

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH HARRISON COMMUNITY
SCHOOL CORPORATION
HARRISON 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>
Treasurer	Jo Ann Burson	07-01-13 to 06-30-18
Superintendent of Schools	D. John Thomas Dr. Lance Richards (acting) Dr. Lance Richards	07-01-13 to 05-11-17 05-12-17 to 07-11-17 07-12-17 to 06-30-20
President of the School Board	Veronica Battista	01-01-13 to 12-31-17



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the North Harrison 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 August 10, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

August 10, 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 NORTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON 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 North Harrison 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 August 10, 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 2015-001.

North Harrison 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

August 10, 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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NORTH HARRISON 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	\$ 2,151,162	\$ 13,852,164	\$ 14,749,992	\$ 85,347	\$ 1,338,681	\$ 14,099,850	\$ 14,011,431	\$ -	\$ 1,427,100
Debt Service	1,032,706	2,038,614	1,958,894	(7,946)	1,104,480	2,068,178	1,960,445	(20,878)	1,191,335
Retirement/Severance Bond Debt Service	276,890	270,150	470,393	(76,647)	-	-	-	-	-
Capital Projects	777,872	1,489,032	1,496,501	-	770,403	1,458,557	1,393,995	-	834,965
School Transportation	547,416	1,091,073	1,213,900	51,012	475,601	1,162,447	1,016,065	-	621,983
School Bus Replacement	577,501	264,902	290,399	-	552,004	269,498	177,139	-	644,363
Rainy Day	2,107,537	-	2,107,000	-	537	-	-	-	537
Retirement/Severance Bond	1,397,941	7,355	526,598	-	878,698	4,870	359,335	-	524,233
School Lunch	583,256	1,099,464	1,001,876	-	680,844	1,135,040	1,120,305	-	695,579
Textbook Rental	151,484	325,449	308,376	7,946	176,503	312,099	346,464	20,878	163,016
Levy Excess	51,012	-	-	(51,012)	-	-	-	-	-
Child Care Program	649	12,160	11,633	-	1,176	17,215	17,345	-	1,046
Educational License Plates	6,413	150	-	-	6,563	225	-	-	6,788
Instruction Support	34,792	36,000	70,792	-	-	19,666	21,217	-	(1,551)
Extra-Curricular Activities	-	32,133	32,643	-	(510)	35,151	34,500	-	141
Arts Council-NHE	900	-	-	-	900	-	-	-	900
HC Substance Abuse Prevention Coalition	6	-	-	-	6	-	-	-	6
Jackson Township Trustee	2,627	-	-	-	2,627	-	-	-	2,627
New Salisbury Lions Club	200	165	365	-	-	165	165	-	-
Community Donations	1	11,500	11,500	-	1	1,000	501	-	500
HCCF 2011	513	6,606	7,114	-	5	4,782	946	-	3,841
HCCF Block Grant 2012-2013	(43,647)	82,959	39,312	-	-	-	-	-	-
HCCF Block Grant 2013-2014	-	49,666	91,965	-	(42,299)	71,218	28,919	-	-
HCCF Fall 2014	-	-	-	-	-	27,865	27,865	-	-
HCCF Spring 2015	-	-	-	-	-	-	1,741	-	(1,741)
Riverboat Fullday Kindergarten	-	191,388	78,000	(113,388)	-	-	70,000	70,000	-
Riverboat 2012-2013	43,988	-	43,988	-	-	-	-	-	-
Riverboat 2013-2014	495,759	-	484,895	-	10,864	-	10,817	-	47
Riverboat 2014-2015	-	638,673	338,741	113,388	413,320	-	308,556	(70,000)	34,764
Riverboat 2015	-	-	-	-	-	401,796	146,138	-	255,658
High Ability 2012-2013	17,366	-	17,361	-	5	-	-	-	5
High Ability 2013-2014	-	33,983	7,235	-	26,748	-	26,748	-	-
High Ability 2014-2015	-	-	-	-	-	33,634	4,739	-	28,895
Scholarships and Awards	1,000	-	-	-	1,000	-	-	-	1,000
Non-English Speaking Programs P.L. 273-1999	2,079	-	-	-	2,079	-	-	-	2,079
School Technology	28,936	29,887	30,516	-	28,307	29,921	33,930	-	24,298
21st Century Scholars	2,202	-	-	-	2,202	-	-	-	2,202
Title I 2012-2013	(18,380)	18,380	-	-	-	-	-	-	-
Title I 2013-2014	-	203,201	203,201	-	-	10,787	10,787	-	-
Title I 2014-2015	-	-	-	-	-	137,062	175,638	-	(38,576)
Improving Teaching Quality, No Child Left, Title II, Part A	(10,146)	91,538	84,675	-	(3,283)	82,534	86,204	-	(6,953)
Payroll Withholding	71,037	3,713,207	3,698,486	-	85,758	3,863,226	3,843,019	-	105,965
Matching Grant Clearing	31	-	-	-	31	19,380	19,380	-	31
Totals	\$ 10,291,103	\$ 25,589,799	\$ 29,376,351	\$ 8,700	\$ 6,513,251	\$ 25,266,166	\$ 25,254,334	\$ -	\$ 6,525,083

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

NORTH HARRISON 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.

NORTH HARRISON 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, funds held temporarily for an authorized recipient, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied 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.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

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

Note 8. 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 cash deficits arose from disbursements exceeding receipts due to timing delays in reimbursements being received from the grantors; these deficits are to be repaid from future grant receipts.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with North Harrison Community School Building Corp (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 2014 and 2015 totaled \$923,394 and \$925,050, respectively.

The School Corporation has entered into a capital lease with North Harrison School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$1,035,000 and \$1,035,000, respectively.

