
Debt service	-	-	-	-	-	-	2,476,776
Nonprogrammed charges	-	-	-	-	-	3,332,823	3,334,623
Total disbursements	797	56,088	21,366	-	-	3,332,823	24,959,947
Excess (deficiency) of receipts over disbursements	1,098	10,775	(13,816)	-	2	11,212	179,944
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	(39,270)
Total other financing sources (uses)	-	-	-	-	-	-	(39,270)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,098	10,775	(13,816)	-	2	11,212	140,674
Cash and investments - ending	\$ 27,964	\$ (175)	\$ (13,816)	\$ -	\$ -	\$ 40,628	\$ 13,036,174

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 2,928,399	\$ 1,462,786	\$ 28,962	\$ 798,364	\$ 827,031	\$ 656,549	\$ 4,740,512	\$ 309,607
Receipts:								
Local sources	150,782	2,273,355	246,207	2,206,398	1,864,713	342,017	-	4,256
Intermediate sources	1,624	-	-	-	-	-	-	-
State sources	12,415,107	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>12,567,513</u>	<u>2,273,355</u>	<u>246,207</u>	<u>2,206,398</u>	<u>1,864,713</u>	<u>342,017</u>	<u>-</u>	<u>4,256</u>
Disbursements:								
Instruction	8,310,934	-	-	-	-	-	(2,500)	53,988
Support services	3,845,680	-	-	1,180,591	1,541,009	351,640	81,070	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	642,851	-	-	31,781	-
Debt service	-	2,228,500	245,353	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>12,156,614</u>	<u>2,228,500</u>	<u>245,353</u>	<u>1,823,442</u>	<u>1,541,009</u>	<u>351,640</u>	<u>110,351</u>	<u>53,988</u>
Excess (deficiency) of receipts over disbursements	<u>410,899</u>	<u>44,855</u>	<u>854</u>	<u>382,956</u>	<u>323,704</u>	<u>(9,623)</u>	<u>(110,351)</u>	<u>(49,732)</u>
Cash and investments - ending	<u>\$ 3,339,298</u>	<u>\$ 1,507,641</u>	<u>\$ 29,816</u>	<u>\$ 1,181,320</u>	<u>\$ 1,150,735</u>	<u>\$ 646,926</u>	<u>\$ 4,630,161</u>	<u>\$ 259,875</u>

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

	Reconstruction Fund	Construction High School	School Lunch	Textbook Rental	Levy Excess	Perkins Grant 2012-13	Perkins Grant 2013-14	Perkins Grant 2014-15
Cash and investments - beginning	\$ 4,806	\$ 639	\$ 552,599	\$ 192,449	\$ -	\$ -	\$ 212	\$ -
Receipts:								
Local sources	-	-	392,973	133,169	269	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	541,953	69,143	-	-	-	-
Federal sources	-	-	-	-	-	-	-	17,621
Other receipts	-	-	750	-	-	-	-	-
Total receipts	-	-	935,676	202,312	269	-	-	17,621
Disbursements:								
Instruction	-	-	-	-	-	-	-	8,000
Support services	-	-	1,503	238,731	-	-	212	10,202
Noninstructional services	-	-	885,253	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	886,756	238,731	-	-	212	18,202
Excess (deficiency) of receipts over disbursements	-	-	48,920	(36,419)	269	-	(212)	(581)
Cash and investments - ending	\$ 4,806	\$ 639	\$ 601,519	\$ 156,030	\$ 269	\$ -	\$ -	\$ (581)

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

	Artist in Residence Grant 2012-13	Educational License Plates	Safe Haven Grant 2013-14	Safe Haven Grant 2014-15	Early Intervention Grant	Safe Haven Grant 2012-13	Gifts/ Donations
Cash and investments - beginning	\$ -	\$ 14,071	\$ (2,498)	\$ -	\$ -	\$ 1,550	\$ (12,108)
Receipts:							
Local sources	-	-	-	-	-	-	71,002
Intermediate sources	-	188	-	-	-	-	-
State sources	-	-	1,550	3,800	-	(1,550)	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>188</u>	<u>1,550</u>	<u>3,800</u>	<u>-</u>	<u>(1,550)</u>	<u>71,002</u>
Disbursements:							
Instruction	-	-	-	-	-	-	75,642
Support services	-	-	(948)	5,619	-	-	(8,973)
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>(948)</u>	<u>5,619</u>	<u>-</u>	<u>-</u>	<u>66,669</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>188</u>	<u>2,498</u>	<u>(1,819)</u>	<u>-</u>	<u>(1,550)</u>	<u>4,333</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 14,259</u>	<u>\$ -</u>	<u>\$ (1,819)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,775)</u>

