

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

PERRY TOWNSHIP SCHOOLS
MARION 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	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	36-38
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	41-43
Notes to Schedule of Expenditures of Federal Awards	44
Schedule of Findings and Questioned Costs	45-61
Auditee-Prepared Document:	
Corrective Action Plan	64-68
Other Reports.....	69

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	J. Michael Bagley	07-01-13 to 12-31-17
Superintendent of Schools	Dr. Thomas Little, Jr. Patrick W. Mapes (interim) Patrick W. Mapes	07-01-13 to 05-08-17 05-09-17 to 06-30-17 07-01-17 to 06-30-20
President of the School Board	Edward T. Denning Jon P. Morris Gwen E. Freeman Charles R. Mercer, Jr. Kenneth J. Mertz	07-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE PERRY TOWNSHIP SCHOOLS, MARION COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Perry Township Schools (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, 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 28, 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 28, 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 PERRY TOWNSHIP SCHOOLS, MARION 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 Perry Township Schools (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 28, 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 a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 deficiency 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Perry Township Schools' 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 28, 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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PERRY TOWNSHIP SCHOOLS
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		Disbursements	Other Financing Sources (Uses)		Cash and Investments		Other Financing Sources (Uses)		Cash and Investments
	07-01-13	Receipts		06-30-14	Receipts	Disbursements	06-30-15			
General	\$ 6,548,004	\$ 101,240,953	\$ 95,843,499	\$ (220,000)	\$ 11,725,458	\$ 102,015,957	\$ 101,092,710	\$ (267,199)	\$ 12,381,506	
Referendum Tax Levy	4,229,344	10,053,626	4,705,552	(2,996,753)	6,580,665	10,266,124	5,528,978	(3,521,160)	7,796,651	
Debt Service	5,672,142	13,714,477	12,474,229	(1,027,872)	5,884,518	13,397,112	13,083,723	(1,384,373)	4,813,534	
Retirement/Severance Bond Debt Service	88,507	2,349,404	2,178,810	(120,076)	139,025	2,347,477	2,178,701	(74,550)	233,251	
Referendum Debt Exempt Capital	783,114	4,204,253	3,876,499	62,224	1,173,092	4,144,602	3,874,001	(90,556)	1,353,137	
Capital Projects	7,981,251	9,038,106	8,683,711	(668,220)	7,667,426	8,345,246	9,382,426	(372,491)	6,257,755	
School Transportation	3,029,451	8,739,521	8,657,273	249,105	3,360,804	8,202,400	7,938,169	344,762	3,969,797	
School Bus Replacement	1,712,274	1,614,142	800,621	70,300	2,596,095	1,745,655	1,491,770	103,303	2,953,283	
Rainy Day	10,086,473	-	-	4,000,000	14,086,473	-	804,987	4,370,000	17,651,486	
Retirement/Severance Bond	2,165,736	1,738	23,195	-	2,144,279	642	13,920	-	2,131,001	
6th Grade PMMS	373,933	152	361,093	-	12,992	4	294	-	12,702	
Referendum Construction	20,752,466	56,539	11,870,114	24,337	8,963,228	17,044	6,727,176	-	2,253,096	
School Lunch	1,707,982	8,126,524	7,728,088	(150,000)	1,956,418	8,803,724	8,769,299	(150,000)	1,840,843	
Textbook Rental	519,521	1,135,608	833,609	304,142	1,125,662	1,483,786	1,998,312	364,197	975,333	
Repair and Replacement	176,132	-	40,095	-	136,037	-	-	-	136,037	
Self-Insurance	970,489	-	512,177	493,000	951,312	-	446,139	600,000	1,105,173	
Levy Excess	-	-	-	-	-	-	-	122,113	122,113	
Child Care Program	160,753	196,146	37,755	-	319,144	280,578	167,783	-	431,939	
Alternative Education	83,772	40,516	32,484	-	91,804	48,816	50,424	-	90,196	
Early Intervention Grant	-	-	-	-	-	12,579	7,217	-	5,362	
School Intervention and Career Counseling	14,696	-	7,670	1,442	8,468	-	7,433	-	1,035	
CIM	4,294	-	2,852	(1,442)	-	-	-	-	-	
Donations	-	-	-	-	-	111,652	105,555	5,000	11,097	
Scholarships and Awards	187	-	187	-	-	-	-	-	-	
Miscellaneous Programs	-	-	-	-	-	2,350	531	-	1,819	
Sum Schols Collaboration	6,810	460	19,804	19,578	7,044	28	489	-	6,583	
Rock Boys	19,691	-	113	(19,578)	-	-	-	-	-	
Girl Scout SHS	3,001	-	-	-	3,001	-	-	-	3,001	
Pre-School Donations	-	3,500	937	-	2,563	34,608	229	-	36,942	
Donations	-	5,000	-	-	5,000	3,000	3,000	(5,000)	-	
NIET TAP Award	-	-	-	-	-	10,000	-	-	10,000	
Indianapolis Foundation	10,115	25,000	19,741	-	15,374	25,000	29,098	-	11,276	
Partnership Coca-Cola	63,195	42,880	60,238	-	45,837	38,131	59,493	-	24,475	
Secured School Safety Grant	-	-	-	-	-	-	62,045	-	(62,045)	
Edison Gift	17,447	-	13,244	-	4,203	-	2,506	-	1,697	
Economic Education Mini Grant	8,597	80,422	56,995	-	32,024	82,734	81,930	-	32,828	
Medicaid Reimbursement	50,583	73,499	-	-	124,082	46,167	-	-	170,249	
Non-English Speaking Programs P.L. 273-1999	74,218	228,382	216,014	-	86,586	270,708	282,409	-	74,885	
School Technology	211,487	509,351	219,867	-	500,971	253,449	296,522	-	457,898	
Excellence in Performance Grant 13-14	-	51,361	131,862	-	(80,501)	869,939	789,438	-	-	
Excellence in Performance Grant 14-15	-	-	-	-	-	35,484	35,484	-	-	
Performance Grant	-	-	-	-	-	339,994	328,304	-	11,690	
Chin Dictionary	4,716	840	512	-	5,044	300	119	-	5,225	
Title I Basic 2010-11	(88,667)	3,384,900	3,623,730	-	(327,497)	4,652,323	4,518,241	-	(193,415)	
Distinguished Schools	-	-	-	-	-	-	3,965	-	(3,965)	
Improving Teaching Quality, No Child Left, Title II, Part A	(32,821)	287,219	375,776	-	(121,378)	435,687	334,767	-	(20,458)	
Title III - Language Instruction	(14,920)	212,265	268,014	-	(70,669)	549,425	480,877	-	(2,121)	
Influx Grant 12-13	(18,363)	153,254	163,872	-	(28,981)	123,275	96,644	-	(2,350)	
Title III Supplement	-	-	-	-	-	10,000	10,000	-	-	
Title III WIDA	-	-	-	-	-	9,367	9,367	-	-	
Public Charter School ESEA Title X, Part C	(11,587)	252,466	296,055	-	(55,176)	143,577	153,354	-	(64,953)	
TIF/TAP Fund	(25,809)	418,568	428,233	-	(35,474)	406,510	419,675	-	(48,639)	
Clearing Account Control	1,082,253	26,192,888	26,466,630	-	808,511	27,350,181	27,173,903	-	984,789	
Totals	\$ 68,420,467	\$ 192,433,960	\$ 191,031,150	\$ 20,187	\$ 69,843,464	\$ 196,915,635	\$ 198,841,407	\$ 44,046	\$ 67,961,738	

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

PERRY TOWNSHIP SCHOOLS
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.

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.

