

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CARROLL CONSOLIDATED SCHOOL CORPORATION
CARROLL COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
09/26/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	18-25
Schedule of Leases and Debt	26
Schedule of Capital Assets.....	27
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	30-32
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	35
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37-42
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	44
Corrective Action Plan	45-47
Other Reports.....	48

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Leslie Allen Miller Lisa Beaver	07-01-13 to 03-20-15 03-21-15 to 12-31-17
Superintendent of Schools	Dr. Christopher J. Lagoni John A. Sander Keith E. Thackery	07-01-13 to 05-31-16 06-01-16 to 12-31-16 01-01-17 to 12-31-17
President of the School Board	David W. Lambert	01-01-13 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CARROLL CONSOLIDATED SCHOOL CORPORATION, CARROLL COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 14, 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 14, 2017



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 CARROLL CONSOLIDATED SCHOOL
CORPORATION, CARROLL 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 Carroll Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated August 14, 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 item 2015-001 to be a material weakness.

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 Finding 2015-001.

Carroll Consolidated 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 14, 2017

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

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

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,775,440	\$ 6,909,686	\$ 6,935,251	\$ (200,000)	\$ 1,549,875	\$ 7,413,974	\$ 6,858,087	\$ (300,000)	\$ 1,805,762
Debt Service	600,294	876,530	1,313,857	-	162,967	885,364	712,250	-	336,081
Capital Projects	899,190	621,254	879,219	-	641,225	1,065,039	779,364	-	926,900
School Transportation	255,702	563,818	551,204	-	268,316	573,722	509,933	-	332,105
School Bus Replacement	343,970	136,889	234,681	-	246,178	122,194	-	(50,000)	318,372
Rainy Day	827,160	-	174,222	200,000	852,938	2,125	154,717	350,000	1,050,346
Construction	1,723,570	-	2,101,493	1,936,289	1,558,366	2,850	1,159,705	-	401,511
Construction-Equipment	-	-	-	250,000	250,000	-	85,061	-	164,939
School Lunch	128,712	477,742	504,223	-	102,231	525,619	525,152	-	102,698
Textbook Rental	39,529	98,020	98,077	-	39,472	105,032	107,209	-	37,295
Educational License Plates	352	94	-	-	446	74	-	-	520
SIA Foundation Grant	1,587	-	1,587	-	-	-	-	-	-
Miscellaneous Programs	21	-	-	-	21	-	-	-	21
Soil & Water Conservation	372	-	-	-	372	-	-	-	372
Gifted and Talented - 13	-	-	-	-	-	29,615	16,932	-	12,683
Gifted and Talented - 14	-	29,373	18,493	-	10,880	-	10,880	-	-
State High Ability 2012-2013	14,854	-	14,854	-	-	-	-	-	-
Tech Prep Staff Develop 2000	159	-	159	-	-	-	-	-	-
Tech Prep	1,074	-	1,074	-	-	-	-	-	-
Education Technology	25	-	-	-	25	-	-	-	25
Drug Free Communities	31	-	-	-	31	-	31	-	-
Non-English Speaking Programs P.L. 273-1999	1,159	-	1,159	-	-	-	-	-	-
School Technology	1,674	6,228	4,845	-	3,057	5,411	4,688	-	3,780
Performance Based Awards	8	-	-	-	8	1,521	-	-	1,529
Tech Prep Internship	200	-	-	-	200	-	-	-	200
I.S.G.L.P.	901	-	775	-	126	-	-	-	126
Title I	-	-	-	-	-	76,859	86,711	-	(9,852)
Title 1 - 13	-	19,023	19,023	-	-	-	-	-	-
Title 1 - 14	-	65,777	65,777	-	-	19,223	19,223	-	-
Title VI 2000-02	3,399	-	3,003	-	396	-	-	-	396
Educate Indiana 2000-2002	7,024	-	7,024	-	-	-	-	-	-
School to Work Opportunity Implementation	381	-	349	-	32	-	-	-	32
Improving Teaching Quality, No Child Left, Title II, Part A	-	30,462	21,929	-	8,533	9,001	11,375	-	6,159
Title III - Language Instruction	4,340	-	-	-	4,340	-	-	-	4,340
Technology Literacy Challenge, Title III	902	-	902	-	-	-	-	-	-
Payroll Withholdings	-	1,507,807	1,507,807	-	-	1,606,320	1,606,320	-	-
Totals	\$ 6,632,030	\$ 11,342,703	\$ 14,460,987	\$ 2,186,289	\$ 5,700,035	\$ 12,443,943	\$ 12,647,638	\$ -	\$ 5,496,340

