

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION
STARKE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
09/26/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Guy Richie	07-01-14 to 07-31-18
Superintendent of Schools	Lynn Johnson (Vacant) Dr. Robert Boyd (interim) Dr. Annette Zupin	07-01-14 to 11-27-15 11-28-15 to 12-14-15 12-15-15 to 06-30-16 07-01-15 to 06-30-18
President of the School Board	Patricia Goin Sheila Akers	07-01-14 to 06-30-17 07-01-17 to 06-30-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the North Judson-San Pierre School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

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


Paul D. Joyce, CPA
State Examiner

August 10, 2017



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

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the North Judson-San Pierre School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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 2016-001 and 2016-002 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 2016-002.

North Judson-San Pierre School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 10, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14		Other Financing Sources (Uses)		Cash and Investments 06-30-15		Other Financing Sources (Uses)		Cash and Investments 06-30-16	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 1,543,744	\$ 8,034,256	\$ 8,773,469	\$ 12,884	\$ 817,415	\$ 7,094,429	\$ 7,623,569	\$ 9,515	\$ 297,790	
Debt Service	912,077	1,351,739	1,355,732	-	908,084	1,209,268	1,365,314	-	752,038	
Retirement/Severance Bond Debt Service	42,207	74,579	69,898	-	46,888	73,992	75,388	-	45,492	
Capital Projects	435,355	1,231,850	1,139,827	-	527,378	1,335,238	1,220,431	(98,155)	544,030	
School Transportation	1,033,877	1,113,594	977,948	-	1,169,523	1,203,050	973,887	(497,107)	901,579	
School Bus Replacement	216,061	185,292	156,618	-	244,735	146,470	159,020	-	232,185	
Rainy Day	-	-	-	-	-	36,969	271,263	1,139,806	905,512	
Retirement/Severance Bond	9,814	-	1,695	-	8,119	-	5,086	-	3,033	
Construction	-	-	-	-	-	-	41,505	871,426	829,921	
School Lunch	267,115	647,606	588,993	-	325,728	612,413	716,687	-	221,454	
Textbook Rental	142,753	110,390	100,331	-	152,812	100,398	104,329	-	148,881	
Levy Excess	-	218	-	-	218	-	-	(218)	-	
Educational License Plates	9,281	131	-	-	9,412	113	-	-	9,525	
Extra-Curricular Activities	(1,056)	5,235	4,179	-	-	1,902	1,902	-	-	
Field Trips	-	-	-	-	-	700	700	-	-	
Kindergarten Countdown 2016	-	-	-	-	-	6,000	131	-	5,869	
Elementary Supplies	3,148	-	-	-	3,148	-	580	-	2,568	
Formative Assessment	-	-	-	-	-	14,283	-	(13,442)	841	
Instruction Support	1,622	29,223	27,163	-	3,682	29,954	26,934	-	6,702	
Computer Consortium/Ed Tech Advance	(3,000)	110,000	107,000	-	-	-	-	-	-	
Medicaid Reimbursement	6,105	7,330	-	(12,725)	710	9,459	-	(9,190)	979	
Non-English Speaking Programs	2,214	-	-	-	2,214	-	-	-	2,214	
School Technology	12,734	23,948	25,533	-	11,149	24,798	24,747	-	11,200	
Sch. Performance Awards 13-14	-	38,228	36,757	-	1,471	-	1,471	-	-	
Sch. Performance Awards 14-15	-	-	-	-	-	18,310	18,310	-	-	
Miscellaneous Programs	768	-	-	-	768	-	-	-	768	
ISTA Settlement	60,995	-	55,316	-	5,679	-	5,679	-	-	
Title I 2013-14	(23,551)	62,808	39,257	-	-	-	-	-	-	
Title I 2014-15	-	215,341	241,083	-	(25,742)	72,369	46,627	-	-	
Title I 2015-16	-	-	-	-	-	240,803	261,340	13,442	(7,095)	
Title I School Improvement Grant	-	-	-	-	-	-	2,600	-	(2,600)	
IDEA	-	92,297	68,955	(23,342)	-	-	-	-	-	
Special Ed Regular 2013-14	(23,343)	-	-	23,343	-	-	-	-	-	
Spec Ed Regular 2014-15	-	207,433	228,207	-	(20,774)	86,162	65,388	-	-	
Special Ed Regular 2015-16	-	-	-	-	-	212,020	235,505	-	(23,485)	
Spec Ed Pre-Sch 2014-15	-	11,574	11,574	-	-	-	-	-	-	
Spec Ed Pre-Sch 2015-16	-	-	-	-	-	11,519	11,519	-	-	
Technology Related Assistance for Individuals With Disabilities	(1,147)	4,735	3,588	-	-	2,220	2,220	-	-	
Medicaid Reimbursement - Federal	873	13,335	983	-	13,225	17,252	5,146	-	25,331	
Title II Part A 2013-14	(7,737)	20,865	13,128	-	-	-	-	-	-	
Title II Part A 2014-15	-	56,960	61,041	-	(4,081)	16,155	12,074	-	-	
Title II Part A 2015-16	-	-	-	-	-	53,214	62,180	-	(8,966)	
Rural Schools and Low Income Program - Pass Through State 2012-14	-	-	-	-	-	-	-	-	-	
Rural Schools and Low Income Program - Pass Through State 2014-16	-	-	3,757	-	(3,757)	24,776	21,019	-	-	
Rural Schools and Low Income Program - Pass Through State 2016-18	-	-	-	-	-	24,444	24,444	-	-	
Prepaid Meals	-	-	-	-	-	115,407	240,750	125,558	215	
Payroll Clearing	-	6,462,664	6,462,664	-	-	6,140,557	6,140,557	-	-	
Totals	\$ 4,640,909	\$ 20,111,631	\$ 20,554,696	\$ 160	\$ 4,198,004	\$ 18,934,644	\$ 19,768,302	\$ 1,541,635	\$ 4,905,981	

