

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
PAOLI COMMUNITY SCHOOL CORPORATION
ORANGE COUNTY, INDIANA
July 1, 2013 to June 30, 2015



FILED
09/29/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie M. Osborn	07-01-13 to 06-30-18
Superintendent of Schools	Casey Brewster (Vacant) Gerald W. Jackson	07-01-13 to 07-10-17 07-11-17 to 07-16-17 07-17-17 to 07-18-18
President of the School Board	James W. McDonald, Jr. Lila Tucker	01-01-13 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PAOLI COMMUNITY SCHOOL
CORPORATION, ORANGE COUNTY, INDIANA

This report is supplemental to our audit report of the Paoli Community School Corporation (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plans for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

July 13, 2017

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2015-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Material Weakness

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer entered the grant information which was used to prepare the SEFA and no evidence was presented that would indicate there was oversight, review, approval, or other compensating controls in place to verify the accuracy of the information and amounts.

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 a system of internal control over preparation of the SEFA.

Effect

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

Views of Responsible Officials

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

FINDING 2015-002

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

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to the reporting of corporation receipts and food service program receipts. These deficiencies constitute material weaknesses.

The Treasurer wrote receipts for the School Corporation collections. She ran edit reports of the receipts, and the Superintendent of Schools' Secretary would review the receipts and verify they agreed with the deposits. However, there was no audit trail to verify that this control process had been completed.

Parents and students made payments on lunch accounts at each building. The money was collected by the Extracurricular Treasurer in each building; however, they did not write receipts for the amounts collected. At the end of each day, the School Lunch Treasurer would pick up the collections, deposit the money in the bank, and record the receipts to the student's accounts. No controls could be identified over the receipts collected by the Extracurricular Treasurers.

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 a system of internal control that would ensure proper reporting of receipts.

Effect

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

Views of Responsible Officials

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

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2015-003

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/
Cost Principles, Cash Management, 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): FY13-6155, FY14-6155, FY15-6155
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles, Cash Management, Reporting
Audit Finding: Material Weakness

Condition

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Allowable Costs/Cost Principles, Cash Management, and Reporting.

Allowable Costs/Cost Principles

An effective internal control system was not in place to ensure that Circular A-87 regulations for time and effort reporting were adhered to. The Semi-Annual Certifications were prepared by the Title I Coordinator with no oversight, reviews, or approvals.

Cash Management and Reporting

An effective internal control system was not in place to ensure that required reports were accurately prepared and submitted. The Treasurer prepared the Reimbursement Requests and Final Expenditure Reports and submitted them to the Indiana Department of Education. There was no oversight, reviews, or approval process to verify the accuracy of the amounts reported.

Context

Controls did not exist over the compliance requirements listed above for the entire audit period.

Criteria

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

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

Cause

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

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-004

Subject: Special Education_Grants to States and Special Education_Preschool Grants -
Cash Management and Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-056-PN01, 14214-056-PN01,
14215-056-PN01, 99914-056-TA01,
45713-056-PN01, 45714-056-PN01,
45715-056-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Findings: Material Weakness, Other Matters/Modified Opinion

Condition

The School Corporation was a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Cash Management and Reporting compliance requirements.

The supporting documentation attached to the reimbursement forms was a detail subtotal by fund by object code report, which was a summary listing of expenses grouped by fund and object code with no detail of the actual expenses incurred. The supporting documentation did not consistently agree with the amounts requested for reimbursement or the total expenses to date that were reported. The School Corporation claimed and received reimbursements for expenditures that were not incurred and/or paid prior to the date of claiming the reimbursement.

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Context

The amount requested for reimbursement and the reported amount of total expenses to date could not be verified to supporting documentation for 7 of the 12 reimbursement forms tested. The total amount claimed for reimbursement for each grant agreed to the grant award amounts.

Criteria

34 CFR 80.20(b) states in part:

"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. . . ."

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

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

Effect

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

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management develop and implement procedures and establish controls to monitor the Cooperative to ensure compliance with the grant agreement and the 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 2015-005

Subject: Special Education_Grants to States and Special Education_Preschool Grants -
Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-056-PN01, 14214-056-PN01,
14215-056-PN01, 99914-056-TA01,
45713-056-PN01, 45714-056-PN01,
45715-056-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds.

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

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

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Context

There were two contracts during 2013-2014 and three contracts during 2014-2015 that exceeded \$25,000; however, the Cooperative did not verify that the vendors were not suspended or debarred prior to awarding these contracts.

Criteria

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."

