

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTHEAST DUBOIS COUNTY
SCHOOL CORPORATION
DUBOIS COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED

09/19/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ruth Leistner	01-01-13 to 12-31-17
Superintendent of Schools	William G. Hochgesang	07-01-13 to 06-30-18
President of the School Board	Mary Pankey	01-01-13 to 12-13-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTHEAST DUBOIS COUNTY
SCHOOL CORPORATION, DUBOIS COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Northeast Dubois County 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 NORTHEAST DUBOIS COUNTY
SCHOOL CORPORATION, DUBOIS 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 Northeast Dubois County 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 2015-002.

Northeast Dubois County 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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NORTHEAST DUBOIS COUNTY 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	\$ 297,370	\$ 6,148,472	\$ 5,854,738	\$ 6,000	\$ 597,104	\$ 5,874,747	\$ 5,930,965	\$ 33,115	\$ 574,001
Debt Service	194,896	706,497	563,143	-	338,250	640,079	570,289	(3,013)	405,027
Retirement/Severance Bond Debt Service	232,120	348,991	365,828	-	215,283	352,627	343,951	1,046	225,005
Capital Projects	264,009	1,008,621	1,084,205	-	188,425	917,915	808,408	(48,213)	249,719
School Transportation	262,477	833,873	741,649	(155,000)	199,701	821,542	768,577	(40,960)	211,706
School Bus Replacement	4,824	99,233	-	(95,000)	9,057	103,277	-	(100,401)	11,933
Rainy Day	489,480	-	369,366	250,000	370,114	-	357,254	200,000	212,860
Retirement/Severance Bond	2,543	-	-	-	2,543	-	-	(2,543)	-
School Lunch	230,242	538,936	533,391	-	235,787	500,109	476,898	-	258,998
Textbook Rental	96,555	141,937	124,270	-	114,222	147,281	121,682	-	139,821
Educational License Plates	1,633	56	-	-	1,689	19	-	-	1,708
SAFE School Haven	680	-	-	-	680	-	680	-	-
Supplemental Fees	4,090	12,587	16,078	-	599	12,462	8,704	-	4,357
Scholarships and Awards	-	8,000	8,000	-	-	8,000	8,000	-	-
Construction, Remodeling, and Equipping Buildings	-	-	-	-	-	15,278	13,100	(2,178)	-
Donations, Gifts, & Trusts	3,315	36,300	37,635	-	1,980	1,745	-	-	3,725
Gifted and Talented	17,031	27,320	26,122	-	18,229	24,340	24,404	(3,948)	14,217
Medicaid Reimbursement - State	2,962	4,216	127	-	7,051	4,083	-	-	11,134
Secured Schools Safety Grant	-	-	12,417	-	(12,417)	23,565	30,266	-	(19,118)
Non-English Speaking Programs P.L. 273-1999	388	-	-	-	388	-	-	-	388
School Technology	6,466	13,925	29,731	-	(9,340)	38,276	28,936	-	-
Performance Based Awards	-	-	-	-	-	29,239	28,234	-	1,005
Other Pilot Program	3,828	-	-	-	3,828	-	2,950	-	878
Senator David Ford Technology	-	-	-	-	-	-	427	-	(427)
Title I	(746)	43,955	47,355	-	(4,146)	76,009	77,564	20	(5,681)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(13,101)	70,000	56,899	-	-	-	-	-	-
Medicaid Reimbursement - Federal	7,442	8,530	3,390	-	12,582	8,165	3,242	-	17,505
Improving Teaching Quality, No Child Left, Title II, Part A	(796)	23,434	26,638	-	(4,000)	19,789	15,974	-	(185)
Education Jobs	(3,954)	-	(3,954)	-	-	-	-	-	-
Miscellaneous Clearing	(43,904)	56,611	105,257	-	(92,550)	73,179	87,072	-	(106,443)
Extra-Curricular Clearing	-	92	92	-	-	295	295	-	-
School Lunch Clearing	(15,259)	447,110	440,725	-	(8,874)	330,983	390,628	-	(68,519)
Payroll Withholdings	44,624	1,681,038	1,678,450	-	47,212	1,670,782	1,664,080	-	53,914
Totals	\$ 2,089,215	\$ 12,259,734	\$ 12,121,552	\$ 6,000	\$ 2,233,397	\$ 11,693,786	\$ 11,762,580	\$ 32,925	\$ 2,197,528

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

NORTHEAST DUBOIS COUNTY 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.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENT
 (Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

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

Note 8. Restatements

For the year ended June 30, 2014, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of June 30, 2013	Prior Period Adjustment	Balance as of July 1, 2013
Miscellaneous Programs	\$ 3,315	\$ (3,315)	\$ -
Donations, Gifts, & Trusts	-	3,315	3,315
Miscellaneous Programs	3,828	(3,828)	-
Other Pilot Program	-	3,828	3,828

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The School Corporation has entered into a capital lease with Northeast Dubois Middle 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 \$561,098 and \$565,040, respectively.

