

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SPENCER COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
04/10/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa S. Davis	07-01-15 to 12-31-18
Superintendent of Schools	Mike Robinson Richard Rutherford	07-01-15 to 06-30-16 07-01-16 to 06-30-18
President of the School Board	Steve Haaff Matt Bunner Scott Richard Matt Bunner	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTH SPENCER COUNTY SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the South Spencer County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (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, 2015 to June 30, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2015 to June 30, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 22, 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 SOUTH SPENCER COUNTY SCHOOL
CORPORATION, SPENCER 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 South Spencer County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated March 22, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

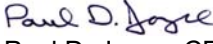
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 22, 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.

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SOUTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-15	Receipts	Disbursements		06-30-16	Receipts	Disbursements		
General	\$ 1,584,749	\$ 8,121,963	\$ 7,998,863	\$ 47,261	\$ 1,755,110	\$ 8,097,087	\$ 8,043,825	\$ 5,669	\$ 1,814,041
Debt Service	864,475	1,521,119	1,517,500	(10,784)	857,310	1,497,427	1,530,924	-	823,813
Retirement/Severance Bond Debt Service	106,621	342,383	435,413	-	13,591	-	-	(13,591)	-
Capital Projects	5,621,385	2,374,864	1,594,447	8,050	6,409,852	2,317,065	2,221,342	22,550	6,528,125
School Transportation	3,694,090	872,608	687,191	(500,000)	3,379,507	1,070,755	628,850	-	3,821,412
School Bus Replacement	525,218	183,141	179,996	-	528,363	274,129	460,068	-	342,424
Rainy Day	1,372,677	317	377,340	500,000	1,495,654	20,218	486,309	13,592	1,043,155
Retirement/Severance Bond	321,334	988	35,831	(375)	286,116	973	10,561	-	276,528
School Lunch	3,301	695,880	698,069	-	1,112	698,995	668,998	-	31,109
Textbook Rental	232,853	115,693	87,203	10,783	272,126	101,252	138,829	-	234,549
Self-Insurance	1,360,247	1,552,633	1,468,792	-	1,444,088	1,653,807	1,555,986	-	1,541,909
Child Care Program	91	28,500	28,372	-	219	71,803	60,832	-	11,190
Educational License Plates	2,731	38	-	-	2,769	38	-	-	2,807
RKPT Early Intervention Grant	-	-	-	-	-	2,493	2,314	-	179
Reading Recovery	1,328	-	-	-	1,328	-	-	-	1,328
Lilly Endowment Grant	-	-	-	-	-	30,000	22,365	-	7,635
Graphing Calculator Project	6,380	1,070	6,986	-	464	-	8	-	456
Toyota Grant	530	-	281	-	249	-	248	-	1
Fluoride	261	302	35	-	528	-	-	-	528
Scholarships and Awards	57,660	6	-	-	57,666	6	-	-	57,672
Welborn Wellness Grant #5	151	-	151	-	-	-	-	-	-
Welborn Wellness Grant #6	-	1,500	1,484	-	16	-	-	-	16
Welborn Wellness Grant #7	-	-	-	-	-	2,300	1,496	-	804
Welborn Baptist Heroes - RKPT	-	17,750	11,740	-	6,010	-	-	(6,010)	-
Welborn Baptist Heroes - RKPT Year 2	-	-	-	-	-	15,065	6,432	6,008	14,641
Dollar General Literacy Foundation Grant	-	3,000	3,000	-	-	-	-	-	-
Target Field Trip Grant	-	700	700	-	-	-	-	-	-
Formative Assessment	-	7,809	7,576	-	233	13,768	14,001	-	-
Gifted Talented 12/13	5,049	-	5,049	-	-	-	-	-	-
Gifted Talented 15/16	-	31,244	30,912	-	332	(332)	-	-	-
Gifted Talented 16/17	-	-	-	-	-	30,675	29,277	-	1,398
School Technology	11,960	11,388	-	-	23,348	8,468	-	-	31,816
Career and Technical Performance Grant	-	-	-	-	-	1,123	-	-	1,123
Miscellaneous Programs	-	1,183	1,557	-	(374)	1,575	1,201	-	-
Title I	-	187,670	194,333	-	(6,663)	165,893	163,516	-	(4,286)
Title I FY 14/15	(8,632)	16,663	8,050	-	(19)	-	(19)	-	-
Medicaid Reimbursement - Federal	58,120	21,299	2,812	(46,886)	29,721	15,468	3,489	(5,455)	36,245
Improving Teacher Quality, No Child Left, Title II, Part A	(6,020)	35,525	31,523	-	(2,018)	26,617	26,665	-	(2,066)
Payroll Clearing	(2,426)	2,902,238	2,897,851	-	1,961	2,924,653	2,935,993	-	(9,379)
Totals	\$ 15,814,133	\$ 19,049,474	\$ 18,313,057	\$ 8,049	\$ 16,558,599	\$ 19,041,321	\$ 19,013,510	\$ 22,763	\$ 16,609,173