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

CARROLL CONSOLIDATED 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.

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 6. Cash Balance Deficits

The financial statement contains the Title I fund with a deficit in cash. This is a result of the fund being set up for a reimbursable grant. Reimbursements for expenditures were not received by June 30, 2015.

Note 7. Holding Corporation

The School Corporation has entered into a capital lease with Carroll Consolidated Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. There were no lease payments made during the years ended June 30, 2014 and 2015. An interest payment of \$53,526 was made in the year ended June 30, 2015.

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.

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	Construction-Equipment	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,775,440	\$ 600,294	\$ 899,190	\$ 255,702	\$ 343,970	\$ 827,160	\$ 1,723,570	\$ -	\$ 128,712	\$ 39,529
Receipts:										
Local sources	187,892	876,530	621,254	563,818	136,889	-	-	-	249,346	62,174
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	6,721,794	-	-	-	-	-	-	-	-	35,846
Federal sources	-	-	-	-	-	-	-	-	228,396	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>6,909,686</u>	<u>876,530</u>	<u>621,254</u>	<u>563,818</u>	<u>136,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,742</u>	<u>98,020</u>
Disbursements:										
Instruction	4,194,815	-	-	-	-	46,905	-	-	-	-
Support services	2,661,911	-	377,505	551,204	234,681	-	-	-	16,908	98,077
Noninstructional services	78,525	-	-	-	-	-	-	-	487,315	-
Facilities acquisition and construction	-	-	501,714	-	-	127,317	2,101,493	-	-	-
Debt service	-	1,313,857	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>6,935,251</u>	<u>1,313,857</u>	<u>879,219</u>	<u>551,204</u>	<u>234,681</u>	<u>174,222</u>	<u>2,101,493</u>	<u>-</u>	<u>504,223</u>	<u>98,077</u>
Excess (deficiency) of receipts over disbursements	<u>(25,565)</u>	<u>(437,327)</u>	<u>(257,965)</u>	<u>12,614</u>	<u>(97,792)</u>	<u>(174,222)</u>	<u>(2,101,493)</u>	<u>-</u>	<u>(26,481)</u>	<u>(57)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	1,936,289	250,000	-	-
Transfers in	-	-	-	-	-	200,000	-	-	-	-
Transfers out	(200,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>1,936,289</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(225,565)</u>	<u>(437,327)</u>	<u>(257,965)</u>	<u>12,614</u>	<u>(97,792)</u>	<u>25,778</u>	<u>(165,204)</u>	<u>250,000</u>	<u>(26,481)</u>	<u>(57)</u>
Cash and investments - ending	\$ <u>1,549,875</u>	\$ <u>162,967</u>	\$ <u>641,225</u>	\$ <u>268,316</u>	\$ <u>246,178</u>	\$ <u>852,938</u>	\$ <u>1,558,366</u>	\$ <u>250,000</u>	\$ <u>102,231</u>	\$ <u>39,472</u>

