

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

GARRETT-KEYSER-BUTLER
COMMUNITY SCHOOL DISTRICT
DEKALB COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED

01/18/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela S. Good	07-01-14 to 06-30-18
Superintendent of Schools	Dennis Stockdale (Vacant) Tonya K. Weaver	07-01-14 to 07-22-16 07-23-16 to 08-31-16 09-01-16 to 06-30-20
President of the School Board	Chris Hoeffel Terry Yarde Larry Getts, Jr.	07-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE GARRETT-KEYSER-BUTLER COMMUNITY
SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Garrett-Keyser-Butler Community School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

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

December 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 GARRETT-KEYSER-BUTLER COMMUNITY
SCHOOL DISTRICT, DEKALB 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 Garrett-Keyser-Butler Community School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated December 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 2016-001 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

Garrett-Keyser-Butler Community School District'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

December 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.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER
FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 800,489	\$ 11,449,671	\$ 11,389,410	\$ (141,057)	\$ 719,693	\$ 11,773,379	\$ 11,629,703	\$ (140,000)	\$ 723,369
Debt Service	238,037	2,583,597	2,324,083	(44,117)	453,434	2,561,516	2,354,027	(42,451)	618,472
Capital Projects	3,343	1,115,506	1,144,083	37,000	11,766	1,044,484	1,023,414	-	32,836
School Transportation	2,740	740,571	655,229	-	88,082	795,817	724,282	(60,000)	99,617
School Bus Replacement	45,986	139,005	73,679	(30,000)	81,312	199,670	181,589	-	99,393
Rainy Day	67,354	-	13,084	30,000	84,270	32,179	-	60,000	176,449
Post-Retirement/Severance Future Benefits	76,010	-	36,804	-	39,206	-	8,378	-	30,828
Construction	(185,040)	-	165,546	358,202	7,616	-	210,483	126,884	(75,983)
High School Construction Bonds	18,247	4,676	22,425	4,803	5,301	3,288	5,248	-	3,341
School Lunch	100,208	864,829	876,083	-	88,954	919,892	911,667	-	97,179
Textbook Rental	(104,258)	185,006	342,169	144,116	(117,305)	202,451	239,264	142,451	(11,667)
Educational License Plates	82	94	-	-	176	206	20	-	362
Alternative Education	548	10,720	11,268	-	-	10,573	10,573	-	-
Safe Haven 2014-2015	-	15,000	15,000	-	-	-	-	-	-
Safe Haven 2015-2016	-	-	-	-	-	15,000	15,000	-	-
Early Intervention 2013-2014	(3)	3	-	-	-	-	-	-	-
Early Intervention 2014-2015	-	9,956	9,611	-	345	-	345	-	-
Miscellaneous Donations	5,423	3,261	2,524	-	6,160	10,427	6,339	-	10,248
Michelle James Memorial	8,694	152	-	-	8,846	154	372	-	8,628
Northeast Indiana Area Health Education Center	-	3,326	3,326	-	-	-	-	-	-
Head Start Donations	29,340	50,138	33,195	-	46,283	43,995	62,013	-	28,265
Barbara Lehmann Memorial	4,908	-	-	-	4,908	-	-	-	4,908
Small Wonders Donations	-	4,600	178	-	4,422	1,500	1,538	-	4,384
Dekko Elementary Music Enhancement	52	-	-	-	52	-	-	-	52
Student Service	129	-	3	-	126	-	-	-	126
GKB Clinic	222	22,620	21,562	-	1,280	17,228	24,852	-	(6,344)
NEISIC Wellness 2012-2013	917	-	917	-	-	-	-	-	-
NEISIC Wellness 2013-2014	7,656	3,600	11,256	-	-	-	-	-	-
NEISIC Wellness 2014-2015	-	16,830	6,055	-	10,775	900	6,862	-	4,813
NEISIC Wellness 2015-2016	-	-	-	-	-	16,830	7,575	-	9,255
Herzer/Steris Unclaimed	8,911	54	-	-	8,965	53	-	-	9,018
Media Talbert Scholarship	8,276	32	-	-	8,308	32	-	-	8,340
Paul Bateman Scholarship	755	-	-	-	755	-	-	-	755
Top Ten Awards and Donations	608	4,700	4,060	-	1,248	3,250	4,218	-	280
Visual Arts Scholarship	2,520	12	-	-	2,532	12	-	-	2,544
Charles D Davis Scholarship	-	1,500	-	-	1,500	-	1,500	-	-
Weilert Scholarship	37,358	223	250	-	37,331	225	1,000	-	36,556
Construction and Maintenance	6,592	3,806	3,066	-	7,332	1,736	6,041	-	3,027
Building Trades Gift Program	2,350	-	-	-	2,350	-	1,680	-	670

