

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SMITH-GREEN COMMUNITY SCHOOLS
WHITLEY COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED

03/09/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jodi L. Royer Radee Boyle Jodi L. Royer	07-01-15 to 04-10-17 04-11-17 to 06-11-17 06-12-17 to 12-31-18
Superintendent of Schools	Galen D. Mast Daniel M. Hile	07-01-15 to 06-30-17 07-01-17 to 06-30-20
President of the School Board	Luther A. Gross Dean A. Geiger	07-01-15 to 12-31-16 01-01-17 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SMITH-GREEN COMMUNITY SCHOOLS, WHITLEY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Smith-Green Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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 (Indiana Code 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 19, 2018, 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 solely 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 effectiveness of the School Corporation's 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

February 19, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 SMITH-GREEN COMMUNITY SCHOOLS, WHITLEY 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 Smith-Green Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated February 19, 2018, 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.

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 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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

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

February 19, 2018

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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.

SMITH-GREEN COMMUNITY SCHOOLS
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments	
	07-01-15	Receipts	Disbursements		06-30-16	Receipts	Disbursements		06-30-17	
General	\$ 814,882	\$ 7,280,489	\$ 7,341,685	\$ -	\$ 753,686	\$ 7,381,436	\$ 7,727,873	\$ -	\$ 407,249	
Debt Service	417,514	877,016	823,992	-	470,538	946,254	914,561	-	502,231	
Retirement/Severance Bond Debt Service	70,506	123,837	133,211	-	61,132	63,779	135,876	-	(10,965)	
Capital Projects	95,836	979,860	896,809	-	178,887	1,025,139	854,775	707	349,958	
School Transportation	23,346	543,039	496,852	-	69,533	534,103	513,361	-	90,275	
School Bus Replacement	216,322	122,719	116,361	-	222,680	153,810	136,429	-	240,061	
Rainy Day	456,484	11,083	-	-	467,567	-	-	-	467,567	
Retirement/Severance Bond	80,040	-	80,040	-	-	-	-	-	-	
Post-Retirement/Severance Future Benefits	223,252	-	179,794	-	43,458	-	32,108	-	11,350	
Construction	-	1,064,764	1,032,332	-	32,432	312,631	348,063	-	(3,000)	
School Lunch	79,869	439,266	450,671	-	68,464	431,654	431,159	-	68,959	
Textbook Rental	46,411	110,218	112,245	-	44,384	122,174	126,539	-	40,019	
Playground	2,262	-	1,840	-	422	-	-	-	422	
Educational License Plates	1,309	94	1,000	-	403	112	-	-	515	
Early Intervention 2013-2014	104	-	104	-	-	-	-	-	-	
Early Intervention 2014-2015	1,380	-	1,380	-	-	-	-	-	-	
Early Intervention 2015-2016	-	10,000	4,506	-	5,494	10,969	10,961	-	5,502	
Early Intervention 2016-2017	-	-	-	-	-	5,616	-	-	5,616	
Lilly Endowment Grant - Counseling	-	-	-	-	-	30,000	30,000	-	-	
Whitley County Community Foundation	1,977	-	-	-	1,977	-	-	-	1,977	
Hands Grant - Jr/Sr Library	600	-	600	-	-	-	-	-	-	
First Grade Contributions	-	313	313	-	-	-	-	-	-	
CES PTO Script Donation	13	-	-	-	13	-	-	-	13	
CES PTO Classroom Donations	3,562	-	3,107	-	455	-	-	-	455	
Hands Grant - Remediation	-	-	-	-	-	316	300	-	16	
Hands Grant - Journalism	-	-	-	-	-	400	300	-	100	
School Board Scholarship	500	500	1,000	-	-	500	-	-	500	
Construction Fund 2012	-	35,382	35,382	-	-	-	-	2,407	2,407	
H.S. Commons Floor - Eagle	518	-	518	-	-	-	-	-	-	
Energy Rebate	3,001	10,206	-	-	13,207	-	2,615	-	10,592	
DEKKO Safe Students Project	-	-	-	-	-	37,440	-	-	37,440	
Archery	674	3,100	1,984	-	1,790	2,779	1,648	-	2,921	
Health Services - CPR	-	1,580	1,414	-	166	660	546	-	280	

