

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

EDINBURGH COMMUNITY SCHOOL CORPORATION
JOHNSON COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
12/01/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tamara Lewis	07-01-13 to 06-30-18
Superintendent of Schools	Dr. William A. Glentzer	07-01-13 to 12-31-17
President of the School Board	Justin Lollar Cathy Hamm Justin Lollar	01-01-13 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE EDINBURGH COMMUNITY SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 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

October 19, 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 EDINBURGH COMMUNITY SCHOOL
CORPORATION, JOHNSON 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 Edinburgh Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated October 19, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness.

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

Compliance and Other Matters

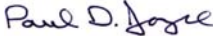
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

Edinburgh Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

October 19, 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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EDINBURGH COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,774,303	\$ 6,479,140	\$ 6,105,842	\$ 12,368	\$ 2,159,969	\$ 6,655,237	\$ 6,283,815	\$ 25,397	\$ 2,556,788
Debt Service	361,506	814,678	924,862	-	251,322	920,222	807,189	-	364,355
Retirement/Severance Bond Debt Service	58,005	191,911	191,609	-	58,307	209,215	198,250	-	69,272
Capital Projects	330,123	585,879	499,524	-	416,478	389,171	439,659	-	365,990
School Transportation	100,602	145,952	140,961	-	105,593	126,501	132,427	-	99,667
School Bus Replacement	247,476	12,534	86,384	-	173,626	-	-	-	173,626
Rainy Day	26,913	-	-	-	26,913	-	-	-	26,913
Retirement/Severance Bond	126,456	-	5,700	-	120,756	-	9,877	-	110,879
School Lunch	139,124	494,147	450,516	-	182,755	496,756	512,413	-	167,098
Textbook Rental	159,951	140,016	57,049	(9,686)	233,232	137,153	150,179	(9,549)	210,657
Levy Excess	-	-	-	-	-	249	-	-	249
Educational License Plates	-	94	56	-	38	94	-	-	132
Alternative Education	-	4,050	4,050	-	-	4,020	4,020	-	-
ES PE Awards/Schl Supply	354	132	486	-	-	-	-	-	-
Library Donation	-	100	100	-	-	-	-	-	-
ES Preschool Donation Conover	2,700	-	-	-	2,700	-	1,221	-	1,479
ES Donations M. Records	-	-	-	-	-	1,380	-	-	1,380
ES Clothe A Child Donations	33,951	6,241	3,817	-	36,375	6,923	6,366	-	36,932
HS Donations Courtyard Furniture	2,000	-	1,876	-	124	3,018	2,967	-	175
HS ERC Simon Youth Donation	647	3,500	634	-	3,513	-	1,070	-	2,443
HS ERC Simon Youth Donation 14-15	-	-	-	-	-	3,500	3,500	-	-
HS Drug Student Testing	20	-	20	-	-	-	-	-	-
HS Band and Choir Donations	747	1,000	736	-	1,011	-	11	-	1,000
HS Regions Bank Academics	200	200	200	-	200	-	190	-	10
HS Athletic Transportation-Cliff's Ride 14	-	2,500	917	-	1,583	-	1,428	-	155
HS Athletic Transportation-Cliff's Ride	-	2,500	2,146	-	354	-	354	-	-
High Ability 13-14	-	27,588	27,588	-	-	-	-	-	-
High Ability 14-15	-	-	-	-	-	27,769	27,769	-	-
Secured Schools Safety Grant	-	26,300	35,000	-	(8,700)	39,300	30,600	-	-
Non-English Speaking Programs P.L. 273-1999	-	2,815	2,815	-	-	2,657	2,657	-	-
School Technology	17,087	56,495	51,268	-	22,314	54,181	37,212	-	39,283
Title I 12-13 Ends 93013	(25,819)	50,664	24,845	-	-	-	-	-	-
Title I 13-14	-	270,315	298,842	-	(28,527)	61,100	32,573	-	-
Title I 14-15	-	-	-	-	-	255,490	270,523	-	(15,033)
Medicaid Reimbursement - Federal	54,645	30,936	2,654	(1,454)	81,473	33,905	6,089	(11,098)	98,191
Title II A Ends 9-14 12-4215	(1,211)	23,650	22,439	-	-	-	-	-	-
Title IIA #12-4215	-	19,544	25,289	-	(5,745)	28,586	22,841	-	-
Title IIA 13-15 #13-4215	-	-	-	-	-	26,319	28,258	-	(1,939)
Payroll Withholdings	8,377	1,447,286	1,445,043	-	10,620	1,461,520	1,460,501	-	11,639
Life Insurance Over 50,000	-	10,960	10,960	-	-	11,341	11,341	-	-
School Lunch Prepaid Food	13,220	338	7	-	13,551	521	-	-	14,072
Totals	\$ 3,431,377	\$ 10,851,465	\$ 10,424,235	\$ 1,228	\$ 3,859,835	\$ 10,956,128	\$ 10,485,300	\$ 4,750	\$ 4,335,413