PERRY TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

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.

PERRY TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

PERRY TOWNSHIP SCHOOLS
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.

PERRY TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants and the disbursements not being reimbursed by June 30, 2014 and 2015.

Note 8. Holding Corporations

The School Corporation has entered into a capital lease with Central Nine Career Center Building Corporation and Perry Township Multischool Building Corporation of 1996 (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$16,350,730 and \$16,957,723, respectively.

PERRY TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

On July 7, 2015, through a capital lease with the Perry Township Multischool Building Corporation of 1996, the School Corporation issued Ad Valorem Property Tax First Mortgage Refunding Bonds, Series 2015, in the amount of \$21,995,000. The proceeds will be used for the refunding of First Mortgage Refunding Bonds, Series 2005, and issuance costs.

On July 30, 2015, the School Corporation issued General Obligation Bonds, Series 2015, in the amount of \$2,000,000. The proceeds will be used for technology and facility improvements throughout the School Corporation.

On April 28, 2016, the School Corporation issued General Obligation Bonds, Series 2016, in the amount of \$2,000,000. The proceeds will be used for technology and facility improvements throughout the School Corporation.

On June 28, 2016, through a capital lease with the Perry Township Multischool Building Corporation of 1996, the School Corporation issued Unlimited Ad Valorem Property Tax First Mortgage Bonds, Series 2016, in the amount of \$50,000,000. The proceeds will be used to construct four kindergarten academies and additional classrooms within the School Corporation.

On June 14, 2017, the School Corporation issued General Obligation Bonds, Series 2017, in the amount of \$2,000,000. The proceeds will be used for technology and facility improvements throughout the School Corporation.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefit: medical insurance. This benefit poses a liability to the School Corporation for this year and in future years. Information regarding the benefit can be obtained by contacting the School Corporation.

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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 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.

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 6,548,004	\$ 4,229,344	\$ 5,672,142	\$ 88,507	\$ 783,114	\$ 7,981,251	\$ 3,029,451	\$ 1,712,274
Receipts:								
Local sources	1,510,122	10,053,626	13,714,477	2,349,404	4,204,253	9,038,106	7,591,548	1,614,142
State sources	99,704,967	-	-	-	-	-	1,147,973	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	25,864	-	-	-	-	-	-	-
Total receipts	<u>101,240,953</u>	<u>10,053,626</u>	<u>13,714,477</u>	<u>2,349,404</u>	<u>4,204,253</u>	<u>9,038,106</u>	<u>8,739,521</u>	<u>1,614,142</u>
Disbursements:								
Instruction	48,985,793	3,808,867	-	-	-	-	-	-
Support services	46,009,093	896,685	-	-	-	2,387,765	8,657,273	800,621
Noninstructional services	778,088	-	-	-	-	-	-	-
Facilities acquisition and construction	70,525	-	-	-	-	6,295,946	-	-
Debt service	-	-	12,474,229	2,178,810	3,876,499	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>95,843,499</u>	<u>4,705,552</u>	<u>12,474,229</u>	<u>2,178,810</u>	<u>3,876,499</u>	<u>8,683,711</u>	<u>8,657,273</u>	<u>800,621</u>
Excess (deficiency) of receipts over disbursements	<u>5,397,454</u>	<u>5,348,074</u>	<u>1,240,248</u>	<u>170,594</u>	<u>327,754</u>	<u>354,395</u>	<u>82,248</u>	<u>813,521</u>
Other financing sources (uses):								
Sale of capital assets	-	3,247	4,243	762	1,417	7,425	2,544	549
Transfers in	-	-	-	-	60,807	324,355	246,561	69,751
Transfers out	(220,000)	(3,000,000)	(1,032,115)	(120,838)	-	(1,000,000)	-	-
Total other financing sources (uses)	<u>(220,000)</u>	<u>(2,996,753)</u>	<u>(1,027,872)</u>	<u>(120,076)</u>	<u>62,224</u>	<u>(668,220)</u>	<u>249,105</u>	<u>70,300</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>5,177,454</u>	<u>2,351,321</u>	<u>212,376</u>	<u>50,518</u>	<u>389,978</u>	<u>(313,825)</u>	<u>331,353</u>	<u>883,821</u>
Cash and investments - ending	<u>\$ 11,725,458</u>	<u>\$ 6,580,665</u>	<u>\$ 5,884,518</u>	<u>\$ 139,025</u>	<u>\$ 1,173,092</u>	<u>\$ 7,667,426</u>	<u>\$ 3,360,804</u>	<u>\$ 2,596,095</u>

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Rainy Day	Retirement/ Severance Bond	6th Grade PMMS	Referendum Construction	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance
Cash and investments - beginning	\$ 10,086,473	\$ 2,165,736	\$ 373,933	\$ 20,752,466	\$ 1,707,982	\$ 519,521	\$ 176,132	\$ 970,489
Receipts:								
Local sources	-	1,738	152	56,539	1,985,684	510,298	-	-
State sources	-	-	-	-	59,583	625,310	-	-
Federal sources	-	-	-	-	6,081,257	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	1,738	152	56,539	8,126,524	1,135,608	-	-
Disbursements:								
Instruction	-	7,410	-	-	-	-	-	-
Support services	-	15,785	-	500	825,219	833,609	40,095	512,177
Noninstructional services	-	-	-	-	6,902,869	-	-	-
Facilities acquisition and construction	-	-	361,093	11,869,614	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	23,195	361,093	11,870,114	7,728,088	833,609	40,095	512,177
Excess (deficiency) of receipts over disbursements	-	(21,457)	(360,941)	(11,813,575)	398,436	301,999	(40,095)	(512,177)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	4,000,000	-	-	24,337	-	304,142	-	493,000
Transfers out	-	-	-	-	(150,000)	-	-	-
Total other financing sources (uses)	4,000,000	-	-	24,337	(150,000)	304,142	-	493,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,000,000	(21,457)	(360,941)	(11,789,238)	248,436	606,141	(40,095)	(19,177)
Cash and investments - ending	\$ 14,086,473	\$ 2,144,279	\$ 12,992	\$ 8,963,228	\$ 1,956,418	\$ 1,125,662	\$ 136,037	\$ 951,312

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Levy Excess	Child Care Program	Alternative Education	Early Intervention Grant	School Intervention and Career Counseling	CIM	Donations	Scholarships and Awards
Cash and investments - beginning	\$ -	\$ 160,753	\$ 83,772	\$ -	\$ 14,696	\$ 4,294	\$ -	\$ 187
Receipts:								
Local sources	-	-	-	-	-	-	-	-
State sources	-	196,146	40,516	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	196,146	40,516	-	-	-	-	-
Disbursements:								
Instruction	-	37,714	32,484	-	6,062	2,852	-	-
Support services	-	41	-	-	1,608	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	187
Total disbursements	-	37,755	32,484	-	7,670	2,852	-	187
Excess (deficiency) of receipts over disbursements	-	158,391	8,032	-	(7,670)	(2,852)	-	(187)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	1,442	-	-	-
Transfers out	-	-	-	-	-	(1,442)	-	-
Total other financing sources (uses)	-	-	-	-	1,442	(1,442)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	158,391	8,032	-	(6,228)	(4,294)	-	(187)
Cash and investments - ending	\$ -	\$ 319,144	\$ 91,804	\$ -	\$ 8,468	\$ -	\$ -	\$ -