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

NORTH JUDSON-SAN PIERRE 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.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 federal grants awaiting reimbursement.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,543,744	\$ 912,077	\$ 42,207	\$ 435,355	\$ 1,033,877	\$ 216,061	\$ -	\$ 9,814
Receipts:								
Local sources	189,943	1,351,739	74,579	884,850	798,594	185,292	-	-
Intermediate sources	81	-	-	-	-	-	-	-
State sources	7,843,604	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	347,000	315,000	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	628	-	-	-	-	-	-	-
Total receipts	<u>8,034,256</u>	<u>1,351,739</u>	<u>74,579</u>	<u>1,231,850</u>	<u>1,113,594</u>	<u>185,292</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	6,016,671	-	-	-	-	-	-	1,695
Support services	2,560,518	-	-	740,183	699,948	156,618	-	-
Noninstructional services	186,853	-	-	-	-	-	-	-
Facilities acquisition and construction	9,427	-	-	114,644	-	-	-	-
Debt services	-	1,355,732	69,898	285,000	278,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>8,773,469</u>	<u>1,355,732</u>	<u>69,898</u>	<u>1,139,827</u>	<u>977,948</u>	<u>156,618</u>	<u>-</u>	<u>1,695</u>
Excess (deficiency) of receipts over disbursements	<u>(739,213)</u>	<u>(3,993)</u>	<u>4,681</u>	<u>92,023</u>	<u>135,646</u>	<u>28,674</u>	<u>-</u>	<u>(1,695)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	159	-	-	-	-	-	-	-
Transfers in	12,725	-	219,908	-	60,973	20,359	-	-
Transfers out	-	-	(219,908)	-	(60,973)	(20,359)	-	-
Total other financing sources (uses)	<u>12,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(726,329)</u>	<u>(3,993)</u>	<u>4,681</u>	<u>92,023</u>	<u>135,646</u>	<u>28,674</u>	<u>-</u>	<u>(1,695)</u>
Cash and investments - ending	<u>\$ 817,415</u>	<u>\$ 908,084</u>	<u>\$ 46,888</u>	<u>\$ 527,378</u>	<u>\$ 1,169,523</u>	<u>\$ 244,735</u>	<u>\$ -</u>	<u>\$ 8,119</u>

NORTH JUDSON-SAN PIERRE 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)

	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Extra-Curricular Activities	Field Trips	Kindergarten Countdown 2016
Cash and investments - beginning	\$ -	\$ 267,115	\$ 142,753	\$ -	\$ 9,281	\$ (1,056)	\$ -	\$ -
Receipts:								
Local sources	-	286,813	110,390	218	-	5,235	-	-
Intermediate sources	-	-	-	-	131	-	-	-
State sources	-	2,957	-	-	-	-	-	-
Federal sources	-	357,836	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	647,606	110,390	218	131	5,235	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	13,743	100,331	-	-	-	-	-
Noninstructional services	-	575,250	-	-	-	4,179	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	588,993	100,331	-	-	4,179	-	-
Excess (deficiency) of receipts over disbursements	-	58,613	10,059	218	131	1,056	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	58,613	10,059	218	131	1,056	-	-
Cash and investments - ending	\$ -	\$ 325,728	\$ 152,812	\$ 218	\$ 9,412	\$ -	\$ -	\$ -

NORTH JUDSON-SAN PIERRE 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)

	Elementary Supplies	Formative Assessment	Instruction Support	Computer Consortium/ Ed Tech Advance	Medicaid Reimbursement	Non-English Speaking Programs	School Technology	Sch. Performance Awards 13-14
Cash and investments - beginning	\$ 3,148	\$ -	\$ 1,622	\$ (3,000)	\$ 6,105	\$ 2,214	\$ 12,734	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	29,223	110,000	7,330	-	23,948	38,228
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	29,223	110,000	7,330	-	23,948	38,228
Disbursements:								
Instruction	-	-	27,010	-	-	-	-	36,757
Support services	-	-	153	107,000	-	-	25,533	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	27,163	107,000	-	-	25,533	36,757
Excess (deficiency) of receipts over disbursements	-	-	2,060	3,000	7,330	-	(1,585)	1,471
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(12,725)	-	-	-
Total other financing sources (uses)	-	-	-	-	(12,725)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,060	3,000	(5,395)	-	(1,585)	1,471
Cash and investments - ending	\$ 3,148	\$ -	\$ 3,682	\$ -	\$ 710	\$ 2,214	\$ 11,149	\$ 1,471

NORTH JUDSON-SAN PIERRE 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)