Note 10. Other Postemployment Benefits

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

Note 11. Subsequent Events

On October 8, 2015, the School Corporation entered into a 20 year lease agreement with North Harrison Middle School Building Corp for the renovation and construction of a new wing of the North Harrison Middle School. Lease rental payments will commence on June 30, 2016, with payments due semiannually on June 30 and December 31. Lease rental payments range from \$159,100 to \$1,149,325 for total payments of \$18,802,050.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 2,151,162	\$ 1,032,706	\$ 276,890	\$ 777,872	\$ 547,416	\$ 577,501	\$ 2,107,537	\$ 1,397,941	\$ 583,256
Receipts:									
Local sources	185,473	2,038,614	270,150	1,489,032	1,091,073	264,902	-	7,355	502,159
Intermediate sources	4,701	-	-	-	-	-	-	-	-
State sources	13,661,936	-	-	-	-	-	-	-	31,623
Federal sources	-	-	-	-	-	-	-	-	565,682
Other receipts	54	-	-	-	-	-	-	-	-
Total receipts	<u>13,852,164</u>	<u>2,038,614</u>	<u>270,150</u>	<u>1,489,032</u>	<u>1,091,073</u>	<u>264,902</u>	<u>-</u>	<u>7,355</u>	<u>1,099,464</u>
Disbursements:									
Instruction	9,579,046	-	-	-	-	-	-	313,182	-
Support services	3,600,276	-	-	1,104,389	1,213,900	290,399	-	213,416	3,533
Noninstructional services	88,816	-	-	-	-	-	-	-	983,759
Facilities acquisition and construction	4,289	-	-	392,112	-	-	-	-	14,164
Debt service	1,477,565	1,958,894	470,393	-	-	-	2,107,000	-	420
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>14,749,992</u>	<u>1,958,894</u>	<u>470,393</u>	<u>1,496,501</u>	<u>1,213,900</u>	<u>290,399</u>	<u>2,107,000</u>	<u>526,598</u>	<u>1,001,876</u>
Excess (deficiency) of receipts over disbursements	<u>(897,828)</u>	<u>79,720</u>	<u>(200,243)</u>	<u>(7,469)</u>	<u>(122,827)</u>	<u>(25,497)</u>	<u>(2,107,000)</u>	<u>(519,243)</u>	<u>97,588</u>
Other financing sources (uses):									
Sale of capital assets	8,700	-	-	-	-	-	-	-	-
Transfers in	76,647	-	-	-	51,012	-	-	-	-
Transfers out	-	(7,946)	(76,647)	-	-	-	-	-	-
Total other financing sources (uses)	<u>85,347</u>	<u>(7,946)</u>	<u>(76,647)</u>	<u>-</u>	<u>51,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(812,481)</u>	<u>71,774</u>	<u>(276,890)</u>	<u>(7,469)</u>	<u>(71,815)</u>	<u>(25,497)</u>	<u>(2,107,000)</u>	<u>(519,243)</u>	<u>97,588</u>
Cash and investments - ending	<u>\$ 1,338,681</u>	<u>\$ 1,104,480</u>	<u>\$ -</u>	<u>\$ 770,403</u>	<u>\$ 475,601</u>	<u>\$ 552,004</u>	<u>\$ 537</u>	<u>\$ 878,698</u>	<u>\$ 680,844</u>

NORTH HARRISON 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)

	Textbook Rental	Levy Excess	Child Care Program	Educational License Plates	Instruction Support	Extra- Curricular Activities	Arts Council- NHE	HC Substance Abuse Prevention Coalition	Jackson Township Trustee
Cash and investments - beginning	\$ 151,484	\$ 51,012	\$ 649	\$ 6,413	\$ 34,792	\$ -	\$ 900	\$ 6	\$ 2,627
Receipts:									
Local sources	260,645	-	12,160	-	36,000	32,133	-	-	-
Intermediate sources	-	-	-	150	-	-	-	-	-
State sources	64,204	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	600	-	-	-	-	-	-	-	-
Total receipts	<u>325,449</u>	<u>-</u>	<u>12,160</u>	<u>150</u>	<u>36,000</u>	<u>32,133</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Instruction	-	-	11,633	-	70,792	11,977	-	-	-
Support services	308,366	-	-	-	-	20,666	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	10	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>308,376</u>	<u>-</u>	<u>11,633</u>	<u>-</u>	<u>70,792</u>	<u>32,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>17,073</u>	<u>-</u>	<u>527</u>	<u>150</u>	<u>(34,792)</u>	<u>(510)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	7,946	-	-	-	-	-	-	-	-
Transfers out	-	(51,012)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>7,946</u>	<u>(51,012)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>25,019</u>	<u>(51,012)</u>	<u>527</u>	<u>150</u>	<u>(34,792)</u>	<u>(510)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 176,503</u>	<u>\$ -</u>	<u>\$ 1,176</u>	<u>\$ 6,563</u>	<u>\$ -</u>	<u>\$ (510)</u>	<u>\$ 900</u>	<u>\$ 6</u>	<u>\$ 2,627</u>

NORTH HARRISON 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)

	New Salisbury Lions Club	Community Donations	HCCF 2011	HCCF Block Grant 2012-2013	HCCF Block Grant 2013-2014	HCCF Fall 2014	HCCF Spring 2015	Riverboat Fullday Kindergarten	Riverboat 2012-2013
Cash and investments - beginning	\$ 200	\$ 1	\$ 513	\$ (43,647)	\$ -	\$ -	\$ -	\$ -	\$ 43,988
Receipts:									
Local sources	165	11,500	6,606	82,959	49,666	-	-	191,388	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	165	11,500	6,606	82,959	49,666	-	-	191,388	-
Disbursements:									
Instruction	365	11,500	-	36,903	76,579	-	-	78,000	1,732
Support services	-	-	7,114	2,409	12,879	-	-	-	89
Noninstructional services	-	-	-	-	-	-	-	-	11,376
Facilities acquisition and construction	-	-	-	-	2,507	-	-	-	30,791
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	365	11,500	7,114	39,312	91,965	-	-	78,000	43,988
Excess (deficiency) of receipts over disbursements	(200)	-	(508)	43,647	(42,299)	-	-	113,388	(43,988)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(113,388)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(113,388)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(200)	-	(508)	43,647	(42,299)	-	-	-	(43,988)
Cash and investments - ending	\$ -	\$ 1	\$ 5	\$ -	\$ (42,299)	\$ -	\$ -	\$ -	\$ -

NORTH HARRISON 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)

	Riverboat 2013-2014	Riverboat 2014-2015	Riverboat 2015	High Ability 2012-2013	High Ability 2013-2014	High Ability 2014-2015	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 495,759	\$ -	\$ -	\$ 17,366	\$ -	\$ -	\$ 1,000	\$ 2,079	\$ 28,936
Receipts:									
Local sources	-	-	-	-	-	-	-	-	29,887
Intermediate sources	-	638,673	-	-	-	-	-	-	-
State sources	-	-	-	-	33,983	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	638,673	-	-	33,983	-	-	-	29,887
Disbursements:									
Instruction	38,237	221,635	-	17,361	7,235	-	-	-	-
Support services	163,852	10,147	-	-	-	-	-	-	30,516
Noninstructional services	19,820	-	-	-	-	-	-	-	-
Facilities acquisition and construction	262,986	106,959	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	484,895	338,741	-	17,361	7,235	-	-	-	30,516
Excess (deficiency) of receipts over disbursements	(484,895)	299,932	-	(17,361)	26,748	-	-	-	(629)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	113,388	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	113,388	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(484,895)	413,320	-	(17,361)	26,748	-	-	-	(629)
Cash and investments - ending	\$ 10,864	\$ 413,320	\$ -	\$ 5	\$ 26,748	\$ -	\$ 1,000	\$ 2,079	\$ 28,307

NORTH HARRISON 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)