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER
FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
Formative Assessment	-	-	-	-	-	22	-	-	22
Talent Initiative	197	-	197	-	-	-	-	-	-
Secured Schools Safety Grant	(34,400)	50,000	15,600	-	-	-	-	-	-
Telecommunications	355	-	-	-	355	-	355	-	-
Head Start Parent Group	1,376	750	920	-	1,206	-	-	-	1,206
Non English Speaking 2013-2014	193	-	193	-	-	-	-	-	-
Non English Speaking 2014-2015	-	2,748	1,914	-	834	-	834	-	-
Non English Speaking 2015-2016	-	-	-	-	-	3,814	3,458	-	356
School Technology	63,524	68,126	85,442	-	46,208	46,989	32,861	-	60,336
School Technology Computer Repair	2,333	17,312	70,460	51,000	185	16,483	50,950	40,000	5,718
Indiana School Academic Improvement Program (ISAIP)	-	-	-	-	-	12,446	40,560	-	(28,114)
Classroom Innovation Grant	(6,380)	40,039	33,659	-	-	-	-	-	-
High Ability Grant 2013-2014	3,584	-	3,584	-	-	-	-	-	-
High Ability Grant 2014-2015	-	31,497	25,570	-	5,927	-	5,927	-	-
High Ability Grant 2015-2016	-	-	-	-	-	32,445	25,467	-	6,978
Sale of Computers	650	-	650	-	-	-	-	-	-
Title I 2013-2014	(16,552)	71,599	55,047	-	-	-	-	-	-
Title I 2014-2015	-	177,437	212,799	-	(35,362)	156,984	121,622	-	-
Title I 2014-2015 Sig	-	-	3,815	-	(3,815)	16,200	12,385	-	-
Title I 2015-2016	-	-	-	-	-	212,982	237,085	-	(24,103)
Head Start Lunch	16,129	57,473	71,975	-	1,627	79,607	77,484	-	3,750
Title II Part A 2013	(7,663)	35,654	27,991	-	-	-	-	-	-
Title II Part A 2015	-	34,230	38,080	-	(3,850)	15,785	11,935	-	-
Title II Part A 2016	-	-	-	-	-	51,056	51,631	-	(575)
Title II Part A 2017	-	-	-	-	-	4,741	11,251	-	(6,510)
Head Start 2014	(257)	589,568	589,311	-	-	-	-	-	-
Head Start 2015	-	475,154	475,154	-	-	1,042,155	1,048,575	-	(6,420)
Early Head Start 2014	(74)	370,506	370,432	-	-	-	-	-	-
Early Head Start 2015	-	205,859	205,859	-	-	575,564	581,207	-	(5,643)
Payroll Withholdings	27,694	2,827,169	2,839,258	-	15,605	2,903,418	2,897,604	-	21,419
Totals	\$ 1,239,163	\$ 22,288,609	\$ 22,292,776	\$ 409,947	\$ 1,644,943	\$ 22,825,488	\$ 22,649,174	\$ 126,884	\$ 1,948,141

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

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
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.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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:

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school 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.

C. Additional Pension Plans

The School Corporation also contributes to additional pension plans for a pension buy-out and a 401(a) plan unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation. To qualify for the pension buyout, teachers must have been employed prior to July 1, 2000, have ten years of service with the School Corporation and meet the Rule of 85. The School Corporation also contributes annually to a 401(a) plan for all teachers under the age of 59, a designated amount set forth by a deposit schedule.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of several grant funds disbursements not reimbursed yet, disbursement for building trades home expended before sale, and textbook fund receipts not equaling disbursements.

Note 8. Holding Corporation

The School Corporation has entered into five capital leases with Garrett-Keyser-Butler Middle 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 2015 and 2016 totaled \$2,307,920 and \$2,354,652, respectively.

Note 9. Other Postemployment Benefits

The School Corporation provides health benefits to eligible retirees and their spouses. The Post-Retirement/Severance Future Benefits fund is used to pay for health benefits for retired administrators with language in their contract. This fund includes dollars for teachers that participated in the retirement incentive package dated February 6, 2008. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation'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.

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 800,489	\$ 238,037	\$ 3,343	\$ 2,740	\$ 45,986	\$ 67,354	\$ 76,010	\$ (185,040)
Receipts:								
Local sources	27,943	2,583,597	854,338	735,767	139,005	-	-	-
Intermediate sources	10	-	-	-	-	-	-	-
State sources	11,367,616	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	200,000	-	-	-	-	-
Other receipts	54,102	-	61,168	4,804	-	-	-	-
Total receipts	11,449,671	2,583,597	1,115,506	740,571	139,005	-	-	-
Disbursements:								
Instruction	7,278,583	-	-	-	-	-	18,036	-
Support services	3,858,990	-	395,618	655,229	73,679	13,084	18,768	-
Noninstructional services	189,931	-	-	-	-	-	-	-
Facilities acquisition and construction	61,906	-	548,465	-	-	-	-	165,546
Debt service	-	2,324,083	200,000	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,389,410	2,324,083	1,144,083	655,229	73,679	13,084	36,804	165,546
Excess (deficiency) of receipts over disbursements	60,261	259,514	(28,577)	85,342	65,326	(13,084)	(36,804)	(165,546)
Other financing sources (uses):								
Sale of capital assets	9,943	-	37,000	-	-	-	-	358,202
Transfers in	-	-	-	-	-	30,000	-	-
Transfers out	(151,000)	(44,117)	-	-	(30,000)	-	-	-
Total other financing sources (uses)	(141,057)	(44,117)	37,000	-	(30,000)	30,000	-	358,202
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(80,796)	215,397	8,423	85,342	35,326	16,916	(36,804)	192,656
Cash and investments - ending	\$ 719,693	\$ 453,434	\$ 11,766	\$ 88,082	\$ 81,312	\$ 84,270	\$ 39,206	\$ 7,616