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

Effect

The failure to establish an effective internal control system enabled the School Corporation to be in noncompliance with the compliance requirement and the grant agreement. A lack of internal control system could also have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

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

Views of Responsible Officials

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

PAOLI COMMUNITY SCHOOL CORPORATION

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CASEY BREWSTER
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JULIE OSBORN
TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Julie M. Osborn, Treasurer
Contact Phone Number: (812) 723-4717

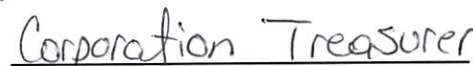
Views of Responsible Official: We concur with the finding.


Description of Corrective Action Plan:

- The Treasurer developed new procedures in August of 2015 in regards to internal controls of the SEFA report.
- The Superintendent now reviews the grant information entered on the SEFA report by the treasurer and approves the report and confirms the information and amounts are accurate.

Anticipated Completion Date: Completed August, 2015.


(Signature)


(Title)


(Date)

PAOLI COMMUNITY SCHOOL CORPORATION

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CASEY BREWSTER
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JULIE OSBORN
TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Julie M. Osborn, Treasurer & Courtney Brown, Centralized School Lunch Treasurer
Contact Phone Number: (812) 723-4717 & (812) 723-3537

Views of Responsible Official: We concur with the finding.

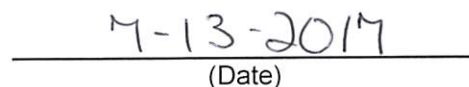
Description of Corrective Action Plan:

- The Treasurer has already developed new procedures and will implement additional internal control procedures in regards to School Corporation collections and lunch account payments.
- The Treasurer has the Superintendent's Secretary review receipts and verify they match deposits. The Secretary will also date and sign the receipts as acknowledgement of review and accuracy.
- The Extra-Curricular Treasurer in each building will issue receipts for amounts collected for the lunch account. The Centralized School Lunch Treasurer will verify the amount received matches the receipts and make the deposit and post to the student's accounts.

Anticipated Completion Date: Corporation Actions-Completed July, 2015
School Lunch Actions-Effective Immediately


(Signature)


(Title)


(Date)

PAOLI COMMUNITY SCHOOL CORPORATION

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JULIE OSBORN
TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Larry Hollan, Title I Coordinator & Julie M. Osborn, Treasurer

Contact Phone Number: (812) 723-3537 & (812) 723-4717

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- The Title I Program Administrator creates the split funded time and effort log. It is reviewed and signed by the Superintendent.
- The Title I Program Administrator will prepare the semi-annual certification. This will be reviewed and verified by the Deputy Treasurer in charge of payroll.
- The Treasurer developed new procedures in November of 2015 in regards to cash management and reporting of Title I.
- The Superintendent now reviews the Reimbursement Requests and required reports for accuracy and approval.

Anticipated Completion Date: Cash Management and Reporting-Completed November, 2015.
Allowable Cost/Cost Principles-Effective immediately



(Signature)

Corporation Treasurer

(Title)

11-13-2017

(Date)

PAOLI COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

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JULIE OSBORN
TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: Superintendent of Schools
Contact Phone Number: (812) 723-4717

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- Additional internal control procedures will be implemented to ensure the Cooperative complies with requirements that expenditures are incurred prior to date of claiming reimbursement and that the amounts claimed and reported agree with supporting documentation in accordance with federal requirements.

Anticipated Completion Date: Effective Immediately


(Signature)

Corporation Treasurer
(Title)

7-13-2017
(Date)

PAOLI COMMUNITY SCHOOL CORPORATION

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JULIE OSBORN
TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: Superintendent of Schools
Contact Phone Number: (812) 723-4717

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- An additional internal control procedure will be implemented to ensure the Cooperative complies with all federal and state laws by searching the System of Award Manager Center website (www.sam.gov) before entering in any contract exceeding \$25,000.00

Anticipated Completion Date: Effective Immediately



(Signature)

Corporation Treasurer

(Title)

7-13-2017

(Date)

PAOLI COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

BUS DISPOSALS

The School Board approved the Bus Replacement Plan (Plan) for the years 2015 through 2026 on October 13, 2014. The Plan included the following buses and their estimated replacement dates:

- P8 - 2008 Freightliner; purchase date May 29, 2008; estimated replacement 2022.
- P36 - 2000 Freightliner; purchase date November 19, 2004; estimated replacement 2017.
- P23 - 2003 Freightliner; purchase date April 17, 2002; estimated replacement 2018.

Approximately 7 years prior to scheduled replacement, on August 12, 2015, bus P8 was traded in on the purchase of a new bus.