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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.

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NORTHEAST DUBOIS COUNTY 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	\$ 297,370	\$ 194,896	\$ 232,120	\$ 264,009	\$ 262,477	\$ 4,824	\$ 489,480	\$ 2,543	\$ 230,242
Receipts:									
Local sources	254,575	706,497	348,991	1,008,621	833,873	99,233	-	-	345,433
Intermediate sources	232	-	-	-	-	-	-	-	-
State sources	5,893,665	-	-	-	-	-	-	-	6,718
Federal sources	-	-	-	-	-	-	-	-	186,785
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>6,148,472</u>	<u>706,497</u>	<u>348,991</u>	<u>1,008,621</u>	<u>833,873</u>	<u>99,233</u>	<u>-</u>	<u>-</u>	<u>538,936</u>
Disbursements:									
Current:									
Instruction	4,459,128	-	-	128	-	-	270,814	-	-
Support services	1,379,792	-	-	916,826	741,649	-	87,652	-	-
Noninstructional services	15,818	-	-	-	-	-	-	-	533,391
Facilities acquisition and construction	-	-	-	167,251	-	-	10,900	-	-
Debt service	-	563,143	365,828	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,854,738</u>	<u>563,143</u>	<u>365,828</u>	<u>1,084,205</u>	<u>741,649</u>	<u>-</u>	<u>369,366</u>	<u>-</u>	<u>533,391</u>
Excess (deficiency) of receipts over disbursements	<u>293,734</u>	<u>143,354</u>	<u>(16,837)</u>	<u>(75,584)</u>	<u>92,224</u>	<u>99,233</u>	<u>(369,366)</u>	<u>-</u>	<u>5,545</u>
Other financing sources (uses):									
Proceeds of long-term debt	6,000	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	250,000	-	-
Transfers out	-	-	-	-	(155,000)	(95,000)	-	-	-
Total other financing sources (uses)	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,000)</u>	<u>(95,000)</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>299,734</u>	<u>143,354</u>	<u>(16,837)</u>	<u>(75,584)</u>	<u>(62,776)</u>	<u>4,233</u>	<u>(119,366)</u>	<u>-</u>	<u>5,545</u>
Cash and investments - ending	<u>\$ 597,104</u>	<u>\$ 338,250</u>	<u>\$ 215,283</u>	<u>\$ 188,425</u>	<u>\$ 199,701</u>	<u>\$ 9,057</u>	<u>\$ 370,114</u>	<u>\$ 2,543</u>	<u>\$ 235,787</u>

NORTHEAST DUBOIS COUNTY 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	Educational License Plates	SAFE School Haven	Supplemental Fees	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	Donations, Gifts, & Trusts	Gifted and Talented	Medicaid Reimbursement - State
Cash and investments - beginning	\$ 96,555	\$ 1,633	\$ 680	\$ 4,090	\$ -	\$ -	\$ 3,315	\$ 17,031	\$ 2,962
Receipts:									
Local sources	120,353	-	-	12,587	8,000	-	-	-	-
Intermediate sources	-	56	-	-	-	-	36,300	-	-
State sources	21,584	-	-	-	-	-	-	27,320	4,216
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	141,937	56	-	12,587	8,000	-	36,300	27,320	4,216
Disbursements:									
Current:									
Instruction	-	-	-	16,078	-	-	-	19,835	-
Support services	124,270	-	-	-	-	-	670	6,287	127
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	36,965	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	8,000	-	-	-	-
Total disbursements	124,270	-	-	16,078	8,000	-	37,635	26,122	127
Excess (deficiency) of receipts over disbursements	17,667	56	-	(3,491)	-	-	(1,335)	1,198	4,089
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,667	56	-	(3,491)	-	-	(1,335)	1,198	4,089
Cash and investments - ending	\$ 114,222	\$ 1,689	\$ 680	\$ 599	\$ -	\$ -	\$ 1,980	\$ 18,229	\$ 7,051

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

	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Other Pilot Program	Senator David Ford Technology	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ -	\$ 388	\$ 6,466	\$ -	\$ 3,828	\$ -	\$ (746)	\$ (13,101)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	13,925	-	-	-	-	-
Federal sources	-	-	-	-	-	-	43,955	70,000
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	13,925	-	-	-	43,955	70,000
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	46,866	28,118
Support services	8,233	-	29,731	-	-	-	489	2,054
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	4,184	-	-	-	-	-	-	26,727
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	12,417	-	29,731	-	-	-	47,355	56,899
Excess (deficiency) of receipts over disbursements	(12,417)	-	(15,806)	-	-	-	(3,400)	13,101
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,417)	-	(15,806)	-	-	-	(3,400)	13,101
Cash and investments - ending	\$ (12,417)	\$ 388	\$ (9,340)	\$ -	\$ 3,828	\$ -	\$ (4,146)	\$ -