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

	Educational License Plates	SIA Foundation Grant	Miscellaneous Programs	Soild & Water Conservation	Gifted and Talented - 13	Gifted and Talented - 14	State High Ability 2012-2013	Tech Prep Staff Develop 2000	Tech Prep
Cash and investments - beginning	\$ 352	\$ 1,587	\$ 21	\$ 372	\$ -	\$ -	\$ 14,854	\$ 159	\$ 1,074
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	94	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	29,373	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	94	-	-	-	-	29,373	-	-	-
Disbursements:									
Instruction	-	1,587	-	-	-	18,493	14,854	159	-
Support services	-	-	-	-	-	-	-	-	579
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	495
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,587	-	-	-	18,493	14,854	159	1,074
Excess (deficiency) of receipts over disbursements	94	(1,587)	-	-	-	10,880	(14,854)	(159)	(1,074)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	94	(1,587)	-	-	-	10,880	(14,854)	(159)	(1,074)
Cash and investments - ending	\$ 446	\$ -	\$ 21	\$ 372	\$ -	\$ 10,880	\$ -	\$ -	\$ -

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

	Education Technology	Drug Free Communities	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Tech Prep Internship	I.S.G.L.P.	Title I	Title 1 - 13
Cash and investments - beginning	\$ 25	\$ 31	\$ 1,159	\$ 1,674	\$ 8	\$ 200	\$ 901	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	6,228	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	19,023
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	6,228	-	-	-	-	19,023
Disbursements:									
Instruction	-	-	1,159	-	-	-	775	-	19,023
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	4,845	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,159	4,845	-	-	775	-	19,023
Excess (deficiency) of receipts over disbursements	-	-	(1,159)	1,383	-	-	(775)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,159)	1,383	-	-	(775)	-	-
Cash and investments - ending	\$ 25	\$ 31	\$ -	\$ 3,057	\$ 8	\$ 200	\$ 126	\$ -	\$ -

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

	Title 1 - 14	Title VI 2000-02	Educate Indiana 2000-2002	School to Work Opportunity Implementation	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Technology Literacy Challenge, Title III	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 3,399	\$ 7,024	\$ 381	\$ -	\$ 4,340	\$ 902	\$ -	\$ 6,632,030
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,697,903
Intermediate sources	-	-	-	-	-	-	-	-	94
State sources	-	-	-	-	-	-	-	-	6,793,241
Federal sources	65,777	-	-	-	30,462	-	-	-	343,658
Other receipts	-	-	-	-	-	-	-	1,507,807	1,507,807
Total receipts	65,777	-	-	-	30,462	-	-	1,507,807	11,342,703
Disbursements:									
Instruction	64,627	3,003	7,024	-	21,929	-	902	-	4,395,255
Support services	1,150	-	-	349	-	-	-	-	3,942,364
Noninstructional services	-	-	-	-	-	-	-	-	565,840
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,735,864
Debt service	-	-	-	-	-	-	-	-	1,313,857
Nonprogrammed charges	-	-	-	-	-	-	-	1,507,807	1,507,807
Total disbursements	65,777	3,003	7,024	349	21,929	-	902	1,507,807	14,460,987
Excess (deficiency) of receipts over disbursements	-	(3,003)	(7,024)	(349)	8,533	-	(902)	-	(3,118,284)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,186,289
Transfers in	-	-	-	-	-	-	-	-	200,000
Transfers out	-	-	-	-	-	-	-	-	(200,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,186,289
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,003)	(7,024)	(349)	8,533	-	(902)	-	(931,995)
Cash and investments - ending	\$ -	\$ 396	\$ -	\$ 32	\$ 8,533	\$ 4,340	\$ -	\$ -	\$ 5,700,035