	Sch. Performance Awards 14-15	Miscellaneous Programs	ISTA Settlement	Title I 2013-14	Title I 2014-15	Title I 2015-16	Title I School Improvement Grant	IDEA
Cash and investments - beginning	\$ -	\$ 768	\$ 60,995	\$ (23,551)	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	62,808	215,341	-	-	92,297
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	62,808	215,341	-	-	92,297
Disbursements:								
Instruction	-	-	44,047	35,734	133,381	-	-	68,955
Support services	-	-	11,269	3,523	102,219	-	-	-
Noninstructional services	-	-	-	-	5,483	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	55,316	39,257	241,083	-	-	68,955
Excess (deficiency) of receipts over disbursements	-	-	(55,316)	23,551	(25,742)	-	-	23,342
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	(23,342)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(23,342)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(55,316)	23,551	(25,742)	-	-	-
Cash and investments - ending	\$ -	\$ 768	\$ 5,679	\$ -	\$ (25,742)	\$ -	\$ -	\$ -

NORTH JUDSON-SAN PIERRE 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)

	Special Ed Regular 2013-14	Spec Ed Regular 2014-15	Special Ed Regular 2015-16	Spec Ed Pre-Sch 2014-15	Spec Ed Pre-Sch 2015-16	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement - Federal	Title II Part A 2013-14
Cash and investments - beginning	\$ (23,343)	\$ -	\$ -	\$ -	\$ -	\$ (1,147)	\$ 873	\$ (7,737)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	207,433	-	11,574	-	4,735	13,335	20,865
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	207,433	-	11,574	-	4,735	13,335	20,865
Disbursements:								
Instruction	-	228,207	-	-	-	3,588	-	12,544
Support services	-	-	-	11,574	-	-	983	584
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	228,207	-	11,574	-	3,588	983	13,128
Excess (deficiency) of receipts over disbursements	-	(20,774)	-	-	-	1,147	12,352	7,737
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	23,343	-	-	-	-	-	-	-
Total other financing sources (uses)	23,343	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	23,343	(20,774)	-	-	-	1,147	12,352	7,737
Cash and investments - ending	\$ -	\$ (20,774)	\$ -	\$ -	\$ -	\$ -	\$ 13,225	\$ -

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

	Title II Part A 2014-15	Title II Part A 2015-16	Rural Schools and Low Income Program - Pass Through State 2012-14	Rural Schools and Low Income Program - Pass Through State 2014-16	Rural Schools and Low Income Program - Pass Through State 2016-18	Prepaid Meals	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,640,909
Receipts:								
Local sources	-	-	-	-	-	-	-	3,887,653
Intermediate sources	-	-	-	-	-	-	-	212
State sources	-	-	-	-	-	-	-	8,055,290
Federal sources	56,960	-	-	-	-	-	-	1,043,184
Temporary loans	-	-	-	-	-	-	-	662,000
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	6,462,664	6,463,292
Total receipts	56,960	-	-	-	-	-	6,462,664	20,111,631
Disbursements:								
Instruction	61,041	-	-	3,757	-	-	-	6,673,387
Support services	-	-	-	-	-	-	-	4,534,179
Noninstructional services	-	-	-	-	-	-	-	771,765
Facilities acquisition and construction	-	-	-	-	-	-	-	124,071
Debt services	-	-	-	-	-	-	-	1,988,630
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	6,462,664	6,462,664
Total disbursements	61,041	-	-	3,757	-	-	6,462,664	20,554,696
Excess (deficiency) of receipts over disbursements	(4,081)	-	-	(3,757)	-	-	-	(443,065)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	159
Transfers in	-	-	-	-	-	-	-	290,623
Transfers out	-	-	-	-	-	-	-	(290,622)
Total other financing sources (uses)	-	-	-	-	-	-	-	160
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,081)	-	-	(3,757)	-	-	-	(442,905)
Cash and investments - ending	\$ (4,081)	\$ -	\$ -	\$ (3,757)	\$ -	\$ -	\$ -	\$ 4,198,004

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 817,415	\$ 908,084	\$ 46,888	\$ 527,378	\$ 1,169,523	\$ 244,735	\$ -	\$ 8,119
Receipts:								
Local sources	176,710	1,209,268	73,992	986,238	833,050	146,470	36,969	-
Intermediate sources	122	-	-	-	-	-	-	-
State sources	6,917,534	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	349,000	370,000	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	63	-	-	-	-	-	-	-
Total receipts	<u>7,094,429</u>	<u>1,209,268</u>	<u>73,992</u>	<u>1,335,238</u>	<u>1,203,050</u>	<u>146,470</u>	<u>36,969</u>	<u>-</u>
Disbursements:								
Instruction	5,180,815	-	-	-	-	-	196,480	5,086
Support services	2,255,410	-	-	706,907	658,887	159,020	74,783	-
Noninstructional services	187,344	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	166,524	-	-	-	-
Debt services	-	1,365,314	75,388	347,000	315,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>7,623,569</u>	<u>1,365,314</u>	<u>75,388</u>	<u>1,220,431</u>	<u>973,887</u>	<u>159,020</u>	<u>271,263</u>	<u>5,086</u>
Excess (deficiency) of receipts over disbursements	<u>(529,140)</u>	<u>(156,046)</u>	<u>(1,396)</u>	<u>114,807</u>	<u>229,163</u>	<u>(12,550)</u>	<u>(234,294)</u>	<u>(5,086)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	325	-	-	-	-	-	-	-
Transfers in	9,190	-	-	544,326	218	-	1,139,806	-
Transfers out	-	-	-	(642,481)	(497,325)	-	-	-
Total other financing sources (uses)	<u>9,515</u>	<u>-</u>	<u>-</u>	<u>(98,155)</u>	<u>(497,107)</u>	<u>-</u>	<u>1,139,806</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(519,625)</u>	<u>(156,046)</u>	<u>(1,396)</u>	<u>16,652</u>	<u>(267,944)</u>	<u>(12,550)</u>	<u>905,512</u>	<u>(5,086)</u>
Cash and investments - ending	<u>\$ 297,790</u>	<u>\$ 752,038</u>	<u>\$ 45,492</u>	<u>\$ 544,030</u>	<u>\$ 901,579</u>	<u>\$ 232,185</u>	<u>\$ 905,512</u>	<u>\$ 3,033</u>