	21st Century Scholars	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll Withholding	Matching Grant Clearing	Totals
Cash and investments - beginning	\$ 2,202	\$ (18,380)	\$ -	\$ -	\$ (10,146)	\$ 71,037	\$ 31	\$ 10,291,103
Receipts:								
Local sources	-	-	-	-	232	-	-	6,562,099
Intermediate sources	-	-	-	-	-	-	-	643,524
State sources	-	-	-	-	-	-	-	13,791,746
Federal sources	-	18,380	203,201	-	91,306	-	-	878,569
Other receipts	-	-	-	-	-	3,713,207	-	3,713,861
Total receipts	-	18,380	203,201	-	91,538	3,713,207	-	25,589,799
Disbursements:								
Instruction	-	-	203,201	-	62,918	-	-	10,742,296
Support services	-	-	-	-	21,757	-	-	7,003,708
Noninstructional services	-	-	-	-	-	-	-	1,103,771
Facilities acquisition and construction	-	-	-	-	-	-	-	813,808
Debt service	-	-	-	-	-	-	-	6,014,282
Nonprogrammed charges	-	-	-	-	-	3,698,486	-	3,698,486
Total disbursements	-	-	203,201	-	84,675	3,698,486	-	29,376,351
Excess (deficiency) of receipts over disbursements	-	18,380	-	-	6,863	14,721	-	(3,786,552)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	8,700
Transfers in	-	-	-	-	-	-	-	248,993
Transfers out	-	-	-	-	-	-	-	(248,993)
Total other financing sources (uses)	-	-	-	-	-	-	-	8,700
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	18,380	-	-	6,863	14,721	-	(3,777,852)
Cash and investments - ending	\$ 2,202	\$ -	\$ -	\$ -	\$ (3,283)	\$ 85,758	\$ 31	\$ 6,513,251

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 1,338,681	\$ 1,104,480	\$ -	\$ 770,403	\$ 475,601	\$ 552,004	\$ 537	\$ 878,698	\$ 680,844
Receipts:									
Local sources	130,194	2,068,178	-	1,458,557	1,162,447	269,498	-	4,870	513,306
Intermediate sources	27	-	-	-	-	-	-	-	-
State sources	13,969,629	-	-	-	-	-	-	-	25,394
Federal sources	-	-	-	-	-	-	-	-	596,340
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	14,099,850	2,068,178	-	1,458,557	1,162,447	269,498	-	4,870	1,135,040
Disbursements:									
Instruction	10,192,368	-	-	-	-	-	-	215,675	-
Support services	3,693,841	-	-	968,713	1,016,065	177,139	-	143,660	10,228
Noninstructional services	121,107	-	-	-	-	-	-	-	1,042,528
Facilities acquisition and construction	4,115	-	-	425,282	-	-	-	-	67,484
Debt service	-	1,960,445	-	-	-	-	-	-	65
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,011,431	1,960,445	-	1,393,995	1,016,065	177,139	-	359,335	1,120,305
Excess (deficiency) of receipts over disbursements	88,419	107,733	-	64,562	146,382	92,359	-	(354,465)	14,735
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(20,878)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(20,878)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	88,419	86,855	-	64,562	146,382	92,359	-	(354,465)	14,735
Cash and investments - ending	\$ 1,427,100	\$ 1,191,335	\$ -	\$ 834,965	\$ 621,983	\$ 644,363	\$ 537	\$ 524,233	\$ 695,579

NORTH HARRISON 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)

	Textbook Rental	Levy Excess	Child Care Program	Educational License Plates	Instruction Support	Extra- Curricular Activities	Arts Council- NHE	HC Substance Abuse Prevention Coalition	Jackson Township Trustee
Cash and investments - beginning	\$ 176,503	\$ -	\$ 1,176	\$ 6,563	\$ -	\$ (510)	\$ 900	\$ 6	\$ 2,627
Receipts:									
Local sources	230,319	-	17,215	-	19,666	35,151	-	-	-
Intermediate sources	-	-	-	225	-	-	-	-	-
State sources	81,330	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	450	-	-	-	-	-	-	-	-
Total receipts	312,099	-	17,215	225	19,666	35,151	-	-	-
Disbursements:									
Instruction	-	-	17,345	-	21,217	11,947	-	-	-
Support services	346,464	-	-	-	-	22,553	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	346,464	-	17,345	-	21,217	34,500	-	-	-
Excess (deficiency) of receipts over disbursements	(34,365)	-	(130)	225	(1,551)	651	-	-	-
Other financing sources (uses):									
Transfers in	20,878	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	20,878	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,487)	-	(130)	225	(1,551)	651	-	-	-
Cash and investments - ending	\$ 163,016	\$ -	\$ 1,046	\$ 6,788	\$ (1,551)	\$ 141	\$ 900	\$ 6	\$ 2,627

NORTH HARRISON 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)

	New Salisbury Lions Club	Community Donations	HCCF 2011	HCCF Block Grant 2012-2013	HCCF Block Grant 2013-2014	HCCF Fall 2014	HCCF Spring 2015	Riverboat Fullday Kindergarten	Riverboat 2012-2013
Cash and investments - beginning	\$ -	\$ 1	\$ 5	\$ -	\$ (42,299)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	165	1,000	4,782	-	71,218	27,865	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	165	1,000	4,782	-	71,218	27,865	-	-	-
Disbursements:									
Instruction	165	501	(2)	-	178	-	1,741	70,000	-
Support services	-	-	948	-	2,082	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	26,659	27,865	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	165	501	946	-	28,919	27,865	1,741	70,000	-
Excess (deficiency) of receipts over disbursements	-	499	3,836	-	42,299	-	(1,741)	(70,000)	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	70,000	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	70,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	499	3,836	-	42,299	-	(1,741)	-	-
Cash and investments - ending	\$ -	\$ 500	\$ 3,841	\$ -	\$ -	\$ -	\$ (1,741)	\$ -	\$ -

NORTH HARRISON 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)

	Riverboat 2013-2014	Riverboat 2014-2015	Riverboat 2015	High Ability 2012-2013	High Ability 2013-2014	High Ability 2014-2015	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 10,864	\$ 413,320	\$ -	\$ 5	\$ 26,748	\$ -	\$ 1,000	\$ 2,079	\$ 28,307
Receipts:									
Local sources	-	-	-	-	-	-	-	-	29,921
Intermediate sources	-	-	401,796	-	-	-	-	-	-
State sources	-	-	-	-	-	33,634	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	401,796	-	-	33,634	-	-	29,921
Disbursements:									
Instruction	-	-	68,102	-	15,368	4,739	-	-	-
Support services	(2,270)	124,187	26,309	-	-	-	-	-	33,930
Noninstructional services	(3,955)	3,955	-	-	-	-	-	-	-
Facilities acquisition and construction	17,042	180,414	51,727	-	11,380	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	10,817	308,556	146,138	-	26,748	4,739	-	-	33,930
Excess (deficiency) of receipts over disbursements	(10,817)	(308,556)	255,658	-	(26,748)	28,895	-	-	(4,009)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(70,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(70,000)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,817)	(378,556)	255,658	-	(26,748)	28,895	-	-	(4,009)
Cash and investments - ending	\$ 47	\$ 34,764	\$ 255,658	\$ 5	\$ -	\$ 28,895	\$ 1,000	\$ 2,079	\$ 24,298

