

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MICHIGAN CITY AREA SCHOOLS
LAPORTE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
05/31/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11-13
Notes to Financial Statement	14-19
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	22-43
Schedule of Leases and Debt	44
Schedule of Capital Assets.....	45
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	48-51
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	55-57
Notes to Schedule of Expenditures of Federal Awards	58
Schedule of Findings and Questioned Costs	59-85
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	88-94
Corrective Action Plan	95-109
Other Reports.....	110

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/CFO	Lance E. Werner	01-01-15 to 12-31-18
Superintendent of Schools	Dr. Barbara Eason-Watkins	07-01-15 to 06-30-18
President of the School Board	Donald J. Dulaney	01-01-15 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MICHIGAN CITY AREA SCHOOLS, LAPORTE COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (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 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 April 12, 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

April 12, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON 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 MICHIGAN CITY AREA SCHOOLS, LA PORTE 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 Michigan City Area Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated April 12, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider 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 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 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 2017-002.

Michigan City Area Schools' 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

April 12, 2018

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

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

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ (4,524,662)	\$ 42,237,027	\$ 39,216,449	\$ 371,937	\$ (1,132,147)	\$ 43,222,494	\$ 40,355,472	\$ 227,656	\$ 1,962,531
Debt Service	7,866,082	23,798,999	17,592,205	(1,210,918)	12,861,958	20,942,634	20,520,151	(334,362)	12,950,079
Retirement/Severance Bond Debt Service	530,271	3,045,759	2,152,554	(6,526)	1,416,950	2,003,361	1,983,192	-	1,437,119
Capital Projects	1,611,110	7,756,321	11,749,718	575,114	(1,807,173)	8,238,059	8,032,970	-	(1,602,084)
School Transportation	5,383,572	5,698,428	8,305,057	496,167	3,273,110	6,361,121	6,316,644	-	3,317,587
School Bus Replacement	931,549	671,478	1,077,052	45,527	571,502	916,891	958,628	-	529,765
Rainy Day	6,000,000	183,185	-	-	6,183,185	-	-	-	6,183,185
Construction	4,376	-	4,376	-	-	-	-	-	-
Construction 2011-1	187,329	-	124,275	-	63,054	-	68,214	-	(5,160)
Construction 2012-1	13,830	-	13,830	-	-	-	-	-	-
Construction 2012-2	5,424	-	5,424	-	-	-	-	-	-
Construction GOB 2016	-	-	-	-	-	-	69,675	4,021,312	3,951,637
School Lunch	1,488,316	3,544,828	3,424,409	-	1,608,735	4,366,154	4,383,664	-	1,591,225
Textbook Rental	397,535	732,336	511,924	-	617,947	761,703	617,233	-	762,417
Levy Excess	-	112,732	-	-	112,732	-	-	-	112,732
Educational License Plates	1,223	619	285	-	1,557	694	764	-	1,487
Alternative Education 2015	1,610	-	1,610	-	-	-	-	-	-
Alternative Education 2016	-	8,636	8,636	-	-	-	-	-	-
Alternative Education 2017	-	-	-	-	-	9,459	9,445	-	14
Early Intervention 2016	-	12,822	-	-	12,822	-	12,822	-	-
Early Intervention 2017	-	-	-	-	-	31,231	-	-	31,231
Lilly Grant	-	-	-	-	-	50,000	12,714	-	37,286
Donations/ Trusts	5,708	17,049	10,615	-	12,142	16,350	11,495	-	16,997
Student Well Being	4,561	10,000	4,704	-	9,857	20,000	4,865	-	24,992
NIPSCO Energy	37,800	-	13,899	-	23,901	-	4,683	-	19,218
Hours for Ours 2008	564	175	-	-	739	72	-	-	811
Impact Pro/Donations	667	-	667	-	-	-	-	-	-
United Way 2015-2016	801	39,105	39,906	-	-	-	-	-	-
United Way 2016-2017	-	21,983	14,407	-	7,576	29,675	37,251	-	-
United Way 2017-2018	-	-	-	-	-	14,260	12,195	-	2,065
Alcoa Foundation	-	19,500	-	-	19,500	20,000	19,719	-	19,781
Arconic Foundation	-	-	-	-	-	20,000	-	-	20,000
Misc/ Fundraiser/ Superintendent	6,862	-	-	-	6,862	-	1,668	-	5,194
Wellness Grant 2015	679	-	679	-	-	-	-	-	-
After School 2008	88,661	75,241	120,967	-	42,935	60,172	94,295	-	8,812
Safe Harbor AM	-	10,274	4,895	-	5,379	29,449	28,159	-	6,669
MC Enrichment 2015-2016	23,675	-	23,675	-	-	-	-	-	-
MC Enrichment 2016-2017	-	24,500	48	-	24,452	-	24,452	-	-
MC Enrichment 2017-2018	-	-	-	-	-	7,800	-	-	7,800
Unity 2013	2,588	8,044	8,472	-	2,160	8,200	2,674	-	7,686

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

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Unity 2015-2016	-	1,850	1,850	-	-	-	-	-	-
Unity 2016-2017	-	-	-	-	-	2,175	1,989	-	186
Innovative Curriculum Grant 2015-2016	-	134,123	223,260	-	(89,137)	89,137	-	-	-
Redevelopment Commision	-	1,600,000	772,648	-	827,352	600,000	789,387	-	637,965
Common Council Fund	-	500,000	440,080	-	59,920	-	59,920	-	-
Formative Assessment	-	67,427	49,824	-	17,603	72,804	90,407	-	-
High Ability 2015-2016	30,247	-	30,247	-	-	-	-	-	-
High Ability 2016-2017	-	50,231	21,643	-	28,588	-	28,588	-	-
High Ability 2017-2018	-	-	-	-	-	48,254	11,019	-	37,235
Lowe's	-	-	-	-	-	5,000	4,245	-	755
Computer Consortium/Ed Tech Advance	-	543,700	543,700	-	-	-	-	-	-
Medicaid Reimbursement State 2009	11,355	41,200	-	(42,321)	10,234	45,275	-	(55,509)	-
Career and Technical Performance Grant	-	-	-	-	-	38,224	9,620	-	28,604
Indiana School Academic Improvement Program (ISAIP)	-	-	-	-	-	75,000	75,000	-	-
Miscellaneous Programs	4,083	-	4,083	-	-	-	-	-	-
LLC - Drug Free Partnership 2016	-	4,500	720	-	3,780	-	3,780	-	-
Duneland Health Council	6,000	18,000	8,064	-	15,936	-	10,125	-	5,811
School Age Child	-	-	-	-	-	25,042	35,995	-	(10,953)
LLC - Drug Free Partnership 2017	-	-	-	-	-	4,167	1,865	-	2,302
Tobacco Grant	(166)	166	-	-	-	-	-	-	-
LLC - Drug Free Partnership 2014-2016	297	-	297	-	-	-	-	-	-
ISTA Settlement	319,711	-	-	-	319,711	-	-	-	319,711
Project Lead the Way - 2016-2017	-	-	-	-	-	10,000	2,400	-	7,600
Project Lead the Way - Rory McMahan	-	-	-	-	-	734	-	-	734
Project Lead the Way - Barker	-	-	-	-	-	5,000	-	-	5,000
Title I School Improvement 2014-2015	(554)	14,975	14,421	-	-	-	-	-	-
Title I School Improvement 2015-2016	-	2,696	2,696	-	-	13,006	13,006	-	-
Title I School Improvement 2016-2022	-	-	-	-	-	109,769	112,948	-	(3,179)
Title I School Improvement 2016-2017	-	-	-	-	-	-	4,695	-	(4,695)
Title I 2013-2014	-	-	-	-	-	-	-	-	-
Title I 2014-2015	(202,265)	474,623	272,358	-	-	-	-	-	-
Title I 2015-2016	-	1,797,961	1,980,879	-	(182,918)	474,501	291,583	-	-
Title I 2016-2017	-	-	-	-	-	1,545,670	1,830,324	-	(284,654)
McKinney Vento 2016-2017	-	-	-	-	-	12,800	12,800	-	-
McKinney Vento 2014-2015	(4,300)	12,077	7,777	-	-	-	-	-	-
McKinney Vento 2015-2016	-	15,117	16,717	-	(1,600)	6,883	5,283	-	-
Special Education 2013-2015	-	5,720	5,720	-	-	-	-	-	-
Special Education 2014-2016	(113,277)	232,380	119,103	-	-	47,038	47,038	-	-
Special Education 2015-2017	-	1,259,851	1,353,171	-	(93,320)	336,065	288,400	-	(45,655)