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

EDINBURGH COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

EDINBURGH COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

EDINBURGH COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

EDINBURGH COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity 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.

EDINBURGH COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 and 2015.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Edinburgh Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$909,868 and \$978,460, respectively.

EDINBURGH COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Combined Funds

Funds related to School Lunch and School Lunch Prepaid Food were reported individually in the current financial statement, but were combined into one fund for the prior financial statement.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 1,774,303	\$ 361,506	\$ 58,005	\$ 330,123	\$ 100,602	\$ 247,476	\$ 26,913	\$ 126,456	\$ 139,124
Receipts:									
Local sources	35,900	814,678	191,911	565,879	145,952	12,534	-	-	148,486
Intermediate sources	10	-	-	-	-	-	-	-	-
State sources	6,442,946	-	-	-	-	-	-	-	3,461
Federal sources	-	-	-	-	-	-	-	-	341,950
Other receipts	284	-	-	20,000	-	-	-	-	250
Total receipts	<u>6,479,140</u>	<u>814,678</u>	<u>191,911</u>	<u>585,879</u>	<u>145,952</u>	<u>12,534</u>	<u>-</u>	<u>-</u>	<u>494,147</u>
Disbursements:									
Instruction	4,126,046	-	-	-	-	-	-	5,700	-
Support services	1,907,386	-	-	335,377	140,961	86,384	-	-	5,593
Noninstructional services	72,410	-	-	-	-	-	-	-	444,923
Facilities acquisition and construction	-	-	-	164,147	-	-	-	-	-
Debt service	-	924,862	191,609	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>6,105,842</u>	<u>924,862</u>	<u>191,609</u>	<u>499,524</u>	<u>140,961</u>	<u>86,384</u>	<u>-</u>	<u>5,700</u>	<u>450,516</u>
Excess (deficiency) of receipts over disbursements	<u>373,298</u>	<u>(110,184)</u>	<u>302</u>	<u>86,355</u>	<u>4,991</u>	<u>(73,850)</u>	<u>-</u>	<u>(5,700)</u>	<u>43,631</u>
Other financing sources (uses):									
Sale of capital assets	1,098	-	-	-	-	-	-	-	-
Transfers in	11,270	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>12,368</u>	<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>385,666</u>	<u>(110,184)</u>	<u>302</u>	<u>86,355</u>	<u>4,991</u>	<u>(73,850)</u>	<u>-</u>	<u>(5,700)</u>	<u>43,631</u>
Cash and investments - ending	<u>\$ 2,159,969</u>	<u>\$ 251,322</u>	<u>\$ 58,307</u>	<u>\$ 416,478</u>	<u>\$ 105,593</u>	<u>\$ 173,626</u>	<u>\$ 26,913</u>	<u>\$ 120,756</u>	<u>\$ 182,755</u>