NORTH HARRISON 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)

	21st Century Scholars	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll Withholding	Matching Grant Clearing	Totals
Cash and investments - beginning	\$ 2,202	\$ -	\$ -	\$ -	\$ (3,283)	\$ 85,758	\$ 31	\$ 6,513,251
Receipts:								
Local sources	-	-	-	-	-	-	19,380	6,063,732
Intermediate sources	-	-	-	-	-	-	-	402,048
State sources	-	-	-	-	-	-	-	14,109,987
Federal sources	-	-	10,787	137,062	82,534	-	-	826,723
Other receipts	-	-	-	-	-	3,863,226	-	3,863,676
Total receipts	-	-	10,787	137,062	82,534	3,863,226	19,380	25,266,166
Disbursements:								
Instruction	-	-	10,787	175,638	48,403	-	19,380	10,873,552
Support services	-	-	-	-	37,801	-	-	6,601,650
Noninstructional services	-	-	-	-	-	-	-	1,163,635
Facilities acquisition and construction	-	-	-	-	-	-	-	811,968
Debt service	-	-	-	-	-	-	-	1,960,510
Nonprogrammed charges	-	-	-	-	-	3,843,019	-	3,843,019
Total disbursements	-	-	10,787	175,638	86,204	3,843,019	19,380	25,254,334
Excess (deficiency) of receipts over disbursements	-	-	-	(38,576)	(3,670)	20,207	-	11,832
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	90,878
Transfers out	-	-	-	-	-	-	-	(90,878)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(38,576)	(3,670)	20,207	-	11,832
Cash and investments - ending	<u>\$ 2,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,576)</u>	<u>\$ (6,953)</u>	<u>\$ 105,965</u>	<u>\$ 31</u>	<u>\$ 6,525,083</u>

NORTH HARRISON 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>\$ 135,563</u>	<u>\$ 66,509</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Harrison Community School Building Corp	North Harrison Elementary School	\$ 1,035,000	10/19/2006	1/15/2028
North Harrison School Building Corporation	Morgan Elementary School	<u>927,000</u>	1/15/2009	12/31/2024
Total of annual lease payments		<u>\$ 1,962,000</u>		

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NORTH HARRISON 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	\$ 579,096
Buildings	45,756,384
Improvements other than buildings	525,777
Machinery, equipment, and vehicles	<u>4,800,922</u>
 Total governmental activities	 <u>51,662,179</u>
 Total capital assets	 <u>\$ 51,662,179</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 NORTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

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 2015-003, 2015-004, 2015-005, 2015-006, 2015-008, 2015-009, 2015-011, and 2015-012. 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.

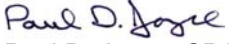
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses 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, 2015-010, 2015-011, 2015-012, and 2015-013 to be material weaknesses.

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

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

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

August 10, 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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NORTH HARRISON 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	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY 2013/2014	\$ 100,824	\$ -
School Breakfast Program			FY 2014/2015	-	100,783
Total - School Breakfast Program				<u>100,824</u>	<u>100,783</u>
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY 2013/2014	464,858	-
National School Lunch Program			FY 2014/2015	-	495,464
National School Lunch Program - Commodities			FY 2013/2014	89,607	-
National School Lunch Program - Commodities			FY 2014/2015	-	86,973
Total - National School Lunch Program				<u>554,465</u>	<u>582,437</u>
Total Child Nutrition Cluster				<u>655,289</u>	<u>683,220</u>
Total - Department of Agriculture				<u>655,289</u>	<u>683,220</u>
<u>Department of Education</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I - FY 2012-2013			13-3180	18,381	-
Title I - FY 2013-2014			14-3180	203,201	10,787
Title I - FY 2014-2015			15-3180	-	137,062
Total - Title I Grants to Local Educational Agencies				<u>221,582</u>	<u>147,849</u>
Special Education Cluster (IDEA)					
Special Education _Grants to States	Indiana Department of Education	84.027			
Part B 611 FY 2012			14212-028-PN01	24,460	-
Part B 611 FY 2013			14213-028-PN01	203,512	62,216
Part B 611 FY 2014			14214-028-PN01	264,533	199,385
Part B 611 FY 2015			14215-028-PN01	-	261,075
Technical Assistance FY 2014			9914-028-TA01	3,005	4,848
Total - Special Education _Grants to States				<u>495,510</u>	<u>527,524</u>
Special Education_Preschool Grants	Indiana Department of Education	84.173			
Part B 619 FY 2014			45714-028-PN01	15,352	-
Part B 619 FY 2015			45715-028-PN01	-	15,179
Total - Special Education_Preschool Grants				<u>15,352</u>	<u>15,179</u>
Total - Special Education Cluster (IDEA)				<u>510,862</u>	<u>542,703</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II Part A - FY 2011			11-3180	6,961	-
Title II Part A - FY 2012			12-3180	84,346	7,312
Title II Part A - FY 2013			13-3180	-	75,221
Total - Improving Teacher Quality State Grants				<u>91,307</u>	<u>82,533</u>
Total - Department of Education				<u>823,751</u>	<u>773,085</u>
Total federal awards expended				<u>\$ 1,479,040</u>	<u>\$ 1,456,305</u>

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

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

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

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

Note 2. *Summary of Significant Accounting Policies*

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

Note 3. *Special Education Cooperative*

The School Corporation is a member of Harrison County Exceptional Learners Cooperative, a special education cooperative. The Special Education Cooperative operates the special education programs for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement.

NORTH HARRISON 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 weakness 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 Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)

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

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

Section II - Financial Statement Findings

FINDING 2015-001

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

Repeat Finding

This is a repeat finding from the immediate prior report. The prior report finding number was 2013-001.

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

Condition

The School Corporation did not have an effective system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepared the SEFA, but no evidence was presented that indicated there was oversight, review, approval or other compensating controls in place to verify the accuracy of the information and amounts.

Context

The SEFA contained the following errors:

1. The School Breakfast Program and National School Lunch Program were omitted, which resulted in understatements in reported amounts of \$655,288 and \$683,220 for the years ended June 30, 2014 and 2015, respectively.
2. The Special Education_Grants to States and Special Education_Preschool Grants were omitted, which resulted in understatements in reported amounts of \$510,862 and \$542,703 for the years ended June 30, 2014 and June 30, 2015, respectively.
3. Some grants did not have the correct program names.

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

Criteria

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

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

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

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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 *Context*.

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

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

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

FINDING 2015-002

Subject: Internal Controls over Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior report. The prior report finding number was 2013-002.

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to the collection and recording of some receipts.

