

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

UNION COUNTY COLLEGE CORNER
JOINT SCHOOL DISTRICT
UNION COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
04/04/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jennifer Blakley	07-01-14 to 06-30-18
Superintendent of Schools	Dr. Zach Rozelle Al Sustarsic (acting) Lynn Sheets (interim) Joe Backmeyer (interim) Christopher Winchell	07-01-14 to 11-14-16 11-15-16 to 06-30-17 11-15-16 to 01-31-17 02-01-17 to 06-30-17 07-01-17 to 06-30-18
President of the School Board	Michael Murray	07-01-14 to 06-30-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE UNION COUNTY COLLEGE CORNER
JOINT SCHOOL DISTRICT, UNION COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Union County College Corner Joint 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 March 9, 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 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

March 9, 2018



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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 UNION COUNTY COLLEGE CORNER
JOINT SCHOOL DISTRICT, UNION 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 Union County College Corner Joint 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 March 9, 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.

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 material weaknesses.

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 items 2016-001 and 2016-002 to be material weaknesses.

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 2016-002.

Union County College Corner Joint 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

March 9, 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.

UNION COUNTY COLLEGE CORNER JOINT 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	\$ 1,670,459	\$ 9,920,944	\$ 10,245,299	\$ (54,589)	\$ 1,291,515	\$ 9,883,932	\$ 10,175,072	\$ -	\$ 1,000,375
Debt Service	1,299,171	2,267,076	2,135,696	-	1,430,551	2,040,152	2,165,221	-	1,305,482
Retirement/Severance Bond Debt Service	110,197	174,010	132,084	-	152,123	158,205	133,082	-	177,246
Capital Projects	1,400,175	1,562,298	1,741,215	-	1,221,258	1,540,343	1,713,625	-	1,047,976
School Transportation	299,915	832,346	809,066	-	323,195	883,987	784,586	-	422,596
School Bus Replacement	88,523	164,992	156,846	-	96,669	177,078	174,326	-	99,421
Rainy Day	745,706	-	5,532	54,589	794,763	40,923	50,000	-	785,686
School Lunch	129,553	794,816	815,779	-	108,590	746,056	846,703	-	7,943
Textbook Rental	(35,040)	119,636	56,688	-	27,908	136,434	121,785	-	42,557
Levy Excess	1,764	-	-	-	1,764	-	-	-	1,764
Joint Services and Supply - Special Education Cooperative	72,833	54,747	39,614	-	87,966	-	33,304	-	54,662
Educational License Plates	12,075	131	-	-	12,206	94	-	-	12,300
Alternative Education	206	10,888	-	-	11,094	14,868	-	-	25,962
Miscellaneous Programs	3,112	6,490	13,987	-	(4,385)	8,186	15,304	-	(11,503)
FFA-Food For All Grant	1,178	-	1,178	-	-	-	-	-	-
College Corner Library	542	-	542	-	-	-	-	-	-
UC Foundation - Archery Grant	-	-	-	-	-	2,800	2,611	-	189
Kinder Camp	92	-	-	-	92	-	19	-	73
LES Author Visit-Union County Foundation	-	600	250	-	350	3,500	3,000	-	850
UCHS After Prom	-	1,000	1,000	-	-	-	-	-	-
UCMS National Junior Honor Society	1	487	488	-	-	222	222	-	-
UCMS College for a Day	398	350	645	-	103	350	350	-	103
UCHS Bill of Rights	16	-	16	-	-	-	-	-	-
UCMS Washington DC	1,212	-	1,212	-	-	1,590	-	-	1,590
LES Author Visit- REMC	-	750	750	-	-	-	-	-	-
Teacher Challenge	-	1,000	829	-	171	-	171	-	-
FFA- Living to Serve	-	2,000	2,032	-	(32)	-	(32)	-	-
UCHS Academic Team	-	1,800	1,137	-	663	1,059	1,200	-	522
LES-Field Trip Expenses	-	430	-	-	430	-	430	-	-
LES Kids Connection	-	1,600	-	-	1,600	-	1,600	-	-
Guidance Grant	-	2,850	-	-	2,850	3,000	5,000	-	850
Campus Beautification Pro	-	-	-	-	-	8,808	7,759	-	1,049