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

	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Miscellaneous Clearing	Extra-Curricular Clearing	School Lunch Clearing	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 7,442	\$ (796)	\$ (3,954)	\$ (43,904)	\$ -	\$ (15,259)	\$ 44,624	\$ 2,089,215
Receipts:								
Local sources	-	-	-	-	-	-	-	3,738,163
Intermediate sources	-	-	-	-	-	-	-	36,588
State sources	-	-	-	-	-	-	-	5,967,428
Federal sources	8,530	23,434	-	-	-	-	-	332,704
Other receipts	-	-	-	56,611	92	447,110	1,681,038	2,184,851
Total receipts	8,530	23,434	-	56,611	92	447,110	1,681,038	12,259,734
Disbursements:								
Current:								
Instruction	-	8,750	(3,954)	-	-	-	-	4,845,763
Support services	3,390	17,888	-	-	-	-	-	3,319,058
Noninstructional services	-	-	-	-	-	-	-	549,209
Facilities acquisition and construction	-	-	-	-	-	-	-	246,027
Debt service	-	-	-	-	-	-	-	928,971
Nonprogrammed charges	-	-	-	105,257	92	440,725	1,678,450	2,232,524
Total disbursements	3,390	26,638	(3,954)	105,257	92	440,725	1,678,450	12,121,552
Excess (deficiency) of receipts over disbursements	5,140	(3,204)	3,954	(48,646)	-	6,385	2,588	138,182
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	6,000
Transfers in	-	-	-	-	-	-	-	250,000
Transfers out	-	-	-	-	-	-	-	(250,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	6,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,140	(3,204)	3,954	(48,646)	-	6,385	2,588	144,182
Cash and investments - ending	\$ 12,582	\$ (4,000)	\$ -	\$ (92,550)	\$ -	\$ (8,874)	\$ 47,212	\$ 2,233,397

NORTHEAST DUBOIS COUNTY 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	\$ 597,104	\$ 338,250	\$ 215,283	\$ 188,425	\$ 199,701	\$ 9,057	\$ 370,114	\$ 2,543	\$ 235,787
Receipts:									
Local sources	197,724	640,079	352,627	917,915	821,542	103,277	-	-	334,532
Intermediate sources	232	-	-	-	-	-	-	-	-
State sources	5,676,791	-	-	-	-	-	-	-	6,962
Federal sources	-	-	-	-	-	-	-	-	158,615
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>5,874,747</u>	<u>640,079</u>	<u>352,627</u>	<u>917,915</u>	<u>821,542</u>	<u>103,277</u>	<u>-</u>	<u>-</u>	<u>500,109</u>
Disbursements:									
Current:									
Instruction	4,501,758	-	-	85	-	-	259,887	-	-
Support services	1,416,860	1,824	-	740,149	768,577	-	91,843	-	-
Noninstructional services	12,347	-	-	-	-	-	-	-	476,898
Facilities acquisition and construction	-	-	-	68,174	-	-	5,524	-	-
Debt service	-	568,465	343,951	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,930,965</u>	<u>570,289</u>	<u>343,951</u>	<u>808,408</u>	<u>768,577</u>	<u>-</u>	<u>357,254</u>	<u>-</u>	<u>476,898</u>
Excess (deficiency) of receipts over disbursements	<u>(56,218)</u>	<u>69,790</u>	<u>8,676</u>	<u>109,507</u>	<u>52,965</u>	<u>103,277</u>	<u>(357,254)</u>	<u>-</u>	<u>23,211</u>
Other financing sources (uses):									
Proceeds of long-term debt	32,925	-	-	-	-	-	-	-	-
Transfers in	190	-	1,046	-	-	-	200,000	-	-
Transfers out	-	(3,013)	-	(48,213)	(40,960)	(100,401)	-	(2,543)	-
Total other financing sources (uses)	<u>33,115</u>	<u>(3,013)</u>	<u>1,046</u>	<u>(48,213)</u>	<u>(40,960)</u>	<u>(100,401)</u>	<u>200,000</u>	<u>(2,543)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(23,103)</u>	<u>66,777</u>	<u>9,722</u>	<u>61,294</u>	<u>12,005</u>	<u>2,876</u>	<u>(157,254)</u>	<u>(2,543)</u>	<u>23,211</u>
Cash and investments - ending	<u>\$ 574,001</u>	<u>\$ 405,027</u>	<u>\$ 225,005</u>	<u>\$ 249,719</u>	<u>\$ 211,706</u>	<u>\$ 11,933</u>	<u>\$ 212,860</u>	<u>\$ -</u>	<u>\$ 258,998</u>