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

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Special Education 2016-2018	-	-	-	-	-	1,311,031	1,415,491	-	(104,460)
Technical Assistance	-	10,051	10,051	-	-	-	-	-	-
Special Education Preschool 2014-2016	(5,166)	8,245	3,079	-	-	-	-	-	-
Special Education Preschool 2015-2017	-	57,298	62,556	-	(5,258)	8,830	3,572	-	-
Special Education Preschool 2016-2018	-	-	-	-	-	55,684	61,026	-	(5,342)
Adult Basic Education 2014-2015	(27,348)	35,371	8,023	-	-	-	-	-	-
Adult Basic Education 2015-2016	-	62,445	83,495	-	(21,050)	66,152	45,102	-	-
Adult Basic Education 2016-2017	-	-	-	-	-	-	74,472	-	(74,472)
Carl Perkins 2014-2015	(52,457)	140,090	87,633	-	-	-	-	-	-
Carl Perkins 2015-2016	-	147,786	176,618	-	(28,832)	93,681	64,849	-	-
Carl Perkins 2016-2017	-	-	-	-	-	204,586	263,067	-	(58,481)
Medicaid Reimbursement 2009-2010	64,208	75,143	104,166	-	35,185	83,088	43,939	-	74,334
INMAC	111,375	104,039	136,579	-	78,835	165,884	198,399	-	46,320
21st Century Learning Center	(54,633)	54,633	-	-	-	-	-	-	-
21st Century Cohort 7 Yr 2	-	322,009	335,046	-	(13,037)	13,037	-	-	-
21st Century Cohort 7 Yr 3	-	-	-	-	-	279,719	282,131	-	(2,412)
21st Century Cohort 7 Yr 4	-	-	-	-	-	-	3,128	-	(3,128)
21st Century Cohort 8 Yr 1	-	-	-	-	-	-	2,747	-	(2,747)
Adult Education	67,352	-	15,562	-	51,790	-	6,761	-	45,029
21st Century Cohort 6 2014-2015	(64,427)	64,427	-	-	-	-	-	-	-
21st Century Cohort 6 Yr 3	-	295,778	304,957	-	(9,179)	9,179	-	-	-
21st Century Cohort 6 Yr 4	-	-	-	-	-	260,444	270,843	-	(10,399)
DNR/Natural Resources 2014-2016	(16,724)	28,285	26,222	-	(14,661)	14,670	9	-	-
DNR/Natural Resources 2014-2015	(3,963)	4,826	863	-	-	-	-	-	-
Title II Part A 2013-2015	(18,907)	22,422	3,515	-	-	-	-	-	-
Title II Part A 2014-2016	(23,727)	320,820	301,732	-	(4,639)	32,255	27,616	-	-
Title II Part A 2015-2017	-	90,908	123,735	-	(32,827)	219,375	201,517	-	(14,969)
Title II Part A 2017-2019	-	-	-	-	-	74,822	100,909	-	(26,087)
Math & Science Yr 2 2014-2015	(1,558)	111,357	109,799	-	-	-	-	-	-
Math & Science 2015-2016	-	11,401	56,388	-	(44,987)	104,653	59,666	-	-
Clearing Account - Payroll Withholding	-	9,587,051	9,587,051	-	-	9,761,188	9,761,188	-	-
Clearing Account - Food Service Prepaid Collections	22,478	22,302	20,189	-	24,591	205,281	205,147	-	24,725
Totals	\$ 20,117,765	\$ 106,382,325	\$ 101,857,255	\$ 228,980	\$ 24,871,815	\$ 103,659,882	\$ 100,405,040	\$ 3,859,097	\$ 31,985,754

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This includes a deficit at June 30, 2016, in the General fund of \$1,132,147 and Capital Projects fund of \$1,807,173 and at June 30, 2017, in the Capital Projects fund of \$1,602,084. This is a result of disbursements in excess of receipts of the fund. Other deficit balances are in various reimbursable grant funds for which the reimbursements of the expenditures were not received by June 30, 2016 or 2017.

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into capital leases with two lessors: Michigan City Area-Wide School Building Corporation (Elston, Barker, and Krueger Middle School Lease) and Michigan City School Building Corporation (New Pine, Lake Hills, and Marsh Elementary Schools Lease and Joy Elementary School Lease). 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 ended June 30, 2016, and June 30, 2017, totaled \$9,726,000 and \$9,726,000, respectively.

Note 9. *Subsequent Events*

On September 13, 2017, the School Corporation signed an Installment Payment Contract with Horizon Bank for \$8,975,250. Information regarding this contract for solar and lighting energy savings equipment can be obtained by contacting the School Corporation.

Note 10. *Other Postemployment Benefits*

The School Corporation provides health and life insurance benefits to eligible retirees. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

(This page intentionally left blank.)

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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	Construction 2011-1	Construction 2012-1	Construction 2012-2
Cash and investments - beginning	\$ (4,524,662)	\$ 7,866,082	\$ 530,271	\$ 1,611,110	\$ 5,383,572	\$ 931,549	\$ 6,000,000	\$ 4,376	\$ 187,329	\$ 13,830	\$ 5,424
Receipts:											
Local sources	1,073,659	15,923,999	1,701,759	3,556,321	2,605,455	142,978	183,185	-	-	-	-
Intermediate sources	192,011	-	-	-	-	-	-	-	-	-	-
State sources	40,364,662	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	7,875,000	1,344,000	4,200,000	3,080,000	528,500	-	-	-	-	-
Other	606,695	-	-	-	12,973	-	-	-	-	-	-
Total receipts	42,237,027	23,798,999	3,045,759	7,756,321	5,698,428	671,478	183,185	-	-	-	-
Disbursements:											
Current:											
Instruction	27,013,827	-	-	-	-	-	-	-	-	-	-
Support services	11,800,348	-	-	4,104,854	3,580,846	386,844	-	-	-	-	-
Noninstructional services	402,274	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	493,213	-	-	-	4,376	124,275	13,830	5,424
Debt services	-	17,592,205	2,152,554	7,151,651	4,724,211	690,208	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	39,216,449	17,592,205	2,152,554	11,749,718	8,305,057	1,077,052	-	4,376	124,275	13,830	5,424
Excess (deficiency) of receipts over disbursements	3,020,578	6,206,794	893,205	(3,993,397)	(2,606,629)	(405,574)	183,185	(4,376)	(124,275)	(13,830)	(5,424)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	87,732	-	-	-	-	-	-	-	-
Sale of capital assets	329,616	-	-	-	-	-	-	-	-	-	-
Transfers in	42,321	-	-	575,114	496,167	45,527	-	-	-	-	-
Transfers out	-	(1,210,918)	(94,258)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	371,937	(1,210,918)	(6,526)	575,114	496,167	45,527	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,392,515	4,995,876	886,679	(3,418,283)	(2,110,462)	(360,047)	183,185	(4,376)	(124,275)	(13,830)	(5,424)
Cash and investments - ending	\$ (1,132,147)	\$ 12,861,958	\$ 1,416,950	\$ (1,807,173)	\$ 3,273,110	\$ 571,502	\$ 6,183,185	\$ -	\$ 63,054	\$ -	\$ -

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

	Construction GOB 2016	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education 2015	Alternative Education 2016	Alternative Education 2017	Early Intervention 2016	Early Intervention 2017	Lilly Grant
Cash and investments - beginning	\$ -	\$ 1,488,316	\$ 397,535	\$ -	\$ 1,223	\$ 1,610	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:											
Local sources	-	586,149	407,607	112,732	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	619	-	-	-	-	-	-
State sources	-	6,221	324,247	-	-	-	8,636	-	12,822	-	-
Federal sources	-	2,949,477	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other	-	2,981	482	-	-	-	-	-	-	-	-
Total receipts	-	3,544,828	732,336	112,732	619	-	8,636	-	12,822	-	-
Disbursements:											
Current:											
Instruction	-	-	-	-	-	1,610	8,636	-	-	-	-
Support services	-	80,269	511,924	-	-	-	-	-	-	-	-
Noninstructional services	-	2,905,578	-	-	285	-	-	-	-	-	-
Facilities acquisition and construction	-	16,341	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	422,221	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,424,409	511,924	-	285	1,610	8,636	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	120,419	220,412	112,732	334	(1,610)	-	-	12,822	-	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
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	-	120,419	220,412	112,732	334	(1,610)	-	-	12,822	-	-
Cash and investments - ending	\$ -	\$ 1,608,735	\$ 617,947	\$ 112,732	\$ 1,557	\$ -	\$ -	\$ -	\$ 12,822	\$ -	\$ -