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS,
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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
Model Leg Project 15-16	-	-	-	-	-	431	405	-	26
Student Care Fund	-	-	-	-	-	734	610	-	124
Lions Club-Pay It Forward	-	-	-	-	-	200	-	-	200
Teacher Quality Improvement Program	-	4,321	1,366	-	2,955	4,143	7,098	-	-
Excellence in Performance Award Grants	-	19,888	19,888	-	-	20,003	20,003	-	-
Tech Prep	-	516	516	-	-	518	518	-	-
Gifted & Talented 2012-13	11,063	31,231	41,196	-	1,098	31,964	33,062	-	-
Medicaid Reimbursement	3,459	-	1,057	-	2,402	-	2,101	-	301
School Technology	2,231	33,185	24,172	-	11,244	21,969	28,951	-	4,262
Ohio Title I	-	17,298	17,298	-	-	16,434	16,434	-	-
Payroll Clearing Funds	25,105	2,310,812	2,310,816	-	25,101	2,316,537	2,290,184	-	51,454
Cafeteria Pre-Pay	-	-	-	-	-	61,432	65	-	61,367
Title I-7/1/13 to 6/30/14	(26,498)	26,498	-	-	-	-	-	-	-
Title I-7/1/11 to 6/30/12	-	201,020	239,891	-	(38,871)	250,262	247,421	-	(36,030)
IDEA	-	42,895	46,358	-	(3,463)	4,117	654	-	-
Federal Grant Part B	-	-	-	-	-	371,073	492,480	-	(121,407)
Special Education - Preschool- FY 2014	(4,132)	-	(4,132)	-	-	-	-	-	-
Part B Preschool Grant	-	-	-	-	-	13,658	13,964	-	(306)
School Age	(112,820)	1,195,319	1,083,300	-	(801)	4,171	3,370	-	-
Technical Assistance	(1,500)	17,470	15,940	-	30	6,621	6,651	-	-
Special Education - Part B - FY 2013	(7,333)	113,776	106,443	-	-	-	-	-	-
Special Education - Preschool - FY 2013	(19)	342	323	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	394,994	512,187	-	(117,193)	1,181,459	1,069,123	-	(4,857)
Medicaid Reimbursement - Federal	-	22,507	181	-	22,326	65,499	4,455	-	83,370
Improving Teacher Quality, No Child Left, Title II, Part A	(16,077)	43,363	30,986	-	(3,700)	3,700	462	-	(462)
ITQ, Enhanced Education Through Technology, Title II, Part D	(3,956)	6,218	8,812	-	(6,550)	38,668	47,929	-	(15,811)
Totals	<u>\$ 5,671,611</u>	<u>\$ 20,402,894</u>	<u>\$ 20,618,483</u>	<u>\$ -</u>	<u>\$ 5,456,022</u>	<u>\$ 20,065,180</u>	<u>\$ 20,521,278</u>	<u>\$ -</u>	<u>\$ 4,999,924</u>

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

UNION COUNTY COLLEGE CORNER JOINT 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.

UNION COUNTY COLLEGE CORNER JOINT 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.

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:

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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
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. Negative Disbursements

The financial statement contains some disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up as reimbursable grant funds. Negative cash balances are common and expected for reimbursable grant funds due to grant requirements that the School Corporation make the disbursements before reimbursements are requested. Reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with Union County 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 \$2,267,779 and \$2,298,303, respectively.

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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.

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UNION COUNTY COLLEGE CORNER JOINT 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 1,670,459	\$ 1,299,171	\$ 110,197	\$ 1,400,175	\$ 299,915	\$ 88,523	\$ 745,706	\$ 129,553	\$ (35,040)	\$ 1,764
Receipts:										
Local sources	1,245,735	2,267,076	174,010	1,504,158	787,247	164,992	-	394,921	69,943	-
Intermediate sources	1,091	-	-	-	-	-	-	-	-	-
State sources	8,514,177	-	-	-	-	-	-	6,682	49,443	-
Federal sources	-	-	-	-	-	-	-	393,213	-	-
Other receipts	159,941	-	-	58,140	45,099	-	-	-	250	-
Total receipts	9,920,944	2,267,076	174,010	1,562,298	832,346	164,992	-	794,816	119,636	-
Disbursements:										
Instruction	6,541,832	-	-	-	-	-	-	-	-	-
Support services	3,571,014	-	-	932,038	809,066	156,846	5,532	532	56,688	-
Noninstructional services	132,453	-	-	-	-	-	-	815,247	-	-
Facilities acquisition and construction	-	-	-	809,177	-	-	-	-	-	-
Debt service	-	2,135,696	132,084	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,245,299	2,135,696	132,084	1,741,215	809,066	156,846	5,532	815,779	56,688	-
Excess (deficiency) of receipts over disbursements	(324,355)	131,380	41,926	(178,917)	23,280	8,146	(5,532)	(20,963)	62,948	-
Other financing sources (uses):										
Transfers out	(54,589)	-	-	-	-	-	54,589	-	-	-
Total other financing sources (uses)	(54,589)	-	-	-	-	-	54,589	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(378,944)	131,380	41,926	(178,917)	23,280	8,146	49,057	(20,963)	62,948	-
Cash and investments - ending	\$ 1,291,515	\$ 1,430,551	\$ 152,123	\$ 1,221,258	\$ 323,195	\$ 96,669	\$ 794,763	\$ 108,590	\$ 27,908	\$ 1,764

UNION COUNTY COLLEGE CORNER JOINT 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