CARROLL CONSOLIDATED 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	Construction-Equipment	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,549,875	\$ 162,967	\$ 641,225	\$ 268,316	\$ 246,178	\$ 852,938	\$ 1,558,366	\$ 250,000	\$ 102,231	\$ 39,472
Receipts:										
Local sources	373,522	885,364	1,065,039	573,722	122,194	2,125	2,850	-	254,438	70,886
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	7,040,452	-	-	-	-	-	-	-	7,135	34,146
Federal sources	-	-	-	-	-	-	-	-	264,046	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	7,413,974	885,364	1,065,039	573,722	122,194	2,125	2,850	-	525,619	105,032
Disbursements:										
Instruction	4,011,724	-	-	-	-	154,717	-	-	-	-
Support services	2,773,760	-	341,842	509,933	-	-	-	-	17,981	107,209
Noninstructional services	72,603	-	-	-	-	-	-	-	507,171	-
Facilities acquisition and construction	-	-	437,522	-	-	-	1,159,705	85,061	-	-
Debt service	-	712,250	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,858,087	712,250	779,364	509,933	-	154,717	1,159,705	85,061	525,152	107,209
Excess (deficiency) of receipts over disbursements	555,887	173,114	285,675	63,789	122,194	(152,592)	(1,156,855)	(85,061)	467	(2,177)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	350,000	-	-	-	-
Transfers out	(300,000)	-	-	-	(50,000)	-	-	-	-	-
Total other financing sources (uses)	(300,000)	-	-	-	(50,000)	350,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	255,887	173,114	285,675	63,789	72,194	197,408	(1,156,855)	(85,061)	467	(2,177)
Cash and investments - ending	\$ 1,805,762	\$ 336,081	\$ 926,900	\$ 332,105	\$ 318,372	\$ 1,050,346	\$ 401,511	\$ 164,939	\$ 102,698	\$ 37,295

CARROLL CONSOLIDATED 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)

	Educational License Plates	SIA Foundation Grant	Miscellaneous Programs	Soild & Water Conservation	Gifted and Talented - 13	Gifted and Talented - 14	State High Ability 2012-2013	Tech Prep Staff Develop 2000	Tech Prep
Cash and investments - beginning	\$ 446	\$ -	\$ 21	\$ 372	\$ -	\$ 10,880	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	74	-	-	-	-	-	-	-	-
State sources	-	-	-	-	29,615	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	74	-	-	-	29,615	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	16,932	10,880	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	16,932	10,880	-	-	-
Excess (deficiency) of receipts over disbursements	74	-	-	-	12,683	(10,880)	-	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	74	-	-	-	12,683	(10,880)	-	-	-
Cash and investments - ending	\$ 520	\$ -	\$ 21	\$ 372	\$ 12,683	\$ -	\$ -	\$ -	\$ -

CARROLL CONSOLIDATED 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)

	Education Technology	Drug Free Communities	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Tech Prep Internship	I.S.G.L.P.	Title I	Title 1 - 13
Cash and investments - beginning	\$ 25	\$ 31	\$ -	\$ 3,057	\$ 8	\$ 200	\$ 126	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	365	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	5,411	1,521	-	-	-	-
Federal sources	-	-	-	-	-	-	-	76,494	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	5,411	1,521	-	-	76,859	-
Disbursements:									
Instruction	-	31	-	-	-	-	-	81,609	-
Support services	-	-	-	-	-	-	-	5,102	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	4,688	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	31	-	4,688	-	-	-	86,711	-
Excess (deficiency) of receipts over disbursements	-	(31)	-	723	1,521	-	-	(9,852)	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(31)	-	723	1,521	-	-	(9,852)	-
Cash and investments - ending	\$ 25	\$ -	\$ -	\$ 3,780	\$ 1,529	\$ 200	\$ 126	\$ (9,852)	\$ -

