

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTH PUTNAM COMMUNITY  
SCHOOL CORPORATION  
PUTNAM COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
09/25/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca J. Samsel	07-01-13 to 06-30-18
Superintendent of Schools	Bruce D. Bernhardt	07-01-13 to 06-30-20
President of the School Board	David Bombei Wesley Hacker	07-01-13 to 06-30-14 07-01-14 to 06-30-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTH PUTNAM COMMUNITY  
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

**Report on the Financial Statement**

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

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

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

***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

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

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

***Other Matters***

*Supplementary Information*

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


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

August 31, 2017



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

TO: THE OFFICIALS OF THE SOUTH PUTNAM COMMUNITY  
SCHOOL CORPORATION, PUTNAM 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 South Putnam Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated August 31, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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


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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

August 31, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 175,869	\$ 7,243,881	\$ 6,963,639	\$ -	\$ 456,111	\$ 7,440,958	\$ 7,352,070	\$ 40,192	\$ 585,191
Debt Service	1,450,135	2,580,215	2,597,063	-	1,433,287	2,746,668	2,613,313	-	1,566,642
Retirement/Severance Bond Debt Service	141,280	231,636	233,708	-	139,208	243,649	237,059	-	145,798
Capital Projects	673,699	967,121	1,064,710	-	576,110	1,008,726	1,054,671	-	530,165
School Transportation	660,563	997,644	771,450	-	886,757	1,066,624	779,915	(261,468)	911,998
School Bus Replacement	318,003	142,127	189,329	-	270,801	119,648	205,874	-	184,575
Rainy Day	832,777	621,385	-	-	1,454,162	-	171,777	300,000	1,582,385
Retirement/Severance Bond	920,598	-	79,762	-	840,836	-	54,710	-	786,126
Construction	36,145	-	22,554	-	13,591	-	13,591	-	-
Construction Fund - SPHS	-	58,365	-	-	58,365	-	-	-	58,365
School Lunch	143,937	513,176	488,248	-	168,865	526,784	466,302	-	229,347
Textbook Rental	114,363	137,150	93,338	-	158,175	140,196	129,932	-	168,439
Levy Excess	38,532	-	-	-	38,532	-	-	(38,532)	-
Recreational Activities	-	500	-	-	500	5,000	5,500	-	-
Gifted/Talented	-	28,265	25,049	-	3,216	28,492	29,309	-	2,399
Senator David Ford Technology	-	-	-	-	-	16,000	20,701	-	(4,701)
Title I	(12,651)	123,729	111,079	-	(1)	97,852	100,074	-	(2,223)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	4,284	51,038	55,322	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	40,192	-	-	40,192	-	-	(40,192)	-
Payroll Withholding Fund	321,527	1,606,050	1,629,699	-	297,878	1,670,582	1,675,733	-	292,728
<b>Totals</b>	<b>\$ 5,819,061</b>	<b>\$ 15,342,474</b>	<b>\$ 14,324,950</b>	<b>\$ -</b>	<b>\$ 6,836,585</b>	<b>\$ 15,111,179</b>	<b>\$ 14,910,531</b>	<b>\$ -</b>	<b>\$ 7,037,234</b>

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

*Transfers 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.

SOUTH PUTNAM COMMUNITY 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.

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

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

**Note 8. Holding Corporations**

The School Corporation has entered into capital leases with South Putnam School Building Corporation, South Putnam Grade School Building Corporation, South Putnam Admin School Building Corporation, and South Putnam High School Building Corporation (the lessors). Each 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 lessors have been determined to be related-parties of the School Corporation. Lease payments during the fiscal years 2014 and 2015 totaled \$2,515,500 and \$2,535,500, respectively.

## OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	Construction Fund- SPHS	School Lunch
Cash and investments - beginning	\$ 175,869	\$ 1,450,135	\$ 141,280	\$ 673,699	\$ 660,563	\$ 318,003	\$ 832,777	\$ 920,598	\$ 36,145	\$ -	\$ 143,937
Receipts:											
Local sources	88,635	2,580,215	231,636	967,121	979,268	142,127	621,385	-	-	58,365	287,276
Intermediate sources	11,118	-	-	-	-	-	-	-	-	-	-
State sources	7,120,882	-	-	-	-	-	-	-	-	-	4,977
Federal sources	-	-	-	-	-	-	-	-	-	-	219,574
Other receipts	23,246	-	-	-	18,376	-	-	-	-	-	1,349
Total receipts	7,243,881	2,580,215	231,636	967,121	997,644	142,127	621,385	-	-	58,365	513,176
Disbursements:											
Instruction	4,930,867	-	-	-	-	-	-	79,762	-	-	-
Support services	1,953,167	-	-	887,646	770,400	189,329	-	-	22,554	-	2,792
Noninstructional services	76,281	-	-	-	-	-	-	-	-	-	485,456
Facilities acquisition and construction	3,324	-	-	177,064	1,050	-	-	-	-	-	-
Debt service	-	2,597,063	233,708	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,963,639	2,597,063	233,708	1,064,710	771,450	189,329	-	79,762	22,554	-	488,248
Excess (deficiency) of receipts over disbursements	280,242	(16,848)	(2,072)	(97,589)	226,194	(47,202)	621,385	(79,762)	(22,554)	58,365	24,928
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	280,242	(16,848)	(2,072)	(97,589)	226,194	(47,202)	621,385	(79,762)	(22,554)	58,365	24,928
Cash and investments - ending	\$ 456,111	\$ 1,433,287	\$ 139,208	\$ 576,110	\$ 886,757	\$ 270,801	\$ 1,454,162	\$ 840,836	\$ 13,591	\$ 58,365	\$ 168,865

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

	Textbook Rental	Levy Excess	Recreational Activities	Gifted/ Talented	Senator David Ford Technology	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll Withholding Fund	Totals
Cash and investments - beginning	\$ 114,363	\$ 38,532	\$ -	\$ -	\$ -	\$ (12,651)	\$ 4,284	\$ -	\$ 321,527	\$ 5,819,061
Receipts:										
Local sources	93,021	-	500	-	-	-	3,500	-	-	6,053,049
Intermediate sources	-	-	-	-	-	-	-	-	-	11,118
State sources	44,129	-	-	28,265	-	-	-	-	-	7,198,253
Federal sources	-	-	-	-	-	123,729	47,538	40,192	-	431,033
Other receipts	-	-	-	-	-	-	-	-	1,606,050	1,649,021
Total receipts	137,150	-	500	28,265	-	123,729	51,038	40,192	1,606,050	15,342,474
Disbursements:										
Instruction	-	-	-	25,049	-	111,079	8,004	-	-	5,154,761
Support services	93,338	-	-	-	-	-	47,318	-	-	3,966,544
Noninstructional services	-	-	-	-	-	-	-	-	-	561,737
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	181,438
Debt service	-	-	-	-	-	-	-	-	-	2,830,771
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,629,699	1,629,699
Total disbursements	93,338	-	-	25,049	-	111,079	55,322	-	1,629,699	14,324,950
Excess (deficiency) of receipts over disbursements	43,812	-	500	3,216	-	12,650	(4,284)	40,192	(23,649)	1,017,524
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	43,812	-	500	3,216	-	12,650	(4,284)	40,192	(23,649)	1,017,524
Cash and investments - ending	\$ 158,175	\$ 38,532	\$ 500	\$ 3,216	\$ -	\$ (1)	\$ -	\$ 40,192	\$ 297,878	\$ 6,836,585