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

	Pioneer Grant - Plant & Soil	After School Program	Benton Community Foundation	Cooperative School Services	Helping Hands Contributions	CEIS Grant - Cooperative Sch Svc	Benton Comm Foundation Grants
Cash and investments - beginning	\$ -	\$ -	\$ (989)	\$ 9,164	\$ 1,284	\$ (12,707)	\$ 3,671
Receipts:							
Local sources	5,000	48,307	-	118,097	-	80,184	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>5,000</u>	<u>48,307</u>	<u>-</u>	<u>118,097</u>	<u>-</u>	<u>80,184</u>	<u>-</u>
Disbursements:							
Instruction	2,952	47,784	(989)	102,121	-	71,622	3,179
Support services	-	-	-	8,945	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>2,952</u>	<u>47,784</u>	<u>(989)</u>	<u>111,066</u>	<u>-</u>	<u>71,622</u>	<u>3,179</u>
Excess (deficiency) of receipts over disbursements	<u>2,048</u>	<u>523</u>	<u>989</u>	<u>7,031</u>	<u>-</u>	<u>8,562</u>	<u>(3,179)</u>
Cash and investments - ending	<u>\$ 2,048</u>	<u>\$ 523</u>	<u>\$ -</u>	<u>\$ 16,195</u>	<u>\$ 1,284</u>	<u>\$ (4,145)</u>	<u>\$ 492</u>

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

	Computer Repair Pass-Through	Windmill Money	Project Lead the Way	Medicaid Reimbursement	James Timothy Scholarship	James & Mabel Wright Scholarship	Pioneer Scholarship
Cash and investments - beginning	\$ (5,949)	\$ 480,532	\$ -	\$ 5,628	\$ -	\$ -	\$ -
Receipts:							
Local sources	23,773	104,728	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	3,820	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	50	250	-
Total receipts	<u>23,773</u>	<u>104,728</u>	<u>-</u>	<u>3,820</u>	<u>50</u>	<u>250</u>	<u>-</u>
Disbursements:							
Instruction	-	245,530	-	-	-	-	-
Support services	17,375	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	9,550	4,000	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	100	250	-
Total disbursements	<u>26,925</u>	<u>249,530</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>250</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,152)</u>	<u>(144,802)</u>	<u>-</u>	<u>3,820</u>	<u>(50)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (9,101)</u>	<u>\$ 335,730</u>	<u>\$ -</u>	<u>\$ 9,448</u>	<u>\$ (50)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Klemme Scholarship	Non-English Speaking Grant 2012-13	Non-English Speaking Grant 2013-14	School Technology	Gifted and Talented 2011-12	Gifted and Talented 2013-14	Gifted and Talented 2014-15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,268	\$ 29	\$ 1,641	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	4,713	-	-	32,597
Federal sources	-	-	-	-	-	-	-
Other receipts	250	-	-	-	-	-	-
Total receipts	<u>250</u>	<u>-</u>	<u>-</u>	<u>4,713</u>	<u>-</u>	<u>-</u>	<u>32,597</u>
Disbursements:							
Instruction	-	-	-	-	29	1,641	4,852
Support services	-	-	-	4,661	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	250	-	-	-	-	-	-
Total disbursements	<u>250</u>	<u>-</u>	<u>-</u>	<u>4,661</u>	<u>29</u>	<u>1,641</u>	<u>4,852</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>52</u>	<u>(29)</u>	<u>(1,641)</u>	<u>27,745</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,745</u>

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

	Gifted and Talented 2012-13	Senator David Ford Technology	Title I 2013-14	Title I 2014-15	Title I 2011-12	Special Ed Improvement Award	Adult Education Grant
Cash and investments - beginning	\$ -	\$ 50,557	\$ (58,225)	\$ -	\$ 103	\$ -	\$ 1,636
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	102,075	160,368	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	102,075	160,368	-	-	-
Disbursements:							
Instruction	-	-	36,747	189,798	-	-	-
Support services	-	46,362	6,511	10,677	103	-	-
Noninstructional services	-	-	592	6,413	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	46,362	43,850	206,888	103	-	-
Excess (deficiency) of receipts over disbursements	-	(46,362)	58,225	(46,520)	(103)	-	-
Cash and investments - ending	\$ -	\$ 4,195	\$ -	\$ (46,520)	\$ -	\$ -	\$ 1,636