SMITH-GREEN COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and	Receipts	Disbursements	Other	Cash and	Receipts	Disbursements	Other	Cash and
	Investments			Financing	Investments			Financing	Investments
	07-01-15			Sources (Uses)	06-30-16			Sources (Uses)	06-30-17
Study a Country	242	-	135	-	107	650	130	-	627
Corporation Vehicle	-	-	-	15,500	15,500	-	-	10,000	25,500
SGCS In-Out	5,900	25,000	30,900	-	-	-	-	-	-
High Ability 2015-2016	-	29,363	28,700	-	663	-	663	-	-
High Ability 2016-2017	-	-	-	-	-	29,245	29,245	-	-
Formative Assessment	-	-	-	-	-	15,202	8,800	-	6,402
Computer Consortium/Ed Tech Advance	-	115,187	115,187	-	-	117,643	236,624	-	(118,981)
Secured Schools Safety Grant	(30,980)	-	30,443	-	(61,423)	86,946	23,116	(2,407)	-
Extra-Curricular Activities	-	-	-	-	-	-	-	-	-
School Technology	5,009	8,724	9,856	-	3,877	10,628	2,040	-	12,465
Career and Technical Performance Grant	-	-	-	-	-	5,288	-	-	5,288
Title I - 2014-2015	(22,411)	39,890	17,479	-	-	-	-	-	-
Title I - 2015-2016	-	64,395	94,548	-	(30,153)	61,729	31,576	-	-
Title I - 2016-2017	-	-	-	-	-	58,601	81,288	-	(22,687)
IDEA 2014-2015	(231,192)	257,636	26,444	-	-	-	-	-	-
IDEA 2015-2016	-	-	231,249	-	(231,249)	257,000	25,751	-	-
IDEA 2016-2017	-	-	-	-	-	168,625	243,149	-	(74,524)
Special Ed Technical Assistance	(656)	656	-	-	-	-	-	-	-
Special Ed Preschool 2014-2015	(8,093)	8,093	-	-	-	767	767	-	-
Special Ed Preschool 2015-2016	-	-	8,391	-	(8,391)	8,851	460	-	-
Special Ed Preschool 2016-2017	-	-	-	-	-	9,236	9,236	-	-
Title II 2014-2015	(9,069)	9,069	-	-	-	-	-	-	-
Title II 2015-2016	-	17,051	26,352	-	(9,301)	13,283	3,982	-	-
Title II 2016-2017	-	-	-	-	-	9,473	18,946	-	(9,473)
Prepaid Food	-	131,230	123,050	-	8,179	253,377	251,985	-	9,571
Payroll Withholding/Clearing	(1,339)	1,951,863	1,950,469	-	55	1,984,392	1,984,232	-	215
Smith-Green In/Out	(48)	1,285	1,192	-	45	2,412	2,505	-	(48)
Totals	\$ 2,247,725	\$ 14,272,908	\$ 14,411,536	\$ 15,500	\$ 2,124,597	\$ 14,153,120	\$ 14,221,609	\$ 10,707	\$ 2,066,815

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

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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.

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, self-insurance payments, and other disbursements not listed in another category above.

F. Other Financing Sources and Uses

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

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

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

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

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.

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Negative balances in grant funds are due primarily to the time lapse between when expenditures are made by the School Corporation and when reimbursements are received from the granting agency. The Retirement/Severance Bond Debt Service fund's deficit balance at June 30, 2017, is due to the timeliness of scheduled bond payments, and the receipt of tax distributions. The Construction fund's deficit balance at June 30, 2017, is due to the timeliness of expenditures pertaining to a school building renovation project and the receipt of reimbursements from the holding corporation. The Computer Consortium/Ed Tech Advance fund's deficit balance is due to the time lapse between when expenditures are made by the School Corporation and when reimbursements are received from the Indiana Department of Education. The Smith-Green In/Out's deficit balance at June 30, 2017, is due to the timeliness of reimbursement received from schools, for extracurricular activity expenditures made by the School Corporation.

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Smith-Green Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$560,000 and \$639,000, respectively.

Note 9. Subsequent Events

On December 15, 2017, the School Corporation received an advancement from the Common School Loan (#A2970) of \$116,741. On November 11, 2017, the School Corporation received an advancement from the Common School Loan (#A2929) of \$118,981. On November 21, 2017, the School Corporation agreed to a lease with the Smith-Green Multi-School Building Corporation for the School HVAC Project, totaling \$2,323,700.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees the following benefits: as compensation and with the employee's final pay, the School Corporation pays support staff for two-thirds of accumulated sick leave exceeding 45 days at their individual rate per day; and pays teachers for accumulated sick leave exceeding 45 days at the rate of \$75 per day. These benefits pose a liability to the School Corporation for this year and in future years. More detailed information regarding the benefits can be obtained by contacting the School Corporation.