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Miscellaneous Programs	Sum Schols Collaboration	Rock Boys	Girl Scout SHS	Pre-School Donations	Donations	NIET TAP Award	Indianapolis Foundation
Cash and investments - beginning	\$ -	\$ 6,810	\$ 19,691	\$ 3,001	\$ -	\$ -	\$ -	\$ 10,115
Receipts:								
Local sources	-	-	-	-	3,500	5,000	-	25,000
State sources	-	-	-	-	-	-	-	-
Federal sources	-	460	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	460	-	-	3,500	5,000	-	25,000
Disbursements:								
Instruction	-	-	-	-	937	-	-	-
Support services	-	-	-	-	-	-	-	19,741
Noninstructional services	-	19,804	113	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	19,804	113	-	937	-	-	19,741
Excess (deficiency) of receipts over disbursements	-	(19,344)	(113)	-	2,563	5,000	-	5,259
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	19,578	-	-	-	-	-	-
Transfers out	-	-	(19,578)	-	-	-	-	-
Total other financing sources (uses)	-	19,578	(19,578)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	234	(19,691)	-	2,563	5,000	-	5,259
Cash and investments - ending	\$ -	\$ 7,044	\$ -	\$ 3,001	\$ 2,563	\$ 5,000	\$ -	\$ 15,374

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Partnership Coca-Cola	Secured School Safety Grant	Edison Gift	Economic Education Mini Grant	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Excellence in Performance Grant 13-14
Cash and investments - beginning	\$ 63,195	\$ -	\$ 17,447	\$ 8,597	\$ 50,583	\$ 74,218	\$ 211,487	\$ -
Receipts:								
Local sources	42,880	-	-	-	-	-	509,351	-
State sources	-	-	-	80,422	73,499	228,382	-	-
Federal sources	-	-	-	-	-	-	-	51,361
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>42,880</u>	<u>-</u>	<u>-</u>	<u>80,422</u>	<u>73,499</u>	<u>228,382</u>	<u>509,351</u>	<u>51,361</u>
Disbursements:								
Instruction	-	-	-	56,995	-	198,350	-	-
Support services	60,238	-	13,244	-	-	7,733	219,867	131,862
Noninstructional services	-	-	-	-	-	9,931	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>60,238</u>	<u>-</u>	<u>13,244</u>	<u>56,995</u>	<u>-</u>	<u>216,014</u>	<u>219,867</u>	<u>131,862</u>
Excess (deficiency) of receipts over disbursements	<u>(17,358)</u>	<u>-</u>	<u>(13,244)</u>	<u>23,427</u>	<u>73,499</u>	<u>12,368</u>	<u>289,484</u>	<u>(80,501)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</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>(17,358)</u>	<u>-</u>	<u>(13,244)</u>	<u>23,427</u>	<u>73,499</u>	<u>12,368</u>	<u>289,484</u>	<u>(80,501)</u>
Cash and investments - ending	<u>\$ 45,837</u>	<u>\$ -</u>	<u>\$ 4,203</u>	<u>\$ 32,024</u>	<u>\$ 124,082</u>	<u>\$ 86,586</u>	<u>\$ 500,971</u>	<u>\$ (80,501)</u>

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Excellence in Performance Grant 14-15	Performance Grant	Chin Dictionary	Title I Basic 2010-11	Distinguished Schools	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction
Cash and investments - beginning	\$ -	\$ -	\$ 4,716	\$ (88,667)	\$ -	\$ (32,821)	\$ (14,920)
Receipts:							
Local sources	-	-	-	31,778	-	203	-
State sources	-	-	840	-	-	-	-
Federal sources	-	-	-	3,353,122	-	287,016	212,265
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	840	3,384,900	-	287,219	212,265
Disbursements:							
Instruction	-	-	-	2,497,693	-	-	155,402
Support services	-	-	512	1,052,031	-	375,776	112,547
Noninstructional services	-	-	-	74,006	-	-	65
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	512	3,623,730	-	375,776	268,014
Excess (deficiency) of receipts over disbursements	-	-	328	(238,830)	-	(88,557)	(55,749)
Other financing sources (uses):							
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	-	-	328	(238,830)	-	(88,557)	(55,749)
Cash and investments - ending	\$ -	\$ -	\$ 5,044	\$ (327,497)	\$ -	\$ (121,378)	\$ (70,669)

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Influx Grant 12-13	Title III Supplement	Title III WIDA	Public Charter School ESEA Title X, Part C	TIF/TAP Fund	Clearing Account Control	Totals
Cash and investments - beginning	\$ (18,363)	\$ -	\$ -	\$ (11,587)	\$ (25,809)	\$ 1,082,253	\$ 68,420,467
Receipts:							
Local sources	-	-	-	-	-	-	53,247,801
State sources	-	-	-	-	-	-	102,157,638
Federal sources	153,254	-	-	252,466	418,568	-	10,809,769
Other receipts	-	-	-	-	-	26,192,888	26,218,752
Total receipts	<u>153,254</u>	<u>-</u>	<u>-</u>	<u>252,466</u>	<u>418,568</u>	<u>26,192,888</u>	<u>192,433,960</u>
Disbursements:							
Instruction	160,981	-	-	284,236	-	-	56,235,776
Support services	2,891	-	-	11,819	428,233	-	63,416,965
Noninstructional services	-	-	-	-	-	-	7,784,876
Facilities acquisition and construction	-	-	-	-	-	-	18,597,178
Debt service	-	-	-	-	-	-	18,529,538
Nonprogrammed charges	-	-	-	-	-	26,466,630	26,466,817
Total disbursements	<u>163,872</u>	<u>-</u>	<u>-</u>	<u>296,055</u>	<u>428,233</u>	<u>26,466,630</u>	<u>191,031,150</u>
Excess (deficiency) of receipts over disbursements	<u>(10,618)</u>	<u>-</u>	<u>-</u>	<u>(43,589)</u>	<u>(9,665)</u>	<u>(273,742)</u>	<u>1,402,810</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	20,187
Transfers in	-	-	-	-	-	561	5,544,534
Transfers out	-	-	-	-	-	(561)	(5,544,534)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,187</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,618)</u>	<u>-</u>	<u>-</u>	<u>(43,589)</u>	<u>(9,665)</u>	<u>(273,742)</u>	<u>1,422,997</u>
Cash and investments - ending	<u>\$ (28,981)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,176)</u>	<u>\$ (35,474)</u>	<u>\$ 808,511</u>	<u>\$ 69,843,464</u>

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 11,725,458	\$ 6,580,665	\$ 5,884,518	\$ 139,025	\$ 1,173,092	\$ 7,667,426	\$ 3,360,804	\$ 2,596,095
Receipts:								
Local sources	1,122,434	10,266,124	13,397,112	2,347,477	4,144,602	8,345,246	7,489,013	1,594,995
State sources	100,848,333	-	-	-	-	-	713,387	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	45,190	-	-	-	-	-	-	150,660
Total receipts	<u>102,015,957</u>	<u>10,266,124</u>	<u>13,397,112</u>	<u>2,347,477</u>	<u>4,144,602</u>	<u>8,345,246</u>	<u>8,202,400</u>	<u>1,745,655</u>
Disbursements:								
Instruction	66,131,676	4,464,740	-	-	-	-	-	-
Support services	33,857,930	1,064,238	-	-	-	2,353,492	7,938,169	1,491,770
Noninstructional services	986,733	-	-	-	-	-	-	-
Facilities acquisition and construction	116,371	-	-	-	-	7,028,934	-	-
Debt service	-	-	13,083,723	2,178,701	3,874,001	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>101,092,710</u>	<u>5,528,978</u>	<u>13,083,723</u>	<u>2,178,701</u>	<u>3,874,001</u>	<u>9,382,426</u>	<u>7,938,169</u>	<u>1,491,770</u>
Excess (deficiency) of receipts over disbursements	<u>923,247</u>	<u>4,737,146</u>	<u>313,389</u>	<u>168,776</u>	<u>270,601</u>	<u>(1,037,180)</u>	<u>264,231</u>	<u>253,885</u>
Other financing sources (uses):								
Sale of capital assets	-	7,413	10,441	1,718	2,984	15,300	5,091	1,099
Transfers in	-	-	-	-	-	303,080	339,671	102,204
Transfers out	(267,199)	(3,528,573)	(1,394,814)	(76,268)	(93,540)	(690,871)	-	-
Total other financing sources (uses)	<u>(267,199)</u>	<u>(3,521,160)</u>	<u>(1,384,373)</u>	<u>(74,550)</u>	<u>(90,556)</u>	<u>(372,491)</u>	<u>344,762</u>	<u>103,303</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>656,048</u>	<u>1,215,986</u>	<u>(1,070,984)</u>	<u>94,226</u>	<u>180,045</u>	<u>(1,409,671)</u>	<u>608,993</u>	<u>357,188</u>
Cash and investments - ending	<u>\$ 12,381,506</u>	<u>\$ 7,796,651</u>	<u>\$ 4,813,534</u>	<u>\$ 233,251</u>	<u>\$ 1,353,137</u>	<u>\$ 6,257,755</u>	<u>\$ 3,969,797</u>	<u>\$ 2,953,283</u>