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
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.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of entries made when closing a fund into another fund by transferring the fund's positive or negative balance.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Four of the funds are a result of those funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2016 and 2017. The Payroll Clearing fund deficit balances are because reimbursements for payroll expenditures were not received from the School Lunch Extracurricular Account by June 30, 2017.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporations*

The School Corporation has entered into capital leases with the South Spencer County Elementary School Building Corporation and the South Spencer County High School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the years 2015-2016 and 2016-2017 totaled \$1,517,500 and \$1,518,500, respectively.

Note 10. *Subsequent Event*

In February 2018, the School Corporation entered into a lease with the South Spencer County Building Corporation for renovations at South Spencer High School for a term of ten years. Annual lease rental payments range from \$253,000 to \$1,466,000 for total lease payments of \$13,903,000 with the first annual lease payment due on December 31, 2018.

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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.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,584,749	\$ 864,475	\$ 106,621	\$ 5,621,385	\$ 3,694,090	\$ 525,218	\$ 1,372,677	\$ 321,334
Receipts:								
Local sources	56,269	1,521,119	342,383	2,374,677	872,608	183,141	317	988
Intermediate sources	226	-	-	-	-	-	-	-
State sources	8,065,468	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	187	-	-	-	-
Total receipts	8,121,963	1,521,119	342,383	2,374,864	872,608	183,141	317	988
Disbursements:								
Instruction	5,779,704	-	-	-	-	-	-	5,479
Support services	2,001,352	-	-	728,971	685,873	179,996	377,340	30,352
Noninstructional services	217,807	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	835,833	1,318	-	-	-
Debt service	-	1,517,500	435,413	29,643	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	7,998,863	1,517,500	435,413	1,594,447	687,191	179,996	377,340	35,831
Excess (deficiency) of receipts over disbursements	123,100	3,619	(93,030)	780,417	185,417	3,145	(377,023)	(34,843)
Other financing sources (uses):								
Sale of capital assets	-	-	-	8,050	-	-	-	-
Transfers in	47,261	-	-	-	-	-	500,000	-
Transfers out	-	(10,784)	-	-	(500,000)	-	-	(375)
Total other financing sources (uses)	47,261	(10,784)	-	8,050	(500,000)	-	500,000	(375)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	170,361	(7,165)	(93,030)	788,467	(314,583)	3,145	122,977	(35,218)
Cash and investments - ending	\$ 1,755,110	\$ 857,310	\$ 13,591	\$ 6,409,852	\$ 3,379,507	\$ 528,363	\$ 1,495,654	\$ 286,116