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

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	ES PE Awards/Schl Supply	Library Donation	ES Preschool Donation Conover	ES Donations M. Records	ES Clothe A Child Donations
Cash and investments - beginning	\$ 159,951	\$ -	\$ -	\$ -	\$ 354	\$ -	\$ 2,700	\$ -	\$ 33,951
Receipts:									
Local sources	91,070	-	-	-	132	100	-	-	6,241
Intermediate sources	-	-	94	-	-	-	-	-	-
State sources	48,736	-	-	4,050	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	210	-	-	-	-	-	-	-	-
Total receipts	140,016	-	94	4,050	132	100	-	-	6,241
Disbursements:									
Instruction	-	-	56	4,050	486	100	-	-	-
Support services	57,049	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	3,817
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	57,049	-	56	4,050	486	100	-	-	3,817
Excess (deficiency) of receipts over disbursements	82,967	-	38	-	(354)	-	-	-	2,424
Other financing sources (uses):									
Sale of capital assets	130	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(9,816)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(9,686)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	73,281	-	38	-	(354)	-	-	-	2,424
Cash and investments - ending	\$ 233,232	\$ -	\$ 38	\$ -	\$ -	\$ -	\$ 2,700	\$ -	\$ 36,375

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

	HS Donations Courtyard Furniture	HS ERC Simon Youth Donation	HS ERC Simon Youth Donation 14-15	HS Drug Student Testing	HS Band and Choir Donations	HS Regions Bank Academics	HS Athletic Transportation- Cliff's Ride 14	HS Athletic Transportation- Cliff's Ride
Cash and investments - beginning	\$ 2,000	\$ 647	\$ -	\$ 20	\$ 747	\$ 200	\$ -	\$ -
Receipts:								
Local sources	-	3,500	-	-	1,000	200	2,500	2,500
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,500	-	-	1,000	200	2,500	2,500
Disbursements:								
Instruction	1,876	634	-	-	736	200	917	-
Support services	-	-	-	20	-	-	-	2,146
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,876	634	-	20	736	200	917	2,146
Excess (deficiency) of receipts over disbursements	(1,876)	2,866	-	(20)	264	-	1,583	354
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	(1,876)	2,866	-	(20)	264	-	1,583	354
Cash and investments - ending	\$ 124	\$ 3,513	\$ -	\$ -	\$ 1,011	\$ 200	\$ 1,583	\$ 354

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

	High Ability 13-14	High Ability 14-15	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I 12-13 Ends 93013	Title I 13-14	Title I 14-15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 17,087	\$ (25,819)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	52,878	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	27,588	-	26,300	2,815	3,617	-	-	-
Federal sources	-	-	-	-	-	50,664	270,315	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	27,588	-	26,300	2,815	56,495	50,664	270,315	-
Disbursements:								
Instruction	27,588	-	-	2,815	25,382	19,470	247,798	-
Support services	-	-	-	-	25,886	5,375	43,452	-
Noninstructional services	-	-	-	-	-	-	7,592	-
Facilities acquisition and construction	-	-	35,000	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	27,588	-	35,000	2,815	51,268	24,845	298,842	-
Excess (deficiency) of receipts over disbursements	-	-	(8,700)	-	5,227	25,819	(28,527)	-
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	-	-	(8,700)	-	5,227	25,819	(28,527)	-
Cash and investments - ending	\$ -	\$ -	\$ (8,700)	\$ -	\$ 22,314	\$ -	\$ (28,527)	\$ -

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

	Medicaid Reimbursement - Federal	Title II A Ends 9-14 12-4215	Title IIA #12-4215	Title IIA 13-15 #13-4215	Payroll Withholdings	Life Insurance Over 50,000	School Lunch Prepaid Food	Totals
Cash and investments - beginning	\$ 54,645	\$ (1,211)	\$ -	\$ -	\$ 8,377	\$ -	\$ 13,220	\$ 3,431,377
Receipts:								
Local sources	-	50	-	-	-	-	-	2,075,511
Intermediate sources	-	-	-	-	-	-	-	104
State sources	-	-	-	-	-	-	-	6,559,513
Federal sources	30,936	23,600	19,544	-	-	-	-	737,009
Other receipts	-	-	-	-	1,447,286	10,960	338	1,479,328
Total receipts	30,936	23,650	19,544	-	1,447,286	10,960	338	10,851,465
Disbursements:								
Instruction	2,654	22,212	17,781	-	-	-	-	4,506,501
Support services	-	227	7,508	-	-	-	-	2,617,364
Noninstructional services	-	-	-	-	-	-	-	528,742
Facilities acquisition and construction	-	-	-	-	-	-	-	199,147
Debt service	-	-	-	-	-	-	-	1,116,471
Nonprogrammed charges	-	-	-	-	1,445,043	10,960	7	1,456,010
Total disbursements	2,654	22,439	25,289	-	1,445,043	10,960	7	10,424,235
Excess (deficiency) of receipts over disbursements	28,282	1,211	(5,745)	-	2,243	-	331	427,230
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,228
Transfers in	-	-	-	-	-	-	-	11,270
Transfers out	(1,454)	-	-	-	-	-	-	(11,270)
Total other financing sources (uses)	(1,454)	-	-	-	-	-	-	1,228
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26,828	1,211	(5,745)	-	2,243	-	331	428,458
Cash and investments - ending	\$ 81,473	\$ -	\$ (5,745)	\$ -	\$ 10,620	\$ -	\$ 13,551	\$ 3,859,835