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

	Donations/Trust	Student Well Being	NIPSCO Energy	Hours for Ours 2008	Impact Pro/Donations	United Way 2015-2016	United Way 2016-2017	United Way 2017-2018	Alcoa Foundation	Arconic Foundation
Cash and investments - beginning	\$ 5,708	\$ 4,561	\$ 37,800	\$ 564	\$ 667	\$ 801	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	17,049	10,000	-	175	-	39,105	21,983	-	19,500	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	17,049	10,000	-	175	-	39,105	21,983	-	19,500	-
Disbursements:										
Current:										
Instruction	9,783	1,704	13,899	-	667	39,105	-	-	-	-
Support services	430	3,000	-	-	-	-	-	-	-	-
Noninstructional services	402	-	-	-	-	801	14,407	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,615	4,704	13,899	-	667	39,906	14,407	-	-	-
Excess (deficiency) of receipts over disbursements	6,434	5,296	(13,899)	175	(667)	(801)	7,576	-	19,500	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	6,434	5,296	(13,899)	175	(667)	(801)	7,576	-	19,500	-
Cash and investments - ending	\$ 12,142	\$ 9,857	\$ 23,901	\$ 739	\$ -	\$ -	\$ 7,576	\$ -	\$ 19,500	\$ -

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

	Misc/ Fundraiser/ Superintendent	Wellness Grant 2015	After School 2008	Safe Harbor AM	MC Enrichment 2015-2016	MC Enrichment 2016-2017	MC Enrichment 2017-2018	Unity 2013	Unity 2015-2016	Unity 2016-2017
Cash and investments - beginning	\$ 6,862	\$ 679	\$ 88,661	\$ -	\$ 23,675	\$ -	\$ -	\$ 2,588	\$ -	\$ -
Receipts:										
Local sources	-	-	75,241	10,274	-	24,500	-	8,044	1,850	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	75,241	10,274	-	24,500	-	8,044	1,850	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	7,872	-	-
Support services	-	679	-	-	-	-	-	600	-	-
Noninstructional services	-	-	120,967	4,895	23,675	48	-	-	1,850	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	679	120,967	4,895	23,675	48	-	8,472	1,850	-
Excess (deficiency) of receipts over disbursements	-	(679)	(45,726)	5,379	(23,675)	24,452	-	(428)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	(679)	(45,726)	5,379	(23,675)	24,452	-	(428)	-	-
Cash and investments - ending	\$ 6,862	\$ -	\$ 42,935	\$ 5,379	\$ -	\$ 24,452	\$ -	\$ 2,160	\$ -	\$ -

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

	Innovative Curriculum Grant 2015-2016	Redevelopment Commision Commission	Common Council Fund	Formative Assessment	High Ability 2015-2016	High Ability 2016-2017	High Ability 2017-2018	Lowe's	Computer Consortium/ Ed Tech Advance	Medicaid Reimbursement State 2009
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 30,247	\$ -	\$ -	\$ -	\$ -	\$ 11,355
Receipts:										
Local sources	-	1,600,000	500,000	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	134,123	-	-	67,427	-	50,231	-	-	543,700	41,200
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	134,123	1,600,000	500,000	67,427	-	50,231	-	-	543,700	41,200
Disbursements:										
Current:										
Instruction	223,260	-	-	49,824	29,838	21,643	-	-	-	-
Support services	-	371,698	56,940	-	409	-	-	-	543,700	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	400,950	383,140	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	223,260	772,648	440,080	49,824	30,247	21,643	-	-	543,700	-
Excess (deficiency) of receipts over disbursements	(89,137)	827,352	59,920	17,603	(30,247)	28,588	-	-	-	41,200
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(42,321)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(42,321)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(89,137)	827,352	59,920	17,603	(30,247)	28,588	-	-	-	(1,121)
Cash and investments - ending	\$ (89,137)	\$ 827,352	\$ 59,920	\$ 17,603	\$ -	\$ 28,588	\$ -	\$ -	\$ -	\$ 10,234

MICHIGAN CITY AREA SCHOOLS
 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	Indiana School Academic Improvement Program (ISAIP)	Miscellaneous Programs	LLC - Drug-Free Partnership 2016	Duneland Health Council	School Age Child	LLC - Drug-Free Partnership 2017	Tobacco Grant	LLC - Drug-free Partnership 2014-2016	ISTA Settlement
Cash and investments - beginning	\$ -	\$ -	\$ 4,083	\$ -	\$ 6,000	\$ -	\$ -	\$ (166)	\$ 297	\$ 319,711
Receipts:										
Local sources	-	-	-	-	18,000	-	-	-	-	-
Intermediate sources	-	-	-	4,500	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	166	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	4,500	18,000	-	-	166	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	8,064	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	4,083	720	-	-	-	-	297	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,083	720	8,064	-	-	-	297	-
Excess (deficiency) of receipts over disbursements	-	-	(4,083)	3,780	9,936	-	-	166	(297)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	-	(4,083)	3,780	9,936	-	-	166	(297)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 3,780	\$ 15,936	\$ -	\$ -	\$ -	\$ -	\$ 319,711

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

	Project Lead the Way - 2016-2017	Project Lead the Way - Rory McMahan	Project Lead the Way - Barker	Title I School Improvement 2014-2015	Title I School Improvement 2015-2016	Title I School Improvement 2016-2022	Title I School Improvement 2016-2017	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (554)	\$ -	\$ -	\$ -	\$ -	\$ (202,265)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	14,975	2,696	-	-	-	474,623	1,797,961
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	14,975	2,696	-	-	-	474,623	1,797,961
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	143,626	1,125,172
Support services	-	-	-	14,421	2,696	-	-	-	112,888	847,762
Noninstructional services	-	-	-	-	-	-	-	-	5,844	7,945
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	10,000	-
Total disbursements	-	-	-	14,421	2,696	-	-	-	272,358	1,980,879
Excess (deficiency) of receipts over disbursements	-	-	-	554	-	-	-	-	202,265	(182,918)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	-	-	554	-	-	-	-	202,265	(182,918)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (182,918)

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

	Title I 2016-2017	McKinney Vento 2016-2017	McKinney Vento 2014-2015	McKinney Vento 2015-2016	Special Education 2013-2015	Special Education 2014-2016	Special Education 2015-2017	Special Education 2016-2018	Technical Assistance	Special Education Preschool 2014-2016
Cash and investments - beginning	\$ -	\$ -	\$ (4,300)	\$ -	\$ -	\$ (113,277)	\$ -	\$ -	\$ -	\$ (5,166)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	12,077	15,117	5,720	232,380	1,259,851	-	10,051	8,245
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	12,077	15,117	5,720	232,380	1,259,851	-	10,051	8,245
Disbursements:										
Current:										
Instruction	-	-	-	-	5,720	119,103	1,353,171	-	10,051	3,079
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	7,777	16,717	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	7,777	16,717	5,720	119,103	1,353,171	-	10,051	3,079
Excess (deficiency) of receipts over disbursements	-	-	4,300	(1,600)	-	113,277	(93,320)	-	-	5,166
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	-	4,300	(1,600)	-	113,277	(93,320)	-	-	5,166
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,600)	\$ -	\$ -	\$ (93,320)	\$ -	\$ -	\$ -

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

	Special Education Preschool 2015-2017	Special Education Preschool 2016-2018	Adult Basic Education 2014-2015	Adult Basic Education 2015-2016	Adult Basic Education 2016-2017	Carl Perkins 2014-2015	Carl Perkins 2015-2016	Carl Perkins 2016-2017	Medicaid Reimbursement 2009-2010	INMAC
Cash and investments - beginning	\$ -	\$ -	\$ (27,348)	\$ -	\$ -	\$ (52,457)	\$ -	\$ -	\$ 64,208	\$ 111,375
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	57,298	-	35,371	62,445	-	140,090	147,786	-	75,143	104,039
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	57,298	-	35,371	62,445	-	140,090	147,786	-	75,143	104,039
Disbursements:										
Current:										
Instruction	62,556	-	8,023	72,949	-	87,633	176,618	-	97,511	-
Support services	-	-	-	10,546	-	-	-	-	6,655	136,579
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	62,556	-	8,023	83,495	-	87,633	176,618	-	104,166	136,579
Excess (deficiency) of receipts over disbursements	(5,258)	-	27,348	(21,050)	-	52,457	(28,832)	-	(29,023)	(32,540)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	(5,258)	-	27,348	(21,050)	-	52,457	(28,832)	-	(29,023)	(32,540)
Cash and investments - ending	\$ (5,258)	\$ -	\$ -	\$ (21,050)	\$ -	\$ -	\$ (28,832)	\$ -	\$ 35,185	\$ 78,835