Context

1. The School Lunch fund and Textbook Rental fund were maintained on the extracurricular records. Financial activity of the School Lunch fund was compiled by the Extracurricular Treasurer and submitted to the School Corporation administration for inclusion in the School Corporation's financial statement. No one reviewed the School Lunch fund and Textbook Rental fund financial activity prepared by the Extracurricular Treasurer prior to submission to the administration to verify its accuracy.
2. The School Corporation had not separated incompatible activities related to School Lunch fund receipts. The Extracurricular Treasurer was responsible for verifying collections with the daily register reports, issuing receipts, recording receipts, preparing deposit ticket, making bank deposits, and performing bank reconciliations.

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. . . ."

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

Cause

Management of the School Corporation had not established a system of internal control that would have ensured proper reporting of financial transactions and receipts.

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls to sufficiently separate incompatible activities related to the collection and recording of receipts.

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: Child Nutrition Cluster - Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013/2014, FY 2014/2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. No controls were in place to ensure compliance with time and effort reporting requirements; therefore, none of the required reports were completed.

Context

No Semi-Annual Certifications or Personnel Activity Reports were completed for any employees whose costs were charged to the School Breakfast Program and the National School Lunch Program. In most instances employees worked on only one cost objective or maintained separate time cards documenting allocation of time on other cost objectives. However, there was one employee who had no documentation to support the amount of time spent on the breakfast and lunch program in relationship to the costs charged. This was a systemic problem for the entire audit period.

NORTH HARRISON 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. . . ."

OMB Circular a-87, Attachment B, section 8h states in part:

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets that standards in subsection (5) unless a statistical sampling system or other substitute system have been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or,
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

Cause

The School Corporation did not have a system in place that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the 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 2015-004

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): FY 2013/2014, FY 2014/2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Cash Management compliance requirement.

The School Corporation failed to comply with the Cash Management compliance requirement that they limit their Net Cash Resources in the School Lunch fund to an amount that does not exceed three months average expenditures for its nonprofit school food service program.

Context

The School Lunch fund Net Cash Resources at June 30, 2014, was \$680,844, whereas the three months average expenditures during the 2013-2014 school year were \$300,563. At June 30, 2015, the School Lunch fund Net Cash Resources was \$695,579, whereas the three months average expenditures during the 2014-2015 school year were \$336,092. This was a systemic problem for the entire audit period.

Criteria

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

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

NORTH HARRISON 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 the participating schools under its jurisdiction: . . .

- (iv) Limit its net cash resources 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

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the Cash Management compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013/2014, FY 2014/2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

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

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation did not have procedures in place to determine if vendors had been suspended or debarred from participating in federal programs.

Context

Management was not aware of the requirement and no controls were in place to ensure that vendors from which bread and dairy products were purchased had not been suspended or debarred. This was a systemic problem for the entire audit period.

Criteria

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

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

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 was not aware of the program requirements regarding the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the 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 - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013/2014, FY 2014/2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system that would have ensured compliance with the Reporting compliance requirement. The Annual Financial Reports (AFR) filed by the School Corporation for the school year 2014-2015 did not agree with the School Corporation's financial records.

Context

The School Corporation is required to file reports with the Indiana Department of Education on an intermittent basis for various program requirements. The AFR for the food services programs is such that it requires an annual filing depicting accurate related sales and expenditures for the program during the school year.

The School Corporation had not designed or implemented adequate policies or procedures to ensure the AFR was accurate. The reports were not reviewed to ensure that they were accurate and in compliance with the Reporting requirements. An oversight, review, approval process, or other compensating control had not been established. One individual prepared and submitted reports without oversight, review, or other compensating control of the reports prior to submission.

The School Lunch fund receipts were overstated by the prepaid meal receipts. Other income receipts were reduced by this overstatement so that the ending fund balances would be correct.

NORTH HARRISON 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. . . ."

7 CFR 3016.20(b)(1) states: "*Financial reporting*. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the Reporting compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the 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 2015-007

Subject: Child Nutrition Cluster - Eligibility and Special Tests and Provisions -
Verification of Free and Reduced Price Applications (NSLP)

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): FY 2013/2014, FY 2014/2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Special Tests and Provisions - Verification of
Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

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

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and requirements for Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Context

The person that entered student application data into the computer system also determined student eligibility. The person responsible for completing the eligibility verification was the same individual who performed the initial eligibility determination. There was no other review, approval, or other compensating control in place to determine accuracy. This was a systemic problem for the entire audit period.

Criteria

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

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

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the requirements for the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the compliance requirements.

Views of Responsible Officials

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

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

FINDING 2015-008

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
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): 13-3180, 14-3180, 15-3180
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

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

The Title I Director was preparing the Semi-Annual Certifications with no other review, approval, or other compensating control to verify their accuracy. Personnel Activity Reports were not properly completed for an employee working on more than one cost objective.

Context

The Semi-Annual Certifications were completed by the Title I Director; however, there was no documentation on file completed by the employees certifying that all the time worked was related to the federal program.

An employee whose salary was charged to the Title I program for working as a class room assistant, also works as a bus driver for the School Corporation. A Semi-Annual Certification was completed for this individual instead of a Personnel Activity Report.

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. . . ."

OMB Circular a-87, Attachment B, section 8h states in part:

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

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets that standards in subsection (5) unless a statistical sampling system or other substitute system have been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or,
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the requirements pertaining to Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the 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: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

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): 13-3180, 14-3180, 15-3180

Pass-through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Annual Report Card,
High School Graduation Rate

Audit Findings: Material Weakness, Other Matters

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

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. For students who were removed from the graduation cohort, proper supporting documentation was not maintained for all students.

Context

Of the 21 students tested for being removed from the cohort for the 2013-2014 and 2014-2015 school years, 5 of those students did not have sufficient documentation provided to support their removal.

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 200.19(b)(ii)(B) states:

"To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, immigrated to another country, or is deceased.

- (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.
- (2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the requirements pertaining to Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the 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 2015-010

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Comparability and Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

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): 13-3180, 14-3180, 15-3180

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

Audit Finding: Material Weakness

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the requirements for the Special Tests and Provisions related to comparability and highly qualified teachers and paraprofessionals.

Context

Special Tests and Provisions - Comparability

The School Corporation had not designed or implemented adequate policies and procedures that would have ensured that comparability information was properly reported. The comparability report was completed by one individual without any review, approval, or other compensating control to ensure accuracy prior to the report being submitted. This was a systemic problem for the entire audit period.

Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

The School Corporation had not designed or implemented adequate policies and procedures that would have ensured that paraprofessionals involved with the Title I program were highly qualified. No controls could be tested to determine that someone was verifying that paraprofessionals had met the highly qualified requirements.

NORTH HARRISON 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. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and Special Tests and Provisions compliance requirements related to comparability and highly qualified teachers and paraprofessionals.