Note 11. Combined Funds

The Payroll Withholding/Clearing and Smith-Green In/Out funds were reported individually in the current financial statement, but were combined into one fund, Clearing, for the prior financial statement.

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OTHER INFORMATION - UNAUDITED

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

SMITH-GREEN COMMUNITY SCHOOLS
 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 814,882	\$ 417,514	\$ 70,506	\$ 95,836	\$ 23,346	\$ 216,322	\$ 456,484	\$ 80,040	\$ 223,252
Receipts:									
Local sources	86,059	877,016	123,837	979,860	543,039	122,719	11,083	-	-
Intermediate sources	9	-	-	-	-	-	-	-	-
State sources	7,193,108	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	1,313	-	-	-	-	-	-	-	-
Total receipts	7,280,489	877,016	123,837	979,860	543,039	122,719	11,083	-	-
Disbursements:									
Instruction	4,643,302	-	-	-	-	-	-	-	-
Support services	2,502,894	-	-	666,981	496,852	116,361	-	80,040	179,794
Noninstructional services	195,489	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	229,828	-	-	-	-	-
Debt service	-	823,992	133,211	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	7,341,685	823,992	133,211	896,809	496,852	116,361	-	80,040	179,794
Excess (deficiency) of receipts over disbursements	(61,196)	53,024	(9,374)	83,051	46,187	6,358	11,083	(80,040)	(179,794)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(61,196)	53,024	(9,374)	83,051	46,187	6,358	11,083	(80,040)	(179,794)
Cash and investments - ending	\$ 753,686	\$ 470,538	\$ 61,132	\$ 178,887	\$ 69,533	\$ 222,680	\$ 467,567	\$ -	\$ 43,458

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Construction	School Lunch	Textbook Rental	Playground	Educational License Plates	Early Intervention 2013-2014	Early Intervention 2014-2015	Early Intervention 2015-2016	Early Intervention 2016-2017
Cash and investments - beginning	\$ -	\$ 79,869	\$ 46,411	\$ 2,262	\$ 1,309	\$ 104	\$ 1,380	\$ -	\$ -
Receipts:									
Local sources	1,064,764	262,900	85,422	-	-	-	-	-	-
Intermediate sources	-	-	-	-	94	-	-	-	-
State sources	-	7,999	24,746	-	-	-	-	10,000	-
Federal sources	-	168,079	-	-	-	-	-	-	-
Other receipts	-	288	50	-	-	-	-	-	-
Total receipts	1,064,764	439,266	110,218	-	94	-	-	10,000	-
Disbursements:									
Instruction	-	-	-	-	-	-	983	4,506	-
Support services	605	652	112,245	1,840	1,000	104	397	-	-
Noninstructional services	-	434,675	-	-	-	-	-	-	-
Facilities acquisition and construction	1,031,727	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	15,344	-	-	-	-	-	-	-
Total disbursements	1,032,332	450,671	112,245	1,840	1,000	104	1,380	4,506	-
Excess (deficiency) of receipts over disbursements	32,432	(11,405)	(2,027)	(1,840)	(906)	(104)	(1,380)	5,494	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	32,432	(11,405)	(2,027)	(1,840)	(906)	(104)	(1,380)	5,494	-
Cash and investments - ending	\$ 32,432	\$ 68,464	\$ 44,384	\$ 422	\$ 403	\$ -	\$ -	\$ 5,494	\$ -

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Lilly Endowment Grant - Counseling	Whitley County Community Foundation	Hands Grant - Jr/Sr Library	First Grade Contributions	CES PTO Script Donation	CES PTO Classroom Donations	Hands Grant - Remediation	Hands Grant - Journalism	School Board Scholarship
Cash and investments - beginning	\$ -	\$ 1,977	\$ 600	\$ -	\$ 13	\$ 3,562	\$ -	\$ -	\$ 500
Receipts:									
Local sources	-	-	-	313	-	-	-	-	500
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	313	-	-	-	-	500
Disbursements:									
Instruction	-	-	-	313	-	3,107	-	-	-
Support services	-	-	600	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,000
Total disbursements	-	-	600	313	-	3,107	-	-	1,000
Excess (deficiency) of receipts over disbursements	-	-	(600)	-	-	(3,107)	-	-	(500)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(600)	-	-	(3,107)	-	-	(500)
Cash and investments - ending	\$ -	\$ 1,977	\$ -	\$ -	\$ 13	\$ 455	\$ -	\$ -	\$ -