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	School Lunch	Textbook Rental	Self- Insurance	Child Care Program	Educational License Plates	RKPT Early Intervention Grant	Reading Recovery	Lilly Endowment Grant
Cash and investments - beginning	\$ 3,301	\$ 232,853	\$ 1,360,247	\$ 91	\$ 2,731	\$ -	\$ 1,328	\$ -
Receipts:								
Local sources	300,299	69,861	1,552,633	28,500	-	-	-	-
Intermediate sources	-	-	-	-	38	-	-	-
State sources	7,848	45,832	-	-	-	-	-	-
Federal sources	387,733	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	695,880	115,693	1,552,633	28,500	38	-	-	-
Disbursements:								
Instruction	-	-	-	28,372	-	-	-	-
Support services	-	87,203	-	-	-	-	-	-
Noninstructional services	698,069	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,468,792	-	-	-	-	-
Total disbursements	698,069	87,203	1,468,792	28,372	-	-	-	-
Excess (deficiency) of receipts over disbursements	(2,189)	28,490	83,841	128	38	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	10,783	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	10,783	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,189)	39,273	83,841	128	38	-	-	-
Cash and investments - ending	\$ 1,112	\$ 272,126	\$ 1,444,088	\$ 219	\$ 2,769	\$ -	\$ 1,328	\$ -

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Graphing Calculator Project	Toyota Grant	Fluoride	Scholarships and Awards	Welborn Wellness Grant #5	Welborn Wellness Grant #6	Welborn Wellness Grant #7	Welborn Baptist Heroes - RKPT
Cash and investments - beginning	\$ 6,380	\$ 530	\$ 261	\$ 57,660	\$ 151	\$ -	\$ -	\$ -
Receipts:								
Local sources	1,070	-	302	6	-	1,500	-	17,750
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	1,070	-	302	6	-	1,500	-	17,750
Disbursements:								
Instruction	6,986	281	35	-	-	489	-	3,847
Support services	-	-	-	-	151	995	-	5,855
Noninstructional services	-	-	-	-	-	-	-	2,038
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	6,986	281	35	-	151	1,484	-	11,740
Excess (deficiency) of receipts over disbursements	(5,916)	(281)	267	6	(151)	16	-	6,010
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,916)	(281)	267	6	(151)	16	-	6,010
Cash and investments - ending	\$ 464	\$ 249	\$ 528	\$ 57,666	\$ -	\$ 16	\$ -	\$ 6,010

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Welborn Baptist Heroes - RKPT Year 2	Dollar General Literacy Foundation Grant	Target Field Trip Grant	Formative Assessment	Gifted Talented 12/13	Gifted Talented 15/16	Gifted Talented 16/17	School Technology
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 5,049	\$ -	\$ -	\$ 11,960
Receipts:								
Local sources	-	3,000	700	-	-	332	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	7,809	-	30,912	-	11,388
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,000	700	7,809	-	31,244	-	11,388
Disbursements:								
Instruction	-	3,000	700	-	2,804	30,912	-	-
Support services	-	-	-	-	2,245	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	7,576	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	3,000	700	7,576	5,049	30,912	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	233	(5,049)	332	-	11,388
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	233	(5,049)	332	-	11,388
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 233	\$ -	\$ 332	\$ -	\$ 23,348

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Career and Technical Performance Grant	Miscellaneous Programs	Title I	Title I FY 14/15	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (8,632)	\$ 58,120	\$ (6,020)	\$ (2,426)	\$ 15,814,133
Receipts:								
Local sources	-	-	-	-	-	-	-	7,327,455
Intermediate sources	-	-	-	-	-	-	-	264
State sources	-	1,183	-	-	-	-	-	8,170,440
Federal sources	-	-	187,670	16,663	21,299	35,525	-	648,890
Other receipts	-	-	-	-	-	-	2,902,238	2,902,425
Total receipts	-	1,183	187,670	16,663	21,299	35,525	2,902,238	19,049,474
Disbursements:								
Instruction	-	-	179,402	8,050	-	28,429	-	6,078,490
Support services	-	1,557	14,931	-	2,812	3,094	-	4,122,727
Noninstructional services	-	-	-	-	-	-	-	917,914
Facilities acquisition and construction	-	-	-	-	-	-	-	844,727
Debt service	-	-	-	-	-	-	-	1,982,556
Nonprogrammed charges	-	-	-	-	-	-	2,897,851	4,366,643
Total disbursements	-	1,557	194,333	8,050	2,812	31,523	2,897,851	18,313,057
Excess (deficiency) of receipts over disbursements	-	(374)	(6,663)	8,613	18,487	4,002	4,387	736,417
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	8,050
Transfers in	-	-	-	-	-	-	-	558,044
Transfers out	-	-	-	-	(46,886)	-	-	(558,045)
Total other financing sources (uses)	-	-	-	-	(46,886)	-	-	8,049
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(374)	(6,663)	8,613	(28,399)	4,002	4,387	744,466
Cash and investments - ending	\$ -	\$ (374)	\$ (6,663)	\$ (19)	\$ 29,721	\$ (2,018)	\$ 1,961	\$ 16,558,599