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Extra-Curricular Activities	Field Trips	Kindergarten Countdown 2016
Cash and investments - beginning	\$ -	\$ 325,728	\$ 152,812	\$ 218	\$ 9,412	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	250,175	100,398	-	-	1,902	700	6,000
Intermediate sources	-	-	-	-	113	-	-	-
State sources	-	3,309	-	-	-	-	-	-
Federal sources	-	358,929	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	612,413	100,398	-	113	1,902	700	6,000
Disbursements:								
Instruction	-	-	-	-	-	-	700	131
Support services	-	5,182	104,329	-	-	-	-	-
Noninstructional services	-	711,505	-	-	-	1,902	-	-
Facilities acquisition and construction	41,505	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	41,505	716,687	104,329	-	-	1,902	700	131
Excess (deficiency) of receipts over disbursements	(41,505)	(104,274)	(3,931)	-	113	-	-	5,869
Other financing sources (uses):								
Proceeds of long-term debt	1,415,752	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(544,326)	-	-	(218)	-	-	-	-
Total other financing sources (uses)	871,426	-	-	(218)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	829,921	(104,274)	(3,931)	(218)	113	-	-	5,869
Cash and investments - ending	\$ 829,921	\$ 221,454	\$ 148,881	\$ -	\$ 9,525	\$ -	\$ -	\$ 5,869

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Elementary Supplies	Formative Assessment	Instruction Support	Computer Consortium/ Ed Tech Advance	Medicaid Reimbursement	Non-English Speaking Programs	School Technology	Sch. Performance Awards 13-14
Cash and investments - beginning	\$ 3,148	\$ -	\$ 3,682	\$ -	\$ 710	\$ 2,214	\$ 11,149	\$ 1,471
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	14,283	29,954	-	9,459	-	24,798	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	14,283	29,954	-	9,459	-	24,798	-
Disbursements:								
Instruction	580	-	25,535	-	-	-	-	1,471
Support services	-	-	1,399	-	-	-	24,747	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	580	-	26,934	-	-	-	24,747	1,471
Excess (deficiency) of receipts over disbursements	(580)	14,283	3,020	-	9,459	-	51	(1,471)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(13,442)	-	-	(9,190)	-	-	-
Total other financing sources (uses)	-	(13,442)	-	-	(9,190)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(580)	841	3,020	-	269	-	51	(1,471)
Cash and investments - ending	\$ 2,568	\$ 841	\$ 6,702	\$ -	\$ 979	\$ 2,214	\$ 11,200	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Sch. Performance Awards 14-15	Miscellaneous Programs	ISTA Settlement	Title I 2013-14	Title I 2014-15	Title I 2015-16	Title I School Improvement Grant	IDEA
Cash and investments - beginning	\$ -	\$ 768	\$ 5,679	\$ -	\$ (25,742)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	18,310	-	-	-	-	-	-	-
Federal sources	-	-	-	-	72,369	240,803	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	18,310	-	-	-	72,369	240,803	-	-
Disbursements:								
Instruction	18,310	-	3,874	-	32,349	157,188	-	-
Support services	-	-	1,805	-	14,278	98,417	2,600	-
Noninstructional services	-	-	-	-	-	5,735	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	18,310	-	5,679	-	46,627	261,340	2,600	-
Excess (deficiency) of receipts over disbursements	-	-	(5,679)	-	25,742	(20,537)	(2,600)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	13,442	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	13,442	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(5,679)	-	25,742	(7,095)	(2,600)	-
Cash and investments - ending	\$ -	\$ 768	\$ -	\$ -	\$ -	\$ (7,095)	\$ (2,600)	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Special Ed Regular 2013-14	Spec Ed Regular 2014-15	Special Ed Regular 2015-16	Spec Ed Pre-Sch 2014-15	Spec Ed Pre-Sch 2015-16	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement - Federal	Title II Part A 2013-14
Cash and investments - beginning	\$ -	\$ (20,774)	\$ -	\$ -	\$ -	\$ -	\$ 13,225	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	86,162	212,020	-	11,519	2,220	17,252	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	86,162	212,020	-	11,519	2,220	17,252	-
Disbursements:								
Instruction	-	65,388	235,505	-	-	2,220	1,439	-
Support services	-	-	-	-	11,519	-	3,707	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	65,388	235,505	-	11,519	2,220	5,146	-
Excess (deficiency) of receipts over disbursements	-	20,774	(23,485)	-	-	-	12,106	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	20,774	(23,485)	-	-	-	12,106	-
Cash and investments - ending	\$ -	\$ -	\$ (23,485)	\$ -	\$ -	\$ -	\$ 25,331	\$ -