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

	Medicaid Reimbursement - Federal	Title II Class Size Reduction 2013-14	Title II Class Size Reduction 2012-13	Title II Class Size Reduction 2014-15	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ 27,964	\$ (175)	\$ (13,816)	\$ -	\$ -	\$ 40,628	\$ 13,036,174
Receipts:							
Local sources	-	-	-	-	-	-	8,065,230
Intermediate sources	-	-	-	-	-	-	1,812
State sources	-	-	-	-	-	-	13,071,133
Federal sources	7,637	175	56,711	31,271	-	-	375,858
Other receipts	-	-	-	-	-	3,392,089	3,393,389
Total receipts	7,637	175	56,711	31,271	-	3,392,089	24,907,422
Disbursements:							
Instruction	-	-	42,642	44,998	-	-	9,238,970
Support services	5,426	-	253	-	-	-	7,346,649
Noninstructional services	-	-	-	-	-	-	892,258
Facilities acquisition and construction	1,527	-	-	-	-	-	689,709
Debt service	-	-	-	-	-	-	2,473,853
Nonprogrammed charges	-	-	-	-	-	3,390,451	3,391,051
Total disbursements	6,953	-	42,895	44,998	-	3,390,451	24,032,490
Excess (deficiency) of receipts over disbursements	684	175	13,816	(13,727)	-	1,638	874,932
Cash and investments - ending	\$ 28,648	\$ -	\$ -	\$ (13,727)	\$ -	\$ 42,266	\$ 13,911,106

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BENTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,960,483</u>	<u>\$ 85,865</u>

BENTON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Benton School Improvement Building Corporation	Built New Elementary	\$ 1,405,000	01/15/06	01/15/25
Benton School Improvement Building Corporation	Remodeled High School	826,000	01/15/06	01/15/25
Cooperative School Services	Share of Special Ed Co-op Building	<u>19,920</u>	07/01/08	07/01/21
Total of annual lease payments		<u>\$ 2,250,920</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	Retirement Severance Bonds 2002 & 2006	<u>\$ 1,480,000</u> <u>\$ 262,081</u>

BENTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 116,600
Infrastructure	3,421,000
Buildings	80,569,390
Improvements other than buildings	1,206,010
Machinery, equipment, and vehicles	5,477,050
Books and other	<u>250,000</u>
Total capital assets	<u>\$ 91,040,050</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE BENTON COMMUNITY SCHOOL
CORPORATION, BENTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

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.

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 2015-004, 2015-005, 2015-006, 2015-007, and 2015-010. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

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 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009, and 2015-010 to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