	Joint Services and Supply - Special Education Cooperative	Educational License Plates	Alternative Education	Miscellaneous Programs	FFA-Food For All Grant	College Corner Library	UC Foundation - Archery Grant	Kinder Camp	LES Author Visit- Union County Foundation	UCHS After Prom
Cash and investments - beginning	\$ 72,833	\$ 12,075	\$ 206	\$ 3,112	\$ 1,178	\$ 542	\$ -	\$ 92	\$ -	\$ -
Receipts:										
Local sources	54,747	-	-	6,490	-	-	-	-	600	1,000
Intermediate sources	-	131	-	-	-	-	-	-	-	-
State sources	-	-	10,888	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	54,747	131	10,888	6,490	-	-	-	-	600	1,000
Disbursements:										
Instruction	2,650	-	-	8,230	1,178	542	-	-	250	1,000
Support services	9,779	-	-	5,757	-	-	-	-	-	-
Noninstructional services	27,185	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	39,614	-	-	13,987	1,178	542	-	-	250	1,000
Excess (deficiency) of receipts over disbursements	15,133	131	10,888	(7,497)	(1,178)	(542)	-	-	350	-
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,133	131	10,888	(7,497)	(1,178)	(542)	-	-	350	-
Cash and investments - ending	\$ 87,966	\$ 12,206	\$ 11,094	\$ (4,385)	\$ -	\$ -	\$ -	\$ 92	\$ 350	\$ -

UNION COUNTY COLLEGE CORNER JOINT 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

	UCMS National Junior Honor Society	UCMS College for a Day	UCHS Bill of Rights	UCMS Washington DC	LES Author Visit-REMC	Teacher Challenge	FFA- Living to Serve	UCHS Academic Team	LES-Field Trip Expenses	LES Kids Connection
Cash and investments - beginning	\$ 1	\$ 398	\$ 16	\$ 1,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	487	350	-	-	750	1,000	2,000	1,800	430	1,600
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	487	350	-	-	750	1,000	2,000	1,800	430	1,600
Disbursements:										
Instruction	488	645	16	1,212	750	829	2,032	1,137	-	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	488	645	16	1,212	750	829	2,032	1,137	-	-
Excess (deficiency) of receipts over disbursements	(1)	(295)	(16)	(1,212)	-	171	(32)	663	430	1,600
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1)	(295)	(16)	(1,212)	-	171	(32)	663	430	1,600
Cash and investments - ending	\$ -	\$ 103	\$ -	\$ -	\$ -	\$ 171	\$ (32)	\$ 663	\$ 430	\$ 1,600

UNION COUNTY COLLEGE CORNER JOINT 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

	Guidance Grant	Campus Beautification Pro	Model Leg Project 15-16	Student Care Fund	Lions Club-Pay It Forward	Teacher Quality Improvement Program	Excellence in Performance Award Grants	Tech Prep	Gifted and Talented-2012-13	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,063	\$ 3,459
Receipts:										
Local sources	2,850	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	31,231	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	4,321	19,888	516	-	-
Total receipts	2,850	-	-	-	-	4,321	19,888	516	31,231	-
Disbursements:										
Instruction	-	-	-	-	-	288	19,888	516	41,122	-
Support services	-	-	-	-	-	1,078	-	-	74	1,057
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	1,366	19,888	516	41,196	1,057
Excess (deficiency) of receipts over disbursements	2,850	-	-	-	-	2,955	-	-	(9,965)	(1,057)
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,850	-	-	-	-	2,955	-	-	(9,965)	(1,057)
Cash and investments - ending	\$ 2,850	\$ -	\$ -	\$ -	\$ -	\$ 2,955	\$ -	\$ -	\$ 1,098	\$ 2,402

UNION COUNTY COLLEGE CORNER JOINT 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	Ohio Title I	Payroll Clearing Funds	Cafeteria Pre-Pay	Title I- 7/1/13 to 6/30/14	Title I- 7/1/11 to 6/30/12	IDEA	Federal Grant Part B	Special Education - Preschool- FY 2014	Part B Preschool Grant
Cash and investments - beginning	\$ 2,231	\$ -	\$ 25,105	\$ -	\$ (26,498)	\$ -	\$ -	\$ -	\$ (4,132)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	33,185	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	26,498	201,020	42,895	-	-	-
Other receipts	-	17,298	2,310,812	-	-	-	-	-	-	-
Total receipts	33,185	17,298	2,310,812	-	26,498	201,020	42,895	-	-	-
Disbursements:										
Instruction	-	17,298	-	-	-	239,891	46,358	-	(4,132)	-
Support services	24,172	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	2,310,816	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	24,172	17,298	2,310,816	-	-	239,891	46,358	-	(4,132)	-
Excess (deficiency) of receipts over disbursements	9,013	-	(4)	-	26,498	(38,871)	(3,463)	-	4,132	-
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,013	-	(4)	-	26,498	(38,871)	(3,463)	-	4,132	-
Cash and investments - ending	\$ 11,244	\$ -	\$ 25,101	\$ -	\$ -	\$ (38,871)	\$ (3,463)	\$ -	\$ -	\$ -