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,755,110	\$ 857,310	\$ 13,591	\$ 6,409,852	\$ 3,379,507	\$ 528,363	\$ 1,495,654	\$ 286,116
Receipts:								
Local sources	58,158	1,497,427	-	2,315,815	1,070,755	274,129	20,218	973
Intermediate sources	226	-	-	-	-	-	-	-
State sources	8,038,703	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	1,250	-	-	-	-
Total receipts	8,097,087	1,497,427	-	2,317,065	1,070,755	274,129	20,218	973
Disbursements:								
Instruction	5,768,452	-	-	-	-	-	-	10,561
Support services	2,035,741	-	-	910,137	628,100	460,068	486,309	-
Noninstructional services	239,632	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,311,205	750	-	-	-
Debt service	-	1,530,924	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	8,043,825	1,530,924	-	2,221,342	628,850	460,068	486,309	10,561
Excess (deficiency) of receipts over disbursements	53,262	(33,497)	-	95,723	441,905	(185,939)	(466,091)	(9,588)
Other financing sources (uses):								
Sale of capital assets	214	-	-	22,550	-	-	-	-
Transfers in	5,455	-	-	-	-	-	13,592	-
Transfers out	-	-	(13,591)	-	-	-	-	-
Total other financing sources (uses)	5,669	-	(13,591)	22,550	-	-	13,592	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	58,931	(33,497)	(13,591)	118,273	441,905	(185,939)	(452,499)	(9,588)
Cash and investments - ending	\$ 1,814,041	\$ 823,813	\$ -	\$ 6,528,125	\$ 3,821,412	\$ 342,424	\$ 1,043,155	\$ 276,528

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	School Lunch	Textbook Rental	Self- Insurance	Child Care Program	Educational License Plates	RKPT Early Intervention Grant	Reading Recovery	Lilly Endowment Grant
Cash and investments - beginning	\$ 1,112	\$ 272,126	\$ 1,444,088	\$ 219	\$ 2,769	\$ -	\$ 1,328	\$ -
Receipts:								
Local sources	311,873	64,177	1,653,807	69,090	-	-	-	30,000
Intermediate sources	-	-	-	2,713	38	-	-	-
State sources	7,289	37,075	-	-	-	2,493	-	-
Federal sources	379,833	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	698,995	101,252	1,653,807	71,803	38	2,493	-	30,000
Disbursements:								
Instruction	-	-	-	51,941	-	2,314	-	-
Support services	-	138,829	-	-	-	-	-	22,365
Noninstructional services	668,998	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	8,891	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,555,986	-	-	-	-	-
Total disbursements	668,998	138,829	1,555,986	60,832	-	2,314	-	22,365
Excess (deficiency) of receipts over disbursements	29,997	(37,577)	97,821	10,971	38	179	-	7,635
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,997	(37,577)	97,821	10,971	38	179	-	7,635
Cash and investments - ending	\$ 31,109	\$ 234,549	\$ 1,541,909	\$ 11,190	\$ 2,807	\$ 179	\$ 1,328	\$ 7,635