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Title II Part A 2014-15	Title II Part A 2015-16	Rural Schools and Low Income Program - Pass Through State 2012-14	Rural Schools and Low Income Program - Pass Through State 2014-16	Rural Schools and Low Income Program - Pass Through State 2016-18	Prepaid Meals	Payroll Clearing	Totals
Cash and investments - beginning	\$ (4,081)	\$ -	\$ -	\$ (3,757)	\$ -	\$ -	\$ -	\$ 4,198,004
Receipts:								
Local sources	-	-	-	-	-	-	-	3,821,872
Intermediate sources	-	-	-	-	-	-	-	235
State sources	-	-	-	-	-	-	-	7,017,647
Federal sources	16,155	53,214	-	24,776	24,444	-	-	1,119,863
Temporary loans	-	-	-	-	-	-	-	719,000
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	115,407	6,140,557	6,256,027
Total receipts	<u>16,155</u>	<u>53,214</u>	<u>-</u>	<u>24,776</u>	<u>24,444</u>	<u>115,407</u>	<u>6,140,557</u>	<u>18,934,644</u>
Disbursements:								
Instruction	11,444	62,180	-	21,019	-	-	-	6,021,714
Support services	630	-	-	-	24,444	-	-	4,148,064
Noninstructional services	-	-	-	-	-	-	-	906,486
Facilities acquisition and construction	-	-	-	-	-	-	-	208,029
Debt services	-	-	-	-	-	-	-	2,102,702
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	240,750	6,140,557	6,381,307
Total disbursements	<u>12,074</u>	<u>62,180</u>	<u>-</u>	<u>21,019</u>	<u>24,444</u>	<u>240,750</u>	<u>6,140,557</u>	<u>19,768,302</u>
Excess (deficiency) of receipts over disbursements	<u>4,081</u>	<u>(8,966)</u>	<u>-</u>	<u>3,757</u>	<u>-</u>	<u>(125,343)</u>	<u>-</u>	<u>(833,658)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,415,752
Sale of capital assets	-	-	-	-	-	-	-	325
Transfers in	-	-	-	-	-	125,558	-	1,832,540
Transfers out	-	-	-	-	-	-	-	(1,706,982)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,558</u>	<u>-</u>	<u>1,541,635</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,081</u>	<u>(8,966)</u>	<u>-</u>	<u>3,757</u>	<u>-</u>	<u>215</u>	<u>-</u>	<u>707,977</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (8,966)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ 4,905,981</u>

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NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension/Severance Bond	\$ 575,000	\$ 70,417
General obligation bonds	Auditorium Payment	1,053,713	1,340,375
General obligation bonds	Common School Loan A1837	99,000	22,935
General obligation bonds	Taxable General Obligation Bonds of 2016	1,430,000	17,770
Tax anticipation warrants	Cash Flow	719,000	727,818
Totals		<u>\$ 3,876,713</u>	<u>\$ 2,179,315</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the North Judson-San Pierre 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, 2014 to June 30, 2016. 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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2016-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment 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.

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

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 the Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

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 2016-004, 2016-005, 2016-007, and 2016-009. 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

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

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 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, and 2016-011, 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.

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NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

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 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 14/15, FY 15/16	\$ -	\$ 82,969	\$ -	\$ 80,715
National School Lunch Program	Indiana Department of Education	10.555	FY 14/15, FY 15/16	-	268,176	-	270,993
National School Lunch Program - Commodities			FY 14/15, FY 15/16	-	34,759	-	34,713
Total - National School Lunch Program				-	302,935	-	305,706
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 14/15, FY 15/16	-	3,469	-	2,905
Total - Child Nutrition Cluster				-	389,373	-	389,326
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 14/15, FY 15/16	-	3,222	-	4,316
Total - Department of Agriculture				-	392,595	-	393,642
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
FY 13/14	Indiana Department of Education	84.027	FY 13/14	-	92,297	-	-
FY 14/15			FY 14/15	-	207,433	-	86,162
FY 15/16			FY 15/16	-	-	-	212,020
Tech Asst Grant FY14			Tech 14/15	-	4,735	-	2,220
Total - Special Education_Grants to States				-	304,465	-	300,402
Special Education_Preschool Grants							
FY 14/15	Indiana Department of Education	84.173	FY 14/15	-	11,574	-	-
FY 15/16			FY 15/16	-	-	-	11,519
Total - Special Education_Preschool Grants				-	11,574	-	11,519
Total - Special Education Cluster (IDEA)				-	316,039	-	311,921
Title I Grants to Local Educational Agencies							
FY 13/14	Indiana Department of Education	84.010	FY 13/14	-	62,807	-	-
FY 14/15			FY 14/15	-	215,341	-	72,369
FY 15/16			FY 15/16	-	-	-	254,245
Total - Title I Grants to Local Educational Agencies				-	278,148	-	326,614
Rural Education							
RLIS FY14 #6875	Indiana Department of Education	84.358	FY 14/15	-	-	-	24,776
RLIS FY15 #6876			FY 15/16	-	-	-	24,444
Total - Rural Education				-	-	-	49,220
Improving Teacher Quality State Grants							
Title II Part A FY13	Indiana Department of Education	84.367	FY 13/14	-	20,865	-	-
Title II Part A FY14			FY 14/15	-	56,960	-	16,155
Title II Part A FY15 #6847			FY 15/16	-	-	-	53,214
Total - Improving Teacher Quality State Grants				-	77,825	-	69,369
Total - Department of Education				-	672,012	-	757,124
Total federal awards expended				\$ -	\$ 1,064,607	\$ -	\$ 1,150,766

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

NORTH JUDSON-SAN PIERRE 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, 2015 and 2016. 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.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs except the Child Nutrition Cluster which is Qualified
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:

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2016-001

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

There were deficiencies in the internal control system of the School Corporation related to receipts. There was a lack of segregation of duties since the School Corporation had not separated incompatible activities related to receipts. One individual issued and recorded receipts, prepared the deposits, and took the deposits to the bank. Another individual was to compare the deposits to the daily receipt amounts; however, there was no evidence of this comparison.