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the 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 2015-011

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

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-028-PN01, 14213-028-PN01,
14214-028-PN01, 14215-028-PN01,
9914-028-TA01, 45714-028-PN01,
45715-028-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

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

Condition

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

The School Corporation did not have proper controls in place over salaries and benefits paid from the federal programs. Salaries and benefits were approved by the School Board for each payroll based on total wages for all School Corporation employees for each pay period. No detail was presented that would identify the particular program employee's salary and benefits were being charged to, so that a determination could be made that costs charged were for an employee who actually performed work for the grant program. There were no controls in place to ensure that only program employees were being paid from the federal programs.

Although time records were prepared by employees working on the federal programs during the audit period, the control in place to have the Director approve those records was not effective.

Context

The lack of controls was a systemic problem for the entire audit period. There were no documented controls over salaries and benefits charged to the grant programs.

Personnel Activity Reports (PARs) were being prepared by all employees working on the Federal programs starting with school fiscal year 2014-2015; however, they were not approved by the Director. The Semi-Annual Certifications were no longer being prepared and signed by the Director and the PARs were not being reviewed and approved by the Director.

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. . . ."

OMB Circular a-87, Attachment B, section 8h states in part:

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets that standards in subsection (5) unless a statistical sampling system or other substitute system have been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,

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

- (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or,
 - (e) An unallowable activity and a direct or indirect cost activity.
- (5) Personnel activity reports or equivalent documentation must meet the following standards:
- (a) They must reflect an after the fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the requirements pertaining to the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the compliance requirement.

Views of Responsible Officials

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

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

FINDING 2015-012

Subject: Special Education Cluster (IDEA) - Reporting
 Federal Agency: Department of Education
 Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants
 CFDA Numbers: 84.173, 84.027
 Federal Award Numbers and Years (or Other Identifying Numbers): 14212-028-PN01, 14213-028-PN01,
 14214-028-PN01, 14215-028-PN01,
 45715-028-PN01

Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Reporting
 Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement. There were no controls in place to verify that backup documentation per the financial ledger attached to the Final Expenditure Reports matched what was submitted.

The Final Expenditure Reports submitted did not agree with the underlying accounting financial ledger reports for the grant funds. Expenditures were recorded to the financial records in excess of the grant award budget amounts. As a result of overspending the grant award amounts, the grant funds had deficit balances. Management resolved the deficits in the grant funds by transferring monies from local sources.

Context

Five of the eight Final Expenditure Reports tested, which accounts for all that were submitted during the audit period, did not match the School Corporation's expenditure reports that were attached as supporting documentation. The following differences existed between the amounts reported on the Final Expenditure Reports and the total expenditures for the fund per the ledger reports:

Fund Number	Grant Number	Grant Award Amount	Final Expenditure Report Amount	Total Grant Expenditure per Ledger	Difference
5201	14212-028-PN01	\$ 1,379,287	\$ 1,379,287	\$ 1,490,358	\$ (111,071)
5209	14213-028-PN01	1,389,959	1,389,959	2,202,010	(812,051)
5202	14214-028-PN01	1,355,436	1,355,436	1,381,603	(26,167)
5203	14215-028-PN01	1,355,867	1,355,867	1,450,902	(95,035)
5403	45715-028-PN01	35,879	35,879	39,068	(3,189)

NORTH HARRISON 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. . . ."

34 CFR 80.20(b)(1) states: "*Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the requirements for the Reporting compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the 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 2015-013

Subject: Special Education Cluster (IDEA) - Period of Availability of Federal Funds

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-028-PN01, 14213-028-PN01,
14214-028-PN01, 14215-028-PN01,
9914-028-TA01, 45714-028-PN01,
45715-028-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Availability of Federal Funds

Audit Finding: Material Weakness

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

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Period of Availability of Federal Funds compliance requirement. The School Corporation did not have proper controls in place over salaries, employee benefits, and adjustment transactions recorded to the federal programs to ensure the activity occurred within the period of availability.

Context

This was a systemic problem throughout the entire audit period. Payroll transactions and related benefits were not reviewed in detail to verify that transactions recorded to the ledger were within the period of availability. Several programs had transfer adjustments into the funds to close out the programs and no reviews were performed to verify that those transactions were within the period of availability.

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 of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the requirements for the Period of Availability of Federal Funds compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the 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 DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 3rd, 2017

Finding 2015-001

Auditee Contact Person: Jo Ann Burson
Title of Contact Person: Corporation Treasurer
Phone Number: 812-347-2407

Views of Responsible Official:

The finding is that the school corporation did not have effective internal controls in regards to the Schedule of Expenditures of Federal Awards (SEFA). The core issues were that the school lunch program information and the special education program information did not make it into the report. While this was a finding in the 2013 audit, we were not made aware that there was information missing at that time. We reviewed the information that we had as a part of our internal control process but were not aware that additional information was required for this report. This SEFA report was new to us, and we were just a bit confused. Now we know.

Description of Corrective Action Plan:

As of the 2016-17 SEFA report, we have included all required data. The data will be compiled by the treasurer, reviewed by the program administrators, and final approval will be given by the superintendent.

Anticipated Completion Date:

These measures were put into place August 4, 2017

Lane Richards

Superintendent

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 3, 2017

Finding 2015-002

Auditee Contact Person: Kathleen Chinn
Title of Contact Person: ECA Corporation Treasurer
Phone Number: 812-347-3905

Views of Responsible Official:

Finding: We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to the collection and recording of some receipts.

1. The School Lunch fund and Textbook Rental fund were maintained on the extra-curricular records. Financial activity of the School Lunch fund was compiled by the extra-curricular treasurer and submitted to the School Corporation administration for inclusion in the School Corporation's financial statement. No one reviewed the School Lunch fund and Textbook Rental fund financial activity prepared by the Extra-Curricular Treasurer prior to submission to the administration to verify its accuracy.

2. The School Corporation has not separated incompatible activities related to School Lunch fund receipts. The Extra-Curricular Treasurer is responsible for verifying collections with the daily register reports; issuing receipts; recording receipts; preparing deposit ticket; making bank deposits; and performing bank reconcilements.

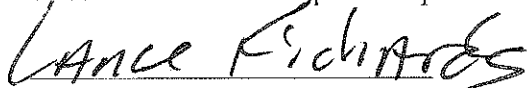
Description of Corrective Action Plan:

Issue 1: Management will send documentation supporting Form 9 Revenue and Expenditures to Corporation Treasurer for review to ensure accuracy and compliance within the School Lunch Fund and Textbook Fund.

Issue 2: The Extra-Curricular Treasurer receives supporting documentation from Café Managers for daily deposits. Café Managers will sign documentation as proof they supplied the supporting documentation. Daily deposits will be reviewed and signed by a second person in order to assure accuracy and compliance. The receipt edit will be matched to the bank deposit slip for accuracy and signed off on as well. Bank reconciliations will also be reviewed and signed by a second person.

Anticipated Completion Date:

These measures were put into place August 1, 2017



Superintendent

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 3, 2017

Finding 2015-003

Auditee Contact Person: Kathleen Chinn
Title of Contact Person: ECA Corporation Treasurer
Phone Number: 812-347-3905

Views of Responsible Official:

Finding: "Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Cost/Cost Principles compliance requirements. No controls were in place to ensure compliance with time and effort reporting, therefore, none of the required reports were being completed."