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 2,159,969	\$ 251,322	\$ 58,307	\$ 416,478	\$ 105,593	\$ 173,626	\$ 26,913	\$ 120,756	\$ 182,755
Receipts:									
Local sources	51,218	920,222	209,215	389,171	126,501	-	-	-	150,343
Intermediate sources	7	-	-	-	-	-	-	-	-
State sources	6,503,068	-	-	-	-	-	-	-	3,301
Federal sources	-	-	-	-	-	-	-	-	342,862
Other receipts	100,944	-	-	-	-	-	-	-	250
Total receipts	6,655,237	920,222	209,215	389,171	126,501	-	-	-	496,756
Disbursements:									
Instruction	4,183,380	-	-	-	-	-	-	950	-
Support services	2,022,084	-	-	310,274	132,427	-	-	8,927	662
Noninstructional services	78,351	-	-	-	-	-	-	-	511,751
Facilities acquisition and construction	-	-	-	129,385	-	-	-	-	-
Debt service	-	807,189	198,250	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,283,815	807,189	198,250	439,659	132,427	-	-	9,877	512,413
Excess (deficiency) of receipts over disbursements	371,422	113,033	10,965	(50,488)	(5,926)	-	-	(9,877)	(15,657)
Other financing sources (uses):									
Sale of capital assets	4,677	-	-	-	-	-	-	-	-
Transfers in	20,720	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	25,397	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	396,819	113,033	10,965	(50,488)	(5,926)	-	-	(9,877)	(15,657)
Cash and investments - ending	\$ 2,556,788	\$ 364,355	\$ 69,272	\$ 365,990	\$ 99,667	\$ 173,626	\$ 26,913	\$ 110,879	\$ 167,098

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

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	ES PE Awards/Schl Supply	Library Donation	ES Preschool Donation Conover	ES Donations M. Records	ES Clothe A Child Donations
Cash and investments - beginning	\$ 233,232	\$ -	\$ 38	\$ -	\$ -	\$ -	\$ 2,700	\$ -	\$ 36,375
Receipts:									
Local sources	88,869	-	-	-	-	-	-	1,380	6,923
Intermediate sources	-	-	94	-	-	-	-	-	-
State sources	48,284	249	-	4,020	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	137,153	249	94	4,020	-	-	-	1,380	6,923
Disbursements:									
Instruction	-	-	-	4,020	-	-	1,221	-	-
Support services	150,179	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	6,366
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	150,179	-	-	4,020	-	-	1,221	-	6,366
Excess (deficiency) of receipts over disbursements	(13,026)	249	94	-	-	-	(1,221)	1,380	557
Other financing sources (uses):									
Sale of capital assets	73	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(9,622)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(9,549)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,575)	249	94	-	-	-	(1,221)	1,380	557
Cash and investments - ending	\$ 210,657	\$ 249	\$ 132	\$ -	\$ -	\$ -	\$ 1,479	\$ 1,380	\$ 36,932