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

	High School Construction Bonds	School Lunch	Textbook Rental	Educational License Plates	Alternative Education	Safe Haven 2014-2015	Safe Haven 2015-2016	Early Intervention 2013- 2014
Cash and investments - beginning	\$ 18,247	\$ 100,208	\$ (104,258)	\$ 82	\$ 548	\$ -	\$ -	\$ (3)
Receipts:								
Local sources	4,676	319,410	120,730	-	-	-	-	-
Intermediate sources	-	-	-	94	-	-	-	-
State sources	-	9,935	64,276	-	10,720	15,000	-	3
Federal sources	-	535,484	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	4,676	864,829	185,006	94	10,720	15,000	-	3
Disbursements:								
Instruction	-	-	88,283	-	11,268	-	-	-
Support services	-	-	253,886	-	-	10,700	-	-
Noninstructional services	-	876,083	-	-	-	-	-	-
Facilities acquisition and construction	22,425	-	-	-	-	4,300	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	22,425	876,083	342,169	-	11,268	15,000	-	-
Excess (deficiency) of receipts over disbursements	(17,749)	(11,254)	(157,163)	94	(548)	-	-	3
Other financing sources (uses):								
Sale of capital assets	4,803	-	-	-	-	-	-	-
Transfers in	-	-	144,116	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	4,803	-	144,116	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,946)	(11,254)	(13,047)	94	(548)	-	-	3
Cash and investments - ending	\$ 5,301	\$ 88,954	\$ (117,305)	\$ 176	\$ -	\$ -	\$ -	\$ -

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

	Early Intervention 2014- 2015	Miscellaneous Donations	Michelle James Memorial	Northeast Indiana Area Health Education Center	Head Start Donations	Barbara Lehmann Memorial	Small Wonders Donations	Dekko Elementary Music Enhancement
Cash and investments - beginning	\$ -	\$ 5,423	\$ 8,694	\$ -	\$ 29,340	\$ 4,908	\$ -	\$ 52
Receipts:								
Local sources	-	3,261	152	3,326	37,750	-	4,600	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	9,956	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	12,388	-	-	-
Total receipts	9,956	3,261	152	3,326	50,138	-	4,600	-
Disbursements:								
Instruction	9,611	162	-	3,326	(1)	-	-	-
Support services	-	2,362	-	-	33,196	-	-	-
Noninstructional services	-	-	-	-	-	-	178	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,611	2,524	-	3,326	33,195	-	178	-
Excess (deficiency) of receipts over disbursements	345	737	152	-	16,943	-	4,422	-
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	345	737	152	-	16,943	-	4,422	-
Cash and investments - ending	\$ 345	\$ 6,160	\$ 8,846	\$ -	\$ 46,283	\$ 4,908	\$ 4,422	\$ 52

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

	Student Service	GKB Clinic	NEISIC Wellness 2012-2013	NEISIC Wellness 2013-2014	NEISIC Wellness 2014-2015	NEISIC Wellness 2015-2016	Herzer/ Steris Unclaimed	Media Talbert Scholarship
Cash and investments - beginning	\$ 129	\$ 222	\$ 917	\$ 7,656	\$ -	\$ -	\$ 8,911	\$ 8,276
Receipts:								
Local sources	-	22,620	-	3,600	16,830	-	54	32
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	22,620	-	3,600	16,830	-	54	32
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	3	21,562	263	11,256	6,055	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	654	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3	21,562	917	11,256	6,055	-	-	-
Excess (deficiency) of receipts over disbursements	(3)	1,058	(917)	(7,656)	10,775	-	54	32
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	(3)	1,058	(917)	(7,656)	10,775	-	54	32
Cash and investments - ending	\$ 126	\$ 1,280	\$ -	\$ -	\$ 10,775	\$ -	\$ 8,965	\$ 8,308

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

	Paul Bateman Scholarship	Top Ten Awards and Donations	Visual Arts Scholarship	Charles D Davis Scholarship	Weilert Scholarship	Construction and Maintenance	Building Trades Gift Program	Formative Assessment
Cash and investments - beginning	\$ 755	\$ 608	\$ 2,520	\$ -	\$ 37,358	\$ 6,592	\$ 2,350	\$ -
Receipts:								
Local sources	-	4,700	12	1,500	223	3,806	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	4,700	12	1,500	223	3,806	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	3,066	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	4,060	-	-	250	-	-	-
Total disbursements	-	4,060	-	-	250	3,066	-	-
Excess (deficiency) of receipts over disbursements	-	640	12	1,500	(27)	740	-	-
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	-	640	12	1,500	(27)	740	-	-
Cash and investments - ending	\$ 755	\$ 1,248	\$ 2,532	\$ 1,500	\$ 37,331	\$ 7,332	\$ 2,350	\$ -

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

	Talent Initiative	Secured Schools Safety Grant	Tele-communications	Head Start Parent Group	Non English Speaking 2013-2014	Non English Speaking 2014-2015	Non English Speaking 2015-2016	School Technology
Cash and investments - beginning	\$ 197	\$ (34,400)	\$ 355	\$ 1,376	\$ 193	\$ -	\$ -	\$ 63,524
Receipts:								
Local sources	-	-	-	750	-	-	-	63,238
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	50,000	-	-	-	2,748	-	4,888
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	50,000	-	750	-	2,748	-	68,126
Disbursements:								
Instruction	-	-	-	920	193	1,914	-	-
Support services	197	-	-	-	-	-	-	85,442
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	15,600	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	197	15,600	-	920	193	1,914	-	85,442
Excess (deficiency) of receipts over disbursements	(197)	34,400	-	(170)	(193)	834	-	(17,316)
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	(197)	34,400	-	(170)	(193)	834	-	(17,316)
Cash and investments - ending	\$ -	\$ -	\$ 355	\$ 1,206	\$ -	\$ 834	\$ -	\$ 46,208