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

	21st Century Learning Center	21st Century Cohort 7 Yr 2	21st Century Cohort 7 Yr 3	21st Century Cohort 7 Yr 4	21st Century Cohort 8 Yr 1	Adult Education	21st Century Cohort 6 2014-2015	21st Century Cohort 6 Yr 3	21st Century Cohort 6 Yr 4	DNR/ Natural Resources 2014-2016
Cash and investments - beginning	\$ (54,633)	\$ -	\$ -	\$ -	\$ -	\$ 67,352	\$ (64,427)	\$ -	\$ -	\$ (16,724)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	28,285
Federal sources	54,633	322,009	-	-	-	-	64,427	295,778	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	54,633	322,009	-	-	-	-	64,427	295,778	-	28,285
Disbursements:										
Current:										
Instruction	-	-	-	-	-	15,562	-	-	-	-
Support services	-	-	-	-	-	-	-	2,550	-	26,222
Noninstructional services	-	335,046	-	-	-	-	-	290,536	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	11,871	-	-
Total disbursements	-	335,046	-	-	-	15,562	-	304,957	-	26,222
Excess (deficiency) of receipts over disbursements	54,633	(13,037)	-	-	-	(15,562)	64,427	(9,179)	-	2,063
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	54,633	(13,037)	-	-	-	(15,562)	64,427	(9,179)	-	2,063
Cash and investments - ending	\$ -	\$ (13,037)	\$ -	\$ -	\$ -	\$ 51,790	\$ -	\$ (9,179)	\$ -	\$ (14,661)

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

	DNR/ Natural Resources 2014-2015	Title II Part A 2013-2015	Title II Part A 2014-2016	Title II Part A 2015-2017	Title II Part A 2017-2019	Math & Science Yr 2 2014-2015	Math & Science 2015-2016	Clearing Account - Payroll Withholding	Clearing Account - Food Service Prepaid Collections	Totals
Cash and investments - beginning	\$ (3,963)	\$ (18,907)	\$ (23,727)	\$ -	\$ -	\$ (1,558)	\$ -	\$ -	\$ 22,478	\$ 20,117,765
Receipts:										
Local sources	-	-	-	-	-	-	-	-	22,302	28,661,867
Intermediate sources	-	-	-	-	-	-	-	-	-	197,130
State sources	4,826	-	-	-	-	-	-	-	-	41,586,546
Federal sources	-	22,422	320,820	90,908	-	111,357	11,401	-	-	8,699,100
Temporary loans	-	-	-	-	-	-	-	-	-	17,027,500
Other	-	-	-	-	-	-	-	9,587,051	-	10,210,182
Total receipts	4,826	22,422	320,820	90,908	-	111,357	11,401	9,587,051	22,302	106,382,325
Disbursements:										
Current:										
Instruction	-	-	255,329	114,200	-	-	-	-	-	31,080,035
Support services	863	3,515	46,403	9,535	-	109,799	56,388	-	-	22,829,363
Noninstructional services	-	-	-	-	-	-	-	-	20,189	4,164,336
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,441,549
Debt services	-	-	-	-	-	-	-	-	-	32,310,829
Nonprogrammed charges	-	-	-	-	-	-	-	9,587,051	-	10,031,143
Total disbursements	863	3,515	301,732	123,735	-	109,799	56,388	9,587,051	20,189	101,857,255
Excess (deficiency) of receipts over disbursements	3,963	18,907	19,088	(32,827)	-	1,558	(44,987)	-	2,113	4,525,070
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	87,732
Sale of capital assets	-	-	-	-	-	-	-	-	-	329,616
Transfers in	-	-	-	-	-	-	-	-	-	1,159,129
Transfers out	-	-	-	-	-	-	-	-	-	(1,347,497)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	228,980
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,963	18,907	19,088	(32,827)	-	1,558	(44,987)	-	2,113	4,754,050
Cash and investments - ending	\$ -	\$ -	\$ (4,639)	\$ (32,827)	\$ -	\$ -	\$ (44,987)	\$ -	\$ 24,591	\$ 24,871,815

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	Construction 2011-1	Construction 2012-1	Construction 2012-2
Cash and investments - beginning	\$ (1,132,147)	\$ 12,861,958	\$ 1,416,950	\$ (1,807,173)	\$ 3,273,110	\$ 571,502	\$ 6,183,185	\$ -	\$ 63,054	\$ -	\$ -
Receipts:											
Local sources	1,534,348	11,842,634	868,361	4,070,059	3,237,378	380,891	-	-	-	-	-
Intermediate sources	72,502	-	-	-	-	-	-	-	-	-	-
State sources	41,262,643	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	9,100,000	1,135,000	4,168,000	3,116,000	536,000	-	-	-	-	-
Other	353,001	-	-	-	7,743	-	-	-	-	-	-
Total receipts	43,222,494	20,942,634	2,003,361	8,238,059	6,361,121	916,891	-	-	-	-	-
Disbursements:											
Current:											
Instruction	27,117,053	-	-	-	-	-	-	-	-	-	-
Support services	12,835,857	-	-	3,620,536	3,666,644	503,628	-	-	-	-	-
Noninstructional services	402,562	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	821,434	-	-	-	68,214	-	-	-
Debt services	-	20,520,151	1,983,192	3,591,000	2,650,000	455,000	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	40,355,472	20,520,151	1,983,192	8,032,970	6,316,644	958,628	-	68,214	-	-	-
Excess (deficiency) of receipts over disbursements	2,867,022	422,483	20,169	205,089	44,477	(41,737)	-	(68,214)	-	-	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	2,092	-	-	-	-	-	-	-	-	-	-
Transfers in	225,564	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(334,362)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	227,656	(334,362)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,094,678	88,121	20,169	205,089	44,477	(41,737)	-	(68,214)	-	-	-
Cash and investments - ending	\$ 1,962,531	\$ 12,950,079	\$ 1,437,119	\$ (1,602,084)	\$ 3,317,587	\$ 529,765	\$ 6,183,185	\$ -	\$ (5,160)	\$ -	\$ -

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

	Construction GOB 2016	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education 2015	Alternative Education 2016	Alternative Education 2017	Early Intervention 2016	Early Intervention 2017	Lilly Grant
Cash and investments - beginning	\$ -	\$ 1,608,735	\$ 617,947	\$ 112,732	\$ 1,557	\$ -	\$ -	\$ -	\$ 12,822	\$ -	\$ -
Receipts:											
Local sources	-	652,731	441,551	-	-	-	-	-	-	-	50,000
Intermediate sources	-	-	-	-	694	-	-	-	-	-	-
State sources	-	7,285	319,543	-	-	-	-	9,459	-	31,231	-
Federal sources	-	3,703,666	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other	-	2,472	609	-	-	-	-	-	-	-	-
Total receipts	-	4,366,154	761,703	-	694	-	-	9,459	-	31,231	50,000
Disbursements:											
Current:											
Instruction	-	-	-	-	-	-	-	9,445	12,822	-	-
Support services	-	11,691	617,233	-	-	-	-	-	-	-	12,714
Noninstructional services	-	3,880,694	-	-	764	-	-	-	-	-	-
Facilities acquisition and construction	69,675	164,026	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	327,253	-	-	-	-	-	-	-	-	-
Total disbursements	69,675	4,383,664	617,233	-	764	-	-	9,445	12,822	-	12,714
Excess (deficiency) of receipts over disbursements	(69,675)	(17,510)	144,470	-	(70)	-	-	14	(12,822)	31,231	37,286
Other financing sources (uses):											
Proceeds of long-term debt	4,021,312	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	4,021,312	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,951,637	(17,510)	144,470	-	(70)	-	-	14	(12,822)	31,231	37,286
Cash and investments - ending	\$ 3,951,637	\$ 1,591,225	\$ 762,417	\$ 112,732	\$ 1,487	\$ -	\$ -	\$ 14	\$ -	\$ 31,231	\$ 37,286