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

	HS Donations Courtyard Furniture	HS ERC Simon Youth Donation	HS ERC Simon Youth Donation 14-15	HS Drug Student Testing	HS Band and Choir Donations	HS Regions Bank Academics	HS Athletic Transportation- Cliff's Ride 14	HS Athletic Transportation- Cliff's Ride
Cash and investments - beginning	\$ 124	\$ 3,513	\$ -	\$ -	\$ 1,011	\$ 200	\$ 1,583	\$ 354
Receipts:								
Local sources	3,018	-	3,500	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	3,018	-	3,500	-	-	-	-	-
Disbursements:								
Instruction	124	1,070	3,500	-	11	-	1,428	-
Support services	2,843	-	-	-	-	190	-	354
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,967	1,070	3,500	-	11	190	1,428	354
Excess (deficiency) of receipts over disbursements	51	(1,070)	-	-	(11)	(190)	(1,428)	(354)
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	51	(1,070)	-	-	(11)	(190)	(1,428)	(354)
Cash and investments - ending	\$ 175	\$ 2,443	\$ -	\$ -	\$ 1,000	\$ 10	\$ 155	\$ -

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

	High Ability 13-14	High Ability 14-15	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I 12-13 Ends 93013	Title I 13-14	Title I 14-15
Cash and investments - beginning	\$ -	\$ -	\$ (8,700)	\$ -	\$ 22,314	\$ -	\$ (28,527)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	27,769	39,300	2,657	54,181	-	-	-
Federal sources	-	-	-	-	-	-	61,100	255,490
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	27,769	39,300	2,657	54,181	-	61,100	255,490
Disbursements:								
Instruction	-	27,769	-	2,657	11,659	-	27,726	231,271
Support services	-	-	-	-	25,553	-	4,847	36,458
Noninstructional services	-	-	-	-	-	-	-	2,794
Facilities acquisition and construction	-	-	30,600	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	27,769	30,600	2,657	37,212	-	32,573	270,523
Excess (deficiency) of receipts over disbursements	-	-	8,700	-	16,969	-	28,527	(15,033)
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	-	-	8,700	-	16,969	-	28,527	(15,033)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 39,283	\$ -	\$ -	\$ (15,033)

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

	Medicaid Reimbursement - Federal	Title II A Ends 9-14 12-4215	Title IIA #12-4215	Title IIA 13-15 #13-4215	Payroll Withholdings	Life Insurance Over 50,000	School Lunch Prepaid Food	Totals
Cash and investments - beginning	\$ 81,473	\$ -	\$ (5,745)	\$ -	\$ 10,620	\$ -	\$ 13,551	\$ 3,859,835
Receipts:								
Local sources	-	-	-	-	-	-	-	1,950,360
Intermediate sources	-	-	-	-	-	-	-	101
State sources	-	-	-	-	-	-	-	6,682,829
Federal sources	33,905	-	28,586	26,319	-	-	-	748,262
Other receipts	-	-	-	-	1,461,520	11,341	521	1,574,576
Total receipts	33,905	-	28,586	26,319	1,461,520	11,341	521	10,956,128
Disbursements:								
Instruction	6,089	-	22,133	23,172	-	-	-	4,548,180
Support services	-	-	708	5,086	-	-	-	2,700,592
Noninstructional services	-	-	-	-	-	-	-	599,262
Facilities acquisition and construction	-	-	-	-	-	-	-	159,985
Debt service	-	-	-	-	-	-	-	1,005,439
Nonprogrammed charges	-	-	-	-	1,460,501	11,341	-	1,471,842
Total disbursements	6,089	-	22,841	28,258	1,460,501	11,341	-	10,485,300
Excess (deficiency) of receipts over disbursements	27,816	-	5,745	(1,939)	1,019	-	521	470,828
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	4,750
Transfers in	-	-	-	-	-	-	-	20,720
Transfers out	(11,098)	-	-	-	-	-	-	(20,720)
Total other financing sources (uses)	(11,098)	-	-	-	-	-	-	4,750
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,718	-	5,745	(1,939)	1,019	-	521	475,578
Cash and investments - ending	\$ 98,191	\$ -	\$ -	\$ (1,939)	\$ 11,639	\$ -	\$ 14,072	\$ 4,335,413