Context

The lack of internal controls was a systemic issue throughout the audit period. Of all of the daily receipts tested, none had evidence that they were compared to the bank deposit.

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

The School Corporation had not established a proper system of internal control.

Effect

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

Recommendation

We recommended that the School Corporation's management establish and document effective controls, including segregation of duties, to ensure the accuracy of the receipts reported in the financial statement.

NORTH JUDSON-SAN PIERRE 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 2016-002

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

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). One employee prepared and submitted the SEFA without oversight, review, or other controls to ensure its accuracy.

Context

The lack of internal controls was a systemic issue for both years of the audit period. The SEFA presented for audit contained the following errors:

1. The State grants expenditures of \$2,957 and \$3,309 for the years ended June 30, 2015 and 2016, respectively, were included in error.
2. The Title I Grants to Local Educational Agencies expenditures were understated by \$23,550 for the year ended June 30, 2015.
3. The Special Education Grants to States expenditures were understated by \$24,490 for the year ended June 30, 2015.
4. The Improving Teacher Quality State Grants expenditures were understated by \$7,737 for the year ended June 30, 2015.
5. The Rural Education expenditures were understated by \$3,758 for the year ended June 30, 2016.

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.

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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. . . ."

Criteria

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

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

"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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

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(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, which will ensure accurate reporting of the SEFA.

Views of Responsible Officials

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Internal Controls over Child Nutrition Cluster
Federal Agency: Department of Education
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14/15, FY 15/16
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, Reporting, Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP)
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of finding number 2014-003 from the immediate prior audit year.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Eligibility (School Breakfast Program and National School Lunch Program)

There were no controls to ensure that the direct certified students were entered into the food service software system, or that when entered, these students were correctly determined to be eligible for free meals.

Reporting

The Cafeteria Treasurer prepared the Annual Financial Reports and the School Food Authority (SFA) Verification Collection Reports. The Food Services Director approved the reports; however, there was no evidence that the reports were reviewed for accuracy prior to submission.

*Special Tests and Provisions - Verification of Free and Reduced Priced Applications (NSLP)
(School Breakfast Program and National School Lunch Program)*

There were no controls in place to ensure that the verifications of free and reduced priced applications were accurate. The verifications were completed by the Cafeteria Treasurer without an oversight, review, approval process, or other compensating control to ensure accuracy.

Context

The lack of controls and lack of properly implemented controls was a systemic problem, which occurred throughout the audit period.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation had not established and implemented an effective internal control structure to ensure compliance with the Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Effect

The failure to establish and implement an effective internal control system could have enabled material noncompliance to go undetected. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-004

Subject: School Breakfast Program and National School Lunch Program - Cash Management
Federal Agency: Department of Education
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14/15, FY 15/16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation had not properly implemented internal controls to ensure that the School Corporation limited their Net Cash Resources in the School Lunch fund to the 3 months average expenditures. In addition, the School Corporation failed to comply with the Cash Management requirements.

Context0

The lack of controls and the noncompliance were systemic issues which occurred throughout the audit period. The Net Cash Resources in the School Lunch fund exceeded the 3 months average expenditures in 18 of the 24 months of the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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)."

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 220.7(e) states in part:

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

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

Cause

The School Corporation had not established an effective system of internal controls that would have ensured compliance with the Cash Management 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 questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Equipment

Federal Agency: Department of Education

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14/15, FY 15/16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Equipment and Real Property Management

Audit Findings: Material Weakness, Other Matters

Condition

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

The School Corporation's asset inventory was conducted by an outside vendor, but was not reviewed by the School Corporation to ensure its accuracy. The latest inventory, dated June 30, 2016, included equipment that had been replaced. The inventory was not updated for new equipment.

Context

This is an isolated instance. There were four pieces of equipment with total acquisition costs of \$80,666, which were not properly updated on the inventory.

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 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 3016.32(d) states in part:

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

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.313(d) states in part:

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-006

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Education
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14/15, FY 15/16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Finding: Material Weakness, Other Matters/Modified Opinion

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

The School Corporation failed to comply with the suspension and debarment requirements. They did not perform a verification, obtain certifications, or add a clause to contracts to ensure that the vendors were not suspended or debarred.

Context

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

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 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

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

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-007

Subject: Child Nutrition Cluster, Title I Grants to Local Educational Agencies, and
Special Education Cluster (IDEA) - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food
Service Program for Children, Title I Grants to Local Educational Agencies, Special
Education_Grants to States, Special Education_Preschool Grants
CFDA Numbers: 10.553, 10.555, 10.559, 84.010, 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): FY 13/14, FY 14/15, FY 15/16,
Tech 14/15
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.