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

	School Technology Computer Repair	Indiana School Academic Improvement Program (ISAIP)	Classroom Innovation Grant	High Ability Grant 2013-2014	High Ability Grant 2014-2015	High Ability Grant 2015-2016	Sale of Computers	Title I 2013-2014
Cash and investments - beginning	\$ 2,333	\$ -	\$ (6,380)	\$ 3,584	\$ -	\$ -	\$ 650	\$ (16,552)
Receipts:								
Local sources	17,312	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	40,039	-	31,497	-	-	-
Federal sources	-	-	-	-	-	-	-	71,599
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	17,312	-	40,039	-	31,497	-	-	71,599
Disbursements:								
Instruction	-	-	14,969	3,584	25,570	-	-	55,047
Support services	70,460	-	18,690	-	-	-	650	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	70,460	-	33,659	3,584	25,570	-	650	55,047
Excess (deficiency) of receipts over disbursements	(53,148)	-	6,380	(3,584)	5,927	-	(650)	16,552
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	51,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	51,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,148)	-	6,380	(3,584)	5,927	-	(650)	16,552
Cash and investments - ending	\$ 185	\$ -	\$ -	\$ -	\$ 5,927	\$ -	\$ -	\$ -

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

	Title I 2014-2015	Title I 2014-2015 Sig	Title I 2015-2016	Head Start Lunch	Title II Part A 2013	Title II Part A 2015	Title II Part A 2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 16,129	\$ (7,663)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	1,000	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	177,437	-	-	57,473	35,654	33,230	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	177,437	-	-	57,473	35,654	34,230	-
Disbursements:							
Instruction	212,027	-	-	-	-	-	-
Support services	772	3,815	-	-	27,191	37,429	-
Noninstructional services	-	-	-	71,975	800	651	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	212,799	3,815	-	71,975	27,991	38,080	-
Excess (deficiency) of receipts over disbursements	(35,362)	(3,815)	-	(14,502)	7,663	(3,850)	-
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	(35,362)	(3,815)	-	(14,502)	7,663	(3,850)	-
Cash and investments - ending	\$ (35,362)	\$ (3,815)	\$ -	\$ 1,627	\$ -	\$ (3,850)	\$ -

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

	Title II Part A 2017	Head Start 2014	Head Start 2015	Early Head Start 2014	Early Head Start 2015	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (257)	\$ -	\$ (74)	\$ -	\$ 27,694	\$ 1,239,163
Receipts:							
Local sources	-	-	-	-	-	-	4,970,232
Intermediate sources	-	-	-	-	-	-	104
State sources	-	-	-	-	-	-	11,606,678
Federal sources	-	589,531	475,154	370,506	205,859	-	2,551,927
Temporary loans	-	-	-	-	-	-	200,000
Other receipts	-	37	-	-	-	2,827,169	2,959,668
Total receipts	-	589,568	475,154	370,506	205,859	2,827,169	22,288,609
Disbursements:							
Instruction	-	588,617	475,154	370,226	205,859	-	9,363,348
Support services	-	694	-	206	-	-	5,603,263
Noninstructional services	-	-	-	-	-	-	1,139,618
Facilities acquisition and construction	-	-	-	-	-	-	818,896
Debt service	-	-	-	-	-	-	2,524,083
Nonprogrammed charges	-	-	-	-	-	2,839,258	2,843,568
Total disbursements	-	589,311	475,154	370,432	205,859	2,839,258	22,292,776
Excess (deficiency) of receipts over disbursements	-	257	-	74	-	(12,089)	(4,167)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	409,948
Transfers in	-	-	-	-	-	-	225,116
Transfers out	-	-	-	-	-	-	(225,117)
Total other financing sources (uses)	-	-	-	-	-	-	409,947
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	257	-	74	-	(12,089)	405,780
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,605	\$ 1,644,943

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER
 FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 719,693	\$ 453,434	\$ 11,766	\$ 88,082	\$ 81,312	\$ 84,270	\$ 39,206	\$ 7,616
Receipts:								
Local sources	22,047	2,561,516	995,547	792,109	199,670	32,179	-	-
Intermediate sources	11	-	-	-	-	-	-	-
State sources	11,701,870	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	49,451	-	48,937	3,708	-	-	-	-
Total receipts	11,773,379	2,561,516	1,044,484	795,817	199,670	32,179	-	-
Disbursements:								
Instruction	7,381,070	-	-	-	-	-	726	-
Support services	3,980,317	-	471,365	724,282	181,589	-	7,652	-
Noninstructional services	189,541	-	-	-	-	-	-	-
Facilities acquisition and construction	78,775	-	552,049	-	-	-	-	210,483
Debt service	-	2,354,027	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,629,703	2,354,027	1,023,414	724,282	181,589	-	8,378	210,483
Excess (deficiency) of receipts over disbursements	143,676	207,489	21,070	71,535	18,081	32,179	(8,378)	(210,483)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	126,884
Transfers in	-	-	-	-	-	60,000	-	-
Transfers out	(140,000)	(42,451)	-	(60,000)	-	-	-	-
Total other financing sources (uses)	(140,000)	(42,451)	-	(60,000)	-	60,000	-	126,884
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,676	165,038	21,070	11,535	18,081	92,179	(8,378)	(83,599)
Cash and investments - ending	\$ 723,369	\$ 618,472	\$ 32,836	\$ 99,617	\$ 99,393	\$ 176,449	\$ 30,828	\$ (75,983)