CARROLL CONSOLIDATED 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 1 - 14	Title VI 2000-02	Educate Indiana 2000-2002	School to Work Opportunity Implementation	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Technology Literacy Challenge, Title III	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 396	\$ -	\$ 32	\$ 8,533	\$ 4,340	\$ -	\$ -	\$ 5,700,035
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,350,505
Intermediate sources	-	-	-	-	-	-	-	-	74
State sources	-	-	-	-	-	-	-	-	7,118,280
Federal sources	19,223	-	-	-	9,001	-	-	-	368,764
Other receipts	-	-	-	-	-	-	-	1,606,320	1,606,320
Total receipts	19,223	-	-	-	9,001	-	-	1,606,320	12,443,943
Disbursements:									
Instruction	14,556	-	-	-	9,673	-	-	-	4,300,122
Support services	4,667	-	-	-	1,702	-	-	-	3,762,196
Noninstructional services	-	-	-	-	-	-	-	-	579,774
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,686,976
Debt service	-	-	-	-	-	-	-	-	712,250
Nonprogrammed charges	-	-	-	-	-	-	-	1,606,320	1,606,320
Total disbursements	19,223	-	-	-	11,375	-	-	1,606,320	12,647,638
Excess (deficiency) of receipts over disbursements	-	-	-	-	(2,374)	-	-	-	(203,695)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	350,000
Transfers out	-	-	-	-	-	-	-	-	(350,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(2,374)	-	-	-	(203,695)
Cash and investments - ending	\$ -	\$ 396	\$ -	\$ 32	\$ 6,159	\$ 4,340	\$ -	\$ -	\$ 5,496,340

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Inc.	IPads	\$ 186,371	05/16/2013	11/16/2016
Carroll Consolidated Multi-School Building Corporation	Building renovations and equipment	<u>552,000</u>	12/31/2015	12/31/2024
Total of annual lease payments		<u>\$ 738,371</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds		Health and Fitness Center and Fire Alarm	<u>\$ 1,285,000</u>	<u>\$ 441,240</u>

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 152,960
Buildings	23,112,784
Improvements other than buildings	2,430,682
Machinery, equipment, and vehicles	<u>2,746,946</u>
Total capital assets	<u>\$ 28,443,372</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE CARROLL CONSOLIDATED SCHOOL
CORPORATION, CARROLL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2015-002 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, 2013 to June 30, 2015.

Unmodified Opinion on Special Education Cluster (IDEA)

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Special Education Cluster (IDEA) identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

Other Matters

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

Report on Internal Control over Compliance

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


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

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

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

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

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


Paul D. Joyce, CPA
State Examiner

August 14, 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.

(This page intentionally left blank.)

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster	Indiana Department of Education						
School Breakfast Program		10.553	FY 13/14, FY 14/15	\$ -	\$ 25,114	\$ -	\$ 36,649
National School Lunch Program		10.555	FY 13/14, FY 14/15	-	196,490	-	227,397
National School Lunch Program - Commodities			FY 13/14, FY 14/15	-	35,382	-	35,983
Total - National School Lunch Program				-	231,872	-	263,380
Total - Child Nutrition Cluster				-	256,986	-	300,029
Total - Department of Agriculture				-	256,986	-	300,029
<u>Department of Education</u>							
Special Education Cluster (IDEA)	Indiana Department of Education						
Special Education_Grants to States							
FY 2012 Federal Part B 611 Grant		84.027	14212-037-PN01	-	9,735	-	-
FY 2013 Federal Part B 611 Grant			14213-037-PN01	-	169,233	-	1,795
FY 2014 Federal Part B 611 Grant			14214-037-PN01	-	30,659	-	178,853
FY 2014 Federal Technical Assistance Grant Part B Funds			99914-037-PN01-TA01	-	627	-	3,177
FY 2015 Federal Part B 611 Funds			14215-037-PN01	-	-	-	50,189
Total - Special Education_Grants to States				-	210,254	-	234,014
Special Education_Preschool Grants	Indiana Department of Education						
FY 2013 Federal Part B 619 Grant		84.173	45713-037-PN01	-	5,286	-	-
FY 2014 Federal Part B 619 Grant			45714-037-PN01	-	2,875	-	4,931
FY 2015 Federal Part B 619 Funds			45715-037-PN01	-	-	-	2,262
Total - Special Education_Preschool Grants				-	8,161	-	7,193
Total - Special Education Cluster (IDEA)				-	218,415	-	241,207
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	S010A130014	-	84,800	-	95,717
English Language Acquisition State Grants	Indiana Department of Education	84.365	01115-110-PN01	-	-	-	66
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	S367A130013	30,462	30,462	9,001	9,001
Total - Department of Education				30,462	333,677	9,001	345,991
Total federal awards expended				\$ 30,462	\$ 590,663	\$ 9,001	\$ 646,020