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Graphing Calculator Project	Toyota Grant	Fluoride	Scholarships and Awards	Welborn Wellness Grant #5	Welborn Wellness Grant #6	Welborn Wellness Grant #7	Welborn Baptist Heroes - RKPT
Cash and investments - beginning	\$ 464	\$ 249	\$ 528	\$ 57,666	\$ -	\$ 16	\$ -	\$ 6,010
Receipts:								
Local sources	-	-	-	6	-	-	2,300	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	6	-	-	2,300	-
Disbursements:								
Instruction	8	248	-	-	-	-	501	-
Support services	-	-	-	-	-	-	995	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	8	248	-	-	-	-	1,496	-
Excess (deficiency) of receipts over disbursements	(8)	(248)	-	6	-	-	804	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(6,010)
Total other financing sources (uses)	-	-	-	-	-	-	-	(6,010)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8)	(248)	-	6	-	-	804	(6,010)
Cash and investments - ending	\$ 456	\$ 1	\$ 528	\$ 57,672	\$ -	\$ 16	\$ 804	\$ -

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Welborn Baptist Heroes - RKPT Year 2	Dollar General Literacy Foundation Grant	Target Field Trip Grant	Formative Assessment	Gifted Talented 12/13	Gifted Talented 15/16	Gifted Talented 16/17	School Technology
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 233	\$ -	\$ 332	\$ -	\$ 23,348
Receipts:								
Local sources	15,065	-	-	-	-	(332)	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	13,768	-	-	30,675	8,468
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	15,065	-	-	13,768	-	(332)	30,675	8,468
Disbursements:								
Instruction	330	-	-	-	-	(9)	29,277	-
Support services	5,979	-	-	-	-	9	-	-
Noninstructional services	123	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	14,001	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	6,432	-	-	14,001	-	-	29,277	-
Excess (deficiency) of receipts over disbursements	8,633	-	-	(233)	-	(332)	1,398	8,468
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	6,008	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	6,008	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,641	-	-	(233)	-	(332)	1,398	8,468
Cash and investments - ending	\$ 14,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,398	\$ 31,816

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Career and Technical Performance Grant	Miscellaneous Programs	Title I	Title I FY 14/15	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (374)	\$ (6,663)	\$ (19)	\$ 29,721	\$ (2,018)	\$ 1,961	\$ 16,558,599
Receipts:								
Local sources	-	-	-	-	-	-	-	7,383,461
Intermediate sources	-	-	-	-	-	-	-	2,977
State sources	1,123	1,575	-	-	-	-	-	8,141,169
Federal sources	-	-	165,893	-	15,468	26,617	-	587,811
Other receipts	-	-	-	-	-	-	2,924,653	2,925,903
Total receipts	1,123	1,575	165,893	-	15,468	26,617	2,924,653	19,041,321
Disbursements:								
Instruction	-	-	163,516	(24)	-	26,200	-	6,053,315
Support services	-	1,201	-	5	3,489	465	-	4,693,692
Noninstructional services	-	-	-	-	-	-	-	908,753
Facilities acquisition and construction	-	-	-	-	-	-	-	1,334,847
Debt service	-	-	-	-	-	-	-	1,530,924
Nonprogrammed charges	-	-	-	-	-	-	2,935,993	4,491,979
Total disbursements	-	1,201	163,516	(19)	3,489	26,665	2,935,993	19,013,510
Excess (deficiency) of receipts over disbursements	1,123	374	2,377	19	11,979	(48)	(11,340)	27,811
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	22,764
Transfers in	-	-	-	-	-	-	-	25,055
Transfers out	-	-	-	-	(5,455)	-	-	(25,056)
Total other financing sources (uses)	-	-	-	-	(5,455)	-	-	22,763
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,123	374	2,377	19	6,524	(48)	(11,340)	50,574
Cash and investments - ending	\$ 1,123	\$ -	\$ (4,286)	\$ -	\$ 36,245	\$ (2,066)	\$ (9,379)	\$ 16,609,173