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER
 FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	High School Construction Bonds	School Lunch	Textbook Rental	Educational License Plates	Alternative Education	Safe Haven 2014-2015	Safe Haven 2015-2016	Early Intervention 2013- 2014
Cash and investments - beginning	\$ 5,301	\$ 88,954	\$ (117,305)	\$ 176	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	3,288	336,171	133,300	-	-	-	-	-
Intermediate sources	-	-	-	206	-	-	-	-
State sources	-	10,751	69,146	-	10,573	-	15,000	-
Federal sources	-	572,970	-	-	-	-	-	-
Other receipts	-	-	5	-	-	-	-	-
Total receipts	<u>3,288</u>	<u>919,892</u>	<u>202,451</u>	<u>206</u>	<u>10,573</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Disbursements:								
Instruction	-	-	103,089	-	10,573	-	-	-
Support services	-	258	136,175	20	-	-	7,000	-
Noninstructional services	-	911,409	-	-	-	-	-	-
Facilities acquisition and construction	5,248	-	-	-	-	-	8,000	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,248</u>	<u>911,667</u>	<u>239,264</u>	<u>20</u>	<u>10,573</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,960)</u>	<u>8,225</u>	<u>(36,813)</u>	<u>186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	142,451	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>142,451</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>(1,960)</u>	<u>8,225</u>	<u>105,638</u>	<u>186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,341</u>	<u>\$ 97,179</u>	<u>\$ (11,667)</u>	<u>\$ 362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER
 FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	Early Intervention 2014- 2015	Miscellaneous Donations	Michelle James Memorial	Northeast Indiana Area Health Education Center	Head Start Donations	Barbara Lehmann Memorial	Small Wonders Donations	Dekko Elementary Music Enhancement
Cash and investments - beginning	\$ 345	\$ 6,160	\$ 8,846	\$ -	\$ 46,283	\$ 4,908	\$ 4,422	\$ 52
Receipts:								
Local sources	-	10,427	154	-	39,042	-	1,500	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	4,953	-	-	-
Total receipts	-	10,427	154	-	43,995	-	1,500	-
Disbursements:								
Instruction	345	1,218	372	-	8,084	-	-	-
Support services	-	5,121	-	-	53,929	-	-	-
Noninstructional services	-	-	-	-	-	-	1,538	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	345	6,339	372	-	62,013	-	1,538	-
Excess (deficiency) of receipts over disbursements	(345)	4,088	(218)	-	(18,018)	-	(38)	-
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	(345)	4,088	(218)	-	(18,018)	-	(38)	-
Cash and investments - ending	\$ -	\$ 10,248	\$ 8,628	\$ -	\$ 28,265	\$ 4,908	\$ 4,384	\$ 52

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER
 FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	Student Service	GKB Clinic	NEISIC Wellness 2012-2013	NEISIC Wellness 2013-2014	NEISIC Wellness 2014-2015	NEISIC Wellness 2015-2016	Herzer/ Steris Unclaimed	Media Talbert Scholarship
Cash and investments - beginning	\$ 126	\$ 1,280	\$ -	\$ -	\$ 10,775	\$ -	\$ 8,965	\$ 8,308
Receipts:								
Local sources	-	17,228	-	-	900	16,830	53	32
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	17,228	-	-	900	16,830	53	32
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	24,852	-	-	6,862	7,575	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	24,852	-	-	6,862	7,575	-	-
Excess (deficiency) of receipts over disbursements	-	(7,624)	-	-	(5,962)	9,255	53	32
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	-	(7,624)	-	-	(5,962)	9,255	53	32
Cash and investments - ending	\$ 126	\$ (6,344)	\$ -	\$ -	\$ 4,813	\$ 9,255	\$ 9,018	\$ 8,340

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER
 FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	Paul Bateman Scholarship	Top Ten Awards and Donations	Visual Arts Scholarship	Charles D Davis Scholarship	Weilert Scholarship	Construction and Maintenance	Building Trades Gift Program	Formative Assessment
Cash and investments - beginning	\$ 755	\$ 1,248	\$ 2,532	\$ 1,500	\$ 37,331	\$ 7,332	\$ 2,350	\$ -
Receipts:								
Local sources	-	3,250	12	-	225	1,736	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	22
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,250	12	-	225	1,736	-	22
Disbursements:								
Instruction	-	-	-	-	-	-	1,680	-
Support services	-	-	-	-	-	6,041	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	4,218	-	1,500	1,000	-	-	-
Total disbursements	-	4,218	-	1,500	1,000	6,041	1,680	-
Excess (deficiency) of receipts over disbursements	-	(968)	12	(1,500)	(775)	(4,305)	(1,680)	22
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	-	(968)	12	(1,500)	(775)	(4,305)	(1,680)	22
Cash and investments - ending	\$ 755	\$ 280	\$ 2,544	\$ -	\$ 36,556	\$ 3,027	\$ 670	\$ 22

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER
 FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	Talent Initiative	Secured Schools Safety Grant	Tele-communications	Head Start Parent Group	Non English Speaking 2013-2014	Non English Speaking 2014-2015	Non English Speaking 2015-2016	School Technology
Cash and investments - beginning	\$ -	\$ -	\$ 355	\$ 1,206	\$ -	\$ 834	\$ -	\$ 46,208
Receipts:								
Local sources	-	-	-	-	-	-	-	40,425
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	3,814	6,564
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	3,814	46,989
Disbursements:								
Instruction	-	-	-	-	-	834	3,458	2,379
Support services	-	-	355	-	-	-	-	30,482
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	355	-	-	834	3,458	32,861
Excess (deficiency) of receipts over disbursements	-	-	(355)	-	-	(834)	356	14,128
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	-	-	(355)	-	-	(834)	356	14,128
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,206	\$ -	\$ -	\$ 356	\$ 60,336

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER
 FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	School Technology Computer Repair	Indiana School Academic Improvement Program (ISAIP)	Classroom Innovation Grant	High Ability Grant 2013-2014	High Ability Grant 2014-2015	High Ability Grant 2015-2016	Sale of Computers	Title I 2013-2014
Cash and investments - beginning	\$ 185	\$ -	\$ -	\$ -	\$ 5,927	\$ -	\$ -	\$ -
Receipts:								
Local sources	16,483	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	12,446	-	-	-	32,445	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	16,483	12,446	-	-	-	32,445	-	-
Disbursements:								
Instruction	-	-	-	-	5,927	25,467	-	-
Support services	50,950	40,560	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	50,950	40,560	-	-	5,927	25,467	-	-
Excess (deficiency) of receipts over disbursements	(34,467)	(28,114)	-	-	(5,927)	6,978	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	40,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	40,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,533	(28,114)	-	-	(5,927)	6,978	-	-
Cash and investments - ending	\$ 5,718	\$ (28,114)	\$ -	\$ -	\$ -	\$ 6,978	\$ -	\$ -