"No semi-annual certifications or personnel activity reports were completed for any employees whose costs were charged to the School Breakfast Program and the National School Lunch Program. In most instances employees worked on only one cost objective or maintained separate time cards clearing documenting allocation of time on other cost objectives. However, there was one employee who had no documentation to support the amount of time spent on the breakfast and lunch program."


Description of Corrective Action Plan:

With future reporting, cafeteria managers will prepare certifications semi-annually for employees that work on a single Federal award or cost objective. The Food Service contact will prepare a semi-annual certification for café managers that work on a single Federal award or cost objective. These certifications will be signed by the employee.

Employees that work on a Federal award and a non-Federal award will supply a personal activity report with each time card and will account for the total activity for which the employee is compensated. The report will be signed by the employee.

Anticipated Completion Date:

These measures were put into place July 1, 2017



Superintendent

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 3, 2017

Finding 2015-004

Auditee Contact Person: Kathleen Chinn
Title of Contact Person: ECA Corporation Treasurer
Phone Number: 812-347-3905

Views of Responsible Official:

Finding: "Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Cash Management compliance requirements."

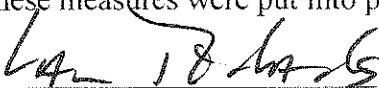
"The School Corporation failed to comply with the Cash Management requirement that they limit their net cash resources in the School Lunch fund to an amount that does not exceed three months average expenditures for its nonprofit school food service."

Description of Corrective Action Plan:

The School Food authority plans to spend down some of its net cash resources on the remodel of the North Harrison Middle School Cafeteria. After that, the School Food Authority will limit its net cash resources to an amount that does not exceed three month's average expenditure for its nonprofit school food service or such other amount as may be approved the State agency.

Anticipated Completion Date:

These measures were put into place August 1, 2017



Superintendent

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 3, 2017

Finding 2015-005

Auditee Contact Person: Kathleen Chinn
Title of Contact Person: ECA Corporation Treasurer
Phone Number: 812-347-3905

Views of Responsible Official:

Finding: "Management of the School Corporation had not established an effective internal control system related to the grant agreement and compliance requirements for Procurement, Suspension and Debarment. The School Corporation did not have procedures in place to determine if vendors had been suspended or debarred from participating in federal programs."

"Management was not aware of the requirement and no controls were in place to ensure that vendors from which bread and dairy products were purchased had not been suspended or debarred."

Description of Corrective Action Plan:

Management will follow the Procurement Plan as submitted to the Office of School and Community Nutrition. The Indiana Procurement Plan template provided by the Office of School and Community Nutrition was used so that all requirements are met. Management also enrolled in training provided for the template online.

Anticipated Completion Date:

These measures were put into place August 1, 2017

Laura Roberts
Superintendent

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 3, 2017

Finding 2015-006

Auditee Contact Person: Kathleen Chinn
Title of Contact Person: ECA Corporation Treasurer
Phone Number: 812-347-3905

Views of Responsible Official:

Finding: "Management of the School Corporation had not established an effective internal control system that would have ensured compliance with the Reporting requirements. The Annual Financial Reports (AFR) filed by the School Corporation for the school year 2014-2015 did not agree with the School Corporation's financial records."

"The School Corporation is required to file reports with IDOE on an intermittent basis for various program requirements. The Annual Financial Report for the National School Lunch Program is such that it requires an annual filing depicting accurate related sales and expenditures for the program during the school year."

Issue1: "The School Corporation had not designed or implemented adequate policies or procedures to ensure the AFR was accurate. The reports were not reviewed to ensure that they were accurate and in compliance with the Reporting requirements. An oversight, review, or approval process had not been established. One individual prepared and submitted reports without oversight or review of the reports prior to submission."

Issue 2: "The School Lunch fund receipts were overstated by the prepaid meal receipts. Other income receipts were reduced by this overstatement so that the ending fund balances would be correct."

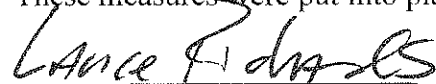
Description of Corrective Action Plan:

Issue 1: Management will send a copy of the Annual Financial Report along with supporting documentation to the Corporation Treasurer for review to ensure accuracy and compliance before submitting the report to the Office of School and Community Nutrition.

Issue 2: Management asked for guidance from Auditor concerning prepaid receipts. After much discussion, it was agreed that prepay accounts be maintained separate from the operating account. This will alleviate the overstatement of prepaid meal receipts. Management will ask for guidance on how the Beginning Balance and the Balance of Accounts on the Annual Financial Report can be corrected for reports beginning with the 2018 Annual Financial Report.

Anticipated Completion Date:

These measures were put into place August 1, 2017



Superintendent

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 3, 2017

Finding 2015-007

Auditee Contact Person: Kathleen Chinn
Title of Contact Person: ECA Corporation Treasurer
Phone Number: 812-347-3905

Views of Responsible Official:

Finding: "Management of the School Corporation had not established an effective internal control system related to the grant agreement and compliance requirements for Eligibility and Special Tests and Provisions-Verification of Free and Reduced Price Applications."

"The person that entered student application data into the computer system also determined student eligibility. The person responsible for completing the eligibility verification was the same individual who performed the initial eligibility determination. There is no other review or approval to determine accuracy."

Description of Corrective Action Plan:

Employee responsible for student application data will have a second person review all information after entered into the computer system to check for accuracy. Second person will also sign off on all applications for proof of review. The Eligibility verification process will also be verified for accuracy by a second person and signed for proof of review.

Anticipated Completion Date:

These measures were put into place August 1, 2017

Lan Roberts
Superintendent

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 2, 2017

Finding 2015-008

Auditee Contact Person: Jo Ann Burson
Title of Contact Person: Corporation Treasurer
Phone Number: 812-347-2407

Views of Responsible Official:

This finding consists of two parts. The first issue is in regards to the review of the semi-annual certifications. The second deals with the employment of an assistant that also served as a bus driver. We will provide corrective action to make sure this question does not arise in the future.

Issue 1: The semi-annual certifications are prepared by the corporation treasurer and then reviewed by the Title 1 director. The director has established the staffing levels for the programs in each of our buildings. Those individuals are confirmed with the building principals each semester. Given the limited budget, the limited number of positions, and the fact that 100% of our funding goes to salaries and benefits, this is a relatively simple verification. We do not see that there is an internal control concern in this process. However, we will ask that the principals confirm in writing the staffing in their given buildings.

Issue 2: In this audit period, a Title 1 assistant also served as a bus driver. In our corporation, this is a completely unrelated job that occurs outside of our school day. The bus drivers do not work during school hours. The Title 1 assistants work only during the school day. In fact, there is a gap in time that occurs between the two jobs. This employee worked solely on a single Federal award and worked solely on that program during the school day. However, we do recognize that as an employee of the corporation she did receive compensation from two funds.