UNION COUNTY COLLEGE CORNER JOINT 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 Age	Technical Assistance	Special Education - Part B - FY 2013	Special Education - Preschool - FY 2013	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Totals
Cash and investments - beginning	\$ (112,820)	\$ (1,500)	\$ (7,333)	\$ (19)	\$ -	\$ -	\$ (16,077)	\$ (3,956)	\$ 5,671,611
Receipts:									
Local sources	-	50	-	-	-	-	-	-	6,682,236
Intermediate sources	-	-	-	-	-	-	-	-	1,222
State sources	-	17,420	-	-	-	-	-	-	8,663,026
Federal sources	1,195,319	-	113,776	342	394,994	22,507	43,363	6,218	2,440,145
Other receipts	-	-	-	-	-	-	-	-	2,616,265
Total receipts	1,195,319	17,470	113,776	342	394,994	22,507	43,363	6,218	20,402,894
Disbursements:									
Instruction	97,263	-	42,107	323	63,079	-	25,290	4,562	7,156,644
Support services	986,037	15,940	64,336	-	449,108	181	5,696	4,250	7,099,181
Noninstructional services	-	-	-	-	-	-	-	-	3,285,701
Facilities acquisition and construction	-	-	-	-	-	-	-	-	809,177
Debt service	-	-	-	-	-	-	-	-	2,267,780
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,083,300	15,940	106,443	323	512,187	181	30,986	8,812	20,618,483
Excess (deficiency) of receipts over disbursements	112,019	1,530	7,333	19	(117,193)	22,326	12,377	(2,594)	(215,589)
Other financing sources (uses):									
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	112,019	1,530	7,333	19	(117,193)	22,326	12,377	(2,594)	(215,589)
Cash and investments - ending	\$ (801)	\$ 30	\$ -	\$ -	\$ (117,193)	\$ 22,326	\$ (3,700)	\$ (6,550)	\$ 5,456,022

UNION COUNTY COLLEGE CORNER JOINT 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 1,291,515	\$ 1,430,551	\$ 152,123	\$ 1,221,258	\$ 323,195	\$ 96,669	\$ 794,763	\$ 108,590	\$ 27,908	\$ 1,764
Receipts:										
Local sources	1,319,534	2,040,152	158,205	1,532,459	833,250	177,078	40,923	341,660	74,111	-
Intermediate sources	1,633	-	-	-	-	-	-	-	-	-
State sources	8,550,911	-	-	-	-	-	-	7,122	50,209	-
Federal sources	-	-	-	-	-	-	-	397,082	-	-
Other receipts	11,854	-	-	7,884	50,737	-	-	192	12,114	-
Total receipts	9,883,932	2,040,152	158,205	1,540,343	883,987	177,078	40,923	746,056	136,434	-
Disbursements:										
Instruction	6,460,593	-	-	-	-	-	-	-	-	-
Support services	3,578,664	-	-	794,463	784,586	174,326	50,000	120	121,785	-
Noninstructional services	135,815	-	-	-	-	-	-	846,583	-	-
Facilities acquisition and construction	-	-	-	919,162	-	-	-	-	-	-
Debt service	-	2,165,221	133,082	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,175,072	2,165,221	133,082	1,713,625	784,586	174,326	50,000	846,703	121,785	-
Excess (deficiency) of receipts over disbursements	(291,140)	(125,069)	25,123	(173,282)	99,401	2,752	(9,077)	(100,647)	14,649	-
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(291,140)	(125,069)	25,123	(173,282)	99,401	2,752	(9,077)	(100,647)	14,649	-
Cash and investments - ending	\$ 1,000,375	\$ 1,305,482	\$ 177,246	\$ 1,047,976	\$ 422,596	\$ 99,421	\$ 785,686	\$ 7,943	\$ 42,557	\$ 1,764

UNION COUNTY COLLEGE CORNER JOINT 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

	Joint Services and Supply - Special Education Cooperative	Educational License Plates	Alternative Education	Miscellaneous Programs	FFA-Food For All Grant	College Corner Library	UC Foundation - Archery Grant	Kinder Camp	LES Author Visit- Union County Foundation	UCHS After Prom
Cash and investments - beginning	\$ 87,966	\$ 12,206	\$ 11,094	\$ (4,385)	\$ -	\$ -	\$ -	\$ 92	\$ 350	\$ -
Receipts:										
Local sources	-	-	-	8,186	-	-	2,800	-	3,500	-
Intermediate sources	-	94	-	-	-	-	-	-	-	-
State sources	-	-	14,868	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	94	14,868	8,186	-	-	2,800	-	3,500	-
Disbursements:										
Instruction	-	-	-	15,304	-	-	2,611	19	3,000	-
Support services	19,034	-	-	-	-	-	-	-	-	-
Noninstructional services	14,270	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	33,304	-	-	15,304	-	-	2,611	19	3,000	-
Excess (deficiency) of receipts over disbursements	(33,304)	94	14,868	(7,118)	-	-	189	(19)	500	-
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(33,304)	94	14,868	(7,118)	-	-	189	(19)	500	-
Cash and investments - ending	\$ 54,662	\$ 12,300	\$ 25,962	\$ (11,503)	\$ -	\$ -	\$ 189	\$ 73	\$ 850	\$ -

UNION COUNTY COLLEGE CORNER JOINT 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