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	no
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 Child Nutrition Cluster, which was 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:

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2016-001

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 SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster was omitted, which understated the federal expenditures by \$256,986 and \$300,029 for the years ended June 30, 2014 and 2015, respectively.
2. The Special Education Cluster (IDEA) was omitted, which understated the federal expenditures by \$218,415 and \$241,207 for the years ended June 30, 2014 and 2015, respectively.
3. The English Language Acquisition State Grants was omitted, which understated the federal expenditures by \$66 for the year ended June 30, 2015.

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

Criteria

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

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

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

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

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

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

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

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

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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. . . ."

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 would have ensured 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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 13/14, FY 14/15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition

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

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procurement

The School Corporation did not have an internal control system in place to ensure that School Board approval was obtained in order to accept the bids provided by the cooperative purchasing agency. As a result, the School Corporation did not obtain School Board approval when accepting bids recommended by the cooperative purchasing agency.

Suspension and Debarment

The School Corporation did not have an internal control system in place to ensure that vendors were not suspended, debarred, or otherwise excluded from participation in federal assistance programs. As a result, the School Corporation did not perform a verification, obtain certifications, or add a clause to contracts to ensure that vendors were not suspended or debarred.

Context

These were systemic issues, occurring throughout the audit period. There were no procedures in place to ensure compliance with any transactions subject to 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. . . ."

7 CFR 3016.36(b)(1) states: "Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

Carroll Consolidated School Corporation's purchasing policy states in part: ". . . The Board shall be informed of the terms and conditions of all competitive bids and shall award contracts as a consequence of such bids. . . ."

2 CFR 180.300 states:

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

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

CARROLL CONSOLIDATED 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 requirements.

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.

FINDING 2015-003

Subject: School Breakfast Program - Cash Management and Reporting,
National School Lunch Program - Cash Management, Reporting,
and Special Tests and Provisions - Verification of Free and Reduced
Price Applications (NSLP)

Federal Agency: Department of Education

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

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

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 Cash Management, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Cash Management

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the School Lunch fund cash balances (Net Cash Resources) did not exceed the average expenditures for three months. No controls had been established.

CARROLL CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Reporting

The School Corporation had not designed or implemented adequate policies or procedures to ensure accurate reporting of the School Food Authority (SFA) Verification Collection Reports and the Annual Financial Report. No controls had been established.

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

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 Food Service Director without an oversight, review, approval process, or other compensating control in place to ensure accuracy.

Context

These were systemic issues, occurring throughout the audit period.

Criteria

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

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

Cause

The School Corporation had not established an effective system of internal controls that would have ensured compliance with the Cash Management, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

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.

AUDITEE-PREPARED DOCUMENTS

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

Board of School Trustees
David W. Lambert, President
C. David Bordner, Vice President
Patrick A. Hickner, Secretary
Eric E. Johnson, Member
Ryan J. Allbaugh, Member

Superintendent of Schools
Keith E. Thackery

Carroll Consolidated School Corporation

Office of the Superintendent of Schools
2 SOUTH THIRD STREET FLORA, INDIANA 46929
PHONE 574 967-4113 FAX 574 967-3831

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

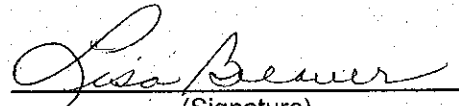
Section III – Federal Award Findings and Questioned Costs

FINDING 2013-002

Fiscal year in which the finding initially occurred: July 1, 2011
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education
Contact Person Responsible for Corrective Action: Karla Taylor
Contact Phone Number: 574-967-4113 ext. 1004

Status of Audit Finding: During the audit period beginning July 1, 2011, the School Corporation had not established an effective internal controls regarding the School Breakfast Program and National School Lunch Program.