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Rainy Day	Retirement/ Severance Bond	6th Grade PMMS	Referendum Construction	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance
Cash and investments - beginning	\$ 14,086,473	\$ 2,144,279	\$ 12,992	\$ 8,963,228	\$ 1,956,418	\$ 1,125,662	\$ 136,037	\$ 951,312
Receipts:								
Local sources	-	642	4	17,044	2,015,727	798,084	-	-
State sources	-	-	-	-	60,722	685,702	-	-
Federal sources	-	-	-	-	6,727,275	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>642</u>	<u>4</u>	<u>17,044</u>	<u>8,803,724</u>	<u>1,483,786</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	-	-	-	-	-	72	-	-
Support services	-	13,920	-	1,000	236,131	1,998,240	-	446,139
Noninstructional services	-	-	-	-	8,533,168	-	-	-
Facilities acquisition and construction	804,987	-	294	6,726,176	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>804,987</u>	<u>13,920</u>	<u>294</u>	<u>6,727,176</u>	<u>8,769,299</u>	<u>1,998,312</u>	<u>-</u>	<u>446,139</u>
Excess (deficiency) of receipts over disbursements	<u>(804,987)</u>	<u>(13,278)</u>	<u>(290)</u>	<u>(6,710,132)</u>	<u>34,425</u>	<u>(514,526)</u>	<u>-</u>	<u>(446,139)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	4,370,000	-	-	-	-	364,197	-	600,000
Transfers out	-	-	-	-	(150,000)	-	-	-
Total other financing sources (uses)	<u>4,370,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>364,197</u>	<u>-</u>	<u>600,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,565,013</u>	<u>(13,278)</u>	<u>(290)</u>	<u>(6,710,132)</u>	<u>(115,575)</u>	<u>(150,329)</u>	<u>-</u>	<u>153,861</u>
Cash and investments - ending	<u>\$ 17,651,486</u>	<u>\$ 2,131,001</u>	<u>\$ 12,702</u>	<u>\$ 2,253,096</u>	<u>\$ 1,840,843</u>	<u>\$ 975,333</u>	<u>\$ 136,037</u>	<u>\$ 1,105,173</u>

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Levy Excess	Child Care Program	Alternative Education	Early Intervention Grant	School Intervention and Career Counseling	CIM	Donations	Scholarships and Awards
Cash and investments - beginning	\$ -	\$ 319,144	\$ 91,804	\$ -	\$ 8,468	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	111,652	-
State sources	-	280,578	48,816	12,579	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	280,578	48,816	12,579	-	-	111,652	-
Disbursements:								
Instruction	-	167,783	50,424	3,285	4,340	-	102,968	-
Support services	-	-	-	3,932	3,093	-	2,587	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	167,783	50,424	7,217	7,433	-	105,555	-
Excess (deficiency) of receipts over disbursements	-	112,795	(1,608)	5,362	(7,433)	-	6,097	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	122,113	-	-	-	-	-	5,000	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	122,113	-	-	-	-	-	5,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	122,113	112,795	(1,608)	5,362	(7,433)	-	11,097	-
Cash and investments - ending	\$ 122,113	\$ 431,939	\$ 90,196	\$ 5,362	\$ 1,035	\$ -	\$ 11,097	\$ -

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Miscellaneous Programs	Sum Schols Collaboration	Rock Boys	Girl Scout SHS	Pre-School Donations	Donations	NIET TAP Award	Indianapolis Foundation
Cash and investments - beginning	\$ -	\$ 7,044	\$ -	\$ 3,001	\$ 2,563	\$ 5,000	\$ -	\$ 15,374
Receipts:								
Local sources	2,350	-	-	-	34,608	3,000	10,000	25,000
State sources	-	-	-	-	-	-	-	-
Federal sources	-	28	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>2,350</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>34,608</u>	<u>3,000</u>	<u>10,000</u>	<u>25,000</u>
Disbursements:								
Instruction	-	-	-	-	229	3,000	-	-
Support services	531	-	-	-	-	-	-	29,098
Noninstructional services	-	489	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>531</u>	<u>489</u>	<u>-</u>	<u>-</u>	<u>229</u>	<u>3,000</u>	<u>-</u>	<u>29,098</u>
Excess (deficiency) of receipts over disbursements	<u>1,819</u>	<u>(461)</u>	<u>-</u>	<u>-</u>	<u>34,379</u>	<u>-</u>	<u>10,000</u>	<u>(4,098)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(5,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,819</u>	<u>(461)</u>	<u>-</u>	<u>-</u>	<u>34,379</u>	<u>(5,000)</u>	<u>10,000</u>	<u>(4,098)</u>
Cash and investments - ending	<u>\$ 1,819</u>	<u>\$ 6,583</u>	<u>\$ -</u>	<u>\$ 3,001</u>	<u>\$ 36,942</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 11,276</u>

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Partnership Coca-Cola	Secured School Safety Grant	Edison Gift	Economic Education Mini Grant	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Excellence in Performance Grant 13-14
Cash and investments - beginning	\$ 45,837	\$ -	\$ 4,203	\$ 32,024	\$ 124,082	\$ 86,586	\$ 500,971	\$ (80,501)
Receipts:								
Local sources	38,131	-	-	-	-	-	253,449	-
State sources	-	-	-	82,734	46,167	270,708	-	-
Federal sources	-	-	-	-	-	-	-	869,939
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>38,131</u>	<u>-</u>	<u>-</u>	<u>82,734</u>	<u>46,167</u>	<u>270,708</u>	<u>253,449</u>	<u>869,939</u>
Disbursements:								
Instruction	-	-	-	81,930	-	254,083	-	-
Support services	59,493	62,045	2,506	-	-	24,003	296,522	789,438
Noninstructional services	-	-	-	-	-	4,323	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>59,493</u>	<u>62,045</u>	<u>2,506</u>	<u>81,930</u>	<u>-</u>	<u>282,409</u>	<u>296,522</u>	<u>789,438</u>
Excess (deficiency) of receipts over disbursements	<u>(21,362)</u>	<u>(62,045)</u>	<u>(2,506)</u>	<u>804</u>	<u>46,167</u>	<u>(11,701)</u>	<u>(43,073)</u>	<u>80,501</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</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>(21,362)</u>	<u>(62,045)</u>	<u>(2,506)</u>	<u>804</u>	<u>46,167</u>	<u>(11,701)</u>	<u>(43,073)</u>	<u>80,501</u>
Cash and investments - ending	<u>\$ 24,475</u>	<u>\$ (62,045)</u>	<u>\$ 1,697</u>	<u>\$ 32,828</u>	<u>\$ 170,249</u>	<u>\$ 74,885</u>	<u>\$ 457,898</u>	<u>\$ -</u>