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	Construction Fund- SPHS	School Lunch
Cash and investments - beginning	\$ 456,111	\$ 1,433,287	\$ 139,208	\$ 576,110	\$ 886,757	\$ 270,801	\$ 1,454,162	\$ 840,836	\$ 13,591	\$ 58,365	\$ 168,865
Receipts:											
Local sources	93,269	2,746,668	243,649	1,008,726	1,053,825	119,648	-	-	-	-	221,168
Intermediate sources	33,541	-	-	-	-	-	-	-	-	-	-
State sources	7,284,781	-	-	-	-	-	-	-	-	-	5,070
Federal sources	-	-	-	-	-	-	-	-	-	-	297,832
Other receipts	29,367	-	-	-	12,799	-	-	-	-	-	2,714
Total receipts	7,440,958	2,746,668	243,649	1,008,726	1,066,624	119,648	-	-	-	-	526,784
Disbursements:											
Instruction	5,161,951	-	-	-	-	-	-	54,710	-	-	-
Support services	2,124,345	-	-	941,867	778,392	205,874	37,564	-	13,591	-	3,945
Noninstructional services	63,328	-	-	-	-	-	-	-	-	-	462,357
Facilities acquisition and construction	2,446	-	-	112,804	1,523	-	134,213	-	-	-	-
Debt service	-	2,613,313	237,059	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	7,352,070	2,613,313	237,059	1,054,671	779,915	205,874	171,777	54,710	13,591	-	466,302
Excess (deficiency) of receipts over disbursements	88,888	133,355	6,590	(45,945)	286,709	(86,226)	(171,777)	(54,710)	(13,591)	-	60,482
Other financing sources (uses):											
Transfers in	40,192	-	-	-	38,532	-	300,000	-	-	-	-
Transfers out	-	-	-	-	(300,000)	-	-	-	-	-	-
Total other financing sources (uses)	40,192	-	-	-	(261,468)	-	300,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	129,080	133,355	6,590	(45,945)	25,241	(86,226)	128,223	(54,710)	(13,591)	-	60,482
Cash and investments - ending	\$ 585,191	\$ 1,566,642	\$ 145,798	\$ 530,165	\$ 911,998	\$ 184,575	\$ 1,582,385	\$ 786,126	\$ -	\$ 58,365	\$ 229,347

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

	Textbook Rental	Levy Excess	Recreational Activities	Gifted/ Talented	Senator David Ford Technology	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll Withholding Fund	Totals
Cash and investments - beginning	\$ 158,175	\$ 38,532	\$ 500	\$ 3,216	\$ -	\$ (1)	\$ -	\$ 40,192	\$ 297,878	\$ 6,836,585
Receipts:										
Local sources	97,706	-	5,000	-	-	-	-	-	-	5,589,659
Intermediate sources	-	-	-	-	-	-	-	-	-	33,541
State sources	42,490	-	-	28,492	16,000	-	-	-	-	7,376,833
Federal sources	-	-	-	-	-	97,852	-	-	-	395,684
Other receipts	-	-	-	-	-	-	-	-	1,670,582	1,715,462
Total receipts	140,196	-	5,000	28,492	16,000	97,852	-	-	1,670,582	15,111,179
Disbursements:										
Instruction	-	-	-	29,309	250	100,074	-	-	-	5,346,294
Support services	129,932	-	500	-	20,451	-	-	-	-	4,256,461
Noninstructional services	-	-	-	-	-	-	-	-	-	525,685
Facilities acquisition and construction	-	-	5,000	-	-	-	-	-	-	255,986
Debt service	-	-	-	-	-	-	-	-	-	2,850,372
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,675,733	1,675,733
Total disbursements	129,932	-	5,500	29,309	20,701	100,074	-	-	1,675,733	14,910,531
Excess (deficiency) of receipts over disbursements	10,264	-	(500)	(817)	(4,701)	(2,222)	-	-	(5,151)	200,648
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	378,724
Transfers out	-	(38,532)	-	-	-	-	-	(40,192)	-	(378,724)
Total other financing sources (uses)	-	(38,532)	-	-	-	-	-	(40,192)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,264	(38,532)	(500)	(817)	(4,701)	(2,222)	-	(40,192)	(5,151)	200,648
Cash and investments - ending	\$ 168,439	\$ -	\$ -	\$ 2,399	\$ (4,701)	\$ (2,223)	\$ -	\$ -	\$ 292,728	\$ 7,037,234