July 27, 2017

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Federal Awards Expended 06-30-15
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY2014	\$ -	\$ 101,041	\$ -	\$ -
School Breakfast Program			FY2015	-	-	-	92,540
Total - School Breakfast Program				-	101,041	-	92,540
National School Lunch Program	Indiana Department of Education	10.555	FY2014	-	487,148	-	-
National School Lunch Program			FY2015	-	-	-	437,987
National School Lunch Program - Commodities			FY2014	-	69,628	-	-
National School Lunch Program - Commodities			FY2015	-	-	-	70,057
Total - National School Lunch Program				-	556,776	-	508,044
Total - Child Nutrition Cluster				-	657,817	-	600,584
Total - Department of Agriculture				-	657,817	-	600,584
Department of Education							
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I SY 2012-13		84.010	2012-2013	-	108,633	-	-
Title I SY 2013-14			2013-2014	-	173,955	-	102,075
Title I SY 2014-15			2014-2015	-	-	-	160,368
Total - Title I Grants to Local Educational Agencies				-	282,588	-	262,443
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education						
Part B 611 IDEA Grant FY13		84.027	14213-051-PN01	-	156,159	-	1,151
Part B 611 IDEA Grant FY14			14214-051-PN01	-	335,188	-	155,115
Part B 611 IDEA Grant FY15			14215-051-PN01	-	-	-	362,818
Part B Technical Assistance Grant			99914-051-TA01	-	4,440	-	6,990
Special Ed Improvement Award			A58-3-13DL-1484	-	63,846	-	-
Total - Special Education Grants to States				-	559,633	-	526,074
Special Education Preschool Grants	Indiana Department of Education						
Part B 619 Preschool Grant FY13		84.173	45713-051-PN01	-	6,332	-	-
Part B 619 Preschool Grant FY14			45714-051-PN01	-	11,475	-	5,861
Part B 619 Preschool Grant FY15			45715-051-PN01	-	-	-	11,669
Total - Special Education Preschool Grants				-	17,807	-	17,530
Total - Special Education Cluster (IDEA)				-	577,440	-	543,604
Career and Technical Education -- Basic Grants to States	Indiana Department of Education						
Perkins 2013-14		84.048	2013-2014	-	28,478	-	-
Perkins 2014-15			2014-2015	-	-	-	17,621
Total - Career and Technical Education -- Basic Grants to States				-	28,478	-	17,621
English Language Acquisition State Grants	Wabash Valley Education Center						
NESP 2013-14		84.365	2013-2014	-	4,544	-	-
NESP 2014-15			2014-2015	-	-	-	1,096
Total - English Language Acquisition State Grants				-	4,544	-	1,096
Improving Teacher Quality State Grants	Indiana Department of Education						
Title II 12-13 Class Size Reduction		84.367	12-0395	-	66,863	-	175
Title II 13-14 Class Size Reduction			13-0395	-	7,550	-	56,711
Title II 14-15 Class Size Reduction			14-0395	-	-	-	31,271
Total - Improving Teacher Quality State Grants				-	74,413	-	88,157
Total - Department of Education				-	967,463	-	912,921
Total federal awards expended				\$ -	\$ 1,625,280	\$ -	\$ 1,513,505

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

BENTON COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

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

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

Note 2. *Summary of Significant Accounting Policies*

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

Note 3. *Special Education Cooperative and Wabash Valley Consortium*

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

The School Corporation is a member of the Wabash Valley Consortium. As a result, some activity for the English Language Acquisition State Grants (Title III) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Wabash Valley Consortium.

BENTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

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

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

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

FINDING 2015-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a partial repeat of finding number 2013-1 from the immediate prior audit year.

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

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts. There were no controls to ensure that state and local tax distributions were accurately received and recorded.
2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to monitor and assess the quality of the system of internal control.

Context

The lack of adequate internal controls and lack of monitoring of controls were systemic issues which occurred throughout the audit period.

Criteria

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

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

An integral part of the control activity component is segregation of duties. . . .

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

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control related to receipts and had not established a system to monitor and improve controls.

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to receipts and establish a system to ensure that controls are monitored and evaluated periodically.

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: Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of finding number 2013-2 from the immediate prior audit year.

Condition

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units, which is a financial reporting system and the source for the Schedule of Expenditures of Federal Awards (SEFA).

Due to the lack of controls, the SEFA contained the following material errors:

1. The National School Lunch Program expenditures were understated by \$117,813 and \$156,846 for the years ended June 30, 2014 and 2015, respectively.
2. The Special Education_Grants to States expenditures were understated by \$495,787 for the year ended June 30, 2014.

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

Context

The lack of controls and errors on the SEFA were systemic issues. The SEFA contained errors in both years of the audit period.

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

Criteria

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

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

An integral part of the control activity component is segregation of duties. . . .

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; . . .

- Accurate and timely recording of transactions. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § _____.310. . . ."

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

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

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
.. ."

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure proper reporting of the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003

Subject: Internal Controls over Child Nutrition Cluster
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, Program Income, Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a partial repeat of finding number 2013-4 from the immediate prior audit year.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Eligibility, Program Income, and Reporting.

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

Eligibility

There were no controls in place to ensure that the eligibility determinations for free and reduced price meals were accurate. One employee processed the applications for free and reduced price meals, which included determining eligibility, without oversight or review, or other compensating control.

Program Income

There were no controls in place to ensure that program income was properly recorded. The same employee made the deposits and recorded program income without oversight, review or approval, or other compensating control.

Reporting

There were no controls in place to ensure that required reports were complete and accurate prior to submission. One employee prepared and submitted the Annual Financial Reports and the monthly Sponsor Claim (claims for reimbursement) without oversight, review or approval, or other compensating control.