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 259,861</u>	<u>\$ 23,251</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
South Spencer County High School Building Corporation	Improvement to High School	\$ 49,000	12/14/2011	1/15/2020
South Spencer County Elementary School Building Corporation	Elementary Renovations	<u>711,000</u>	7/15/2007	7/15/2018
Total of annual lease payments		<u><u>\$ 760,000</u></u>		

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE SOUTH SPENCER COUNTY SCHOOL
CORPORATION, SPENCER COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the South Spencer County School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2015 to June 30, 2017. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the 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 its major federal program for the period of July 1, 2015 to June 30, 2017.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

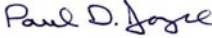
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

March 22, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Pass-Through To Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 15/16	\$ -	\$ 82,871	\$ -	\$ -
School Breakfast Program			FY 16/17	-	-	-	74,492
Total - School Breakfast Program				-	82,871	-	74,492
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 15/16	-	282,448	-	-
School Lunch Program			FY 16/17	-	-	-	271,294
School Lunch Program - Commodities			FY 15/16	-	41,149	-	-
School Lunch Program - Commodities			FY 16/17	-	-	-	19,804
Total - National School Lunch Program				-	323,597	-	291,098
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Program			FY 15/16	-	3,611	-	-
Summer Food Program			FY 16/17	-	-	-	1,601
Total - Summer Food Service Program for Children				-	3,611	-	1,601
Total - Child Nutrition Cluster				-	410,079	-	367,191
Total - Department of Agriculture				-	410,079	-	367,191
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
			14214011PN01	-	16,357	-	-
			14215011PN01	-	136,534	-	17,329
			14216009PN01	-	119,945	-	155,258
			14217009PN01	-	-	-	109,986
			99914011TA01	-	627	-	-
Total - Special Education_Grants to States				-	273,463	-	282,573
Special Education_Preschool Grants	Indiana Department of Education	84.173					
			45715011PN01	-	7,195	-	-
			45716009PN01	-	5,546	-	6,799
			45717009PN01	-	-	-	2,607
Total - Special Education_Preschool Grants				-	12,741	-	9,406
Total - Special Education Cluster (IDEA)				-	286,204	-	291,979

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Pass-Through To Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			FY 14/15	-	40,984	-	-
			FY 15/16	-	163,349	-	13,604
			FY 16/17	-	-	-	152,289
Total - Title I Grants to Local Educational Agencies				-	204,333	-	165,893
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
			FY 14/15	-	3,198	-	-
			FY 15/16	-	32,328	-	-
			FY 16/17	-	-	-	26,617
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	35,526	-	26,617
Total - Department of Education				-	526,063	-	484,489
<u>Department of Health and Human Services</u>							
PPHF: Community Transformation Grants - Small Communities Program financed solely by Public Prevention and Health Funds Welborn Wellness Grant	Welborn Baptist Foundation	93.737	2015-SBHP-038	-	11,742	-	6,432
Assistance Programs for Chronic Disease Prevention and Control State Public Health Actions Wellness Grant	Indiana Department of Education	93.945	A70-5-071076	-	1,183	-	1,575
Total - Department of Health and Human Services				-	12,925	-	8,007
Total federal awards expended				\$ -	\$ 949,067	\$ -	\$ 859,687

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Exceptional Children's Cooperative

The School Corporation is a member of the Exceptional Children's Cooperative (Cooperative). The Cooperative operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statements of the School Corporation.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified

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

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

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: School Breakfast Program and National School Lunch Program - Cash Management and School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children - Reporting

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 15/16, FY 16/17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Finding: Material Weakness

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat of finding from the immediate prior audit. The prior audit finding was 2015-002.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management and Reporting.

Cash Management (School Breakfast Program and National School Program)

An effective internal control system was not in place to ensure that the balance in the School Lunch fund, which is the net cash resources, did not exceed the three months average expenditures.