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER
 FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title I 2014-2015	Title I 2014-2015 Sig	Title I 2015-2016	Head Start Lunch	Title II Part A 2013	Title II Part A 2015	Title II Part A 2016
Cash and investments - beginning	\$ (35,362)	\$ (3,815)	\$ -	\$ 1,627	\$ -	\$ (3,850)	\$ -
Receipts:							
Local sources	-	-	-	-	-	(1,000)	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	156,984	16,200	212,982	79,607	-	16,785	51,056
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>156,984</u>	<u>16,200</u>	<u>212,982</u>	<u>79,607</u>	<u>-</u>	<u>15,785</u>	<u>51,056</u>
Disbursements:							
Instruction	90,224	-	237,085	-	-	-	-
Support services	31,398	12,385	-	-	-	10,513	49,846
Noninstructional services	-	-	-	77,484	-	1,422	1,785
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>121,622</u>	<u>12,385</u>	<u>237,085</u>	<u>77,484</u>	<u>-</u>	<u>11,935</u>	<u>51,631</u>
Excess (deficiency) of receipts over disbursements	<u>35,362</u>	<u>3,815</u>	<u>(24,103)</u>	<u>2,123</u>	<u>-</u>	<u>3,850</u>	<u>(575)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>35,362</u>	<u>3,815</u>	<u>(24,103)</u>	<u>2,123</u>	<u>-</u>	<u>3,850</u>	<u>(575)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,103)</u>	<u>\$ 3,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (575)</u>

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER
 FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title II Part A 2017	Head Start 2014	Head Start 2015	Early Head Start 2014	Early Head Start 2015	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,605	\$ 1,644,943
Receipts:							
Local sources	-	-	-	-	-	-	5,223,124
Intermediate sources	-	-	-	-	-	-	217
State sources	-	-	-	-	-	-	11,862,631
Federal sources	4,741	-	1,042,149	-	575,564	-	2,729,038
Other receipts	-	-	6	-	-	2,903,418	3,010,478
Total receipts	4,741	-	1,042,155	-	575,564	2,903,418	22,825,488
Disbursements:							
Instruction	-	-	1,047,975	-	580,907	-	9,501,413
Support services	11,251	-	600	-	300	-	5,851,678
Noninstructional services	-	-	-	-	-	-	1,183,179
Facilities acquisition and construction	-	-	-	-	-	-	854,555
Debt service	-	-	-	-	-	-	2,354,027
Nonprogrammed charges	-	-	-	-	-	2,897,604	2,904,322
Total disbursements	11,251	-	1,048,575	-	581,207	2,897,604	22,649,174
Excess (deficiency) of receipts over disbursements	(6,510)	-	(6,420)	-	(5,643)	5,814	176,314
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	126,884
Transfers in	-	-	-	-	-	-	242,451
Transfers out	-	-	-	-	-	-	(242,451)
Total other financing sources (uses)	-	-	-	-	-	-	126,884
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,510)	-	(6,420)	-	(5,643)	5,814	303,198
Cash and investments - ending	\$ (6,510)	\$ -	\$ (6,420)	\$ -	\$ (5,643)	\$ 21,419	\$ 1,948,141

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GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 138,994</u>	<u>\$ 46,424</u>

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Garrett-Keyser-Butler Middle School Buidling Corporation	QSCB 2009	\$ 211,000	6/30/2010	12/31/2020
Garrett-Keyser-Butler Middle School Buidling Corporation	Garrett Middle School	1,252,000	7/15/2009	1/15/2020
Garrett-Keyser-Butler Middle School Buidling Corporation	Series 2014A JE Ober	85,500	6/30/2015	6/30/2030
Garrett-Keyser-Butler Middle School Buidling Corporation	Series 2014B HS	84,250	6/30/2015	6/30/2030
Garrett-Keyser-Butler Middle School Buidling Corporation	Build America Bonds HS	<u>707,000</u>	6/30/2011	12/31/2028
Total of annual lease payments		<u>\$ 2,339,750</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
Notes and loans payable	GESC 2012	\$ 59,657
Notes and loans payable	GESC 2009	\$ 44,896
Notes and loans payable	2015 Apple	335,745
Notes and loans payable	2016 Apple	103,362
		62,837
		32,219
		<u>526,770</u>
		<u>135,297</u>
Totals		<u>\$ 985,009</u>
		<u>\$ 315,774</u>

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 727,637
Buildings	46,416,812
Improvements other than buildings	2,493,433
Machinery, equipment, and vehicles	<u>5,843,542</u>
Total capital assets	<u>\$ 55,481,424</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE GARRETT-KEYSER-BUTLER COMMUNITY
SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Garrett-Keyser-Butler Community School District's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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 major federal programs for the period of July 1, 2014 to June 30, 2016.

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

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 2016-004. 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

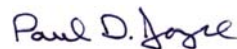
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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.