Context

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

Criteria

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

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

Cause

The School Corporation had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

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

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-004

Subject: Child Nutrition Cluster - 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): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

The internal control issues are a partial repeat of finding number 2014-4 from the immediate prior audit year.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were limited to the three months average expenditures in accordance with the Cash Management compliance requirement.

Context

The lack of controls and the noncompliance were systemic issues. The lack of properly designed or implemented controls allowed noncompliance with the Cash Management compliance requirement for all 24 months of the audit period. The School Lunch fund average expenditures for three months in FY2014 and FY2015 were \$291,272 and \$266,027, respectively. The School Lunch fund average cash balances in FY2014 and FY2015 were \$576,112 and \$515,214, respectively.

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. . . ."

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

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

"Each school food 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 . . ."

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish effective 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 to ensure compliance and comply with the Cash Management compliance requirement.

Views of Responsible Officials

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

FINDING 2015-005

Subject: Child Nutrition Cluster - Equipment and Real Property 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): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

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

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School Corporation failed to comply with the requirement that property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

The School Corporation did not properly record equipment purchased during the audit period.

Context

The lack of controls and the noncompliance were systemic issues which occurred throughout the audit period. Two of the four equipment purchases tested were not properly recorded.

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 3016.32(d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

Cause

The School Corporation had not established an effective system of internal controls that would have ensured compliance with the Equipment and Real Property Management compliance requirement.

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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

FINDING 2015-006

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Education
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement. The School Corporation did not have procedures in place to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

The School Corporation did not perform a verification, obtain certifications, or add a clause to contracts to ensure that the vendors were not suspended or debarred.

Context

The lack of controls and the noncompliance were systemic issues. There were no procedures in place to ensure compliance with any transactions subject to the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

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

Criteria

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

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

2 CFR 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."

Cause

The School Corporation had not established an effective system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

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

FINDING 2015-007

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): 14213-051-PN01, 14214-051-PN01,
14215-051-PN01, 99914-051-TA01,
A58-3-13DL-1484, 45713-051-PN01,
45714-051-PN01, 45715-051-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

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

Procurement

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with procurement requirements. The Special Education Cooperative's Director of Special Education contracted with Occupational Therapists without oversight or approval or other compensating control from the School Corporation's governing board.

Suspension and Debarment

The School Corporation did not have procedures in place to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

The School Corporation did not perform a verification, obtain certifications, or add a clause to contracts to ensure that the vendors were not suspended or debarred.

Context

The lack of controls and the noncompliance were systemic issues. The School Corporation lacked internal controls throughout the audit period. They also did not comply with the suspension and debarment requirements for both years of the audit period.

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

Criteria

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

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

2 CFR 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."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance 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 establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

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

FINDING 2015-008

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): 14213-051-PN01, 14214-051-PN01,
14215-051-PN01, 99914-051-TA01,
A58-3-13DL-1484, 45713-051-PN01,
45714-051-PN01, 45715-051-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that required reports were completed accurately. There were no controls to ensure that the Final Expenditure Reports were accurate prior to submission.

Context

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

Criteria

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

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

Cause

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

Effect

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

BENTON COMMUNITY 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, including segregation of duties, related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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

FINDING 2015-009

Subject: Internal Controls over Title I Grants to Local Educational Agencies

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 2012-2013, 2013-2014, 2014-2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management and Reporting

Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management and Reporting compliance requirements.

Cash Management

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Cash Management requirement. The Treasurer prepared a monthly reimbursement request with supporting expenditure documentation. There was no evidence that adequate oversight or review of the supporting documentation or other compensating control had occurred prior to submission of the reimbursement request.

Reporting

The School Corporation had not designed or implemented adequate policies or procedures to ensure that required reports were completed accurately. There was no evidence of adequate oversight or review or other compensating control of the monthly Request for Reimbursement reports or the annual Final Expenditure Reports prior to submission.

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

Context

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

Criteria

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-010

Subject: Title I Grants to Local Educational Agencies - Eligibility

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 2012-2013, 2013-2014, 2014-2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Other Matters

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

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

Eligibility - Individuals

The School Corporation had not designed or implemented adequate policies or procedures to ensure that all students eligible for Title I services were accounted for on the selection list completed at each Elementary School and submitted to the Title I Director. There was no segregation of duties, such as an oversight, review, or approval process or other compensating control.