NORTHEAST DUBOIS COUNTY 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	Educational License Plates	SAFE School Haven	Supplemental Fees	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	Donations, Gifts, & Trusts	Gifted and Talented	Medicaid Reimbursement - State
Cash and investments - beginning	\$ 114,222	\$ 1,689	\$ 680	\$ 599	\$ -	\$ -	\$ 1,980	\$ 18,229	\$ 7,051
Receipts:									
Local sources	128,431	-	-	12,462	8,000	-	-	-	-
Intermediate sources	-	19	-	-	-	-	1,745	-	-
State sources	18,850	-	-	-	-	-	-	24,340	4,083
Federal sources	-	-	-	-	-	15,278	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>147,281</u>	<u>19</u>	<u>-</u>	<u>12,462</u>	<u>8,000</u>	<u>15,278</u>	<u>1,745</u>	<u>24,340</u>	<u>4,083</u>
Disbursements:									
Current:									
Instruction	-	-	-	8,704	-	-	-	23,169	-
Support services	121,682	-	-	-	-	13,100	-	1,235	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	680	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	8,000	-	-	-	-
Total disbursements	<u>121,682</u>	<u>-</u>	<u>680</u>	<u>8,704</u>	<u>8,000</u>	<u>13,100</u>	<u>-</u>	<u>24,404</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>25,599</u>	<u>19</u>	<u>(680)</u>	<u>3,758</u>	<u>-</u>	<u>2,178</u>	<u>1,745</u>	<u>(64)</u>	<u>4,083</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(2,178)	-	(3,948)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,178)</u>	<u>-</u>	<u>(3,948)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>25,599</u>	<u>19</u>	<u>(680)</u>	<u>3,758</u>	<u>-</u>	<u>-</u>	<u>1,745</u>	<u>(4,012)</u>	<u>4,083</u>
Cash and investments - ending	<u>\$ 139,821</u>	<u>\$ 1,708</u>	<u>\$ -</u>	<u>\$ 4,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,725</u>	<u>\$ 14,217</u>	<u>\$ 11,134</u>

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

	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Other Pilot Program	Senator David Ford Technology	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ (12,417)	\$ 388	\$ (9,340)	\$ -	\$ 3,828	\$ -	\$ (4,146)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	23,565	-	38,276	29,239	-	-	-	-
Federal sources	-	-	-	-	-	-	76,009	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>23,565</u>	<u>-</u>	<u>38,276</u>	<u>29,239</u>	<u>-</u>	<u>-</u>	<u>76,009</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	28,234	-	-	74,039	-
Support services	12,580	-	28,936	-	2,950	427	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	17,686	-	-	-	-	-	3,525	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>30,266</u>	<u>-</u>	<u>28,936</u>	<u>28,234</u>	<u>2,950</u>	<u>427</u>	<u>77,564</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(6,701)</u>	<u>-</u>	<u>9,340</u>	<u>1,005</u>	<u>(2,950)</u>	<u>(427)</u>	<u>(1,555)</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	20	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,701)</u>	<u>-</u>	<u>9,340</u>	<u>1,005</u>	<u>(2,950)</u>	<u>(427)</u>	<u>(1,535)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (19,118)</u>	<u>\$ 388</u>	<u>\$ -</u>	<u>\$ 1,005</u>	<u>\$ 878</u>	<u>\$ (427)</u>	<u>\$ (5,681)</u>	<u>\$ -</u>

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

	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Miscellaneous Clearing	Extra-Curricular Clearing	School Lunch Clearing	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 12,582	\$ (4,000)	\$ -	\$ (92,550)	\$ -	\$ (8,874)	\$ 47,212	\$ 2,233,397
Receipts:								
Local sources	-	-	-	-	-	-	-	3,516,589
Intermediate sources	-	-	-	-	-	-	-	1,996
State sources	-	-	-	-	-	-	-	5,822,106
Federal sources	8,165	19,789	-	-	-	-	-	277,856
Other receipts	-	-	-	73,179	295	330,983	1,670,782	2,075,239
Total receipts	8,165	19,789	-	73,179	295	330,983	1,670,782	11,693,786
Disbursements:								
Current:								
Instruction	-	13,499	-	-	-	-	-	4,909,375
Support services	3,242	2,475	-	-	-	-	-	3,205,880
Noninstructional services	-	-	-	-	-	-	-	489,245
Facilities acquisition and construction	-	-	-	-	-	-	-	95,589
Debt service	-	-	-	-	-	-	-	912,416
Nonprogrammed charges	-	-	-	87,072	295	390,628	1,664,080	2,150,075
Total disbursements	3,242	15,974	-	87,072	295	390,628	1,664,080	11,762,580
Excess (deficiency) of receipts over disbursements	4,923	3,815	-	(13,893)	-	(59,645)	6,702	(68,794)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	32,925
Transfers in	-	-	-	-	-	-	-	201,256
Transfers out	-	-	-	-	-	-	-	(201,256)
Total other financing sources (uses)	-	-	-	-	-	-	-	32,925
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,923	3,815	-	(13,893)	-	(59,645)	6,702	(35,869)
Cash and investments - ending	\$ 17,505	\$ (185)	\$ -	\$ (106,443)	\$ -	\$ (68,519)	\$ 53,914	\$ 2,197,528

NORTHEAST DUBOIS COUNTY 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>\$ 253,336</u>	<u>\$ -</u>