Reporting (School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children)

An effective internal control system was not in place to ensure that the monthly Sponsor Claims (claims for reimbursement), Annual Financial Reports, and School Food Authority (SFA) Verification Collection Reports were accurately prepared and submitted. There was no segregation of duties, such as an oversight, review, or approval process.

Context

This was a systemic problem within the School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children. Controls did not exist over the compliance requirements listed above 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15/16, FY 16/17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of finding from the immediate prior audit. The prior audit finding was 2015-003.

Condition

An effective internal control system was not in place to ensure that contracts were entered into with the successful bidders and that suspension and debarment verifications were completed.

During the audit period, the School Corporation did verify that vendors were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into a contract with the vendors, but did not verify that vendors under other covered transactions were not suspended or debarred.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

This was a systemic problem throughout the audit period. There was no evidence that the School Corporation verified that vendors, except those they entered into contracts for, were not suspended and debarred prior to entering into a covered transaction.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

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

Effect

The failure to establish an effective system of internal controls enabled material noncompliance to go undetected. Noncompliance with the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no question costs identified.

Recommendation

We recommended that the School Corporation comply with the Procurement and Suspension and Debarment requirements.

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.



321 S. 5th Street
Rockport, IN 47635
Tel: 812-649-2591
Fax: 812-649-4249

Richard Rutherford - Superintendent

richard.rutherford@sspencer.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Section II

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Status of Audit Finding: In Process

We are currently in the process of correcting this. The Treasurer will prepare the SEFA for the Superintendent as well as the Grant Coordinators to review for accuracy and approval.

Anticipated date of completion: June 2018

Section III

FINDING 2015-002

Fiscal year in which the finding initially occurred: 2015
Federal Grantor Agency: Department of Agriculture
Pass-through Agency: Indiana Dept. of Education
Federal Program: School Breakfast Program, National School Lunch Program
Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Status of Audit Finding: In Process

Our goal is to put into practice a more detailed checks and balances procedure. One that would include the following: After the Food Service Director has completed monthly reconciliation of School lunch funds, the Treasurer will sign-off on documents provided by the Food Service Director, to ensure that cash balance do not exceed average expenditures for three months.

All applications will be copied and organized in files for the school year. An employee from the kitchen staff will be asked to help (as needed) with applications during the first of the school year when applications are coming in daily.

Claims- Kitchen managers will be asked to run the reports needed for claims. Food Service Director will train on this procedure. Food Service Director will enter claims and make copies paperwork for files. Kitchen managers will sign off on order for frozen foods, dry goods, and produce before sending to Food Service Director. Food Service Director will place the orders. All invoices will be signed by Kitchen Managers.

When paying for supplies Food Service Director will prepare checks for signing by Superintendent. All paperwork is available if there are questions concerning account payables.

Tammy Small is the confirmation officer for the Verification process. She checks over the applications pulled for verification and signs off on them. Files are kept on verification, and as of my last SMI audit in 2016, everything is in order.

Food Service Director and Deputy Treasurer will keep records of successful bidders. Verification concerning suspension and debarment will be completed by Food Service Director and confirmed by Deputy Treasurer or Treasurer.

Food Service Director will work closely with Treasurer to ensure the Annual Financial reports are prepared correctly and are submitted in a timely manner.

Food Service Director will work with Deputy Treasurer to ensure paid lunch prices are confirmed and determined by using the paid equity tool supplied by the National School Lunch Program

Anticipated date of completion: June 2018

FINDING 2015-003

Fiscal year in which the finding initially occurred: 2015

Federal Grantor Agency: Department of Agriculture

Pass-through Agency: Indiana Dept. of Education

Federal Program: School Breakfast Program, National School Lunch Program

Contact Person Responsible for Corrective Action: Richard Rutherford

Contact Phone Number: 812-649-2591

Status of Audit Finding: Completed

As of 2015/2016 School year a new bid, process has been in place. Suspension and Debarment criteria was added to bid and a procurement plan is in place.