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Excellence in Performance Grant 14-15	Performance Grant	Chin Dictionary	Title I Basic 2010-11	Distinguished Schools	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction
Cash and investments - beginning	\$ -	\$ -	\$ 5,044	\$ (327,497)	\$ -	\$ (121,378)	\$ (70,669)
Receipts:							
Local sources	-	-	-	34,206	-	-	-
State sources	-	-	300	-	-	-	-
Federal sources	35,484	339,994	-	4,618,117	-	435,687	549,425
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>35,484</u>	<u>339,994</u>	<u>300</u>	<u>4,652,323</u>	<u>-</u>	<u>435,687</u>	<u>549,425</u>
Disbursements:							
Instruction	-	-	-	3,236,253	-	-	275,938
Support services	35,484	328,304	119	1,190,026	3,965	334,767	203,053
Noninstructional services	-	-	-	91,962	-	-	1,886
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>35,484</u>	<u>328,304</u>	<u>119</u>	<u>4,518,241</u>	<u>3,965</u>	<u>334,767</u>	<u>480,877</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>11,690</u>	<u>181</u>	<u>134,082</u>	<u>(3,965)</u>	<u>100,920</u>	<u>68,548</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>-</u>	<u>11,690</u>	<u>181</u>	<u>134,082</u>	<u>(3,965)</u>	<u>100,920</u>	<u>68,548</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 11,690</u>	<u>\$ 5,225</u>	<u>\$ (193,415)</u>	<u>\$ (3,965)</u>	<u>\$ (20,458)</u>	<u>\$ (2,121)</u>

PERRY TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Influx Grant 12-13	Title III Supplement	Title III WIDA	Public Charter School ESEA Title X, Part C	TIF/TAP Fund	Clearing Account Control	Totals
Cash and investments - beginning	\$ (28,981)	\$ -	\$ -	\$ (55,176)	\$ (35,474)	\$ 808,511	\$ 69,843,464
Receipts:							
Local sources	-	-	-	-	-	-	52,050,900
State sources	-	-	-	-	-	-	103,050,026
Federal sources	123,275	10,000	9,367	143,577	406,510	-	14,268,678
Other receipts	-	-	-	-	-	27,350,181	27,546,031
Total receipts	123,275	10,000	9,367	143,577	406,510	27,350,181	196,915,635
Disbursements:							
Instruction	92,248	-	-	149,996	-	-	75,018,965
Support services	4,396	10,000	9,367	3,358	419,675	-	53,216,791
Noninstructional services	-	-	-	-	-	-	9,618,561
Facilities acquisition and construction	-	-	-	-	-	-	14,676,762
Debt service	-	-	-	-	-	-	19,136,425
Nonprogrammed charges	-	-	-	-	-	27,173,903	27,173,903
Total disbursements	96,644	10,000	9,367	153,354	419,675	27,173,903	198,841,407
Excess (deficiency) of receipts over disbursements	26,631	-	-	(9,777)	(13,165)	176,278	(1,925,772)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	44,046
Transfers in	-	-	-	-	-	707,335	6,913,600
Transfers out	-	-	-	-	-	(707,335)	(6,913,600)
Total other financing sources (uses)	-	-	-	-	-	-	44,046
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26,631	-	-	(9,777)	(13,165)	176,278	(1,881,726)
Cash and investments - ending	\$ (2,350)	\$ -	\$ -	\$ (64,953)	\$ (48,639)	\$ 984,789	\$ 67,961,738

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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 PERRY TOWNSHIP SCHOOLS, MARION COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Perry Township Schools' (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. Except as discussed in the following paragraph, 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 the Child Nutrition Cluster

As described in item 2015-003 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the requirements of the Child Nutrition Cluster regarding Program Income. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Child Nutrition Cluster regarding Program Income, described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the 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 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, 2013 to June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-004, 2015-005, 2015-006, 2015-008, and 2015-010. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009, and 2015-010 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 28, 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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PERRY TOWNSHIP SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Nutrition Program			FY 2014	\$ -	\$ 1,307,503	\$ -	\$ -
Nutrition Program			FY 2015	-	-	-	1,570,617
Total - School Breakfast Program				-	1,307,503	-	1,570,617
National School Lunch Program	Indiana Department of Education	10.555					
Nutrition Program			FY 2014	-	4,463,856	-	-
Nutrition Program			FY 2015	-	-	-	4,800,433
Nutrition Program - Commodities				-	505,892	-	542,406
Total - National School Lunch Program				-	4,969,748	-	5,342,839
Special Milk Program for Children	Indiana Department of Education	10.556					
Nutrition Program			FY 2014	-	1,889	-	-
Nutrition Program			FY 2015	-	-	-	2,024
Total - Special Milk Program for Children				-	1,889	-	2,024
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Nutrition Program			FY 2014	-	236,076	-	-
Nutrition Program			FY 2015	-	-	-	279,143
Total - Summer Food Service Program for Children				-	236,076	-	279,143
Total - Child Nutrition Cluster				-	6,515,216	-	7,194,623
Child and Adult Care Food Program	Indiana Department of Education	10.558					
Nutrition Program			FY 2014	-	733	-	-
Total - Child and Adult Care Food Program				-	733	-	-
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582					
Nutrition Program			FY 2014	-	71,871	-	-
Nutrition Program			FY 2015	-	-	-	80,665
Total - Fresh Fruit and Vegetable Program				-	71,871	-	80,665
Total - Department of Agriculture				-	6,587,820	-	7,275,288
<u>Institute of Museum and Library Services</u>							
Grants to States	Indiana State Library	45.310					
2014 LSTA State Grants			T14-1-1(36)	-	-	-	10,000
Total - Institute of Museum and Library Services				-	-	-	10,000

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

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
Department of Education							
Special Education Cluster							
Special Education-Grants to States	Indiana Department of Education	84.027					
Part B 611			14212-053-PN01	-	8,436	-	-
Part B 611			14213-053-PN01	-	1,123,493	-	91,828
Part B 611			14214-053-PN01	-	2,106,476	-	1,071,364
Technical Assistance			99914-053-PN01	-	6,174	-	15,151
Part B 611			14215-053-PN01	-	-	-	1,822,536
Total - Special Education-Grants to States				-	3,244,579	-	3,000,879
Special Education-Preschool Grants	Indiana Department of Education	84.173					
Part B 619			45713-053-PN01	-	32,066	-	-
Part B 619			45714-053-PN01	-	76,546	-	32,262
Part B 619			45715-053-PN01	-	-	-	66,940
Total - Special Education-Preschool Grants				-	108,612	-	99,202
Total - Special Education Cluster				-	3,353,191	-	3,100,081
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			13-5340	-	944,001	-	-
Title I			14-5340	-	2,409,121	-	1,140,404
Title I			15-5340	-	-	-	3,477,713
Total - Title I Grants to Local Educational Agencies				-	3,353,122	-	4,618,117
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			01113-062-PN01	-	155,362	-	64,267
Title III/Influx			01113-059-FLUX	-	117,421	-	-
Title III			01113-358-PN01	-	-	-	9,367
Title III			01114-045-PN01	-	56,904	-	293,206
Title III/Influx			01114-003-FLUX	-	35,833	-	66,888
Title III			01115-066-PN01	-	-	-	191,952
Title III/Influx			01115-002-FLUX	-	-	-	56,387
Title III			A58-4-14OT-2051	-	-	-	10,000
Total - English Language Acquisition State Grants				-	365,520	-	692,067
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
Title II			11-5340	-	154,154	-	-
Title II			12-5340	-	133,065	-	217,266
Title II			13-5340	-	-	-	218,421
Total - Improving Teacher Quality State Grants				-	287,219	-	435,687