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Northeast Dubois Middle School Building Corporation	Remodeled/building/technology	\$ 567,050	6/28/2004	6/28/2016
Total of annual lease payments		<u>\$ 567,050</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General Obligation Bonds	Pension Bonds/Teacher Retirement Buyout	\$ 345,645
Totals		<u>\$ 3,040,000</u> <u>\$ 345,645</u>

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 143,272
Infrastructure	10
Buildings	14,070,555
Improvements other than buildings	1,428,706
Machinery, equipment, and vehicles	4,062,945
Books and other	58,765
Total capital assets	\$ 19,764,253

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE NORTHEAST DUBOIS COUNTY
SCHOOL CORPORATION, DUBOIS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2015-004, 2015-005, 2015-006, and 2015-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed and Unallowed, Cash Management, Program Income, Special Test and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* on Child Nutrition Cluster paragraph, 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 Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on the Other 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 its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-008. 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.

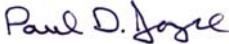
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses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

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

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 item 2015-003 and 2015-008 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

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.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program							
Indiana Department of Education							
School Breakfast Program		10.553	FY 2014	\$ -	\$ 37,724	\$ -	\$ -
School Breakfast Program		10.553	FY 2015	-	-	-	29,922
Total - School Breakfast Program				-	37,724	-	29,922
National School Lunch Program							
Indiana Department of Education							
Federal School Lunch Program		10.555	FY 2014	-	149,061	-	-
Federal School Lunch Program		10.555	FY 2015	-	-	-	128,693
School Lunch Commodities		10.555	FY 2014	-	34,869	-	-
School Lunch Commodities		10.555	FY 2015	-	-	-	32,486
Total - National School Lunch Program				-	183,930	-	161,179
Total - Child Nutrition Cluster				-	221,654	-	191,101
Total - Department of Agriculture				-	221,654	-	191,101
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education _Grants to States							
Indiana Department of Education							
FY 2013 Federal Part B 611		84.027	14213011PN01	-	88,414	-	8,296
FY 2014 Federal Part B 611		84.027	14214011PN01	-	93,079	-	83,454
FY 2015 Federal Part B 611		84.027	14215011PN01	-	-	-	85,738
FY 2014 Federal Technical Assistance		84.027	99914011TA01	-	2,472	-	1,474
Special Education Improvement Award		84.027	A58-3-13DL-1462	-	70,000	-	-
Total - Special Education _Grants to States				-	253,965	-	178,962
Special Education_Preschool Grants							
Indiana Department of Education							
FY 2013 Federal Part B 619		84.173	45713011PN01	-	2,714	-	-
FY 2014 Federal Part B 619		84.173	45714011PN01	-	2,323	-	2,893
FY 2015 Federal Part B 619		84.173	45715011PN01	-	-	-	2,148
Total - Special Education_Preschool Grants				-	5,037	-	5,041
Total - Special Education Cluster (IDEA)				-	259,002	-	184,003

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2014 and 2015
 (Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>							
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I 2012-2013		84.010	13-2040	-	5,975	-	-
Title I 2013-2014		84.010	14-2040	-	37,980	-	15,880
Title I 2014-2015		84.010	15-2040	-	-	-	60,132
Total - Title I Grants to Local Educational Agencies				-	43,955	-	76,012
Improving Teacher Quality State Grants	Indiana Department of Education						
Title II, Part A FY 2012		84.367	12-2040	-	19,053	-	-
Title II, Part A FY 2013		84.367	13-2040	-	4,381	-	13,315
Title II, Part A FY 2014		84.367	14-2040	-	-	-	6,476
Total - Improving Teacher Quality State Grants				-	23,434	-	19,791
Total - Department of Education				-	326,391	-	279,806
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education						
Medicaid Reimbursement		93.778	FY 2013	-	6,811	-	-
Medicaid Reimbursement		93.778	FY 2014	-	-	-	4,941
Total - Medical Assistance Program				-	6,811	-	4,941
Total - Medicaid Cluster				-	6,811	-	4,941
PPHF: Community Transformation Grants - Small Communities Program financed solely by Public Prevention and Health Funds	Welborn Baptist Foundation, Inc.						
Community Transformation Grant for School		93.737	1H75DP004375-01	-	2,000	-	2,000
Total - PPHF: Community Transformation Grants - Small Communities Program financed solely by Public Prevention and Health Funds				-	2,000	-	2,000
Total - Department of Health and Human Services				-	8,811	-	6,941
Total federal awards expended				\$ -	\$ 556,856	\$ -	\$ 477,848

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

NORTHEAST DUBOIS COUNTY 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. *Exceptional Children's Cooperative*

The School Corporation is a member of the Exceptional Children's Cooperative (Cooperative). The Cooperative operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement of the School Corporation.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____
Child Nutrition Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2015-001