For the School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children, there was at least one employee in each of the payroll periods tested that did not properly document their time to support their wages paid from these federal programs.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

For the Title I Grants to Local Educational Agencies (Title I), eight teachers split their time between Title I and other federal awards or non-federal activities. None of these teachers properly documented their time to support their wages paid from the Title I program.

For the Special Education Grants to States and Special Education Preschool Grants, there were employees in each of the payroll periods tested that did not properly document their time to support their wages paid from these federal programs.

Context

The lack of controls and the noncompliance were systemic issues, which occurred throughout the audit period and across multiple federal programs. For each pay period tested, the School Corporation failed to properly document personnel expenses to support the wages paid from the federal programs noted above.

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 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges 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.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency.

(a) More than one Federal award,

(b) A Federal award and a non-Federal award, . . ."

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS) . . ."

Cause

The School Corporation had not established an effective system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Allowable Costs/Cost 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 2016-008

Subject: Title I Grants to Local Educational Agencies - 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): FY 13/14, FY 14/15, FY 15/16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Reporting compliance requirement.

There were no controls in place to ensure that the Final Expenditure Reports were accurate prior to submission.

Context

The lack of controls was a systemic problem, which occurred throughout, and applied to all of the Final Expenditures Reports submitted 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation had not established an effective system of internal controls to ensure compliance with the Reporting requirements.

Effect

The failure to establish an effective internal control system could have enabled material noncompliance to go undetected. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-009

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): FY 13/14, FY 14/15, FY 15/16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Findings: Material Weakness, Other Matters

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. The School Corporation designed a system of internal controls to ensure compliance; however, the controls were not properly implemented. The controls did not ensure compliance and did not ensure that supporting documentation that would have demonstrated compliance was retained.

The School Corporation did not comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. Supporting documentation was not retained for withdrawn students as required by the Indiana Department of Education (IDOE). Additionally, five students were removed from the graduation cohort for a reason that was not an approved mobility reason by the IDOE.

Context

The lack of properly implemented controls and the noncompliance were systemic issues, which occurred throughout the audit period. Of the students listed on the 2015 and 2016 Graduation Cohort Status Report as mobile that were tested, 94 percent did not have the proper documentation retained to support their removal from the cohort. Five students were removed from the Graduation Cohort Status Report for an unapproved mobility reason.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 200.19(b)(1)(ii)(B) states:

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

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

Cause

The School Corporation had not properly implemented an effective system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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 2016-010

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): FY 13/14, FY 14/15, FY 15/16,
Tech 14/15

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

Condition

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

The School Corporation had not designed or implemented internal controls to ensure that the Quarterly Monitoring Report for Proportional Shares for Non-Public Schools report was accurate prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

Context

The lack of controls was a systemic problem which occurred throughout the audit period and applied to all of the Quarterly Monitoring Report for Proportional Shares for Non-Public Schools submitted 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. . . ."

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation had not established an effective system of internal controls to ensure compliance with the Reporting requirement.

Effect

The failure to establish an effective internal control system could have enabled material noncompliance to go undetected. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-011

Subject: Special Education Cluster (IDEA) - Matching, Level of Effort, Earmarking

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): FY 13/14, FY 14/15, FY 15/16,
Tech 14/15

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation had not designed or implemented internal controls to monitor the proportionate share of expenditures for Special Education students that attended the nonpublic school.

Context

The lack of controls was a systemic problem. There were no procedures in place to monitor the proportionate share of expenditures for nonpublic school students.

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 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to establish an effective internal control system could have enabled material noncompliance to go undetected. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



NORTH JUDSON-SAN PIERRE

SCHOOL CORPORATION

801 Campbell Drive • North Judson, IN 46366 • Ph (574) 896-2155 • Fax (574) 896-2156

Dr. Annette Zupin
Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number: 2014-01
SBA Audit Report Number: B45122
Fiscal Year: 7/1/12-6/30/14
Pass Through Entity: IDOE
Contact person: Guy Richie
Title: Treasurer
Phone Number: 574-896-2155 ext. #504
Status of Findings: Deficiencies in Reporting

The NJ-SP School Corporation is implementing internal controls to oversee that the SEFA report is reviewed by at least two persons familiar with the information being requested on the report.

Finding Number: 2014-02
SBA Audit Report Number: B45122
Fiscal Year: 7/1/12-6/30/14
Pass Through Entity: IDOE
Contact person: Guy Richie
Title: Treasurer
Phone Number: 574-896-2155 ext. #504
Status of Findings: Deficiencies in Reporting

The NJ-SP School Corporation has internal controls in place so that the Food Service and Textbook Rental Funds are reviewed by at least two persons familiar with the information being requested and reported on the reports. There is also a segregation of duties in place so that the receiving and expending of funds is conducted by two different people.

Finding Number: 2014-03
SBA Audit Report Number: B45122
Fiscal Year: 7/1/12-6/30/14
Pass Through Entity: IDOE
Contact person: Guy Richie
Title: Treasurer
Phone Number: 574-896-2155 ext. #504
Status of Findings: Deficiencies in Reporting

The NJ-SP School Corporation has internal controls in place so that the Food Service Reports are reviewed by at least two persons familiar with the information being requested and reported on the reports. There is also a segregation of duties in place so that the receipting and expending of funds is conducted by two different people.