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 148,820</u>	<u>\$ 2,999</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
South Putnam School Building Corporation	Refunding of Bonds- Fillmore/High School Renovation	\$ 965,500	1/15/2013	1/15/2022
South Putnam Grade School Building Corporation	Refunding of Bonds - Central Addition	600,000	7/15/1999	1/15/2020
South Putnam Admin School Building Corporation	Administration Building Purchase	583,000	7/15/2006	1/15/2018
South Putnam High School Building Corporation	South Putnam High School/Central Elem Campus Renovation	<u>317,000</u>	7/15/2013	1/15/2022
Total governmental activities		<u>2,465,500</u>		
Total of annual lease payments		<u>\$ 2,465,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds (Refinanced)	South Putnam Community School Corporation Pension Bond	\$ 1,774,486	\$ 234,835
Totals		<u>\$ 1,774,486</u>	<u>\$ 234,835</u>

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 709,950
Infrastructure	263,062
Buildings	53,245,849
Improvements other than buildings	488,388
Machinery, equipment, and vehicles	2,586,896
Construction in progress	200,000
Books and other	100,000
 Total governmental activities	 57,594,145
 Total capital assets	 \$ 57,594,145

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE SOUTH PUTNAM COMMUNITY  
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, and 2015-003 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 31, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education						
School Breakfast Program		10.553	FY2014, FY2015	\$ -	\$ 53,772	\$ -	\$ 70,065
Total - School Breakfast Program				-	53,772	-	70,065
National School Lunch Program							
National School Lunch Program - Commodities		10.555	FY2014, FY2015	-	165,802	-	227,767
			FY2014, FY2015	-	31,271	-	33,291
Total - National School Lunch Program				-	197,073	-	261,058
Total - Child Nutrition Cluster				-	250,845	-	331,123
Total - Department of Agriculture				-	250,845	-	331,123
<u>Department of Education</u>							
Special Education Cluster (IDEA)	Indiana Department of Education						
Special Education_Grants to States							
Special Education FY12		84.027	14212-048-PN01	-	682	-	-
Special Education FY13			14213-048-PN01	-	96,940	-	54
Special Education FY14			14214-048-PN01	-	180,235	-	113,808
Special Education FY15			14215-048-PN01	-	-	-	216,031
Technical Assistance 2013-14			99914-048-TA01	-	2,903	-	2,444
Improvement Award 2012-13			FY2013 - 6705	-	47,538	-	-
Total - Special Education_Grants to States				-	328,298	-	332,337
Special Education_Preschool Grants							
Special Education Preschool FY12		84.173	45712-048-PN01	-	1,604	-	-
Special Education Preschool FY13			45713-048-PN01	-	10,404	-	1,329
Special Education Preschool FY14			45714-048-PN01	-	-	-	10,481
Total - Special Education_Preschool Grants				-	12,008	-	11,810
Total - Special Education Cluster (IDEA)				-	340,306	-	344,147
Title I Grants to Local Educational Agencies	Indiana Department of Education						
2012-13 Title I		84.010	13-6705	-	18,501	-	-
2013-14 Title I			14-6705	-	105,228	-	2,681
2014-15 Title I			15-6705	-	-	-	95,171
Total - Title I Grants to Local Educational Agencies				-	123,729	-	97,852
Improving Teacher Quality State Grants	Indiana Department of Education						
Title II Part A		84.367	FY2013	-	40,192	-	-
Total - Department of Education				-	504,227	-	441,999
Total federal awards expended				\$ -	\$ 755,072	\$ -	\$ 773,122

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

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

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

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

**Note 3. Special Education Cooperative**

The School Corporation is a member of the Old National Trail Special Services Cooperative (Cooperative) which operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

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

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

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

**Section II - Financial Statement Findings**

No matters are reportable.