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

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting, including segregation of duties. The School Corporation had not separated incompatible activities related to cash and investments, receipts, and payroll disbursements.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. *Cash and Investments:* The bank reconcilements for the School Corporation funds were prepared by the Treasurer. There was no oversight, review, approval, or other compensating control of the bank reconciliations to ensure they were being prepared accurately and completely.
2. *Receipts:* The Treasurer issued and recorded receipts, prepared the deposits, took the deposits to the bank, and performed the monthly reconcilement of the bank balance to the record balance without a proper system of oversight or review, or other compensating control.
3. *Payroll Disbursements:* Payroll transactions were processed by one employee from start to finish and were verified for accuracy by the same employee. A review of processed payrolls was performed by one of the two employees in the business office to verify that hours reported on timesheets and absentees were reported correctly in the payroll system; however, the review was performed once every six months instead of being performed regularly. Payroll claims were approved by the School Board, but the information provided for their review and approval was a list of the gross amount by fund and not a detailed listing by employee.

Context

This was a systemic problem during the entire audit period.

Criteria

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

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

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

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

Cause

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

Effect

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2015-002

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

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer entered the grant information into the Indiana Gateway for Government Units, which is a financial reporting system and the source of the SEFA without any oversight, review, approval process, or other control to ensure its accuracy.

Context

Nine federal grant awards were reported incorrectly on the SEFA. Information, such as cluster title, federal program title, and pass-through entity identifying number, were omitted or incorrect. Federal expenditures were incorrectly reported for fiscal years 2013-2014 and 2014-2015, with total expenditures being understated \$186,222 and overstated by \$375,521, respectively. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

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

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

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

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."

NORTHEAST DUBOIS COUNTY 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*.

Views of Responsible Officials

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003

Subject: Internal Controls over Child Nutrition Cluster
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, Special Tests and Provisions - Paid Lunch Equity
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Test and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity.

Activities Allowed or Unallowed

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the activities allowed requirements of the programs. Individuals approving disbursements from the program allowed expenses from the program that were not activities allowed.

Cash Management

An effective internal control system was not in place to monitor the School Lunch fund monthly cash balances (Net Cash Resources) to ensure that they did not exceed the three months average expenditures.

Eligibility

An effective internal control system was not in place to ensure that all records related to eligibility determination were retained and available for audit.

Program Income

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded. An oversight, review, approval process, or other compensating control had not been established.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Reporting

An effective internal control system was not in place to ensure that the monthly Sponsor Claim (claims for reimbursement), Annual Financial Reports, and School Food Authority (SFA) Verification Collection Reports were accurately prepared and submitted. There was no segregation of duties, such as an oversight, review, approval process, or other compensating control.

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

An effective internal control system was not in place to ensure that verification of free and reduced price applications was completed and that the supporting documentation of the verification process was retained and available for audit. There was no segregation of duties, such as an oversight, review, approval process, or other compensating control.

Special Test and Provisions - School Food Accounts

An effective internal control system was not in place to ensure that school food transactions were posted in a separate account. There was no segregation of duties, such as an oversight, review, approval process, or other compensating control.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

An effective internal control system was not in place to ensure that the paid lunch prices were adjusted according to the weighted-average paid lunch price calculations.

Context

This was a systemic problem within the School Breakfast Program and National School Lunch Program. Controls did not exist over the compliance requirements listed above during the audit period.

Criteria

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

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

Cause

Management had not developed a system of internal controls, including segregation of duties that would have ensured that the School Corporation complied with the compliance requirements listed above.

Effect

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-004

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Program Income, Special Tests and Provisions - School Food Accounts
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 2014, FY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Program Income, Special Tests and Provisions - School Food Accounts
Audit Finding: Other Matters/Modified Opinion

Condition

Receipts and disbursements were recorded in the School Lunch fund for activities that were not related to the operation of the school food service program.

- The School Corporation began posting the financial transactions for the Corporation Wellness Program (Program) to the School Lunch fund in December 2012. Receipts for the Program consisted of entry fees for a 5k walk/run, the sale of head bands, and the sale of food at various wellness events. Disbursements for the Program included the purchase of head bands and food for the various wellness events, including health fairs, health screenings, and other events. All receipts and expenses for these activities were recorded in the School Lunch fund. The expenses for the Program exceeded the receipts by \$1,155.
- Food and supplies were purchased from the School Lunch fund for various school activities that were not part of the operation of the food service program. Receipts from the sale of these items were posted to the School Lunch fund as miscellaneous revenue or as a transfer in from other funds. Records were not available for audit to identify the costs of the food and supplies purchased. The reimbursements received for sales that could not be associated with the operation or improvement of food services was identified as questioned costs of \$28,283.
- Gifts for school lunch employees and meals for other School Corporation employees were purchased from the School Lunch fund. These disbursements resulted in questioned costs of \$1,817.
- The School Lunch fund purchased items for orientation. These purchases included T-shirts, door prizes, and food. These purchases resulted in questioned costs of \$606.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The purchases of food and supplies for non-food service purposes, as well as the posting of the Program receipts and expenses occurred throughout the audit period.