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Construction Fund 2012	H.S. Commons Floor - Eagle	Energy Rebate	DEKKO Safe Students Project	Archery	Health Services - CPR	Study a Country	Corporation Vehicle	SGCS In-Out
Cash and investments - beginning	\$ -	\$ 518	\$ 3,001	\$ -	\$ 674	\$ -	\$ 242	\$ -	\$ 5,900
Receipts:									
Local sources	35,382	-	-	-	2,600	500	-	-	-
Intermediate sources	-	-	-	-	500	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	10,206	-	-	1,080	-	-	25,000
Total receipts	35,382	-	10,206	-	3,100	1,580	-	-	25,000
Disbursements:									
Instruction	-	-	-	-	1,984	-	135	-	-
Support services	-	-	-	-	-	1,414	-	-	26,782
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	35,382	518	-	-	-	-	-	-	4,118
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	35,382	518	-	-	1,984	1,414	135	-	30,900
Excess (deficiency) of receipts over disbursements	-	(518)	10,206	-	1,116	166	(135)	-	(5,900)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	15,500	-
Total other financing sources (uses)	-	-	-	-	-	-	-	15,500	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(518)	10,206	-	1,116	166	(135)	15,500	(5,900)
Cash and investments - ending	\$ -	\$ -	\$ 13,207	\$ -	\$ 1,790	\$ 166	\$ 107	\$ 15,500	\$ -

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	High Ability 2015-2016	High Ability 2016-2017	Formative Assessment	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant	Extra- Curricular Activities	School Technology	Career and Technical Performance Grant	Title I - 2014-2015
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (30,980)	\$ -	\$ 5,009	\$ -	\$ (22,411)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	29,363	-	-	115,187	-	-	8,724	-	-
Federal sources	-	-	-	-	-	-	-	-	39,890
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	29,363	-	-	115,187	-	-	8,724	-	39,890
Disbursements:									
Instruction	28,700	-	-	-	-	-	-	-	13,900
Support services	-	-	-	115,187	30,443	-	9,856	-	3,579
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	28,700	-	-	115,187	30,443	-	9,856	-	17,479
Excess (deficiency) of receipts over disbursements	663	-	-	-	(30,443)	-	(1,132)	-	22,411
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	663	-	-	-	(30,443)	-	(1,132)	-	22,411
Cash and investments - ending	\$ 663	\$ -	\$ -	\$ -	\$ (61,423)	\$ -	\$ 3,877	\$ -	\$ -

SMITH-GREEN COMMUNITY SCHOOLS
 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 - 2015-2016	Title I - 2016-2017	IDEA 2014-2015	IDEA 2015-2016	IDEA 2016-2017	Special Ed Technical Assistance	Special Ed Preschool 2014-2015	Special Ed Preschool 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ (231,192)	\$ -	\$ -	\$ (656)	\$ (8,093)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	64,395	-	257,636	-	-	656	8,093	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	64,395	-	257,636	-	-	656	8,093	-
Disbursements:								
Instruction	78,259	-	24,816	165,916	-	-	-	8,391
Support services	15,125	-	1,628	65,333	-	-	-	-
Noninstructional services	1,164	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	94,548	-	26,444	231,249	-	-	-	8,391
Excess (deficiency) of receipts over disbursements	(30,153)	-	231,192	(231,249)	-	656	8,093	(8,391)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(30,153)	-	231,192	(231,249)	-	656	8,093	(8,391)
Cash and investments - ending	\$ (30,153)	\$ -	\$ -	\$ (231,249)	\$ -	\$ -	\$ -	\$ (8,391)