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

	Donations/Trust	Student Well Being	NIPSCO Energy	Hours for Ours 2008	Impact Pro/Donations	United Way 2015-2016	United Way 2016-2017	United Way 2017-2018	Alcoa Foundation	Arconic Foundation
Cash and investments - beginning	\$ 12,142	\$ 9,857	\$ 23,901	\$ 739	\$ -	\$ -	\$ 7,576	\$ -	\$ 19,500	\$ -
Receipts:										
Local sources	16,350	20,000	-	72	-	-	29,675	14,260	20,000	20,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	16,350	20,000	-	72	-	-	29,675	14,260	20,000	20,000
Disbursements:										
Current:										
Instruction	4,426	1,715	4,683	-	-	-	29,675	-	19,719	-
Support services	430	3,150	-	-	-	-	-	-	-	-
Noninstructional services	640	-	-	-	-	-	7,576	12,195	-	-
Facilities acquisition and construction	5,999	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	11,495	4,865	4,683	-	-	-	37,251	12,195	19,719	-
Excess (deficiency) of receipts over disbursements	4,855	15,135	(4,683)	72	-	-	(7,576)	2,065	281	20,000
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	4,855	15,135	(4,683)	72	-	-	(7,576)	2,065	281	20,000
Cash and investments - ending	\$ 16,997	\$ 24,992	\$ 19,218	\$ 811	\$ -	\$ -	\$ -	\$ 2,065	\$ 19,781	\$ 20,000

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

	Misc/ Fundraiser/ Superintendent	Wellness Grant 2015	After School 2008	Safe Harbor AM	MC Enrichment 2015-2016	MC Enrichment 2016-2017	MC Enrichment 2017-2018	Unity 2013	Unity 2015-2016	Unity 2016-2017
Cash and investments - beginning	\$ 6,862	\$ -	\$ 42,935	\$ 5,379	\$ -	\$ 24,452	\$ -	\$ 2,160	\$ -	\$ -
Receipts:										
Local sources	-	-	60,172	29,449	-	-	7,800	8,200	-	2,175
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	60,172	29,449	-	-	7,800	8,200	-	2,175
Disbursements:										
Current:										
Instruction	1,668	-	-	-	-	-	-	2,154	-	-
Support services	-	-	1,632	-	-	-	-	520	-	-
Noninstructional services	-	-	92,663	28,159	-	24,452	-	-	-	1,989
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,668	-	94,295	28,159	-	24,452	-	2,674	-	1,989
Excess (deficiency) of receipts over disbursements	(1,668)	-	(34,123)	1,290	-	(24,452)	7,800	5,526	-	186
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,668)	-	(34,123)	1,290	-	(24,452)	7,800	5,526	-	186
Cash and investments - ending	\$ 5,194	\$ -	\$ 8,812	\$ 6,669	\$ -	\$ -	\$ 7,800	\$ 7,686	\$ -	\$ 186

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

	Innovative Curriculum Grant 2015-2016	Redevelopment Commision Commission	Common Council Fund	Formative Assessment	High Ability 2015-2016	High Ability 2016-2017	High Ability 2017-2018	Lowe's	Computer Consortium/ Ed Tech Advance	Medicaid Reimbursement State 2009
Cash and investments - beginning	\$ (89,137)	\$ 827,352	\$ 59,920	\$ 17,603	\$ -	\$ 28,588	\$ -	\$ -	\$ -	\$ 10,234
Receipts:										
Local sources	-	600,000	-	-	-	-	-	5,000	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	89,137	-	-	72,804	-	-	48,254	-	-	45,275
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	89,137	600,000	-	72,804	-	-	48,254	5,000	-	45,275
Disbursements:										
Current:										
Instruction	-	-	-	90,407	-	28,443	11,019	4,245	-	-
Support services	-	474,467	-	-	-	145	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	314,920	59,920	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	789,387	59,920	90,407	-	28,588	11,019	4,245	-	-
Excess (deficiency) of receipts over disbursements	89,137	(189,387)	(59,920)	(17,603)	-	(28,588)	37,235	755	-	45,275
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(55,509)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(55,509)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	89,137	(189,387)	(59,920)	(17,603)	-	(28,588)	37,235	755	-	(10,234)
Cash and investments - ending	\$ -	\$ 637,965	\$ -	\$ -	\$ -	\$ -	\$ 37,235	\$ 755	\$ -	\$ -

MICHIGAN CITY AREA SCHOOLS
 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	Indiana School Academic Improvement Program (ISAIP)	Miscellaneous Programs	LLC - Drug-Free Partnership 2016	Duneland Health Council	School Age Child	LLC - Drug-Free Partnership 2017	Tobacco Grant	LLC - Drug-free Partnership 2014-2016	ISTA Settlement
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,780	\$ 15,936	\$ -	\$ -	\$ -	\$ -	\$ 319,711
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	4,167	-	-	-
State sources	38,224	75,000	-	-	-	25,042	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	38,224	75,000	-	-	-	25,042	4,167	-	-	-
Disbursements:										
Current:										
Instruction	9,620	-	-	-	10,125	-	-	-	-	-
Support services	-	75,000	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	3,780	-	35,995	1,865	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,620	75,000	-	3,780	10,125	35,995	1,865	-	-	-
Excess (deficiency) of receipts over disbursements	28,604	-	-	(3,780)	(10,125)	(10,953)	2,302	-	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	28,604	-	-	(3,780)	(10,125)	(10,953)	2,302	-	-	-
Cash and investments - ending	\$ 28,604	\$ -	\$ -	\$ -	\$ 5,811	\$ (10,953)	\$ 2,302	\$ -	\$ -	\$ 319,711

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

	Project Lead the Way - 2016-2017	Project Lead the Way - Rory McMahan	Project Lead the Way - Barker	Title I School Improvement 2014-2015	Title I School Improvement 2015-2016	Title I School Improvement 2016-2022	Title I School Improvement 2016-2017	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (182,918)
Receipts:										
Local sources	-	734	-	-	-	-	-	-	-	-
Intermediate sources	10,000	-	5,000	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	13,006	109,769	-	-	-	474,501
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	10,000	734	5,000	-	13,006	109,769	-	-	-	474,501
Disbursements:										
Current:										
Instruction	2,400	-	-	-	5,046	28,064	616	-	-	131,950
Support services	-	-	-	-	7,960	59,936	495	-	-	116,997
Noninstructional services	-	-	-	-	-	24,948	3,584	-	-	15,859
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	26,777
Total disbursements	2,400	-	-	-	13,006	112,948	4,695	-	-	291,583
Excess (deficiency) of receipts over disbursements	7,600	734	5,000	-	-	(3,179)	(4,695)	-	-	182,918
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,600	734	5,000	-	-	(3,179)	(4,695)	-	-	182,918
Cash and investments - ending	\$ 7,600	\$ 734	\$ 5,000	\$ -	\$ -	\$ (3,179)	\$ (4,695)	\$ -	\$ -	\$ -

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

	Title I 2016-2017	McKinney Vento 2016-2017	McKinney Vento 2014-2015	McKinney Vento 2015-2016	Special Education 2013-2015	Special Education 2014-2016	Special Education 2015-2017	Special Education 2016-2018	Technical Assistance	Special Education Preschool 2014-2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,600)	\$ -	\$ -	\$ (93,320)	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	1,545,670	12,800	-	6,883	-	47,038	336,065	1,311,031	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	1,545,670	12,800	-	6,883	-	47,038	336,065	1,311,031	-	-
Disbursements:										
Current:										
Instruction	973,417	-	-	-	-	47,038	288,400	1,415,491	-	-
Support services	847,544	-	-	-	-	-	-	-	-	-
Noninstructional services	9,363	12,800	-	5,283	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,830,324	12,800	-	5,283	-	47,038	288,400	1,415,491	-	-
Excess (deficiency) of receipts over disbursements	(284,654)	-	-	1,600	-	-	47,665	(104,460)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	(284,654)	-	-	1,600	-	-	47,665	(104,460)	-	-
Cash and investments - ending	\$ (284,654)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (45,655)	\$ (104,460)	\$ -	\$ -