	UCMS National Junior Honor Society	UCMS College for a Day	UCHS Bill of Rights	UCMS Washington DC	LES Author Visit-REMC	Teacher Challenge	FFA- Living to Serve	UCHS Academic Team	LES-Field Trip Expenses	LES Kids Connection
Cash and investments - beginning	\$ -	\$ 103	\$ -	\$ -	\$ -	\$ 171	\$ (32)	\$ 663	\$ 430	\$ 1,600
Receipts:										
Local sources	222	350	-	1,590	-	-	-	1,059	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	222	350	-	1,590	-	-	-	1,059	-	-
Disbursements:										
Instruction	222	350	-	-	-	171	(32)	1,200	430	1,600
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	222	350	-	-	-	171	(32)	1,200	430	1,600
Excess (deficiency) of receipts over disbursements	-	-	-	1,590	-	(171)	32	(141)	(430)	(1,600)
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	1,590	-	(171)	32	(141)	(430)	(1,600)
Cash and investments - ending	\$ -	\$ 103	\$ -	\$ 1,590	\$ -	\$ -	\$ -	\$ 522	\$ -	\$ -

UNION COUNTY COLLEGE CORNER JOINT 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

	Guidance Grant	Campus Beautification Pro	Model Leg Project 15-16	Student Care Fund	Lions Club-Pay It Forward	Teacher Quality Improvement Program	Excellence in Performance Award Grants	Tech Prep	Gifted and Talented-2012-13	Medicaid Reimbursement
Cash and investments - beginning	\$ 2,850	\$ -	\$ -	\$ -	\$ -	\$ 2,955	\$ -	\$ -	\$ 1,098	\$ 2,402
Receipts:										
Local sources	3,000	8,808	431	734	200	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	31,964	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	4,143	20,003	518	-	-
Total receipts	3,000	8,808	431	734	200	4,143	20,003	518	31,964	-
Disbursements:										
Instruction	5,000	7,759	405	-	-	7,098	20,003	518	33,062	-
Support services	-	-	-	610	-	-	-	-	-	2,101
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,000	7,759	405	610	-	7,098	20,003	518	33,062	2,101
Excess (deficiency) of receipts over disbursements	(2,000)	1,049	26	124	200	(2,955)	-	-	(1,098)	(2,101)
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,000)	1,049	26	124	200	(2,955)	-	-	(1,098)	(2,101)
Cash and investments - ending	\$ 850	\$ 1,049	\$ 26	\$ 124	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ 301

UNION COUNTY COLLEGE CORNER JOINT 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	Ohio Title I	Payroll Clearing Funds	Cafeteria Pre-Pay	Title I- 7/1/13 to 6/30/14	Title I- 7/1/11 to 6/30/12	IDEA	Federal Grant Part B	Special Education - Preschool- FY 2014	Part B Preschool Grant
Cash and investments - beginning	\$ 11,244	\$ -	\$ 25,101	\$ -	\$ -	\$ (38,871)	\$ (3,463)	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	16,060	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	250,262	4,117	371,073	-	13,658
Other receipts	5,909	16,434	2,316,537	61,432	-	-	-	-	-	-
Total receipts	21,969	16,434	2,316,537	61,432	-	250,262	4,117	371,073	-	13,658
Disbursements:										
Instruction	-	16,434	-	-	-	247,421	654	54,005	-	13,964
Support services	28,951	-	-	-	-	-	-	438,475	-	-
Noninstructional services	-	-	2,290,184	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	65	-	-	-	-	-	-
Total disbursements	28,951	16,434	2,290,184	65	-	247,421	654	492,480	-	13,964
Excess (deficiency) of receipts over disbursements	(6,982)	-	26,353	61,367	-	2,841	3,463	(121,407)	-	(306)
Other financing sources (uses):										
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,982)	-	26,353	61,367	-	2,841	3,463	(121,407)	-	(306)
Cash and investments - ending	\$ 4,262	\$ -	\$ 51,454	\$ 61,367	\$ -	\$ (36,030)	\$ -	\$ (121,407)	\$ -	\$ (306)

UNION COUNTY COLLEGE CORNER JOINT 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 Age	Technical Assistance	Special Education - Part B - FY 2013	Special Education - Preschool - FY 2013	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Totals
Cash and investments - beginning	\$ (801)	\$ 30	\$ -	\$ -	\$ (117,193)	\$ 22,326	\$ (3,700)	\$ (6,550)	\$ 5,456,022
Receipts:									
Local sources	-	4,877	-	-	1,675	-	-	265	6,555,069
Intermediate sources	-	-	-	-	-	-	-	-	1,727
State sources	-	1,744	-	-	-	-	-	-	8,672,878
Federal sources	4,171	-	-	-	1,179,784	65,499	3,700	38,403	2,327,749
Other receipts	-	-	-	-	-	-	-	-	2,507,757
Total receipts	4,171	6,621	-	-	1,181,459	65,499	3,700	38,668	20,065,180
Disbursements:									
Instruction	-	-	-	-	78,395	-	1,202	38,520	7,009,908
Support services	3,370	6,651	-	-	990,728	4,455	(740)	9,409	7,006,988
Noninstructional services	-	-	-	-	-	-	-	-	3,286,852
Facilities acquisition and construction	-	-	-	-	-	-	-	-	919,162
Debt service	-	-	-	-	-	-	-	-	2,298,303
Nonprogrammed charges	-	-	-	-	-	-	-	-	65
Total disbursements	3,370	6,651	-	-	1,069,123	4,455	462	47,929	20,521,278
Excess (deficiency) of receipts over disbursements	801	(30)	-	-	112,336	61,044	3,238	(9,261)	(456,098)
Other financing sources (uses):									
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	801	(30)	-	-	112,336	61,044	3,238	(9,261)	(456,098)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (4,857)	\$ 83,370	\$ (462)	\$ (15,811)	\$ 4,999,924