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Special Ed Preschool 2016-2017	Title II 2014-2015	Title II 2015-2016	Title II 2016-2017	Prepaid Food	Payroll Withholding/ Clearing	Smith-Green In/Out	Totals
Cash and investments - beginning	\$ -	\$ (9,069)	\$ -	\$ -	\$ -	\$ (1,339)	\$ (48)	\$ 2,247,725
Receipts:								
Local sources	-	-	-	-	-	-	-	4,195,994
Intermediate sources	-	-	-	-	-	-	-	603
State sources	-	-	-	-	-	-	-	7,389,127
Federal sources	-	9,069	17,051	-	-	-	-	564,869
Other receipts	-	-	-	-	131,230	1,951,863	1,285	2,122,315
Total receipts	-	9,069	17,051	-	131,230	1,951,863	1,285	14,272,908
Disbursements:								
Instruction	-	-	26,352	-	-	-	-	5,000,664
Support services	-	-	-	-	-	-	-	4,429,712
Noninstructional services	-	-	-	-	-	-	-	631,328
Facilities acquisition and construction	-	-	-	-	-	-	-	1,301,573
Debt service	-	-	-	-	-	-	-	957,203
Nonprogrammed charges	-	-	-	-	123,050	1,950,469	1,192	2,091,056
Total disbursements	-	-	26,352	-	123,050	1,950,469	1,192	14,411,536
Excess (deficiency) of receipts over disbursements	-	9,069	(9,301)	-	8,179	1,394	93	(138,628)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	15,500
Total other financing sources (uses)	-	-	-	-	-	-	-	15,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	9,069	(9,301)	-	8,179	1,394	93	(123,128)
Cash and investments - ending	\$ -	\$ -	\$ (9,301)	\$ -	\$ 8,179	\$ 55	\$ 45	\$ 2,124,597

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 753,686	\$ 470,538	\$ 61,132	\$ 178,887	\$ 69,533	\$ 222,680	\$ 467,567	\$ -	\$ 43,458
Receipts:									
Local sources	83,729	946,254	63,779	1,025,139	534,103	153,810	-	-	-
Intermediate sources	15	-	-	-	-	-	-	-	-
State sources	7,296,837	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	855	-	-	-	-	-	-	-	-
Total receipts	7,381,436	946,254	63,779	1,025,139	534,103	153,810	-	-	-
Disbursements:									
Instruction	5,136,072	-	-	-	-	-	-	-	-
Support services	2,393,071	-	-	666,401	513,361	136,429	-	-	32,108
Noninstructional services	198,730	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	188,374	-	-	-	-	-
Debt service	-	914,561	135,876	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	7,727,873	914,561	135,876	854,775	513,361	136,429	-	-	32,108
Excess (deficiency) of receipts over disbursements	(346,437)	31,693	(72,097)	170,364	20,742	17,381	-	-	(32,108)
Other financing sources (uses):									
Sale of capital assets	-	-	-	707	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	707	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(346,437)	31,693	(72,097)	171,071	20,742	17,381	-	-	(32,108)
Cash and investments - ending	\$ 407,249	\$ 502,231	\$ (10,965)	\$ 349,958	\$ 90,275	\$ 240,061	\$ 467,567	\$ -	\$ 11,350

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Construction	School Lunch	Textbook Rental	Playground	Educational License Plates	Early Intervention 2013-2014	Early Intervention 2014-2015	Early Intervention 2015-2016	Early Intervention 2016-2017
Cash and investments - beginning	\$ 32,432	\$ 68,464	\$ 44,384	\$ 422	\$ 403	\$ -	\$ -	\$ 5,494	\$ -
Receipts:									
Local sources	312,631	254,028	97,311	-	-	-	-	-	-
Intermediate sources	-	-	-	-	112	-	-	-	-
State sources	-	7,728	24,813	-	-	-	-	10,969	5,616
Federal sources	-	169,595	-	-	-	-	-	-	-
Other receipts	-	303	50	-	-	-	-	-	-
Total receipts	312,631	431,654	122,174	-	112	-	-	10,969	5,616
Disbursements:									
Instruction	-	-	-	-	-	-	-	533	-
Support services	-	303	126,539	-	-	-	-	10,428	-
Noninstructional services	-	430,856	-	-	-	-	-	-	-
Facilities acquisition and construction	348,063	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	348,063	431,159	126,539	-	-	-	-	10,961	-
Excess (deficiency) of receipts over disbursements	(35,432)	495	(4,365)	-	112	-	-	8	5,616
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	(35,432)	495	(4,365)	-	112	-	-	8	5,616
Cash and investments - ending	\$ (3,000)	\$ 68,959	\$ 40,019	\$ 422	\$ 515	\$ -	\$ -	\$ 5,502	\$ 5,616

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Lilly Endowment Grant - Counseling	Whitley County Community Foundation	Hands Grant - Jr/Sr Library	First Grade Contributions	CES PTO Script Donation	CES PTO Classroom Donations	Hands Grant - Remediation	Hands Grant - Journalism	School Board Scholarship
Cash and investments - beginning	\$ -	\$ 1,977	\$ -	\$ -	\$ 13	\$ 455	\$ -	\$ -	\$ -
Receipts:									
Local sources	30,000	-	-	-	-	-	316	400	500
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	30,000	-	-	-	-	-	316	400	500
Disbursements:									
Instruction	-	-	-	-	-	-	300	300	-
Support services	30,000	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	30,000	-	-	-	-	-	300	300	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	16	100	500
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	-	-	-	-	-	-	16	100	500
Cash and investments - ending	\$ -	\$ 1,977	\$ -	\$ -	\$ 13	\$ 455	\$ 16	\$ 100	\$ 500