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

	Special Education Preschool 2015-2017	Special Education Preschool 2016-2018	Adult Basic Education 2014-2015	Adult Basic Education 2015-2016	Adult Basic Education 2016-2017	Carl Perkins 2014-2015	Carl Perkins 2015-2016	Carl Perkins 2016-2017	Medicaid Reimbursement 2009-2010	INMAC
Cash and investments - beginning	\$ (5,258)	\$ -	\$ -	\$ (21,050)	\$ -	\$ -	\$ (28,832)	\$ -	\$ 35,185	\$ 78,835
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	8,830	55,684	-	66,152	-	-	93,681	204,586	83,088	165,884
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	8,830	55,684	-	66,152	-	-	93,681	204,586	83,088	165,884
Disbursements:										
Current:										
Instruction	3,572	61,026	-	43,659	69,350	-	64,849	263,067	38,122	12,747
Support services	-	-	-	1,443	5,122	-	-	-	5,817	185,652
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,572	61,026	-	45,102	74,472	-	64,849	263,067	43,939	198,399
Excess (deficiency) of receipts over disbursements	5,258	(5,342)	-	21,050	(74,472)	-	28,832	(58,481)	39,149	(32,515)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	5,258	(5,342)	-	21,050	(74,472)	-	28,832	(58,481)	39,149	(32,515)
Cash and investments - ending	\$ -	\$ (5,342)	\$ -	\$ -	\$ (74,472)	\$ -	\$ -	\$ (58,481)	\$ 74,334	\$ 46,320

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

	21st Century Learning Center	21st Century Cohort 7 Yr 2	21st Century Cohort 7 Yr 3	21st Century Cohort 7 Yr 4	21st Century Cohort 8 Yr 1	Adult Education	21st Century Cohort 6 2014-2015	21st Century Cohort 6 Yr 3	21st Century Cohort 6 Yr 4	DNR/ Natural Resources 2014-2016
Cash and investments - beginning	\$ -	\$ (13,037)	\$ -	\$ -	\$ -	\$ 51,790	\$ -	\$ (9,179)	\$ -	\$ (14,661)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	14,670
Federal sources	-	13,037	279,719	-	-	-	-	9,179	260,444	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	13,037	279,719	-	-	-	-	9,179	260,444	14,670
Disbursements:										
Current:										
Instruction	-	-	-	-	-	6,761	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	9
Noninstructional services	-	-	282,131	3,128	2,747	-	-	-	258,908	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	11,935	-
Total disbursements	-	-	282,131	3,128	2,747	6,761	-	-	270,843	9
Excess (deficiency) of receipts over disbursements	-	13,037	(2,412)	(3,128)	(2,747)	(6,761)	-	9,179	(10,399)	14,661
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	13,037	(2,412)	(3,128)	(2,747)	(6,761)	-	9,179	(10,399)	14,661
Cash and investments - ending	\$ -	\$ -	\$ (2,412)	\$ (3,128)	\$ (2,747)	\$ 45,029	\$ -	\$ -	\$ (10,399)	\$ -

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

	DNR/ Natural Resources 2014-2015	Title II Part A 2013-2015	Title II Part A 2014-2016	Title II Part A 2015-2017	Title II Part A 2017-2019	Math & Science Yr 2 2014-2015	Math & Science 2015-2016	Clearing Account - Payroll Withholding	Clearing Account - Food Service Prepaid Collections	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (4,639)	\$ (32,827)	\$ -	\$ -	\$ (44,987)	\$ -	\$ 24,591	\$ 24,871,815
Receipts:										
Local sources	-	-	-	-	-	-	-	-	205,281	24,117,121
Intermediate sources	-	-	-	-	-	-	-	-	-	92,363
State sources	-	-	-	-	-	-	-	-	-	42,036,567
Federal sources	-	-	32,255	219,375	74,822	-	104,653	-	-	9,231,818
Temporary loans	-	-	-	-	-	-	-	-	-	18,055,000
Other	-	-	-	-	-	-	-	9,761,188	-	10,125,013
Total receipts	-	-	32,255	219,375	74,822	-	104,653	9,761,188	205,281	103,659,882
Disbursements:										
Current:										
Instruction	-	-	-	161,298	100,040	-	-	-	-	31,074,132
Support services	-	-	27,616	40,219	869	-	59,666	-	-	23,182,992
Noninstructional services	-	-	-	-	-	-	-	-	205,147	5,317,232
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,504,188
Debt services	-	-	-	-	-	-	-	-	-	29,199,343
Nonprogrammed charges	-	-	-	-	-	-	-	9,761,188	-	10,127,153
Total disbursements	-	-	27,616	201,517	100,909	-	59,666	9,761,188	205,147	100,405,040
Excess (deficiency) of receipts over disbursements	-	-	4,639	17,858	(26,087)	-	44,987	-	134	3,254,842
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	4,021,312
Sale of capital assets	-	-	-	-	-	-	-	-	-	2,092
Transfers in	-	-	-	-	-	-	-	-	-	225,564
Transfers out	-	-	-	-	-	-	-	-	-	(389,871)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	3,859,097
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	4,639	17,858	(26,087)	-	44,987	-	134	7,113,939
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (14,969)	\$ (26,087)	\$ -	\$ -	\$ -	\$ 24,725	\$ 31,985,754

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
HP #95174	Computer Equipment	\$ 75,174	09/30/2014	09/30/2017
HP #95175	Computer Equipment	46,760	09/30/2014	09/30/2018
HP #95177	Computer Equipment	38,177	09/30/2014	09/30/2019
Michigan City Area-Wide School Building Corporation	Buildings	6,005,000	01/08/2003	01/15/2022
Michigan City School Building Corporation	Buildings	49,000	06/28/2012	01/15/2027
Michigan City School Building Corporation	Buildings	262,000	06/28/2012	01/15/2027
Michigan City School Building Corporation	Buildings	288,000	11/20/2013	12/31/2026
Michigan City School Building Corporation	Buildings	2,531,880	08/31/2016	12/31/2024
Michigan City School Building Corporation	Buildings	<u>587,808</u>	08/31/2016	12/31/2024
Total of annual lease payments		<u>\$ 9,883,799</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	School Bonds	\$ 3,725,000 \$ 986,700
Revenue bonds	Retirement/Severance Bonds	6,280,000 886,030
Tax anticipation warrants	Temporary Loans	12,897,000 13,074,138
Notes and loans payable	Common School Loan	<u>380,590</u> <u>221,014</u>
Totals		<u>\$ 23,282,590</u> <u>\$ 15,167,882</u>

MICHIGAN CITY AREA SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 2,186,490
Infrastructure	5,888,800
Buildings	128,992,700
Improvements other than buildings	3,217,346
Machinery, equipment, and vehicles	<u>10,010,061</u>
Total capital assets	<u>\$ 150,295,397</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE MICHIGAN CITY AREA SCHOOLS, LAPORTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2017-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Equipment that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in item 2017-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

As described in item 2017-008 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Assessment System Security compliance requirement. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2017-009 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Basis for Qualified Opinion on Twenty-First Century Community Learning Centers

As described in item 2017-010 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Program Income that are applicable to its Twenty-First Century Community Learning Centers. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 Child Nutrition Cluster for the period of July 1, 2015 to June 30, 2017.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Assessment System Security described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, and except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, 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 Title I Grants to Local Educational Agencies for the period of July 1, 2015 to June 30, 2017.

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

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, 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 Special Education Cluster (IDEA) for the period of July 1, 2015 to June 30, 2017.

Qualified Opinion on Twenty-First Century Community Learning Centers

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Twenty-First Century Community Learning Centers* paragraph, 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 Twenty-First Century Community Learning Centers for the period of July 1, 2015 to June 30, 2017.

Unmodified Opinion on Supporting Effective Instruction State Grants

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 Supporting Effective Instruction State Grants for the period of July 1, 2015 to June 30, 2017.

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 items 2017-004 and 2017-011. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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 and significant deficiencies.