UNION COUNTY COLLEGE CORNER JOINT 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>\$ 275,239</u>	<u>\$ 354,725</u>

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Union County School Building Corporation	2006 Refunding Lease Rental Bond	\$ 451,000	7/15/2007	1/15/2021
Union County School Building Corporation	2008 Refunding Lease Rental Bond	950,000	7/15/2008	7/15/2017
Union County School Building Corporation	SBC QSBC 2011	72,520	1/15/2012	1/15/2021
Union County School Building Corporation	2011 Lease Rental Bond	<u>775,000</u>	12/31/2011	1/15/2019
Total governmental activities		<u>2,248,520</u>		
Total of annual lease payments		<u>\$ 2,248,520</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bond	<u>\$ 885,000</u>	<u>\$ 130,971</u>
Totals		<u>\$ 885,000</u>	<u>\$ 130,971</u>

UNION COUNTY COLLEGE CORNER JOINT 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	\$ 169,085
Buildings	23,707,781
Machinery, equipment, and vehicles	4,801,979
Construction in progress	1,085,000
Books and other	<u>1,457,427</u>
Total governmental activities	<u>31,221,272</u>
Total capital assets	<u><u>\$ 31,221,272</u></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 UNION COUNTY COLLEGE CORNER
JOINT SCHOOL DISTRICT, UNION COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Union County College Corner Joint 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)

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 2016-003, 2016-004, and 2016-005 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 9, 2018

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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.

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UNION COUNTY COLLEGE CORNER JOINT 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					
Breakfast Program FY 15			FY 15	\$ -	\$ 75,818	\$ -	\$ -
Breakfast Program FY 16			FY 16	-	-	-	80,961
Total - School Breakfast Program				-	75,818	-	80,961
National School Lunch Program	Indiana Department of Education	10.555					
Commodities				-	47,620	-	46,376
Lunch Program FY 15			FY 15	-	317,395	-	-
Lunch Program FY 16			FY 16	-	-	-	316,121
Total - National School Lunch Program				-	365,015	-	362,497
Total - Child Nutrition Cluster				-	440,833	-	443,458
Total - Department of Agriculture				-	440,833	-	443,458
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education						
IDEA Part B Section 611		84.027	14213-013-PN01	-	24,439	-	-
IDEA Part B Section 611			14214-013-PN01	-	251,619	-	875
IDEA Part B Section 611			14215-013-PN01	-	82,870	-	248,737
IDEA Part B Section 611			14216-011-PN01	-	-	-	77,720
Technical Assistance			99914-0-PN01	-	3,742	-	1,422
Total - Special Education_Grants to States				-	362,670	-	328,754
Special Education_Preschool Grants	Indiana Department of Education	84.173					
IDEA Part B Section 619			45713-013-PN01	-	84	-	-
IDEA Part B Section 619			45715-013-PN01	-	11,469	-	-
IDEA Part B Section 619			45716-011-PN01	-	-	-	3,334
Total - Special Education_Preschool Grants				-	11,553	-	3,334
Total - Special Education Cluster (IDEA)				-	374,223	-	332,088
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 14-15			FY 15	-	266,544	-	-
Title I 15-16			FY 16	-	-	-	250,262
Total - Title I Grants to Local Educational Agencies				-	266,544	-	250,262
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
Title II Part A			FY 15	-	49,581	-	-
Title II Part A			FY 16	-	-	-	42,103
Total - Improving Teacher Quality State Grants				-	49,581	-	42,103
Total - Department of Education				-	690,348	-	624,453
Total federal awards expended				\$ -	\$ 1,131,181	\$ -	\$ 1,067,911

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

UNION COUNTY COLLEGE CORNER JOINT 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.

UNION COUNTY COLLEGE CORNER JOINT 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 weaknesses identified?	Yes
Significant deficiencies 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
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

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

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

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-001.

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation over payroll.

The Deputy Treasurer was completing all areas associated with the preparation and disbursement of School Corporation payroll without an oversight, review, or approval process to ensure the accuracy of payroll.

Context

The lack of internal controls over payroll was systemic during the audit period.

Criteria

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

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

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

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

Cause

Management of the School Corporation had not established an effective system of internal control over payroll.

Effect

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

Recommendation

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

Views of Responsible Officials

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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-002

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

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-001.

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). There were not adequate controls in place, such as oversight, review, or approval by someone other than the individual who prepared the SEFA.