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 113,618</u>	<u>\$ 37,275</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Edinburgh Community School Building Corporation	2012A Capital Improvements	\$ 245,780	6/30/2012	12/31/2022
Edinburgh Community School Building Corporation	2009 Qualified School Construction Bond	82,000	9/24/2009	1/15/2024
Edinburgh Community School Building Corporation	2013 Capital Improvements and Repairs	199,258	6/30/2014	12/31/2022
Edinburgh Community School Building Corporation	2015 Capital Improvements and Repairs	55,522	6/30/2015	12/31/2025
Edinburgh Community School Building Corporation	2005 Energy Renovation	86,000	9/27/2005	12/30/2015
Edinburgh Community School Building Corporation	2005 Refunding of 1995 Renovation	209,434	6/30/2005	7/10/2016
Edinburgh Community School Building Corporation	2012B Pension	190,171	2/18/2013	12/31/2022
PNC Equipment Finance	Series 2005 CPF Energy Savings	62,494	7/5/2005	1/15/2016
Wells Fargo	Copier leases	10,544	4/30/2012	4/30/2017
Total of annual lease payments		<u>\$ 1,141,203</u>		

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE EDINBURGH COMMUNITY SCHOOL
CORPORATION, JOHNSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 its 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 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 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 Special Education Cluster (IDEA)

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 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 item 2015-004. 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, and 2015-005 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

October 19, 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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EDINBURGH COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Lunch Fund			41-4215 FY 2015	\$ -	\$ 71,022
School Lunch Fund			FY 2014	69,650	-
Total - School Breakfast Program				69,650	71,022
National School Lunch Program					
School Lunch Fund	Indiana Department of Education	10.555			
School Lunch Fund			41-4215 FY 2015	-	271,983
National School Lunch Program - Commodities			FY 2014	272,311	-
National School Lunch Program - Commodities			FY 2015	35,447	-
Total - National School Lunch Program				307,758	305,838
Total - Child Nutrition Cluster				307,758	305,838
Total - Department of Agriculture				377,408	376,860
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education_Grants to States					
SSJCS FY 2012 Federal Part B 611	Indiana Department of Education	84.027	14212-033-PN01	65	-
SSJCS FY 2013 Federal Part B 611			14213-033-PN01	70,476	55
SSJCS FY2014 Federal Part B 611			14214-033-PN01	179,910	61,890
SSJCS FY2015 Federal Part B 611			14215-033-PN01	-	173,607
SSJCS FY2014 Federal Technical Assistance Grant			99914-033-TA01	2,774	2,519
Total - Special Education_Grants to States				253,225	238,071
Special Education_Preschool Grants					
SSJCS FY2013 Federal Part B 619	Indiana Department of Education	84.173	45713-033-PN01	132	-
SSJCS FY2014 Federal Part B 619			45714-033-PN01	4,436	1,847
SSJCS FY2015 Federal Part B 619			45715-033-PN01	-	4,045
Total - Special Education_Preschool Grants				4,568	5,892
Total - Special Education Cluster (IDEA)				257,793	243,963
Title I Grants to Local Educational Agencies					
Title I 12-13 #13-4215 Fnd4113	Indiana Department of Education	84.010	13-4215	50,664	-
Title I 13-14 #14-4215			14-4215	270,315	61,100
Title I 14-15 #15-4215			15-4215	-	255,490
Total - Title I Grants to Local Educational Agencies				320,979	316,590
Improving Teacher Quality State Grants					
Title IIA ENDS 9/14 #12-4215	Indiana Department of Education	84.367	12-4215	23,600	-
Title II A 13-15 9/15 #13-4215			13-4215	19,544	28,586
Title IIA 14-16 #14-4215			14-4215	-	26,319
Total - Improving Teacher Quality State Grants				43,144	54,905
Total - Department of Education				621,916	615,458
Total federal awards expended				\$ 999,324	\$ 992,318

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

EDINBURGH COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

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

EDINBURGH COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency 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:	Unmodified for Special Education Cluster (IDEA); Qualified for Child Nutrition Cluster
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2015-001

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

Repeat Finding

This is not a repeat finding from the immediate prior audit.

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

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts. There were several instances where one employee took daily collections, recorded receipts, and took the collections to the depository.
2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to monitor and assess the quality of the internal control system.