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Construction Fund 2012	H.S. Commons Floor - Eagle	Energy Rebate	DEKKO Safe Students Project	Archery	Health Services - CPR	Study a Country	Corporation Vehicle	SGCS In-Out
Cash and investments - beginning	\$ -	\$ -	\$ 13,207	\$ -	\$ 1,790	\$ 166	\$ 107	\$ 15,500	\$ -
Receipts:									
Local sources	-	-	-	37,440	2,779	-	650	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	660	-	-	-
Total receipts	-	-	-	37,440	2,779	660	650	-	-
Disbursements:									
Instruction	-	-	-	-	1,648	-	130	-	-
Support services	-	-	2,615	-	-	546	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,615	-	1,648	546	130	-	-
Excess (deficiency) of receipts over disbursements	-	-	(2,615)	37,440	1,131	114	520	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	10,000	-
Transfers in	2,407	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,407	-	-	-	-	-	-	10,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,407	-	(2,615)	37,440	1,131	114	520	10,000	-
Cash and investments - ending	\$ 2,407	\$ -	\$ 10,592	\$ 37,440	\$ 2,921	\$ 280	\$ 627	\$ 25,500	\$ -

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	High Ability 2015-2016	High Ability 2016-2017	Formative Assessment	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant	Extra- Curricular Activities	School Technology	Career and Technical Performance Grant	Title I - 2014-2015
Cash and investments - beginning	\$ 663	\$ -	\$ -	\$ -	\$ (61,423)	\$ -	\$ 3,877	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	29,245	15,202	117,643	86,946	-	10,628	5,288	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	29,245	15,202	117,643	86,946	-	10,628	5,288	-
Disbursements:									
Instruction	663	29,245	8,800	-	-	-	-	-	-
Support services	-	-	-	236,624	4,116	-	2,040	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	19,000	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	663	29,245	8,800	236,624	23,116	-	2,040	-	-
Excess (deficiency) of receipts over disbursements	(663)	-	6,402	(118,981)	63,830	-	8,588	5,288	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(2,407)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(2,407)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(663)	-	6,402	(118,981)	61,423	-	8,588	5,288	-
Cash and investments - ending	\$ -	\$ -	\$ 6,402	\$ (118,981)	\$ -	\$ -	\$ 12,465	\$ 5,288	\$ -

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title I - 2015-2016	Title I - 2016-2017	IDEA 2014-2015	IDEA 2015-2016	IDEA 2016-2017	Special Ed Technical Assistance	Special Ed Preschool 2014-2015	Special Ed Preschool 2015-2016
Cash and investments - beginning	\$ (30,153)	\$ -	\$ -	\$ (231,249)	\$ -	\$ -	\$ -	\$ (8,391)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	61,729	58,601	-	257,000	168,625	-	767	8,851
Other receipts	-	-	-	-	-	-	-	-
Total receipts	61,729	58,601	-	257,000	168,625	-	767	8,851
Disbursements:								
Instruction	15,913	72,158	-	17,498	243,149	-	767	460
Support services	15,363	6,592	-	8,253	-	-	-	-
Noninstructional services	300	2,538	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	31,576	81,288	-	25,751	243,149	-	767	460
Excess (deficiency) of receipts over disbursements	30,153	(22,687)	-	231,249	(74,524)	-	-	8,391
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	30,153	(22,687)	-	231,249	(74,524)	-	-	8,391
Cash and investments - ending	\$ -	\$ (22,687)	\$ -	\$ -	\$ (74,524)	\$ -	\$ -	\$ -