Eligibility - Group or Service Area

The School Corporation had not designed or implemented adequate policies or procedures to ensure that required supporting documentation existed to verify that the eligibility of children (students) attending the participating nonprofit private school was correct.

The School Corporation did not determine poverty levels of nonpublic school students for eligibility determination.

Context

The lack of controls and the noncompliance were systemic problems which occurred throughout the audit period.

Criteria

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

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

34 CFR 200.78(a)(1) states in part:

"An LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school. . . ."

Cause

The School Corporation had not established an effective internal control structure which would have ensured compliance with the Eligibility compliance requirement.

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

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance 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

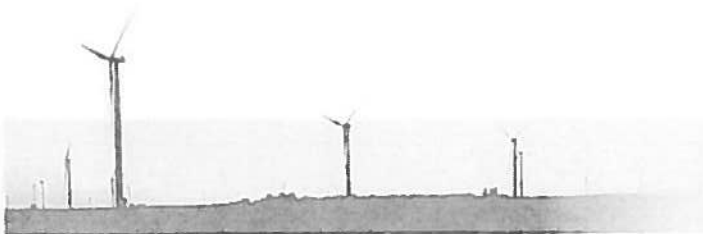
We recommended the School Corporation's management establish controls to ensure compliance and comply with the Eligibility compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



Benton Community School Corporation

"United, Student-Centered School Corporation"

405 S Grant Avenue • PO Box 512 • Fowler, IN 47944 • ph 765.884.0850 • fax 765.884.1614 • www.benton.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-3

Fiscal year in which the finding initially occurred: FY2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Tracy Albertson
Contact Phone Number: 765-884-0850

Status of Audit Finding:

All Internal Controls referenced in 2013-1 finding have been implemented and are currently being followed. All grants beginning and ending dates are maintained in our financial software system and print on our fund reports.


(Signature)

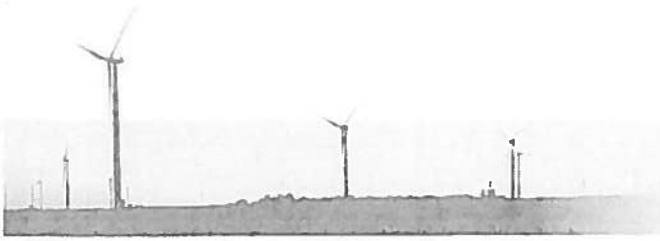
Director of Finance/Treasurer

(Title)

06/29/17

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-4

Fiscal year in which the finding initially occurred: FY2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Tracy Albertson
Contact Phone Number: 765-884-0850

Status of Audit Finding:

All Internal Controls referenced in 2013-1 finding have been implemented and are currently being followed. Periodic meetings occur between the Director of Food Service, Director of Finance and Superintendent regarding reporting requirements and there completion dates. There has not been any formal documentation on these meetings.



(Signature)

Director of Finance/Treasurer
(Title)

06/29/17
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-5

Fiscal year in which the finding initially occurred: FY2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Tracy Albertson

Contact Phone Number: 765-884-0850

Status of Audit Finding:

The school corporation is making sure that the required number of free and reduced applications is being verified as specified by state and federal standards each school year.

The school corporation complies with the paid lunch equity requirements by completing the worksheet and raising paid lunches accordingly each school year.



(Signature)

Director of Finance/Treasurer
(Title)

06/29/17
(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson
Contact Phone Number: 765-884-0850

Views of Responsible Official:

Lack of Segregation of Duties:

Currently the Director of Finance enters the state and local distributions and performs the bank reconciliation. The Bank Reconciliation is then reviewed by the Corporation Secretary.

Description of Corrective Action Plan:

The Corporation Secretary will initial/review the Receipt Edit that is included with the Bank Reconciliation.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: July 31, 2017

Views of Responsible Official:

Monitoring of Controls:

Description of Corrective Action Plan:

The school corporation will review the office procedures to monitor and assess the quality of the system of internal controls.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: September 30, 2017


(Signature)

Director of Finance
(Title)

July 27, 2017
(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson
Contact Phone Number: 765-884-0850

Description of Corrective Action Plan:

The SEFA report will be reviewed by the Superintendent upon submission.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: July 31, 2017


(Signature)

Director of Finance
(Title)

July 27, 2017
(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson & Lynda Stepp
Contact Phone Number: 765-884-0850

Views of Responsible Official:

Eligibility

Description of Corrective Action Plan:

The school corporation will analyze and determine whether the determination of eligibility could be assigned to another staff member so that the Food Service Director would be reviewing the eligibility determinations and not performing both tasks.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: September 30, 2017

Views of Responsible Official:

Program Income

Currently the Director of Finance enters all receipts made by the Cafeteria Managers but no check is made to verify those receipts back to Harmony.