Context

The lack of internal controls was a systemic issue, occurring throughout 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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

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

Cause

Management had not established a proper system of internal control over financial transactions and reporting as discussed in the Condition.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements or irregularities could have occurred and remained undetected.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the financial transactions and reporting as described above.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, 41-4215 FY 2015, FY 2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Reporting, Special Tests and Provisions -
School Lunch Accounts, Special Tests and Provisions - Paid Lunch
Equity

Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Reporting, Special Tests and Provisions - School Lunch Accounts, and Special Tests and Provisions - Paid Lunch Equity.

Cash Management

The School Corporation had not established adequate policies and procedures to ensure compliance with Cash Management requirements. There were no controls in place to ensure that the monthly balances (Net Cash Resources) were in compliance with the three months average expenditure requirements.

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

Eligibility

The School Corporation had not established adequate policies and procedures to ensure compliance with Eligibility requirements. There were no controls in place to ensure that the notice to parents and guardians for the determination of eligibility of children for free and reduced price meals included all of the required language. Additionally, documentation was not verifiable to insure that households were notified of their eligibility status after determination was performed by the School Corporation.

Reporting

The School Corporation had not established adequate policies and procedures to ensure compliance with Reporting requirements. There were no controls in place to ensure that the reports were accurate.

Special Tests and Provisions - School Lunch Accounts (National School Lunch Program only) and Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

The School Corporation had not established adequate policies and procedures to ensure compliance with the Special Tests and Provisions - School Lunch Accounts and Special Tests and Provisions - Paid Lunch Equity requirements. For School Lunch Accounts, there were no procedures in place to ensure prepaid food accounts were properly posted to the ledger. For Paid Lunch Equity, there were no procedures in place to ensure that the calculations were accurate.

Context

Internal control issues were systemic, occurring throughout the audit period.

Criteria

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

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

Cause

Management had not developed a system of internal controls to ensure compliance with the requirements listed 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.

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

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 2015-003

Subject: Child Nutrition Cluster - 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): FY 2014, 41-4215 FY 2015, FY 2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Qualified Opinion

Repeat Finding

This is not a repeat finding from the immediate prior audit.

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 Program Income compliance requirement.

Daily lunch prepayments were posted and reconciled to the students' prepaid food accounts. At the end of the month, the School Corporation generated a report of prepaid revenue collected and the value of the meals served and deducted from the student prepaid accounts. The net difference between the amount received and meals charged to the prepaid student accounts was recorded monthly to the School Lunch Prepaid Food fund. Due to the method of recordkeeping, the requirements for Program Income compliance requirement could not be verified for either year.

Context

The lack of controls was a systemic problem throughout the audit period. Records were not available to determine compliance with the compliance requirement for either year.

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. . . ."

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

7 CFR 3016.20(b)(2) states:

"*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

The School Corporation had not developed a system of internal controls to verify that program income was recorded properly within the School Corporation's ledger.

Effect

The lack of recordkeeping and documentation available for audit prevented the determination of the School Corporation's compliance with the grant agreement and the Program Income compliance requirement.

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 Program Income 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 2015-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, 41-4215 FY 2015, FY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior audit.

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

Condition

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

The School Corporation requested quotes from vendors for the purchase of dairy and milk products. However, the School Corporation did not request quotes for meats, vegetables, and fruit. No contracts were signed with the successful vendors. Other than the dairy vendor, the School Corporation did not verify that the vendors were not suspended or debarred.

Context

The lack of controls and compliance with the Procurement and Suspension and Debarment compliance requirement as described in the Condition was a systemic problem throughout the audit period.

Criteria

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

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

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 5-22-8-3 states in part:

"(a) This section applies only if the purchasing agent expects the purchase to be:

- (1) at least fifty thousand dollars (\$50,000); and
- (2) not more than one hundred fifty thousand dollars (\$150,000).

(b) A purchasing agent may purchase supplies under this section by inviting quotes from at least three (3) persons known to deal in the lines or classes of supplies to be purchased.

(c) The purchasing agent shall mail an invitation to quote to the persons described in subsection (b) at least seven (7) days before the time fixed for receiving quotes.

(d) If the purchasing agent receives a satisfactory quote, the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required. . . ."

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

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 to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, 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 2015-005

Subject: Special Education Cluster (IDEA) - 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): 14212-033-PN01, 14213-033-PN01,
14214-033-PN01, 14215-033-PN01,
99914-033-TA01, 45713-033-PN01,
45714-033-PN01, 45715-033-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Finding: Material Weakness

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

Repeat Finding

This is not a repeat finding from the immediate prior audit period.