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Special Ed Preschool 2016-2017	Title II 2014-2015	Title II 2015-2016	Title II 2016-2017	Prepaid Food	Payroll Withholding/ Clearing	Smith-Green In/Out	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (9,301)	\$ -	\$ 8,179	\$ 55	\$ 45	\$ 2,124,597
Receipts:								
Local sources	-	-	-	-	-	-	-	3,542,869
Intermediate sources	-	-	-	-	-	-	-	127
State sources	-	-	-	-	-	-	-	7,610,915
Federal sources	9,236	-	13,283	9,473	-	-	-	757,160
Other receipts	-	-	-	-	253,377	1,984,392	2,412	2,242,049
Total receipts	9,236	-	13,283	9,473	253,377	1,984,392	2,412	14,153,120
Disbursements:								
Instruction	9,236	-	3,982	18,946	-	-	-	5,559,800
Support services	-	-	-	-	-	-	-	4,184,789
Noninstructional services	-	-	-	-	-	-	-	632,424
Facilities acquisition and construction	-	-	-	-	-	-	-	555,437
Debt service	-	-	-	-	-	-	-	1,050,437
Nonprogrammed charges	-	-	-	-	251,985	1,984,232	2,505	2,238,722
Total disbursements	9,236	-	3,982	18,946	251,985	1,984,232	2,505	14,221,609
Excess (deficiency) of receipts over disbursements	-	-	9,301	(9,473)	1,391	161	(93)	(68,489)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	10,707
Transfers in	-	-	-	-	-	-	-	2,407
Transfers out	-	-	-	-	-	-	-	(2,407)
Total other financing sources (uses)	-	-	-	-	-	-	-	10,707
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	9,301	(9,473)	1,391	161	(93)	(57,782)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (9,473)	\$ 9,571	\$ 215	\$ (48)	\$ 2,066,815

SMITH-GREEN COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
US BANK	Printer Lease	\$ 4,485	07-01-16	07-01-21
US BANK	Copier Lease	39,344	05-01-17	04-30-22
Smith-Green Multi-School Building Corporation	School Building Lease	478,000	06-30-13	12-31-28
Smith-Green Multi-School Building Corporation	School Building Renovation	<u>156,500</u>	06-15-16	01-15-27
Total of annual lease payments		<u>\$ 678,329</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	Common School Fund Technology Loan - A2794	\$ 95,989	\$ 39,260
Notes and loans payable	Common School Fund Technology Loan - A2873	117,643	40,440
Notes and loans payable	Common School Fund Loan - 2004	476,471	136,985
Notes and loans payable	Common School Fund Loan - 1996	<u>382,041</u>	<u>109,837</u>
Totals		<u>\$ 1,072,144</u>	<u>\$ 326,522</u>

SMITH-GREEN COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 291,770
Infrastructure	720,985
Buildings	23,507,463
Improvements other than buildings	217,900
Machinery, equipment, and vehicles	2,678,647
Books and other	<u>1,039,625</u>
Total capital assets	<u>\$ 28,456,390</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE SMITH-GREEN COMMUNITY SCHOOLS, WHITLEY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Smith-Green Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015 to June 30, 2017.

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 the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001. 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 the Uniform Guidance, 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.


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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, which we consider to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

February 19, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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SMITH-GREEN COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

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 06-30-16	Total Federal Awards Expended 06-30-16	Pass-Through To Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 15-16 FY 16-17	\$ - -	\$ 16,866 -	\$ - -	\$ - 16,613
Total - School Breakfast Program				-	16,866	-	16,613
National School Lunch Program	Indiana Department of Education	10.555	FY 15-16 FY 16-17 FY 15-17	- - -	151,213 - 36,447	- - -	- 152,982 59,422
Commodities				-	36,447	-	59,422
Total - National School Lunch Program				-	187,660	-	212,404
Total - Child Nutrition Cluster				-	204,526	-	229,017
Total - Department of Agriculture				-	204,526	-	229,017
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027	14215-160-PN01 14216-129-PN01 14217-044-PN01	- - -	257,636 - -	- - -	- 257,000 168,625
Technical Assistance for Special Education			99914-054-PN01	-	656	-	-
Total - Special Education_Grants to States				-	258,292	-	425,625
Special Education_Preschool Grants	Indiana Department of Education	84.173	45715-160-PN01 45716-129-PN01 45717-044-PN01	- - -	8,093 - -	- - -	767 8,851 9,236
Total - Special Education_Preschool Grants				-	8,093	-	18,854
Total - Special Education Cluster (IDEA)				-	266,385	-	444,479
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	15-8625 16-8625 17-8625	- - -	39,889 64,395 -	- - -	- 61,729 58,601
Total - Title I Grants to Local Educational Agencies				-	104,284	-	120,330
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	FY 14-15 FY 15-16 FY 16-17	- - -	9,069 17,051 -	- - -	- 13,283 9,473
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	26,120	-	22,756
Total - Department of Education				-	396,789	-	587,565
Total federal awards expended				\$ -	\$ 601,315	\$ -	\$ 816,582

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

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

SMITH-GREEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
 Federal Agency: Department of Education
 Federal Program: Title I Grants to Local Educational Agencies
 CFDA Number: 84.010
 Federal Award Numbers and Years (or Other Identifying Numbers): 15-8625, 16-8625, 17-8625
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Allowable Costs/Cost Principles
 Audit Findings: Material Weakness, Other Matters

SMITH-GREEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

Semi-Annual Certifications were maintained; however, the Semi-Annual Certifications were not signed by an employee or someone in a supervisory role as required.