On August 25, 2015, the Superintendent of Schools traded buses P36 and P23 to W.C. Mintworth, LLC (Mintworth). This was also prior to scheduled replacement. In exchange for these two buses, Mintworth gave the School Corporation a \$4,000 credit against the purchase of 33 tires valued at \$11,501 according to the invoice for a net cost to the School Corporation of \$7,501.

Several School Corporation employees and officials were interviewed during the audit regarding the transactions for the trade in of the buses and the purchase of the tires. The interviewees indicated that they did not know if the School Corporation received the tires listed on the invoice, but the invoice was signed by an employee indicating the tires were received.

The Plan did not include information that the buses held less than 12 years, buses P8 and P36, were going to be replaced before the 12-year period ended, as required by Indiana Code 20-46-5-8. There was no evidence that the School Board was made aware that any of these three buses were going to be traded in advance of the approved schedule prior to the transactions taking place.

The School Board approved the 2016 through 2027 Bus Replacement Plan on October 12, 2015. On June 30, 2016, the School Corporation purchased a 2003 IC Corporation Model 3000 bus for \$6,000. Less than two months later, on August 22, 2016, the bus was traded to Kerlin Bus Sales & Leasing Inc., for \$1,500. On October 10, 2016, the School Board passed a resolution to amend the 2016 School Bus Replacement Plan by adding the 2003 IC Corporation Model 3000 bus without information that this bus had already been traded.

Indiana Code 20-46-5-3 states: "As used in this chapter, 'plan' refers to a school bus acquisition plan adopted or amended under this chapter."

Indiana Code 20-46-5-8 states:

- "(a) The department of local government finance shall prescribe the format of the plan.
- (b) A plan must apply to at least the twelve (12) budget years immediately following the year the plan is adopted.
- (c) A plan must at least include the following:
 - (1) An estimate for each year to which it applies of the nature and amount of proposed expenditures from the fund.

PAOLI COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- (2) A presumption that the minimum useful life of a school bus is not less than twelve (12) years.
- (3) An identification of:
 - (A) the source of all revenue to be dedicated to the proposed expenditures in the upcoming budget year; and
 - (B) the amount of property taxes to be collected in that year and the unexpended balance to be retained in the fund for expenditures proposed for a later year.
- (4) If the school corporation is seeking to:
 - (A) acquire; or
 - (B) contract for transportation services that will provide; additional school buses or school buses with a larger seating capacity as compared with the number and type of school buses from the prior school year, evidence of a demand for increased transportation services within the school corporation. Clause (B) does not apply if contracted transportation services are not paid from the fund.
- (5) If the school corporation is seeking to:
 - (A) replace an existing school bus earlier than twelve (12) years after the existing school bus was originally acquired; or
 - (B) require a contractor to replace a school bus; evidence that the need exists for the replacement of the school bus. Clause (B) does not apply if contracted transportation services are not paid from the fund.
- (6) Evidence that the school corporation that seeks to acquire additional school buses under this section is acquiring or contracting for the school buses only for the purposes specified in subdivision (4) or for replacement purposes."

Indiana Code 20-46-5-10 states:

"(a) A governing body may amend a plan. When an amendment to a plan is required, the governing body must:

- (1) declare the nature of and the need for the amendment; and
- (2) show cause as to why the original plan no longer meets the needs of the school corporation.

(b) The governing body must then conduct a public hearing on and pass a resolution to adopt the amendment to the plan.

(c) The plan, as proposed to be amended, must comply with the requirements for a plan under section 8 of this chapter.

PAOLI COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

(d) An amendment to the plan is not subject to the deadlines for adoption described in section 6.1 or 7 of this chapter. However, the amendment to the plan must be submitted to the department of local government finance for its consideration and is subject to approval, disapproval, or modification in accordance with the procedures for adopting a plan set forth in this chapter."

OVERDRAWN CASH BALANCES

The financial statement presented in the Financial Statement and Federal Single Audit Report included the following fund with an overdrawn cash balance at June 30, 2014:

<u>Fund</u>	<u>Year</u>	<u>Amount Overdrawn</u>
Textbook Rental	2013-2014	\$ 21,828

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

PAOLI COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on July 13, 2017, with Julie M. Osborn, Treasurer; Cindy Eubank, Deputy Treasurer; James W. McDonald, Jr., School Board member; Terry Nicholson, School Board member; Kathy Padgett, School Board member; Julie L. Hopper, School Board member; Chris Boyer, School Board member; and James C. Tucker, School Corporation Attorney.