Criteria

7 CFR 210.14(a) states:

"Nonprofit school food service. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under § 210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*)"

7 CFR 220.7(e)(1) states in part:

- "(i) Maintain a nonprofit school food service;
- (ii) In accordance with the financial management system established under § 220.13(i) of this part, use all revenues received by such food service only for the operation or improvement of that food service *Except that*, facilities, equipment, and personnel support with funds provided to a school food authority under this part may be used to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*); . . ."

7 CFR 210.23(c) states:

"Retention of records. State agencies and school food authorities may retain necessary records in their original form or on microfilm. State agency records shall be retained for a period of 3 years after the date of submission of the final Financial Status Report for the fiscal year. School food authority records shall be retained for a period of 3 years after submission of the final Claim for Reimbursement for the fiscal year. In either case, if audit findings have not been resolved, the records shall be retained beyond the 3-year period as long as required for the resolution of the issues raised by the audit."

7 CFR 220.7(e) states in part:

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

- (13) Upon request, make all accounts and records pertaining to its nonprofit school food service available to the State agency, to FNS and to OA for audit or review at a reasonable time and place. Such records shall be retained for a period of three years after the end of the fiscal year to which they pertain, except that if audit findings have not been resolved, the records shall be retained beyond the three-year period as long as required for the resolution of the issues raised by the audit; . . ."

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 210.14(c) states:

"Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that receipts and disbursements recorded in the School Lunch fund were for the School Breakfast Program and National School Lunch Program only.

Effect

The failure to establish an effective internal control system enabled noncompliance to occur. Non-compliance with the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

- Purchases of gifts and meals for employees - \$1,817
- Expenses from the Program not reimbursed - \$1,155
- Sale of food and supplies that are not related to the school food program - \$28,283
- Purchases for Orientation - \$607

Questioned Costs totaled \$31,861.

Recommendation

We recommended that the School Corporation's management implement procedures to ensure compliance with the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-005

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 2014, FY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Other Matters/Modified Opinion

Condition

The School Lunch fund monthly cash balance (Net Cash Resource) exceeded the three months average expenditures during each month of the audit period. The cash balances (Net Cash Resources) exceeded the 3 months average expenditures in amounts ranging from \$36,631 to \$112,493 for the 2013-2014 school year, and from \$49,970 to \$116,060 for the 2014-2015 school year.

Context

This was a systemic issue. The monthly cash balance (Net Cash Resources) of the School Lunch fund was greater than the 3 months average expenditures for all 24 months of the audit period.

Criteria

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

7 CFR 220.7(e) states in part:

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

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

Cause

Management 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 an effective internal control system enabled noncompliance to occur. Non-compliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation monitor the cash balance (Net Cash Resources) of the School Lunch fund and comply with the Cash Management requirements.

Views of Responsible Officials

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

FINDING 2015-006

Subject: Child Nutrition Cluster - Program Income
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 2014, FY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Finding: Other Matters/Modified Opinion

Condition

The School Corporation did not comply with requirements for accounting for program income generated from the operation of the food service program. All monthly receipts from sales, as well as prepayments on account, were recorded directly in the School Lunch fund. Prepayments are not considered program income and should not be recorded as income in the School Lunch fund.

Context

This was a systemic problem as all prepayments were recognized as revenue of the school food service program with no tracking in a separate fund during the entire audit period.

Criteria

7 CFR 210.14(c) states:

"Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their non-profit school food service. . . ."

Cause

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance to occur. Non-compliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs.

Recommendation

We recommended that the School Corporation comply with the Program Income requirements to ensure that program income is properly receipted and recorded in the School Corporation records.

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

Condition

The School Corporation did not adjust the paid lunch prices in accordance with the paid lunch equity calculations for the 2013-2014 school year. The School Corporation did not complete the Paid Lunch Equity calculations for 2014-2015 as required nor were adjustment made to paid lunch prices for that year.

Context

The Indiana Department of Education performed the weighted-average paid lunch price calculation on behalf of the School Corporation for the 2013-2014 school year. Based on this calculation, the School Corporation was required to increase paid lunch prices by the maximum price adjustment of 10 cents. The actual paid lunch prices were not increased for the 2013-2014 school year.

The School Corporation was required to perform the weighted-average paid lunch price calculation for the 2014-2015 school year. The School Corporation did not perform the calculation as required and it could not be determined if the Paid Lunch Equity requirement was met for the 2014-2015 school year.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

7 CFR 210.14(e) states in part:

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

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

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority;
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

Cause

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

Effect

The failure to establish controls enabled material noncompliance to occur. Noncompliance of the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs.

Recommendation

We recommended that the School Corporation develop and implement procedures and establish controls to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity requirements.