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003, 2017-004, 2017-006, 2017-007, 2017-008, 2017-009, 2017-010, and 2017-011 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2017-005, 2017-012, 2017-013, and 2017-014 to be significant deficiencies.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 12, 2018

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed 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	FY15-16, FY16-17	\$ -	\$ 730,608	\$ -	\$ 885,968
School Breakfast							
National School Lunch Program	Indiana Department of Education	10.555	FY15-16, FY16-17	-	2,008,767	-	2,413,254
School Lunch			FY15-16, FY16-17	-	60,414	-	80,696
School Snack			FY15-16, FY16-17	-	229,486	-	267,954
Commodities							
Total - National School Lunch Program				-	2,298,667	-	2,761,904
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY15-16, FY16-17	-	95,313	-	138,161
Summer Feeding							
Total - Child Nutrition Cluster				-	3,124,588	-	3,786,033
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY15-16, FY16-17	-	11,431	-	23,377
School Supper							
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579	FY16-17	-	-	-	40,000
School Lunch							
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582	FY15-16, FY16-17	-	42,944	-	122,210
Fresh Fruit and Vegetable Program							
Total - Department of Agriculture				-	3,178,963	-	3,971,620
<u>Department of Commerce</u>							
Coastal Zone Management Administration Awards	Indiana Department of Natural Resources	11.419	E16-4-BKS0326	-	17,368	-	10,326
DNR Coastal Grant 2014-2016			E16-5-KMA0436	-	4,547	-	-
DNR Coastal Grant 2014-2015							
Total - Department of Commerce				-	21,915	-	10,326
<u>Department of Labor</u>							
WIA Cluster							
WIA/WIOA Adult Program	The Centers of Workforce Innovations	17.258	C1-1-ABE-0-01	-	15,562	-	6,761
Adult Education							
Total - WIA Cluster				-	15,562	-	6,761
Total - Department of Labor				-	15,562	-	6,761

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Department of Education							
Adult Education - Basic Grants to States FY 2014-2015 FY 2015-2016	The Center of Workforce Innovations	84.002	CWI-AE-05-PY14 CWI-AE-05-PY15	- -	35,371 62,445	- -	- 66,152
Total - Adult Education - Basic Grants to States				-	97,816	-	66,152
Title I Grants to Local Educational Agencies Title I FY 2014-2015 Title I FY 2015-2016 Title I FY 2016-2017 Title I School Improvement 2014-2015 Title I School Improvement 2015-2016	Indiana Department of Education	84.010	S010A140014 S010A150014 S010A160014 S010A140014 S010A150014	- - - - -	474,623 1,797,961 - 14,975 2,696	- - - - -	- 474,501 1,545,670 - 13,006
Total - Title I Grants to Local Educational Agencies				-	2,290,255	-	2,033,177
Special Education Cluster (IDEA)							
Special Education_Grants to States Special Education 2013-2015 Special Education 2014-2016 Special Education 2015-2017 Special Education 2016-2018 Tech/Assistance	Indiana Department of Education	84.027	14214-040-PN01 14215-040-PN01 14216-038-PN01 14217-038-PN01 99914-040-TA01	- - - - -	5,720 232,380 1,259,851 - 10,050	- - - - -	- 47,038 336,065 1,311,031 -
Total - Special Education_Grants to States				-	1,508,001	-	1,694,134
Special Education_Preschool Grants Preschool 2014-2016 Preschool 2015-2017 Preschool 2016-2018	Indiana Department of Education	84.173	45175-040-PN01 45716-038-PN01 45717-038-PN01	- - -	8,245 57,298 -	- - -	- 8,830 55,684
Total - Special Education_Preschool Grants				-	65,543	-	64,514
Total - Special Education Cluster (IDEA)							
Career and Technical Education -- Basic Grants to States Carl Perkins 2014-2015 Carl Perkins 2015-2016 Carl Perkins 2016-2017	Indiana Department of Education	84.048	15-4700-4925 16-4700-4925 16-4700-4925	- - -	140,090 147,786 -	- - -	- 93,681 204,586
Total - Career and Technical Education -- Basic Grants to States				-	287,876	-	298,267
Education for Homeless Children and Youth McKinney Vento 2014-2015 McKinney Vento 2015-2016 McKinney Vento 2016-2017	Indiana Department of Education	84.196	A58-5-15SS-2325 A58-5-16SS-2325 A58-7-17SS-3954	- - -	12,077 15,117 -	- - -	- 6,883 12,800
Total - Education and Homeless Children and Youth				-	27,194	-	19,683

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
21st Century Cohort VII Yr1			A58-5-15DL-2117	-	54,633	-	-
21st Century Cohort VII Yr2			A58-6-16DL-3086	-	322,009	-	13,037
21st Century Cohort VII Yr3			A58-7-17DL-0051	-	-	-	279,719
21st Century Cohort VI Yr2			A58-4-14OT-0020	-	64,427	-	-
21st Century Cohort VI Yr3			A58-6-16DL-0219	-	295,777	-	9,179
21st Century Cohort VI Yr4			A58-7-17DL-0020	-	-	-	260,444
Total - Twenty-First Century Community Learning Centers				-	736,846	-	562,379
Mathematics and Science Partnerships	Indiana Department of Education	84.366					
Math & Science 2014-2015			A58-5-15CI-2275	-	111,357	-	-
Math & Science 2015-2016			A58-6-16CI-3222	-	11,401	-	104,653
Total - Mathematics and Science Partnerships				-	122,758	-	104,653
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A 2013-2015			S367A130013	-	22,422	-	-
Title II Part A 2014-2016			S367A140013	-	320,820	-	32,255
Title II Part A 2015-2017			S367A150013	-	90,907	-	219,374
Title II Part A 2017-2019			S367A160013	-	-	-	74,822
Total - Supporting Effective Instruction State Grants				-	434,149	-	326,451
School Improvement Grants Cluster	Indiana Department of Education	84.377					
School Improvement Grants			S377A00120015	-	-	-	109,769
School Improvement				-	-	-	-
Total - School Improvement Grants Cluster				-	-	-	109,769
Total - Department of Education				-	5,570,438	-	5,279,179
<u>Department of Health and Human Services</u>							
Medicaid Cluster	Indiana Family and Social Services Administration	93.778					
Medical Assistance Program			FY15-16, FY16-17	-	136,579	-	198,399
INMAC				-	-	-	-
Total - Medicaid Cluster				-	136,579	-	198,399
Total - Department of Health and Human Services				-	136,579	-	198,399
Total federal awards expended				\$ -	\$ 8,923,457	\$ -	\$ 9,466,285

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	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?	yes
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster	Qualified
84.287	Title I Grants to Local Educational Agencies	Qualified
84.367	Special Education Cluster (IDEA)	Qualified
84.287	Twenty-First Century Community Learning Centers	Qualified
84.367	Supporting Effective Instruction State Grants	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

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

There were several deficiencies in the internal control system of the School Corporation related to Financial Transactions and Reporting. There was a lack of adequate segregation of duties as the School Corporation had not separated incompatible activities related to Cash and Investments, Receipts, Disbursements, and Financial Reporting.

Cash and Investments

Monthly bank reconciliements were prepared by one individual without a proper system of oversight or review.

Disbursements

One individual processed the vendor disbursements that were recurring monthly and were generated at the School Corporation business office. However, this individual stamped the Treasurer's signature without a proper system of oversight or review.

Financial Reporting

The School Corporation's School Lunch and Textbook Rental funds are maintained as separate extracurricular accounts (ECA). An ECA employee prepared spreadsheets and financial reports and submitted the reports to the School Corporation business department for submission to the Indiana Department of Education. There was no documented review of the ECA reports to ensure their accuracy prior to submission to the School Corporation.

School Lunch fund Receipts and Disbursements

Meal sales paid from students' prepaid account balances were recorded in the Clearing Account - Food Service Prepaid Collections fund as negative receipts instead of disbursements to the School Lunch fund.

Context

The lack of adequate internal controls was a systemic issue throughout the audit period.

Criteria

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

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

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

MICHIGAN CITY AREA SCHOOLS
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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

Cause

Management of the School Corporation had not established a proper system of internal controls that segregated key functions

Effect

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

Recommendation

We recommended that the School Corporation establish a system of internal controls related to Cash and Investments, Receipts, Disbursements, and Financial Reporting.

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

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA. One employee prepared and submitted the federal grant information without an oversight or review process in order to detect and correct errors before submission. The SEFA presented for audit contained the following errors:

1. The National School Lunch Program commodities of \$229,486 and \$267,954 were omitted for the 2015-2016 and 2016-2017 fiscal years, respectively.
2. The National School Lunch Program federal expenditures were overstated by \$795 for the 2015-2016 fiscal year.
3. The Summer Food Service Program for Children federal expenditures were understated by \$5,584 for the 2016-2017 fiscal year.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

4. The Fresh Fruit and Vegetable Program federal expenditures were understated by \$14,611 for the 2016-2017 fiscal year.
5. The Child and Adult Care Food Program federal expenditures were overstated by \$20,195 for the 2016-2017 fiscal year.
6. The Coastal Zone Management Administration Awards program federal expenditures were overstated by \$11,196 and \$4,344 for the 2015-2016 and 2016-2017 fiscal years, respectively.
7. The Medical Assistance Program federal expenditures were overstated by \$104,166 and \$43,939 for the 2015-2016 and 2016-2017 fiscal years, respectively.

Context

The lack of internal controls was a systemic issue throughout the audit period. 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. . . .