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 2016-002, 2016-003, and 2016-004 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

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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.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 14-15	\$ -	\$ 93,493	\$ -	\$ -
			FY 15-16	-	-	-	113,786
Total - School Breakfast Program				-	93,493	-	113,786
National School Lunch Program	Indiana Department of Education	10.555	FY 14-15	-	421,545	-	-
			FY 15-16	-	-	-	439,049
Commodities			FY 14-15	-	68,618	-	-
Commodities			FY 15-16	-	-	-	65,406
Total - National School Lunch Program				-	490,163	-	504,455
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 14-15	-	20,446	-	-
			FY 15-16	-	-	-	20,135
Total - Summer Food Service Program for Children				-	20,446	-	20,135
Total - Child Nutrition Cluster				-	604,102	-	638,376
Child and Adult Care Food Program	Indiana Department of Education	10.558	2014-2015	-	57,473	-	-
			2015-2016	-	-	-	79,607
Total - Child and Adult Care Food Program				-	57,473	-	79,607
Total - Department of Agriculture				-	661,575	-	717,983
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-1820	-	71,599	-	-
			15-1820	-	177,437	-	156,984
			FY2015	-	-	-	16,200
			16-1820	-	-	-	212,982
Total - Title I Grants to Local Educational Agencies				-	249,036	-	386,166

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Special Education Cluster (IDEA) Special Education_Grants to States	Indiana Department of Education	84.027	14213-046-PN01	-	115	-	-
			14214-046-PN01	-	116,475	-	-
			14215-046-PN01	-	318,362	-	91,797
			99914-046-TA01	-	5,688	-	28
			14216-044-PN01	-	-	-	332,988
Total - Special Education_Grants to States				-	440,640	-	424,813
Special Education_Preschool Grants	Indiana Department of Education	84.173	45715-046-PN01	-	15,557	-	-
			45716-044-PN01	-	-	-	15,497
Total - Special Education_Preschool Grants				-	15,557	-	15,497
Total - Special Education Cluster (IDEA)				-	456,197	-	440,310
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	12-1820	-	35,654	-	-
			13-1820	-	33,230	-	16,785
			14-1820	-	-	-	51,056
			FFY2015	-	-	-	4,741
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	68,884	-	72,582
Total - Department of Education				-	774,117	-	899,058
<u>Department of Health and Human Services</u>							
Head Start			05CH417749	-	960,074	-	-
			05CH417750	-	681,012	-	1,617,719
Total - Head Start				-	1,641,086	-	1,617,719
Total - Department of Health and Human Services				-	1,641,086	-	1,617,719
Total federal awards expended				\$ -	\$ 3,076,778	\$ -	\$ 3,234,760

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

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (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.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
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?	yes

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
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.600	Child Nutrition Cluster Head Start

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

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

FINDING 2016-001

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

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).

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The SEFA contained the following errors:

1. The Special Education Cluster (IDEA) was omitted. This resulted in an understatement of federal expenditures of \$456,196 for fiscal year 2014-2015 and \$440,310 for fiscal year 2015-2016.
2. The Child Nutrition Cluster commodities were omitted. This resulted in an understatement of federal expenditures of \$68,618 for fiscal year 2014-2015 and \$65,406 for fiscal year 2015-2016.
3. The Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) was overstated by \$1,000 for fiscal year 2014-2015 and understated by \$1,000 for fiscal year 2015-2016.
4. The Head Start expenditures was overstated by \$36 for fiscal year 2014-2015 and \$6 for fiscal year 2015-2016.

Total federal expenditures were understated by \$523,778 in fiscal year 2014-2015 and \$506,710 in fiscal year 2015-2016. Audit adjustments were proposed, approved by the School Corporation, and made to the SEFA.

Criteria

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

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

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

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

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

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

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

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: School Breakfast Program, National School Lunch Program - Cash Management
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 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Material Weakness

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Cash Management compliance requirement.

Although we found no instance of noncompliance with the Cash Management requirements relating to net cash resources, the School Corporation had not retained evidence that one individual was calculating a three month average of expenditures and another was approving the calculation.

Context

This 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed a system of internal controls that segregated key functions.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(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 requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to 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.

FINDING 2016-003

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

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation utilized an educational service center for Food Service bids. The educational service center administered the bidding process as well as verified that the vendors were not suspended or debarred. The educational service center made a recommendation to the School Corporation for the winning bids. However, there were no controls in place to ensure that the School Corporation and School Board formally approved the bids or awarded the contracts to the successful bidders. An oversight, review, or approval process had not been established.

Context

This is a systemic problem for the audit period.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to 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.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-004

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles
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): 14213-046-PN01, 14214-046-PN01,
99914-046-TA01, 14215-046-PN01,
14216-044-PN01, 45715-046-PN01,
45716-044-PN01

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of the Northeast Indiana Special Education Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school of the Cooperative. The member schools of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a Fiscal Agent, who was responsible for the accounting records of the Cooperative. The Fiscal Agent of the Cooperative spent the federal money on behalf of the School Corporation and other member schools and was responsible for following the requirements related to Allowable Costs/Cost Principles compliance requirement.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Because the grant agreements are between the IDOE and each member of the Cooperative, each member school is ultimately responsible for ensuring compliance with the requirements. The Fiscal Agent had not implemented adequate controls to ensure that Semi-Annual Certifications prepared were properly signed by the Special Education Director.

Context

The Semi-Annual Certifications were not all properly signed by the Special Education Director.

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. . . ."

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

2 CFR 200.430(h)(8)(i) states in part:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS) . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the Cooperative and the participating school corporations, in noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system allowed noncompliance with the compliance requirement and could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, review, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT

TRANSFORMING EDUCATION, IMPACTING LIVES



SUPERINTENDENT
Tonya K. Weaver



BOARD OF EDUCATION
Larry W. Getts, Jr. - President
Wayne E. Funk - Vice President
Dr. Danny E. Weimer - Secretary
Tamara L. Best - Member
Jerry A. Weller - Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001

Fiscal year in which the finding initially occurred: 2012-2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education, U. S. Department of Agriculture

Contact Person Responsible for Corrective Action: Pam Good

Contact Phone Number: 260-357-7004

Status of Audit Finding:

Free and Reduced Lunch Applications Eligibility: To verify eligibility status of the free and reduced applications, the Food Service Director reviews and approves/denies 10% of the submitted applications and initials and dates. After this step is completed, the Food Service Middle School/High School Kitchen Manager also reviews and approves/denies the same applications to verify, and initials and dates, upon agreement. Each application will contain two signatures and dates for verification purposes, thus integrating an internal control in the process. The 10% review process of the applications is in accordance with the NSLP regulations.