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

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>							
Teacher Incentive Fund Cluster							
Teacher Incentive Fund	Indiana Department of Education	84.374					
TIF/TAP			13-5340	-	291,863	-	-
TIF/TAP			14-5340	-	126,705	-	282,963
TIF/TAP			15-5340	-	-	-	123,548
Total - Teacher Incentive Fund				-	418,568	-	406,511
Total - Teacher Incentive Fund Cluster				-	418,568	-	406,511
Total - Department of Education				-	7,777,620	-	9,252,463
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Administrative Claiming			FY 2014	-	73,499	-	-
Medicaid Administrative Claiming			FY 2015	-	-	-	46,167
Total - Medical Assistance Program				-	73,499	-	46,167
Total - Medicaid Cluster				-	73,499	-	46,167
Refugee Entrant Assistance-Discretionary Grants	Indiana Department of Education	93.576					
Refugee			700REFSCHLIMF12	-	133,607	-	-
Refugee			700REFSCHLIMF13	-	118,859	-	66,783
Refugee			700REFSCHLIMF14	-	-	-	76,794
Total - Refugee Entrant Assistance-Discretionary Grants				-	252,466	-	143,577
Total - Department of Health and Human Services				-	325,965	-	189,744
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters) 2014 Public Assistance Disaster Declaration	Indiana Department of Homeland Security	97.036	097-UHHC1-00	-	-	-	107,347
Total - Department of Homeland Security				-	-	-	107,347
Total federal awards expended				\$ -	\$ 14,691,405	\$ -	\$ 16,834,842

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

PERRY TOWNSHIP SCHOOLS
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.

PERRY TOWNSHIP SCHOOLS
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 deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster
84.365	Title I Grants to Local Educational Agencies English Language Acquisition State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$945,787

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2015-001

Subject: Internal Controls over Payroll Disbursements
Audit Finding: Material Weakness

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

For each pay period, service records were completed for all employees and signed by an appropriate supervisor. Service records were then sent to the Payroll Department for processing. Once processed, payroll reports were sent to the Business office, where they were reviewed and approved by the Chief Financial Officer (CFO) prior to payment; however, evidence was not presented for audit to document the review and approval by the CFO.

Context

The lack of evidence of the review and approval was a systemic problem during the audit period.

Criteria

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

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

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

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

Cause

Management had not established an effective system of documenting the review and approval of payroll transactions.

Effect

The failure to properly document the review and approval of payroll transactions prevented the determination of whether the control procedures were operating effectively.

Recommendation

We recommended that the School Corporation's management properly document the review and approval of payroll transactions.

Views of Responsible Officials

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

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.556, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Audit Finding: Material Weaknesses

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, and Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Each pay period, service records were completed for all employees and signed by an appropriate supervisor. Service records were then sent to the Payroll Department for processing. Once processed, payroll reports were sent to the Business office, where they were reviewed and approved by the CFO prior to payment; however, documentation of this review and approval was not presented for audit.

Cash Management

Each month, the Director of Food Services completed a monthly expenditure and balance report, which was checked against the three month average expenditure limit; however, no documentation of a control procedure over this process was presented for audit.

Eligibility

Applications for Free and Reduced Price Meals were submitted online or through a paper application process, which were manually entered into the PCS Computer system; however, there was no documented control procedure that would have ensured the accuracy of the information entered into the system.

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

The Free and Reduced Price Meals verification information was entered into the PCS computer system by a member of Food Service management; however, there was no documentation of a control procedure that would have ensured the accuracy of the information entered into the system.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls was a systemic problem during the audit period.

Criteria

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

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

Cause

Management had not developed an effective system of internal controls that would have ensured that all requirements noted above were met.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-003

Subject: School Breakfast Program and National School Lunch Program - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Modified Opinion

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to its grant agreement and the Program Income compliance requirement. The failure to establish an effective internal control system resulted in noncompliance.

All receipts from sales, as well as prepayments, were recorded directly into the School Lunch fund. Prepayments were not recorded in a separate Prepaid Food Fund; therefore, a proper population to test program income could not be identified.

Context

The lack of controls was a systemic problem during the period audited. Due to the method of recordkeeping, program income could not be tested.

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 210.14(c) states:

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

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

Cause

Management had not developed an effective system of internal controls that would have ensured that all requirements related to Program Income were met.

Effect

The failure to establish an effective internal control system and properly maintain accounting records prevented the testing of the School Corporation's compliance with the grant agreement and the Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and requirements related to Program Income to ensure compliance with all requirements.

Views of Responsible Officials

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

FINDING 2015-004

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: National School Lunch Program, School Breakfast Program, Special Milk
Program for Children, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.556, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to Reporting.

All financial and special reports, which included Monthly Claims for Reimbursement, Annual Financial Reports, and Verification Summary Reports, were prepared and submitted solely by one member of the food services management. There was no documented evidence to show that control procedures were in place to ensure the accuracy of reports prior to submission.

Verification Summary Reports were not adequately supported by the School Corporation's records. The number of students reported as verified for free, reduced, and paid meals was not supported by documentation provided. The School Corporation did not retain all correspondence attempts with families and did not implement procedures to ensure that the information provided was properly verified.

Context

The lack of controls and noncompliance was a systemic problem during the period audited.

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. . . ."

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 3016.42 states in part:

"(a) *Applicability.*

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

- (i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or
- (ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement. . . .

(b) *Length of retention period.*

(1) Except as otherwise provided, records must be retained for three years . . ."

Cause

Management had not developed an effective system of internal controls that would have ensured that all requirements related to Reporting were met.

Effect

The failure to establish an effective internal control system resulted in the School Corporation's noncompliance with the grant agreement and the compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and requirements related to Reporting to ensure compliance with those requirements.

Views of Responsible Officials

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

FINDING 2015-005

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Number and Year (or Other Identifying Number): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

Management of the School Corporation had not established an effective internal control system related to Special Tests and Provisions - Paid Lunch Equity. The School Corporation did not have procedures in place to ensure that the Special Tests and Provisions - Paid Lunch Equity requirements were properly calculated and considered. Documentation of Paid Lunch Equity calculations were not retained for audit to demonstrate compliance with program requirements. Per the Director of Food Services, an exemption was filed for the school year 2014-2015; however, documentation of the exemption request was not retained.

Context

The lack of controls and noncompliance was a systemic problem 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. . . ."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in §210.14(e) . . ."

7 CFR 210.14(e) states in part:

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

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

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

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed an effective system of internal controls that would have ensured that all requirements related to Special Tests and Provisions - Paid Lunch Equity were met.

Effect

The failure to establish an effective internal control system resulted in the School Corporation's noncompliance with the grant agreement and the compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and compliance requirement for Special Tests and Provisions - Paid Lunch Equity.