Views of Responsible Officials

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-008

Subject: Special Education_Grants to States - Procurement and Suspension and Debarment
Federal Agency: Department of Education
Federal Program: Special Education_Grants to States
CFDA Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 14213011PN01, 14214011PN01,
14215011PN01, 99914011TA01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of the Exceptional Children's Cooperative (Cooperative). The Cooperative operated the Special Education program on behalf of the School Corporation and managed the Special Education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

Management of the School Corporation had not established an effective internal control system, to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The Cooperative's Director signed the Application and Assurance Plan as a Condition of Federal Assistance, which stated that the Cooperative would check subcontractors to ensure they were not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded by any federal agency or by any department, agency or political subdivision of the State of Indiana. However, the Cooperative did not have procedures in place to verify that the vendors were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into a contract with them.

Context

During the 2014-2015 school year, there were two contracts entered into that exceeded \$25,000. The Cooperative did not verify that the vendors were not suspended or debarred prior to awarding the contracts.

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:

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

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

Effect

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

Questioned Costs

There were no question costs identified.

Recommendation

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

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENT

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION

William G. Hochgesang, Superintendent
Ryan Case, Trans. Director



Ruth Leistner, Treasurer
DeAnn Meyer, Deputy Treasurer

P.O. Box 158, 5379 E Main St.
Dubois, IN 47527

Phone # 812-678-2781
Fax # 812-678-4418

CORRECTIVE ACTION PLAN

Finding 2015-001—We agree with the finding

Contact Person Responsible for Corrective Action: Ruth Leistner, Treasurer
Contact Phone Number: 812-678-2781

The corrective action plans are:

The internal controls were already in place without documentation.

Documentation and updated procedures went into effect January 1, 2016 or first event after.

The bank reconciliation now signed/initialed by the Superintendent or Deputy Treasurer beginning January 1, 2016.

The receipts are signed by the Deputy Treasurer or Superintendent beginning January 1, 2016.

Payrolls are processed by the Treasurer or Deputy Treasurer and the opposite signs off on the check register for each payroll. This went into effect January 1, 2016.

The entire payroll claim listing will be sent to the Board and signed off on starting August 15, 2017.

Finding 2015-002---We agree with the finding

Contact Person Responsible for Corrective Action: Ruth Leistner, Treasurer
Contact Phone Number: 812-678-2781

The 2013-2014 and 2014-2015 SEFA amounts were off from Special Ed funds due to corrective actions directed by the Special Ed Coop.

Documentation and new procedures will go into effect July 1, 2017. Treasurer will prepare the report, Special Ed Coop will sign off on the report as well as the Superintendent or Deputy Treasurer.

Finding 2015-003---We agree with the finding

Contact Person Responsible for Corrective Action: Katherine Knies, Cafeteria Director

Contact Phone Number: 812-678-2781

The corrective action plan is:

The internal controls were already in place without documentation. Documentation and updated procedures went into effect January 1, 2016 or first event after.

Finding 2015-004---We agree with the finding

Contact Person Responsible for Corrective Action: Katherine Knies, Cafeteria Director

Contact Phone Number: 812-678-2781

The corrective action plan is:

The Wellness Fund reimbursed the Cafeteria July, 2017. Purchases for gifts, meals for employees and purchases for sale of food and supplies through the cafeteria were stopped as of July 1, 2017.

Finding 2015-005---We agree with the finding

Contact Person Responsible for Corrective Action: Katherine Knies, Cafeteria Director

Contact Phone Number: 812-678-2781

The corrective action plan is:

Prepaid school lunch money was transferred into a separate account as of July 1, 2017. If the remaining balance exceeds the 3 month maximum then the balance will be earmarked for future purchases of equipment.

Finding 2015-006---We agree with the finding

Contact Person Responsible for Corrective Action: Katherine Knies, Cafeteria Director
Contact Phone Number: 812-678-2781

The corrective action plan is:

Prepaid school lunch money was transferred into a separate account as of July 1, 2017.

Finding 2015-007---We agree with the finding

Contact Person Responsible for Corrective Action: Katherine Knies, Cafeteria Director
Contact Phone Number: 812-678-2781

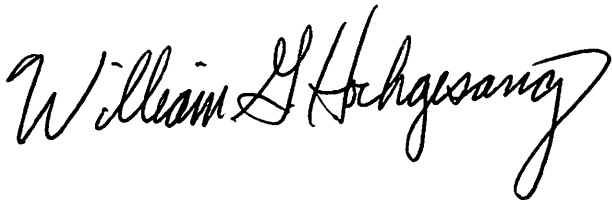
The corrective action plan is:

The paid lunch equity calculation was prepared beginning 2017-2018 and lunch prices were increased accordingly.

Finding 2015-008---We agree with the finding

Contact Person Responsible for Corrective Action: William G. Hochgesang, Superintendent
Contact Phone Number: 812-678-2781

The Dubois-Spencer-Perry-Pike Special Ed Coop will establish their corrective actions. The Northeast Dubois County School Superintendent will also print, sign and file copies of the minutes effective July 1, 2017.



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/>.