Program Reporting: The Food Service Director prepares the monthly sponsor claim for reimbursement of meals served. This information is generated from the school lunch software, Meal Magic. The Food Service Director dates and initials the completed sponsor claim. The Middle School/High School Kitchen Manager reviews the totals between Meal Magic and the sponsor claim, and dates and initials the verified sponsor claim.

The Business Manager prepares the annual financial report from the data compiled in the financial software. This is reviewed by the Food-Service Director, who initials and dates prior to filing with the Indiana Department of Education.

Signature

Business Manager/Treasurer

Title

10/27/17

Date

Excellence in Education, Strength in Character

GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL DISTRICT
TRANSFORMING EDUCATION, IMPACTING LIVES

SUPERINTENDENT
Tonya K. Weaver



BOARD OF EDUCATION
Larry W. Getts, Jr. - President
Wayne E. Funk - Vice President
Dr. Danny E. Weimer - Secretary
Tamara L. Best - Member
Jerry A. Weller - Member

FINDING 2014-002

Fiscal year in which the finding initially occurred: 2012-2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Direct Grant,
Department of Health and Human Services
Contact Person Responsible for Corrective Action: Pam Good
Contact Phone Number: 260-357-7004

Status of Audit Finding:

The Business Manager prepares the federal reimbursement using the information from the financial software. Detail of the expenditures, revenue, and fund balance is used to determine the amount of the reimbursement. Upon completion of the Cash Request Form, the information is submitted to the Head Start Director to initial and date upon verification. The approved form is returned to the Business Manager.

Signature

Business Manager/Treasurer

Title

10/27/17

Date

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CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Pamela Good

Contact Phone Number: 260-357-7004

Views of Responsible Official: The School Corporation will incorporate additional internal controls in the preparation of the SEFA to ensure accurate reporting of federal awards.

Description of Corrective Action Plan: The following errors resulted in the understatement of the SEFA by \$523,814 and \$506,716 for the 2014-2015 and 2015-2016 fiscal years, respectively:

1. The Special Ed COOP Program was originally omitted. This resulted in an understatement of federal expenditures of \$456,196 and \$440,310 for each fiscal year, respectively. The school district will contact DeKalb County Eastern (the LEA for the NEISEC) annually to retrieve these amounts to include on the annual report.
2. The National School Lunch Program originally omitted the commodities received. This resulted in an understatement of federal expenditures of \$68,618 and \$65,406 for each fiscal year, respectively. The Business Manager has obtained the location on the School and Nutrition website (Indiana Department of Education) and will include these amounts on the annual report.
3. The Improving Teacher Quality State Grants Program was overstated by \$1,000 and understated by \$1,000 for each fiscal year, respectively. The Business Manager will review these reports to ensure the amounts coincide with the correct year.

Anticipated Completion Date: The School Corporation has implemented the actions noted above and updated the current system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

FINDING 2016-002

Contact Person Responsible for Corrective Action: Pamela Good

Contact Phone Number: 260-357-7004

Views of Responsible Official: The School Corporation will incorporate additional internal controls in the preparation of the monthly Paid Equity Report.

Description of Corrective Action Plan: The Business Manager for the school corporation updates the Paid Equity Report monthly, which includes the fund balance of the School Lunch and Prepaid Accounts. This amount will be compared to the three-month total that is calculated from the annual report prepared by the Business Manager and reviewed by the School Lunch Director in June. The Paid Equity report will then be reviewed and signed and dated by the Business Manager and School Lunch Director monthly.

Anticipated Completion Date: This plan is in place and will be ongoing.

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FINDING 2016-003

Contact Person Responsible for Corrective Action: Pamela Good
Contact Phone Number: 260-357-7004

Views of Responsible Official: The School Corporation will incorporate additional internal controls regarding submission of the Region 8 bids to the School Board.

Description of Corrective Action Plan: The School Corporation procures bids through Region 8, an education service center. The bids will be reviewed by the School Lunch Director, and forwarded to the Business Manager. The bids will be presented to the School Board for approval, and then returned to Region 8.

Anticipated Completion Date: The School Lunch Director and Business Manager will implement this process immediately.


FINDING 2016-004

Contact Person Responsible for Corrective Action: Pamela Good
Contact Phone Number: 260-357-7004

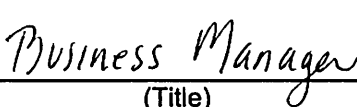
Views of Responsible Official: The School Corporation has received acknowledgment that the LEA of NEISEC that a corrective action plan has been adopted and is going to be followed.

Description of Corrective Action Plan: A copy of the Corrective Action Plan from DeKalb County Eastern (the LEA for the NEISEC) states "Payroll records for each individual employee show funding allocation from IDEA part B grand and IDEA Preschool grant. NEISEC Director will print off and sign all Semi-Annual Certifications semi-annually."

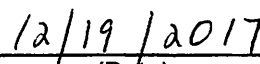
Anticipated Completion Date: A copy of the Corrective Action Plan has been obtained by the school corporation. The LEA states the plan is in place and ongoing.



(Signature)



(Title)



(Date)

OTHER REPORTS

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