Views of Responsible Officials

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

FINDING 2015-006

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.556, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not obtain bids for produce vendors. Total purchases for produce exceeded \$150,000, which under Indiana Code requires that a formal bidding process be followed. Produce purchases from one vendor totaled \$385,238 for the year 2014 and \$447,270 for the year 2015 and were not procured in accordance with state policies and procedures. Additionally, no documentation was maintained that indicated the School Corporation verified that these vendors were not suspended or debarred.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

There was only one instance where the School Corporation did not follow procurement requirements during the audit period. This was related to the purchase of produce. No documentation was provided to substantiate that the School Corporation verified that vendors from whom produce was purchased during the audit period were not suspended or debarred. No issues were noted with the School Corporation verifying that other vendors were not suspended or debarred 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. . . ."

7 CFR 3016.36(b) states in part:

"Procurement standards.

- (1) 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. . . ."

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Indiana Code 5-22-7-2(a) states: "A purchasing agent shall issue an invitation for 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."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with Procurement and Suspension and Debarment requirements.

Effect

The failure to establish an effective internal control system allowed noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and 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 2015-007

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

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-5340, 14-5340, 15-5340

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, and Special Tests and Provisions - Comparability

Audit Finding: Material Weakness

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, and Special Tests and Provisions - Comparability compliance requirements.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Availability

Each pay period, service records were completed for all employees and signed by an appropriate supervisor. Service records were then sent to the Payroll Department for processing. Once processed, payroll reports were sent to the Business office where they were reviewed and approved by the Chief Financial Officer prior to payment; however, documentation of this review and approval was not presented for audit.

Special Tests and Provisions - Comparability

Comparability reports were completed and submitted by a single member of Title I management. No control procedures were identified to ensure the accuracy of the report submitted.

Context

The lack of controls was a systemic problem during the period audited.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the compliance requirements noted above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-008

Subject: Title I Grants to Local Educational Agencies - Cash Management and Reporting

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-5340, 14-5340, 15-5340

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Findings: Material Weakness, Other Matters

Condition

Management of the School Corporation had not established an effective internal control system related to its grant agreement and the Cash Management and Reporting compliance requirements. Requests for Reimbursement were prepared and submitted by the Chief Financial Officer, with copies sent to the Fiscal Coordinator for review; however, there was no tangible evidence of the review of the Requests for Reimbursement.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Requests for Reimbursement were prepared using year-to-date expenditures less the amount previously requested for reimbursement, instead of actual expenditures for the period of the request. Of the four Requests for Reimbursement tested, management was able to provide expenditure reports to accurately substantiate two of the amounts requested. The remaining two requests contained variances that could not be reconciled. Therefore, it could not be determined whether amounts requested for reimbursement were paid by the School Corporation prior to requesting reimbursement.

Context

The lack of controls and noncompliance were systemic problems during the period audited.

Criteria

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

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

34 CFR 80.20 states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

Cause

Management had not established an effective internal control system or maintained supporting documentation to support the reimbursement requested.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system resulted in the School Corporation's noncompliance with the grant agreement and the compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and requirements related to requesting reimbursements to ensure compliance with those requirements.

Views of Responsible Officials

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

FINDING 2015-009

Subject: English Language Acquisition State Grants - Internal Controls

Federal Agency: Department of Education

Federal Program: English Language Acquisition State Grants

CFDA Number: 84.365

Federal Award Numbers and Years (or Other Identifying Numbers): 01113-062-PN01, 01113-059-FLUX,
01113-358-PN01, 01114-045-PN01,
01114-003-FLUX, 01115-066-PN01,
01115-002-FLUX,
A58-4-14OT-2051

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Period of Availability

Audit Finding: Material Weakness

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Period of Availability compliance requirements.

Each pay period, service records were completed for all employees and signed by an appropriate supervisor. Service records were then sent to the Payroll Department for processing. Once processed, payroll reports were sent to the Business office where they were reviewed and approved by the Chief Financial Officer prior to payment; however, documentation of this review and approval was not presented for audit.

Context

The lack of controls was a systemic problem during the period audited.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the compliance requirements noted above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-010

Subject: English Language Acquisition State Grants - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: English Language Acquisition State Grants

CFDA Number: 84.365

Federal Award Numbers and Years (or Other Identifying Numbers): 01113-062-PN01, 01113-059-FLUX,
01113-358-PN01, 01114-045-PN01,
01114-003-FLUX, 01115-066-PN01,
01115-002-FLUX,
A58-4-14OT-2051

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

Each pay period, service records were completed for all employees and signed by an appropriate supervisor. Service records were then sent to the Payroll Department for processing. Once processed, payroll reports were sent to the Business office where they were reviewed and approved by the Chief Financial Officer prior to payment; however, documentation of this review and approval was not presented for audit.

In addition, there were no control procedures identified related to the preparation of Semi-Annual Certifications. Semi-Annual Certifications for employees who worked solely on the English Language Acquisition State Grants were not presented for audit.

Context

The lack of controls and noncompliance was a systemic problem during the period audited.

Criteria

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

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

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Cost/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system resulted in the School Corporation's noncompliance with the grant agreement and the compliance requirement.

Questioned Costs

There were no questioned costs identified.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and requirements related to requesting reimbursements to ensure compliance with those requirements.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENT

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



Perry Township Schools

6548 Orinoco Avenue
Indianapolis, IN 46227-4820

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Chief Financial Officer, J. Michael Bagley
Contact Phone Number: (317) 789-3761

Views of Responsible Official: The district concurs that during the 2013-2015 audit period proper officials did review payroll records but did not initial the documents reviewed.

Description of Corrective Action Plan:

The Payroll Supervisor, Payroll Clerk, Chief Financial Officer and Business Office Specialist began initialing the reviewed payroll documents in July of 2016. This Internal Control practice is ongoing.

Anticipated Completion Date: July, 2016

FINDING 2015-002

Contact Person Responsible for Corrective Action: Chief Financial Officer, J. Michael Bagley
Foodservice Director, Chyrie Thompson

Contact Phone Number: (317) 789-3761
(317) 789-3745

Views of Responsible Official: The district concurs that during the 2013-2015 audit period, food service management reviewed payroll records, performed monthly comparisons of expenditure and balance to three-month average expenditures, periodically reviewed manual applications and reviewed verified application input and information, but did not have adequate Internal Controls in place to ensure compliance with requirements.

Description of Corrective Action Plan:

The Food Service Managers or Site Supervisors, Food Service Secretary or Catering Manager and the Food Service Director began approving the reviewed payroll documents in July of 2016. This Internal Control practice is ongoing.

Cash Management: The Director of Food Services completes a monthly expenditure and balance report and checks it against the previous three month's average expenditures. Beginning in July of 2017 the report is signed by the Director of Food Services and reviewed and signed by the Food Service Bookkeeper or Assistant Food Service Director. This Internal Control practice is ongoing.

Eligibility: Paper applications are manually entered into Skyward by either the Food Service Secretary or the Food Service Family Financial Coordinator. Beginning August 2017, three percent of manual applications will be selected from the applications processed each month and checked for input accuracy by the Food Service Director or the Assistant Food Service Director and documented with their initial and date on the applications. A list of reviewed applications will be signed by the Director or Assistant Director of Food Services. The Food Service Secretary will sign the list make corrections as needed and retain the list. This Internal Control is ongoing.

Special Tests and Provisions- Verification: The Food Service Secretary will enter the information from the documentation for verification provided by the parents into Skyward. By Nov 15, 2017, entrees will be checked for accuracy by the Director or Assistant Director of Food Services and the applications will be dated and initialed as documentation.

Anticipated Completion Date: These Internal Controls procedures will be completed by the dates specified above for each condition.

FINDING 2015-003

Contact Person Responsible for Corrective Action: Chief Financial Officer, J. Michael Bagley
Foodservice Director, Chyrie Thompson

Contact Phone Number: (317) 789-3761
(317) 789-3745

View of Responsible Official: The district agrees that during the 2013-2015 audit period all receipts were recorded into the School Lunch Fund; prepayments were not recorded in a separate Prepaid Food Fund.