Description of Corrective Action Plan:

The Director of Finance will institute procedures of verifying deposits made by the cafeteria managers to payments posted to students accounts. The corporation will establish a student prepaid lunch clearing account. We will establish procedures to approve the transfers from the clearing account to the school lunch fund.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a

stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: August 31, 2017

Reporting

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Description of Corrective Action Plan:

The Superintendent and/or Director of Finance will review reports of the school lunch program.

Anticipated Completion Date: July 27, 2017



(Signature)

Director of Finance

(Title)

July 27, 2017

(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson & Lynda Stepp
Contact Phone Number: 765-884-0850

Views of Responsible Official:

The school corporation and Food Service Director will review the policies and procedures on an annual basis.

Description of Corrective Action Plan:

The Food Service Director will prepare the three month rolling average of expenditures and compare that amount with the end of the month balance of the School Lunch Fund. The Director of Finance will review the three month's average expenditures in compliance with Cash Management requirements.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: July 31, 2017


(Signature)

Director of Finance
(Title)

July 27, 2017
(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson
Contact Phone Number: 765-884-0850

Description of Corrective Action Plan:

The school corporation will print out and review the fixed asset report semi-annually.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: July 31, 2017


(Signature)

Director of Finance
(Title)

July 27, 2017
(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-006

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson and Lynda Stepp
Contact Phone Number: 765-884-0850

Description of Corrective Action Plan:

The Food Service Director will send the certification form with all bid packets for Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion. The SAM Exclusion website will also be viewed as needed and a printout retained for documentation.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: July 31, 2017


(Signature)

Director of Finance
(Title)

July 27, 2017
(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-007

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson
Contact Phone Number: 765-884-0850

Patti Kem – Director of Special Education, Cooperative School Services
Contact Phone Number: 219-866-8540

Description of Corrective Action Plan:

In order to be in compliance with OMB Circular A-133, Subpart C, Section .300 regarding Suspension and Debarment requirements the School Corporation/Special Education Cooperative will:

- A) Check SAM exclusions by checking the website (sam.gov) to verify status or
- B) Collect a certification form from that persons or contractor

prior to entering into any contractual agreement. Documentation of the above actions will be maintained at the CSS offices and BCSC offices.

Anticipated Completion Date: July 31, 2017



(Signature)

Director of Finance

(Title)

July 27, 2017

(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-008

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson
Contact Phone Number: 765-884-0850

Patti Kem – Director of Special Education, Cooperative School Services
Contact Phone Number: 219-866-8540

Description of Corrective Action Plan:

In order to be in compliance with OMB Circular A-133, Subpart C, Section .300 regarding reporting and internal control requirements the School Corporation/Special Education Cooperative will prepare the final reports for federal grants and document the review of the final report with signatures from:

- A) Director of Special Education and
- B) Treasurer of School Corporation serving as fiscal agent

prior to submission of the Department of Education. Copies of the grant reports are provided to each participating school corporation. Documentation of the above actions will be maintained at both the BSC and CSS offices.

Anticipated Completion Date: July 31, 2017



(Signature)

Director of Finance

(Title)

July 27, 2017

(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-009

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson
Contact Phone Number: 765-884-0850

Views of Responsible Official:

Title I went to electronic submission of reports and reimbursement requests several years ago. The Director of Finance submits the reports and signs electronically. The Superintendent receives an email as the approver of these requests and reports.

Description of Corrective Action Plan:

The Director of Finance will print screen the requests and reports and the Superintendent will initial the reports and requests.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: July 31, 2017



(Signature)

Director of Finance

(Title)

July 27, 2017

(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-010

Contact Person Responsible for Corrective Action: Gregg Hoover, Tracy Albertson
Contact Phone Number: 765-884-0850

Description of Corrective Action Plan:

The school corporation will review and implement procedures for verifying eligibility for all students including those at nonprofit private schools.

The School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Anticipated Completion Date: July 31, 2017



(Signature)

Director of Finance

(Title)

July 27, 2017

(Date)

OTHER REPORTS

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