Description of Corrective Action Plan:

Issue 1: We will continue to confirm staffing at the corporation and building levels. We will ask principals to provide written confirmation as well.

Issue 2: The employee in question is no longer a part of our Title program. We do not anticipate that we will employ any drivers in this role in the future. Should that occur, we will provide a Personnel Activity Report for that individual.

Anticipated Completion Date:

These measures were put into place August 1, 2017


Superintendent

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
OFFICE OF THE SUPERINTENDENT
Ramsey, Indiana 47166
812-347-2407
FAX: 812-347-2870

Date: August 3rd, 2017

Finding 2015-09

Auditee Contact Person: Jo Ann Burson
Title of Contact Person: Corporation Treasurer
Phone Number: 812-347-2407

Views of Responsible Official:

This finding is that there is a Material Weakness and a Compliance Deficiency which caused another matter in regards to the Annual Report Card and High School Graduation Rate Requirements.

Description of Corrective Action Plan:

Moving forward the building principal will include the guidance counselor in the student withdrawal process. The documentation will be more specifically aligned to the reason for withdrawal from the school. This documentation will be reviewed by the principal, guidance counselor and guidance secretary prior to being filed to avoid any future Material Weakness or Compliance Deficiencies.

More specifically (In response to 34 CFR 200. 19(b) (ii)

(B) When removing a student from the cohort, the building principal and a counselor will sign and file written documentation that the student transferred out, immigrated to another country, or is deceased.

- (1) When confirming that a student has transferred out, the principal and a counselor will review and file the written documentation from the school or educational program that the student has enrolled in to make sure that either culminates in the award of a regular high school diploma. (Note: the documentation must both be signed and reviewed prior to removing the student from the cohort)
- (2) When a student is retained in a grade, enrolls in a GED program, or leaves the school for any other reason the principal and counselor will review and sign documentation that shows that the student will not be counted as transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort.

Anticipated Completion Date:

These measures were put into place August 1, 2017

Stephen J. Hattar 8-4-17

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 2, 2017

Finding 2015-010

Auditee Contact Person: Jo Ann Burson
Title of Contact Person: Corporation Treasurer
Phone Number: 812-347-2407

Views of Responsible Official:

This finding consists of two parts. The first issue is in regards the completion of the comparability reports. The second deals with Highly Qualified Teachers and Paraprofessionals.

Issue 1: The comparability report is prepared Title 1 director and reviewed with the corporation treasurer. However, the treasurer did not sign the document as proof of her review.

Issue 2: In this audit period, a Title 1 assistant was Highly Qualified due to her college coursework. However, the transcript proving this qualification was not where it should be and was not readily available. It was later located and place in the appropriate file.

Description of Corrective Action Plan:

Issue 1: With future comparability reports the Title 1 director will review his findings with the corporation treasurer or the superintendent. All involved will sign the print off as proof of review.

Issue 2: All paraprofessionals involved with Title 1 have to have the appropriate documentation to be paid from Title funding. At the start of each year, records for each assistant will be reviewed by the payroll clerk as well as the Title 1 director for proof of qualification and to ensure that all the documentation is in the right place and readily available.

Anticipated Completion Date:

These measures were put into place August 1, 2017

Law Rodgers
Superintendent

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 13, 2017

Finding 2015-011

Auditee Contact Person: Jo Ann Burson
Title of Contact Person: Corporation Treasurer
Phone Number: 812-347-2407

Views of Responsible Official:


NHCS does not serve as the LEA for this grant. The grant is administered as part of the Harrison County Exceptional Learners Cooperative (HELC). South Harrison administers the grant for the school districts county. South Harrison has concurred with the finding. NHCS will concur as well.

Description of Corrective Action Plan:


North Harrison Community School Corporation designated South Harrison Community School Corporation as the fiscal agent to receive and manage the funding of the special education programs. The South Harrison Board of School Trustees will begin receiving as a portion of the claim docket full payroll distribution reports. These reports include individual names along with budgetary expenditure detail. Documented approval of distributions from Federal funds with individual payroll will be sought from the Director of the Harrison County Exceptional Learners Cooperative with copies maintained in the grant file. Further, Personal Activity Reports and Semi-Annual Certifications for time and effort reporting will be completed and properly approved. NHCS will monitor the state board of accounts audits that confirm that HELC has followed the corrective action plan.

Anticipated Completion Date:

These measures were put into place August 13, 2017



Superintendent



Treasurer

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

Ramsey, Indiana 47166

812-347-2407

FAX: 812-347-2870

Date: August 13, 2017

Finding 2015-012

Auditee Contact Person: Jo Ann Burson
Title of Contact Person: Corporation Treasurer
Phone Number: 812-347-2407

Views of Responsible Official:


NHCS does not serve as the LEA for this grant. The grant is administered as part of the Harrison County Exceptional Learners Cooperative (HELCS). South Harrison administers the grant for the school districts county. South Harrison has concurred with the finding. NHCS will concur as well.

Description of Corrective Action Plan:


North Harrison Community School Corporation designated South Harrison Community School Corporation as the fiscal agent to receive and manage the funding of the special education programs. The South Harrison Board of School Trustees will begin receiving appropriations for the new grant period will be established with expenditures made from the budgetary line item at the beginning of the grant cycle and not upon receipt of approval of the grant (which has sometimes been as late as six months beyond the beginning of the grant period). Documentation is and will continue to be included with the file for each reimbursement request and spreadsheets have been utilized to provide detailed tracking of expenditures. Final expenditure reports will be included with the Final Expenditure Report beginning immediately. NHCS will monitor the state board of accounts audits that will confirm that HELCS has followed the corrective action plan.

Anticipated Completion Date:

These measures were put into place August 13, 2017



Superintendent



Treasurer

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
OFFICE OF THE SUPERINTENDENT
Ramsey, Indiana 47166
812-347-2407
FAX: 812-347-2870

Date: August 13, 2017

Finding 2015-013

Auditee Contact Person: Jo Ann Burson
Title of Contact Person: Corporation Treasurer
Phone Number: 812-347-2407

Views of Responsible Official:

NHCS does not serve as the LEA for this grant. The grant is administered as part of the Harrison County Exceptional Learners Cooperative (HELC). South Harrison administers the grant for the school districts county. South Harrison has concurred with the finding. NHCS will concur as well.

Description of Corrective Action Plan:

North Harrison Community School Corporation designated South Harrison Community School Corporation as the fiscal agent to receive and manage the funding of the special education programs. If transfers are determined to be necessary by the South Harrison Board of School Trustees, appropriate descriptions will be used so that transactions can clearly be identified to verify period of availability. NHCS will monitor the state board of accounts audits that will confirm that HELC has followed the corrective action plan.

Anticipated Completion Date:

These measures were put into place August 13, 2017

LAN BOWEN
Superintendent

Jo Ann Burson
Treasurer

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/>.