Currently, the School Corporation lunch reports are submitted to the Indiana Department of Education without any form of independent review for accuracy prior to submission. As of the date of the current audit (July 1, 2013-June 30, 2015), reporting has not changed.



(Signature)

Treasurer

(Title)

August 9, 2017

(Date)

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

Carroll Consolidated School Corporation

Office of the Superintendent of Schools
2 SOUTH THIRD STREET FLORA, INDIANA 46929
PHONE 574 967-4113 FAX 574 967-3831

CORRECTIVE ACTION PLAN

August 14, 2017

FINDING 2015-001

Contact Person Responsible for Corrective Action: Lisa Beaver
Contact Phone Number: 574-967-4113 ext. 1008

Views of Responsible Official: The Treasurer was not aware that the Child Nutrition Cluster and the Special Education Cluster was not reported for the years June 30, 2014 and 2015 and the English Language Acquisition State Grant was not reported for the year June 30, 2015. It was assumed that the previous Superintendent had entered this information.

Description of Corrective Action Plan: The Treasurer shall verify the above information and the Superintendent shall approve the schedule of expenditures prior to reporting. Documentation of approval shall be maintained by the Treasurer.

Anticipated Completion Date: Effective immediately


(Signature)

Treasurer

(Title)

August 14, 2017

(Date)

Carroll Consolidated School Corporation

Office of the Superintendent of Schools
2 SOUTH THIRD STREET FLORA, INDIANA 46929
PHONE 574 967-4113 FAX 574 967-3831

CORRECTIVE ACTION PLAN

August 10, 2017

FINDING 2015-002

Contact Person Responsible for Corrective Action: Karla Taylor
Contact Phone Number: 574-967-4113 ext. 1004

Views of Responsible Official: The Food Service Director was under the assumption that once the School Corporation entered into an agreement with the cooperative purchasing agency, that approval by the School Board was no longer necessary to accept bids for bakery and dairy. She was also unaware that since the School Corporation entered into such agreement, that she was still required to verify that the vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

Description of Corrective Action Plan: Prior to obtaining approval from the Superintendent and School Board to accept bids provided by the cooperative purchasing agency for bakery and dairy items, the Food Service Director will verify that vendors were not suspended or debarred by viewing the website that provides this information and provide a "screen shot" to the Superintendent for verification in which he will sign and keep in a file upon completion. Once verified, approval by the School Board will be obtained to accept bids.

Anticipated Completion Date: Prior to the beginning of each school year

FINDING 2015-003

Contact Person Responsible for Corrective Action: Karla Taylor
Contact Phone Number: 574-967-4113 ext. 1004

Views of Responsible Official: The Food Service Director presents to the School Board each month a Lunch Fund Report for their approval which includes State reimbursement, receipts from both schools, special affairs revenue, total expenditures including payroll, beginning and ending cash balances and student meals served. She thought this was sufficient for the oversight and review process. The Food Service Director was not aware of the review process for the verification of free and reduced applications.

Description of Corrective Action Plan:

Cash Management – The Food Service Director and Superintendent will closely monitor and document the Lunch Fund cash balance on a monthly basis to insure the cash balance does not exceed the average expenditures for three months.

Reporting – The Food Service Director will have the Superintendent verify and approve claim reports for the Lunch Program reimbursements. A file that is currently maintained of verifications will include approvals. The Treasurer will verify breakfast and lunch ACH payments with the Food Service Director and enter the information into Gateway.

Special Tests and Provisions – Verification of Free and Reduced Price Applications – Once applications have been verified by the Food Service Director, she will have the Superintendent verify and sign the applications prior to the verification reporting process. A file will be maintained of verifications.

Anticipated Completion Date: Effectively immediately.



(Signature)

Treasurer

(Title)

August 10, 2017

(Date)

OTHER REPORTS

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