Finding Number: 2014-04
SBA Audit Report Number: B45122
Fiscal Year: 7/1/12-6/30/14
Pass Through Entity: IDOE
Contact person: Guy Richie
Title: Treasurer
Phone Number: 574-896-2155 ext. #504
Status of Findings: Deficiencies in Reporting

The NJ-SP School Corporation has internal controls in place so that the Special Education Reports are reviewed by at least two persons familiar with the information being requested and reported on the reports. There is also a segregation of duties in place so that the receipting and expending of funds is conducted by two different people.

Guy Richie
5-25-17



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Dr. Annette Zupin
Superintendent

July 31, 2017

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

The NJ-SP Treasurer receives receipts daily, assigns appropriate account codes, prepares deposits and takes deposits to the bank. A copy of all forms of payments are made and given to the Administrative Assistant who reconciles the bank and matches all deposits back to the original payment documentation copies that were photo-copied on each day that deposits were made.

Description of Corrective Action Plan:

The School Corporation will implement internal controls to oversee that the daily bank deposit book is reviewed and initialed, by a second individual, to confirm that the daily receipts match the amount that was deposited into the school corporation bank account.

FINDING 2016-002

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

Currently the SEFA report is being prepared and submitted by one individual. NJ-SP will train a second individual on SEFA practices and have a second review and an approval of all future SEFA reports.

Description of Corrective Action Plan:

The School Corporation will implement internal controls to oversee that the SEFA report is prepared by one individual and then thoroughly reviewed and approved by a second individual.

FINDING 2016-003

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

Description of Corrective Action Plan:

The School Corporation will implement internal controls to oversee that the Food Service Program is reviewed by at least two persons familiar with the Food Service Program.

FINDING 2016-004

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

Until NJ-SP was notified by IDOE, we were unaware that a fund could have too high of a cash balance amount. Upon notification, we contacted the IDOE, and provided them with a written plan of how NJ-SP intended to get the cash revenue down to the allowed three month expenditure average. We have purchased new equipment for the cafeteria along with just recently, July 1, 2017, increasing the salary rates for the NJ-SP Food Service employees.

Description of Corrective Action Plan:

The NJ-SP School Corporation is monitoring the three month expenditure average on a regular basis. The School Corporation has recently increased employee salaries that will become implemented upon the Food Service employees returning to work in August of 2017. The School Corporation will continue to find other ways to increase the expenditures that may include more equipment purchases, additional required employees, or different food supplies.

FINDING 2016-005

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

In 2016, the NJ-SP School Board approved of purchasing new food service equipment. This equipment included a steamer, freezers, and walk-in cooler. This new equipment was installed and the old equipment was removed. During June of 2017, a fixed asset inventory was conducted by an independent company for the entire NJ-SP School Corporation. When the new food service equipment arrived, they were never added to the school inventory, nor the old items removed from the inventory. Whenever, the inventory was conducted, the inventory company entered the new equipment as the old equipment, since they looked alike being stainless steel, along with not being informed of the new

equipment additions and the old equipment deletions. This created a discrepancy in the audit, although the new items were in possession and use by NJ-SP, along with the old items being removed from NJ-SP.

Description of Corrective Action Plan:

NJ-SP will contact the fixed asset company in the future regarding all items that may be added or removed from the corporation inventory. The fixed asset report will be reviewed to confirm that the items listed on the inventory report are the current NJ-SP School Corporation fixed assets.

FINDING 2016-006

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

Description of Corrective Action Plan:

In the future, the NJ-SP School Corporation will have a clause in contracts regarding that any vendor who is disbarred, disqualified, or suspended will not be eligible to participate in any contracts involving federal Assistance programs.

FINDING 2016-007

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

Time sheets were created for personnel to designate the daily and weekly hours that they work. The time sheets need to be updated to include sections to distinguish work times for federal and non-federal work. As for teachers who work in federal and non-federal paid positions, time sheets also need to be maintained, signed by employee, and supervisor. The NJ-SP Central Office should also be provided, in writing, all positions that will be split-funded and have prior superintendent approval, upon confirming the positions are required and that adequate funding has been appropriated.

Description of Corrective Action Plan:

The NJ-SP School Corporation will implement time recording systems for employees to record their time working in federal and non-federal positions. These times will then be signed as true by the employee, reviewed and confirmed by the immediate supervisor. The corporation payroll employee will also review all amounts being entered for split pay positions. The payroll manager will notify the appropriate supervisors whenever inadequate record keeping is being submitted.

FINDING 2016-008

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

Currently, the Treasurer prepares all final report information, and then presents to second person with an overview and documentation of all fund receipt and expenditure information.

Description of Corrective Action Plan:

In future will provide information to a second person to conduct a further extensive review of all the financial transactions involved in the course of the grant period that total all grant activity.

FINDING 2016-009

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

Description of Corrective Action Plan:

In the future, the NJ-SP School Corporation will create and maintain a more accurate documentation system for special test provisions, report card, and high school graduation rate.

FINDING 2016-0010

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

The NJ-SP School Corporation will establish controls so that two NJ-SP employees are monitoring all Proportionate and Quarterly Reports.

FINDING 2016-0011

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #504

Views of Responsible Official:

Description of Corrective Action Plan:

The NJ-SP School Corporation will establish internal controls to make sure that compliance measures are maintained for the matching, level of effort, and earmarking compliance level.

Anticipated Completion Date: July 31, 2018

Ann Richie
(Signature)

Treasurer
(Title)

7-31-17
(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/>.