Description of Corrective Action Plan: As of July, 2016 all receipts from prepayments are receipted into the Prepaid Food Account 08400 by the Food Service Bookkeeper, or School District Treasurer. This Internal Control is ongoing.

Anticipated Completion Date: Completion of developing this procedure was July of 2016.

FINDING 2015-004

Contact Person Responsible for Corrective Action: Chief Financial Officer, J. Michael Bagley
Foodservice Director, Chyrie Thompson

Contact Phone Number: (317) 789-3761
(317) 789-3745

Views of Responsible Official: The district concurs that during the 2013-2015 audit period the Monthly Claims for Reimbursement, the Annual Financial Report and the Verification Summary Report were prepared by only one member of Food Services without documented evidence showing Internal Control procedures were in place for accuracy. The district further concurs that Verification Summary Reports were not well documented to indicate the number of students verified as free, reduced, or paid and a copy of correspondence attempts were not retained with a copy of the submitted report.

Description of Corrective Action Plan:

Beginning July 2017, all Department of Education Financial Reports, Claims for Reimbursement, Verification Reports and Other Special Reports are prepared by the Director or Assistant Director of Food Services and is reviewed for accuracy by the Director, Assistant Director of Food Services or the Food Service Bookkeeper requiring two separate signatures for documentation. The reports will be printed, dated, and signed first by person completing the report and then by the designated person reviewing the report for accuracy. All reports will be retained. These Internal Controls are ongoing.

The Skyward food service program selects the required number of applications to be verified based on the criteria outlined by USDA. A letter of selection for verification and if necessary a second letter of selection and an eligibility letter are sent to the household that are selected for verifications. Beginning October 1, 2017, a copy of all correspondence to selected households will be filed with a copy of their application and all income documentation submitted for verification. The documentation and applications will be filed in an orderly manner to match the list of selected applications. This is an ongoing Internal Control.

Anticipated Completion Date: These Internal Control procedures will be completed by the dates indicated above for each condition.

FINDING 2015-005

Contact Person Responsible for Corrective Action: Chief Financial Officer, J. Michael Bagley
Foodservice Director, Chyrie Thompson

Contact Phone Number: (317) 789-3761
(317) 789-3745

View of Responsible Official: The districts concurs that a copy of the Paid Lunch Equity calculations and documentation for a waiver were not retained for audit.

Description of Corrective Action Plan: Beginning July 2016, a copy of all Paid Lunch Equity documentations is retained in the food service office and if a waiver is necessary, a copy of the request and approval for waivers will be sent to the CFO and the Associate Superintendent. This procedure is ongoing.

FINDING 2015-006

Contact Person Responsible for Corrective Action: Chief Financial Officer, J. Michael Bagley
Foodservice Director, Chyrie Thompson

Contact Phone Number: (317) 789-3761
(317) 789-3745

Views of Responsible Official: The district concurs that during the 2013-2015 audit period, a formal Bid or Request for Proposal was not obtained for produce purchases over \$150,000 and the district's Food Purchasing Group did not verify that all vendors contracted were not suspended or debarred.

Description of Corrective Action Plan:

A Request for Proposal was submitted for Produce in May 2016 by the CIESC Region 9 School Food Purchasing Group for our district and a signed certification from the participating produce company was provided stating that the company had not been suspended or debarred. The produce company is currently working on being registered with the SAM search site.

FINDING 2015-007

Contact Person Responsible for Corrective Action: Title I Administrator, Andrea Lakin
Fiscal Coordinator, Lisa Harrison

Contact Phone Number: (317) 789-3798
(317) 789-3725

Views of Responsible Official:

The district concurs that the Comparability Report was completed and submitted by a single member of Title I Management and that corrective action is required.

Description of Corrective Action Plan:

Effective with the Fall 2017 submission, the Title I Administrator will continue to complete and submit the Comparability Report. Prior to submission, the report will be reviewed by the Fiscal Coordinator and initialed in agreement. Future submissions will contain the signature of the Title I Administrator and initials of the Fiscal Coordinator.

FINDING 2015-008

Contact Person Responsible for Corrective Action: Chief Financial Officer, J. Michael Bagley
Fiscal Coordinator, Lisa Harrison

Contact Phone Number: (317) 789-3761
(317) 789-3725

Views of Responsible Official:

The district concurs that requests for reimbursement were prepared and submitted by the CFO with copies sent to the Fiscal Coordinator for review. We also concur that no evidence was presented acknowledging review of the reimbursement requests.

The district concurs that during the period of audit review 2013-14 and 2014-15, reimbursement requests were prepared using category year-to date expenditures less the amount previously requested. This method of calculation had previously been discussed with SBOA auditors during the performance of the district's previous audit (December 2013) and was determined to be an acceptable method of calculation.

In 2016, the district's Chief Financial Officer learned of audit findings of surrounding districts due to use of this calculation method. It was further discovered that only actual expenditure reports are deemed adequate documentation of support for reimbursement requests.

Description of Corrective Action Plan:

While review of reimbursement requests has been a consistent practice, the CFO and Fiscal Coordinator began initialing the printed reimbursement request documentation in October 2016, effective with the first reimbursement request for Fiscal Year 2017. Initialing by these two individuals assures review by both parties and agreement to the accuracy of the submission. This process is ongoing.

In 2016, the Chief Financial Officer was advised that only financial expenditure reports are accepted as adequate documentation of support for reimbursement requests, district staff reviewed each previously submitted reimbursement request of all open grants and attached an appropriate financial expenditure report. In addition, a reconciliation report was created and attached as supporting documentation for any variances. From that point forward, reimbursement requests have been prepared using financial expenditure reports as supporting documentation. This process is ongoing.

Anticipated Completion Date: September, 2016

FINDING 2015-009

Contact Person Responsible for Corrective Action: Title I Administrator, Andrea Lakin
Fiscal Coordinator, Lisa Harrison

Contact Phone Number: (317) 789-3798
(317) 789-3725

Views of Responsible Official:

The district concurs that during the 2013-15 audit period proper officials did review payroll records but did not initial the documentation reviewed.

Description of Corrective Action Plan:

The Payroll Supervisor, Payroll Clerk, Chief Financial Officer and Business Office Specialist began initialing the reviewed payroll documents in July 2016. This Internal Control practice is ongoing.

Anticipated Completion Date: July 2016

FINDING 2015-010

Contact Person Responsible for Corrective Action: Title III Administrator, Jane Pollard
Fiscal Coordinator, Lisa Harrison

Contact Phone Number: (317) 789-3777
(317) 789-3725

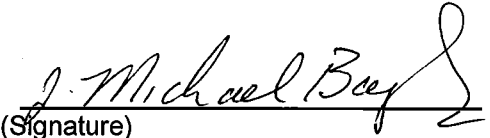
Views of Responsible Official:

The district concurs that Semi-Annual Certification forms for the review period of 2013-14 were unable to be presented for audit. Semi-Annual Certification forms for the review period of 2014-15 were presented for audit and deemed acceptable.

Description of Corrective Action Plan:

The Title III Administrator has verified that Semi-Annual Certification forms for future audit review periods have been completed and located. In an effort to assure that forms can be located and presented by EL program administration for future audits in a timely manner, the Title III Administrator has created a specific file location where such documents will be stored for audit purposes. All Semi-Annual Certification forms that will be part of future audit periods have been moved to this location. Future forms will be stored in this same location as well.

Anticipated Completion Date: August 2017



(Signature)

Chief Financial Officer

(Title)

August 28, 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/>.