Context

Federal expenditures were under reported by \$147,811 on the SEFA. The errors were as follows:

1. The National School Lunch expenditures were understated by \$47,620 for fiscal year 2015 and \$46,376 for fiscal year 2016.
2. The Special Education Cluster (IDEA) expenditures were overstated by \$70,566 for fiscal year 2015 and understated by \$81,920 for fiscal year 2016, due in part to omitting the Special Education_Preschool Grant.
3. The Title I Grants to Local Educational Agencies expenditures were understated by \$39,026 for fiscal year 2015.
4. The Improving Teacher Quality State Grants expenditures were understated by \$3,435 for fiscal year 2016.

Audit adjustments were proposed, accepted 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. . . .

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

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*.

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

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): 14213-013-PN01, 14214-013-PN01,
99914-0-PN01, 14215-013-PN01,
45713-013-PN01, 45715-013-PN01,
14216-011-PN01, 45716-011-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Condition

Management of the School Corporation had not established an effective internal control system related to the Allowable Costs/Cost Principles compliance requirement.

The School Corporation designated a fiscal agent to receive and manage the Special Education programs. There was no segregation of duties, such as oversight, review, or approval process by management or the fiscal agent to ensure payroll expenditures were for allowable costs.

Context

The lack of controls was a systemic problem. There were no documented internal controls for the compliance requirement during the audit period.

Criteria

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

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

Cause

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

UNION COUNTY COLLEGE CORNER JOINT 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 comply with 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 2016-004

Subject: Title I Grants to Local Educational Agencies - Eligibility
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): FY 15, FY 16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-002.

Condition

Management of the School Corporation had not established an effective internal control system related to the Eligibility compliance requirement.

The School Corporation had not established an internal control system related to the Eligibility compliance requirement. One employee determined students' eligibility during the audit period without oversight, review, or approval process.

Context

The lack of controls was a systemic problem. There were no documented internal controls for this compliance requirement during the audit period.

UNION COUNTY COLLEGE CORNER JOINT 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. . . ."

Cause

The School Corporation 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 program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended 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 2016-005

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity

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, FY 16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

Management of the School Corporation has not established an effective internal control system related to the following compliance requirements: Allowable Costs/Cost Principles, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity.

Allowable Costs/Cost Principles

The School Corporation had not established a control to ensure funds were only expended for allowable costs of the programs. There were no controls over payroll transactions and reporting.

Eligibility

The School Corporation had not established a control over the determination of eligibility for free and reduced price applications. One employee determined eligibility during the audit period without oversight, review, or approval process.

Reporting

The School Corporation had not established a control to verify the accuracy of reports submitted to the state. The Food Service Director prepared and submitted the School Food Authority (SFA) Verification Collection Reports, the Annual Financial Report, and the Sponsor Claims (claims for reimbursement) without oversight, review, or approval process.

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

The School Corporation had not established a control over the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. One employee performed all procedures related to the verification of free and reduced price applications during the audit period without oversight, review, or approval process.

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

The School Corporation had not established a control over the Special Tests and Provisions - Paid Lunch Equity compliance requirement. One employee performed all procedures related to the paid lunch equity calculations during the audit period without oversight, review, or approval process.

Context

The lack of controls was a systemic problem. There were no documented internal controls for these compliance requirements during the audit period.

Criteria

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

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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation 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 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 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.

Christopher Winchell, Superintendent
Jennifer Blakley, Treasurer
Debbie Blevins, Payroll Clerk



Jim Migoski, Director of Information
Technology
Joe Elleman, Transportation Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001

Fiscal Year in which the finding initially occurred: 2014
Contact Person Responsible for Corrective Action: Jennifer Blakley
Contact Phone Number: 765-458-7471

Status of Audit Finding:

- This finding was completed in August of 2017, upon the submission of the SEFA.

FINDING 2014-002

Fiscal Year in which the finding initially occurred: 2014
Pass-Through Entity, if pass through or Federal Grantor Agency, if direct: Department of Education
Contact Person Responsible for Corrective Action: Jennifer Blakley
Contact Phone Number: 765-458-7471

Status of Audit Finding:

- This finding was completed in July, 2016.

FINDING 2014-003

Fiscal Year in which the finding initially occurred: 2014
Pass-Through Entity, if pass through or Federal Grantor Agency, if direct: Department of Education
Contact Person Responsible for Corrective Action: Jennifer Blakley
Contact Phone Number: 765-458-7471

Status of Audit Finding:

- This finding was completed in January, 2016.

FINDING 2014-004

Fiscal Year in which the finding initially occurred: 2014
Pass-Through Entity, if pass through or Federal Grantor Agency, if direct: Department of Education
Contact Person Responsible for Corrective Action: Jennifer Blakley
Contact Phone Number: 765-458-7471

Status of Audit Finding:

- This finding was completed in January, 2016.

FINDING 2014-005

Fiscal Year in which the finding initially occurred: 2014

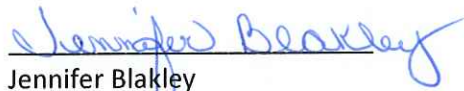
Pass-Through Entity, if pass through or Federal Grantor Agency, if direct: Department of Education

Contact Person Responsible for Corrective Action: Jennifer Blakley

Contact Phone Number: 765-458-7471

Status of Audit Finding:

- This finding was completed in January, 2016.