Context

Internal control issues were systemic, occurring throughout the audit period, and enabled noncompliance with Allowable Costs/Cost Principles requirements.

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). . . ."

OMB 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 first hand knowledge of the work performed by the employee."

2 CFR 200.430(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:

SMITH-GREEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Title I Fiscal Handbook 2015-2016, Basic Title I, Part A and D states in part: "Title I funded staff paid solely from Title I funds complete a Semi-Annual Certification twice a year. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions to ensure that Semi-Annual Certifications were signed by supervisors for all employees.

Effect

The failure to establish an effective internal control system enabled the School Corporation to be in noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

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.

Views of Responsible Officials

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

SMITH-GREEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-002

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Reporting, Special Tests and Provisions - Verification of
Free and Reduced Price Applications (NSLP)
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Food Authority (SFA) Verification Collection Reports were accurate prior to submission. One person prepared and submitted the reports. There was no segregation of duties, such as an oversight, review, or approval process.

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

There was no documentation of an oversight or review process over the School Corporation's performance of verifications of the free and reduced price eligibility of households selected from a sample of applications that were approved for free and reduced price meals.

Context

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

Criteria

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.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2013-14, 2014-15
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Todd Fleetwood
Contact Phone Number: (260) 693-2007

Status of Audit Finding: A process is in place where the Business Manager and Treasurer complete the Schedule of Expenditures of Federal Awards together. This process was followed however no signatures were documented as proof. In the future two individuals will sign the SEFA as proof of review.

FINDING 2015-002

Fiscal year in which the finding initially occurred: 2013-14, 2014-15
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Todd Fleetwood
Contact Phone Number: (260) 693-2007

Status of Audit Finding: The Business Manager prepares a cash flow statement. Two individuals review and sign this statement to verify the three-month average does not exceed the maximum allowable for a non-profit entity. The two individuals reviewing and signing consist of Superintendent, Business Manager, Deputy Treasurer.

FINDING 2015-003

Fiscal year in which the finding initially occurred: 2013-14, 2014-15
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Todd Fleetwood
Contact Phone Number: (260) 693-2007

Status of Audit Finding: The Food Service Manager and Business Manager or Treasurer sign the Annual Financial Report and monthly reimbursement claims as proof of review.

Jodi Ray
(Signature)

Business Manager
(Title)

1-16-18
(Date)

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

"The mission of Smith-Green Community Schools is to provide a superior educational experience that ensures success for every student through excellence in teaching and learning."

Board of School Trustees: Mr. Dean Geiger • Mr. Luke Gross • Mr. Jeremy Hart • Mrs. Cathy Petrie • Mr. Nick Uecker
Superintendent: Mr. Daniel Hile

CORRECTIVE ACTION PLAN

FINDING 2017-001 – Title I Grants to Local Educational Agencies – Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Jodi Royer
Contact Phone Number: (260) 693-2007

Views of Responsible Official: Smith-Green Community Schools agrees with the finding.

Description of Corrective Action Plan: During the audit period semi-annual certifications were prepared; however, were not reviewed and signed by a secondary person in a supervisory role. All semi-annual certifications will be reviewed and signed by the responsible supervisor going forward.

Anticipated Completion Date: February 19, 2018

FINDING 2017-002 – Child Nutrition Cluster – Internal Controls

Contact Person Responsible for Corrective Action: Jodi Royer
Contact Phone Number: (260) 693-2007

Views of Responsible Official: Smith-Green Community Schools agrees with the finding.

Description of Corrective Action Plan: The Food Service Manager will perform the Verification of Free and Reduced Price Applications, and will prepare the annual Verification Report. The Business Manager or Assistant to the Food Service Manager will review the verification process and results, as well as the Verification Report, and provide a signature as proof.

Anticipated Completion Date: February 19, 2018

Jodi Roy
(Signature)
Business Manager
(Title)
2/9/18
(Date)

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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/>.