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirements: Cash Management and Reporting.

Context

The Treasurer prepared the cash reimbursement request from the financial ledger, reconciled the reports to the ledger, and retained those reports in the grant files; however, there was no segregation of duties relating to the cash reimbursement request for fiscal year 2014.

Additionally, the School Corporation did not have controls in place over reporting for the annual December 1 count of children with disabilities for the audit period to ensure that the count was accurate.

Criteria

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

"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 established a system of internal control that would have ensured oversight and review of the cash management requests and reporting.

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 the compliance requirements listed above.

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AUDITEE-PREPARED DOCUMENTS

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



EDINBURGH COMMUNITY SCHOOL CORPORATION

202 South Keeley St.
Edinburgh, IN 46124

Phone: 812-526-2681

Fax: 812-526-0271

Board of School Trustees:
Mrs. Cathy Hamm
Mr. Guy Hardin
Mr. Justin Lollar
Mr. Curtis Rooks
Mrs. Kim Weddle

Dr. William A. Glentzer
Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-002

Fiscal year in which the finding initially occurred: 2011-2013
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Tamara Lewis
Contact Phone Number: 812-526-2681

Status of Audit Finding:

This federal grant was completed, so no corrective action was needed.

Tamara Lewis
(Signature)

Business Manager
(Title)

September 18, 2017
(Date)



EDINBURGH COMMUNITY SCHOOL CORPORATION

202 South Keeley St.
Edinburgh, IN 46124

Phone: 812-526-2681

Fax: 812-526-0271

Board of School Trustees:

Mrs. Cathy Hamm
Mr. Guy Hardin
Mr. Justin Lollar
Mr. Curtis Rooks
Mrs. Kim Weddle

Dr. William A. Glentzer
Superintendent

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Tamara Lewis, Business Manager/Treasurer
Contact Phone Number: 812-526-2681

Description of Corrective Action Plan:

The School Corporation is a small governmental unit and shall use existing employees to ensure compliance with internal controls, including segregation of duties. The school will have receipts/deposits handled by two (2) central office staff to improve the internal control system.

FINDING 2015-002

Contact Person Responsible for Corrective Action: Tamara Lewis, Business Manager/Treasurer
Contact Phone Number: 812-526-2681

Description of Corrective Action Plan:

The School Corporation is a small governmental unit and shall use existing employees to ensure compliance requirements are followed in regards to establishing controls, including segregation of duties related to the compliance requirements. The school staff will implement internal controls including the review of reports by someone other than the preparer for compliance requirements for Cash Management, Eligibility, Reporting, Special Tests, and Provisions-School Lunch Accounts and Paid Lunch Equity.

FINDING 2015-003

Contact Person Responsible for Corrective Action: Tamara Lewis, Business Manager/Treasurer
Contact Phone Number: 812-526-2681

Description of Corrective Action Plan:

The School Corporation is a small governmental unit and shall use existing employees to ensure compliance requirements are followed in regards to establishing controls, including segregation of duties related to the compliance requirements. The school corporation will change it's method of recording prepaid accounts to a more transparent method.

FINDING 2015-004

Contact Person Responsible for Corrective Action: Tamara Lewis, Business Manager/Treasurer
Contact Phone Number: 812-526-2681

Description of Corrective Action Plan:

The School Corporation is a small governmental unit and shall use existing employees to ensure compliance requirements are followed in regards to establishing controls, including segregation of duties related to the compliance requirements. The school staff will review the procurement procedures and suspension and debarment requirement for vendors that meet the threshold.

FINDING 2015-005

Contact Person Responsible for Corrective Action: Angela Balsley, Director, Earlywood Educational Services

Tamara Lewis, Business Manager/Treasurer

Contact Phone Number: 812-526-2681

Description of Corrective Action Plan:

The School Corporation is a small governmental unit and shall use existing employees to ensure compliance requirements are followed in regards to establishing controls, including segregation of duties related to the compliance requirements. The school will have reports reviewed by two (2) staff members.

Anticipated Completion Date: October, 2017

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/>.