Jennifer Blakley

Treasurer

January 9, 2018

Christopher Winchell, Superintendent
Jennifer Blakley, Treasurer
Debbie Blevins, Payroll Clerk



Jim Migoski, Director of Information
Technology
Joe Elleman, Transportation Director

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Christopher Winchell, Superintendent
Contact Phone Number: 765-458-7471
Subject: Financial Transactions and Reporting

Views of Responsible Official:

- As this is a repeat finding from our prior audit, we have corrected this finding mid-cycle

Description of Corrective Action Plan:

- To the extent that it is possible to do so in a small school corporation operating with limited staff, Union County-College Corner Joint School District will work to separate incompatible activities related to payroll.
- The Corporation Treasurer will review and sign off on payroll. The Corporation Treasurer will also provide the payroll information to the Board by adding it to the claims docket. The Board will review, approve and sign all claims dockets.

Anticipated Completion Date:

- This finding was completed in January, 2017.

FINDING 2016-002

Contact Person Responsible for Corrective Action: Christopher Winchell, Superintendent
Contact Phone Number: 765-458-7471
Subject: Preparation of the Schedule of Expenditures of Federal Awards

Views of Responsible Official:

- As this is a repeat finding from our prior audit, we have corrected this finding mid-cycle

Description of Corrective Action Plan:

- The Corporation Treasurer will continue to prepare the Schedule of Expenditures of Federal Awards (SEFA). The Union County-College Corner Joint School District will require that the Superintendent and Director of East Central Indiana Special Services Education Cooperative of which we are the LEA will both review the SEFA and sign off on that review prior to the SEFA being submitted by the Corporation Treasurer.

Anticipated Completion Date:

- This finding was completed in August of 2017, upon the submission of the SEFA.
-

FINDING 2016-003

Contact Person Responsible for Corrective Action: Christopher Winchell, Superintendent
Contact Phone Number: 765-458-7471
Subject: Special Education Cluster (IDEA) – Allowable Costs/Cost Principles

Views of Responsible Official:

- As this is a repeat finding from our prior audit, we have corrected this finding mid-cycle.

Description of Corrective Action Plan:

- The Board of the Co-op will be reviewing all payroll information.

Anticipated Completion Date:

- This finding was completed in September 20, 2017.

FINDING 2016-004

Contact Person Responsible for Corrective Action: Christopher Winchell, Superintendent
Contact Phone Number: 765-458-7471
Subject: Title I Grants to Local Educational Agencies - Eligibility

Views of Responsible Official:

- As this is a repeat finding from our prior audit, we have corrected this finding mid-cycle.

Description of Corrective Action Plan:

- The Union County-College Corner Joint School District will require the Title I Teacher at Liberty Elementary School and the Title I Teacher at College Corner Union School to review the determinations for eligibility with one another's respective locations to ensure they were calculated correctly and both will sign off one another's determinations.

Anticipated Completion Date:

- This finding was completed in January, 2016.

FINDING 2016-005

Contact Person Responsible for Corrective Action: Christopher Winchell, Superintendent
Contact Phone Number: 765-458-7471
Subject: Internal Controls over Child Nutrition Cluster

Views of Responsible Official:

- Based on the SBOA Audit findings we recognize the expectation of the SBOA based on Indiana Code for the establishment and execution of internal controls. We do not believe that any funds have been mishandled, nor do we believe that any procedural efforts have been purposefully neglected. To the extent that it is possible in a small rural school corporation operating with limited staff we acknowledge and accept the expectations noted, and we have provide the following plan of action. In most situations the plan of action has already been implemented in

some way shape or form since July 1, 2017. We will continue to work to improve these efforts with the guidance from the SBOA

Description of Corrective Action Plan:

- The Corporation Treasurer will review and sign off on payroll. The Corporation Treasurer will also provide the payroll information to the Board by adding it to the claims docket. The Board will review, approve and sign all claims dockets.
- The Food Service Director will be assisted by each school buildings Treasurer or Secretary in reviewing and approving the eligibility requirements for free and reduced price applications. Both the Food Service Director and Treasurer or Secretary will sign off on each application.
- The Food Service Director will complete all state reports, including School Food Authority (SFA) Verification Collection Reports, the Annual Financial Report, and the Sponsor Claims (claims for reimbursement). The Corporation Treasurer will review all state reports with the Food Service Director, and sign off on each report.
- The Food Service Director will be assisted by the Corporation Secretary in verifying the free and reduced price applications. Both the Food Service Director and the Corporation Secretary will sign off on each application once it is verified.
- The Food Service Director will provide a handout to the Board each year regarding the paid lunch equity compliance requirement. The Food Service Director and the Corporation Treasurer will review the paid lunch equity calculations prior to taking the information to the Board. The Board will then review the documentation and will need to approve any pricing increase.

Anticipated Completion Date:

- These findings have been corrected under the direction of the new Food Service Director, effective July 1, 2017.
- The lunch equity compliance requirement will be corrected in May, 2018, with the calculations going to the Board for review and approval.



Christopher Winchell
Superintendent, UCCCJSD
March 9, 2018

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/>.