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2015-001**

Subject: Title I Grants to Local Educational Agencies - Cash Management and Reporting  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-6705, 14-6705, 15-6705  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition*

*Cash Management*

The School Corporation did not have internal controls in place to ensure that Requests for Reimbursement submitted to the Indiana Department of Education were accurate and included only expenditures paid prior to submission. Seven of the eight Requests for Reimbursement filed during the audit period included amounts for future payroll expenditures.

*Reporting*

Final Expenditure Reports were prepared and filed by the Treasurer with no oversight, review, approval process, or other compensating control.

*Context*

These were systemic problems that occurred throughout the audit period.

*Criteria*

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

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

34 CFR 80.21(d) states in part: "*Reimbursement*. Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management and Reporting compliance requirements.

*Effect*

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

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2015-002**

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-6705, 14-6705, 15-6705  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Condition*

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

All employees paid from Title I funds worked solely on Title I services, but Semi-Annual Certifications were not completed.

*Context*

There were no Semi-Annual Certifications completed 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. . . ."

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

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

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

*Cause*

Management had not developed a system of internal controls that would have ensured the School Corporation complied with the Allowable Costs/Cost Principles compliance requirement concerning Semi-Annual Certifications.

*Effect*

The failure to establish internal controls enabled material noncompliance to occur. Noncompliance with the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2015-003**

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

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-6705, 14-6705, 15-6705

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

*Condition*

*Special Tests and Provisions - Comparability*

The Title I Director was solely responsible for completing and submitting the required Comparability Reports. There was no oversight or approval process in place to ensure that Comparability Reports were accurate.

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

*Special Tests and Provisions - Annual Report Card, High School Graduation Rate*

The Data Analyst was solely responsible for completing and submitting the Graduation Cohort Status report. There was no oversight, review, or approval process in place to ensure the Graduation Cohort Status report was accurate.

*Context*

The lack of controls were a systemic problem throughout the audit period.

*Criteria*

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

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

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and Special Tests and Provisions - Comparability and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

*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.

**SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION**

**3999 S US Highway 231**

**Greencastle, Indiana 46135-9766**

**(765) 653-3119 Fax (765) 653-7476**

***“Successful Tradition – Innovative Future”***

**Bruce D. Bernhardt, *Superintendent***

**Rebecca J. Samsel, *Treasurer***

**Terri L. Beasley, *Administrative Assistant***

**Lori A. Siddons, *Secretary***

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**CORRECTIVE ACTION PLAN**

***FINDING 2015-001***

Contact Person Responsible for Corrective Action: Bruce D. Bernhardt

Contact Phone Number: 765-653-3119

Views of Responsible Official: We concur with the finding.


Description of Corrective Action Plan:

The Superintendent will review and sign off on all reports for accuracy. Cash requests will not include anticipated expenditures for the time frame between submitting the request and receiving the funds which is typically fifteen days.

Anticipated Completion Date: 9/5/2017

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



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**Terri L. Beasley, Administrative Assistant**

**Lori A. Siddons, Secretary**

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**CORRECTIVE ACTION PLAN**

***FINDING 2015-003***

Contact Person Responsible for Corrective Action: Bruce D. Bernhardt  
Contact Phone Number: 765-653-3119


Views of Responsible Official: We concur with the finding.

**Description of Corrective Action Plan:**

The reports have been completed together in the past but the final review and verification signatures did not take place. The Superintendent and Treasurer will now sign off on the Comparability Report that they collaborated on the data together and can verify the accuracy of the report.

The Graduation Cohort Status report has always been a collaborative effort between the Data Analyst, the Counselor, and the Principal but there has been no documentation to verify that the report was reviewed and approved by those involved. The Principal and/or the Counselor will review and sign off on the final report uploaded into the STN system to verify the accuracy of the report.

Anticipated Completion Date: 9/5/2017

  
\_\_\_\_\_  
(Signature)

*Superintendent*  
\_\_\_\_\_  
(Title)

*9-30-2017*  
\_\_\_\_\_  
(Date)

#### OTHER REPORTS

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