FINDING 2015-004

Fiscal year in which the finding initially occurred: 2015

Federal Grantor Agency: Department of Agriculture

Pass-through Agency: Indiana Dept. of Education

Federal Program: National School Lunch Program

Contact Person Responsible for Corrective Action: Richard Rutherford

Contact Phone Number: 812-649-2591

Status of Audit Finding: In Process

Food Service Director has had training on the Price Equity Tool. This is to ensure that paid lunches and non-Federal source contributions meet requirements put forth in Section 205 of the Healthy, Hunger-Free Act of 2010.

The South Spencer Board of Education will approve price increases.

Anticipated date of completion: Summer 2018

FINDING 2015-005

Fiscal year in which the finding initially occurred: 2015
Federal Grantor Agency: Department of Education
Pass-through Agency: Indiana Dept. of Education
Federal Program: Title I Grants to Local Education Agencies
Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Status of Audit Finding: In Process – beginning with the 2017-18 school year

The Title I Administrator will monitor and collect all semiannual certificates, time and effort logs. The records will be kept on file at the corporation office. Each building will also keep a copy on file.

Anticipated date of completion: June 2018

FINDING 2015-006

Fiscal year in which the finding initially occurred: 2015
Federal Grantor Agency: Department of Education
Pass-through Agency: Indiana Dept. of Education
Federal Program: Title I Grants to Local Education Agencies
Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Status of Audit Finding: In Process

Beginning with the 2017-18 school year, The Title I Administrator will assist each building administrator in the identification of eligible students. The records will be kept on file at the corporation office. Each building will also keep a copy on file.

Anticipated date of completion: June 2018

FINDING 2015-007

Fiscal year in which the finding initially occurred: 2015
Federal Grantor Agency: Department of Education
Pass-through Agency: Indiana Dept. of Education
Federal Program: Special Education_Grants to States
Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

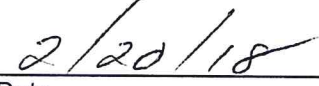
Status of Audit Finding: In Process

As a member of the Board of the Exceptional Children’s Co-op, the Superintendent will ensure that the Exceptional Children’s Co-op verifies that vendors are not suspended or debarred from participation in federal assistance programs prior to awarding contracts with them.

Anticipated Completion Date: June 2018



Dr, Richard Rutherford, Superintendent



Date

Richard Rutherford - Superintendent
richard.rutherford@sspencer.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Going forward the Food Service Director will provide the Corporation Treasurer with monthly meals served reports for each school. The Corporation Treasurer will ensure that the numbers submitted for claims reimbursement and the actual amount received from the Indiana Department of Education are accurate. As of March 9, 2018, all claim reports for the 2017/18 school year have been reviewed and are maintained in the corporation office.

Review of the Annual Financial Report prior to submission will be conducted by the Corporation Treasurer. The balance of the School Lunch fund will be done by the Corporation Treasurer to ensure that it does not exceed a three month average of expenditures.

The Corporation Treasurer will ask to see the School Food Authority Verification Collection Reports for review of appropriate documentation and signatures as part of the end of the month procedures in October, November and December.

Anticipated Completion Date: Immediately

FINDING 2017-002

Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Views of Responsible Official: We concur with the finding.

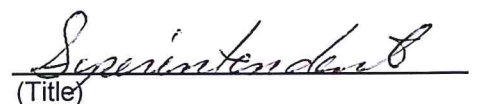
Description of Corrective Action Plan:

The Food Service Director has verified vendors with a contractual agreement for the current 2017/18 school year and will retain proof either by collecting a certification from that vendor or person; or by keeping a copy of the result found on the SAM Exclusions website.

Effective July 1, 2018, the 2018/19 school year, the Cafeteria Fund will be maintained by the corporation office. All vendors will be verified prior to utilization by either the Food Service Director or the Corporation Treasurer. No payment will be made without documentation of exclusion. Verification will be kept at the corporation office.

Anticipated Completion Date: Immediately


(Signature)


(Title)


(Date)

OTHER REPORTS

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