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

The School Corporation 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 *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-003

Subject: Child Nutrition Cluster - Equipment
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: Equipment and Real Property Management
Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the equipment requirements of the Equipment and Real Property Management compliance requirement.

The School Corporation did not have adequate policies and procedures to ensure compliance with the requirements that they maintain records of equipment purchased in whole or in part with federal funds and that they perform a physical inventory of this equipment.

The School Corporation did not comply with the equipment requirements. They did not maintain a list of equipment acquired with federal awards, nor did they perform a physical inventory of equipment acquired with federal awards during the audit period.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313(d) states in part:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the projects costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the equipment requirements of the Equipment and Real Property Management compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation establish controls to ensure compliance and comply with the Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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

FINDING 2017-004

Subject: Child Nutrition Cluster - Procurement

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National Student 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): FY15-16, FY16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation failed to comply with the procurement requirements that the contracts entered into and the purchases made were in compliance with its own procedures, as well as state laws and procedures.

The School Corporation contracted with a third-party purchasing service for food products. The School Corporation and Board of School Trustees (School Board) approved the contract with the purchasing service effective July 1, 2013. The contract had an initial one-year term of July 1, 2013, to June 30, 2014, with up to four optional one-year extensions that were exercisable each year. However, the optional one-year extensions were not approved by the School Board or the School Corporation's contracting agent.

Additionally, the procurement method used was not appropriate for other contracted vendors that were not covered by a third-party purchasing service. The contract files did not document the history of the procurement, and price quotations were not obtained for purchases determined to be covered under a small purchase procurement method.

Context

The lack of controls and the noncompliance related to the third-party purchasing service were systemic issues throughout the audit period. Additionally, 50 percent of the additional contracted vendors were not in compliance with procurement requirements.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.36(b) states in part:

"Procurement standards.

- (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.
- (2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. . . .
- (9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2017-005

Subject: Child Nutrition Cluster - Internal Controls

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: Program Income, Reporting

Audit Finding: Significant Deficiency

Condition

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

Program Income

The School Corporation had not implemented adequate policies and procedures to ensure that program income was properly recorded in the financial records. There was no evidence that someone performed reviews to ensure that the correct fees for the different meal types were charged in accordance with the fee schedule approved by the School Board.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure the accurate completion of the School Food Authority (SFA) Verification Collection Report prepared by the Food Service Field Coordinator. The report was submitted to the Indiana Department of Education without oversight, review, or approval.

Context

The lack of controls were systemic issues throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with Program Income and Reporting compliance requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Program Income and Reporting compliance requirements.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2017-006

Subject: Title I Grants to Local Educational Agencies - Procurement and Suspension and Debarment

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 2014-2015, FY2015-2016,
FY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective internal control system to ensure compliance with the Procurement and Suspension and Debarment compliance requirement. The School Board adopted a procurement policy on February 8, 2017, which included procurement and suspension and debarment requirements; however, there were no controls to ensure compliance with the policy.

Procurement

The School Corporation failed to comply with the procurement requirement that small purchases must be in compliance with its procurement procedures, as well as state laws and procedures. In addition, small purchase procedures were not followed which required that at least three price or rate quotations be obtained from qualified sources. There was no evidence presented that quotes were obtained for any purchases.

Suspension and Debarment

The School Corporation did not perform procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period. There were no bids or quotes retained for any vendors during the audit period and no verification procedures were performed for any of the contracted vendors paid from the grants.

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. . . ."

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318(a) states:

"The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.320(b) states:

"Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."

Michigan City Area School Policy 6325 - PROCUREMENT - FEDERAL GRANTS/FUNDS

"Small purchase procedures provide for relatively simple and informal procurement methods for securing services, supplies, and other property the cost of which exceeds \$3,500 but is less than the competitive bid threshold of \$100,000. Small purchase procedures require that at least three (3) price or rate quotations shall be obtained from qualified sources."

2 CFR 180.300 states:

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

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

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2017-007

Subject: Title I Grants to Local Educational Agencies - Internal Controls
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 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Period of Performance, Special Tests and Provisions -
Comparability, Special Tests and Provisions - Highly
Qualified Teachers and Paraprofessionals
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Period of Performance, Special Tests and Provisions - Comparability, and Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals.

Period of Performance

The School Corporation had not established an effective internal control system to ensure that adjustments recorded in the grant funds were within the period of performance. There were also no procedures in place to ensure and document that adjustments were approved by someone other than the individual who made the adjustments.

Special Tests and Provisions - Comparability

The School Corporation had not designed or implemented adequate procedures to ensure that the comparability reports were accurate before submission.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

The School Corporation had not designed or implemented adequate procedures to ensure that the School Corporation hired only highly qualified teachers and paraprofessionals.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with the requirements listed above.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. 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 program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2017-008

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security
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 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment System Security
Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

The School Corporation was required to properly implement policies and procedures regarding the security of tests. The School Corporation did not maintain Indiana Testing Security and Integrity Agreements (Agreements) for any individual who administered, handled, or had access to secure test materials at the district or school level, which prevented the determination of whether the Agreements were reviewed and signed.

Context

The lack of controls was a systemic issue throughout the audit period. In addition, Agreements were not retained for audit for the 2015-2016 fiscal year.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable . . . 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 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed, . . ."

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Assessment Program Manual, Chapter 10, Section 4, Part D states in part:

". . . Ensure all applicable school and corporation staff review and sign the Indiana Testing Security and Integrity Agreement annually by the end of September as described in the Code of Ethical Practices and Procedures. . . ."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured that supporting documentation was completed and maintained for audit to ensure compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

Effect

The failure to maintain and provide adequate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that adequate documentation is maintained for audit relating to the Special Tests and Provisions - Assessment System Security compliance requirement.

Views of Responsible Officials

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

FINDING 2017-009

Subject: Special Education Cluster - Procurement and Suspension and Debarment

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): 14214-040-PN01, 14215-040-PN01,
14216-038-PN01, 14217-038-PN01,
99914-040-TA01, 45175-040-PN01,
45716-038-PN01, 45717-038-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Condition

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not follow its own purchasing policy in regards to procurement methods for small purchases. They did not receive or document three price or rate quotations obtained from qualified sources for any small purchases tested. In addition, where competition was limited, the School Corporation did not adequately document its rationale for limiting competition.

The School Corporation did not verify that its vendors were not suspended or debarred from participation in federal programs as required by the School Corporation's procurement policy.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 200.318(i) states:

"The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

2 CFR 200.320(b) states:

"Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation's purchasing policy states in part:

"All procurement transactions shall be conducted in a manner that encourages full and open competition and is in accordance with good administrative practice and sound business judgement. In order to promote objective contractor performance and eliminate unfair competitive advantage, the Corporation shall exclude any contractor that has developed or drafted specifications, requirements, statements of work, or invitations for bids or requests for proposals from competition for such procurements. . . ."

"Small purchase procedures provide for relatively simple and informal procurement methods for securing services, supplies, and other property the cost of which exceeds \$3,500 but is less than the competitive bid threshold of \$150,000. Small purchase procedures require that at least three (3) price or rate quotations shall be obtained from qualified sources. . . ."

"The Corporation shall not subcontract with or award subgrants to any person or company who is debarred or suspended. For contracts over \$25,000, the Corporation shall confirm that the vendor is not debarred or suspended by either checking the Federal government's System for Award Management, which maintains a list of such debarred or suspended vendors at www.sam.gov; collecting a certification from the vendor; or adding a clause or condition to the covered transaction with that vendor." (2 CFR Part 180 Subpart C)

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-010

Subject: Twenty-First Century Community Learning Centers - Program Income

Federal Agency: Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): A58-5-15DL-2117, A58-6-16DL-3086,
A58-7-17DL-0051, A58-4-140T-0020,
A58-6-16DL-0219, A58-7-17DL-0020

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective system of internal controls related to the grant agreement and the Program Income compliance requirement.

Program Fees

Controls had not been designed or implemented adequately to ensure that the proper fees were assessed and that the cash collections remitted were accurate. The School Corporation failed to comply with the program income requirement that the proper fees were assessed for program services.

The fees collected for the middle school and high school after-school programs and summer programs were not documented in the grant information; therefore, it could not be determined whether the proper fees were assessed. The total amount of fees for those programs totaled \$23,706. Fees for the elementary school after-school program differed by \$53 from the fees established in the grant agreement. When the sample errors for the elementary school were projected to the population as a whole, additional likely errors of \$2,362 were identified.

Use of Program Income

Controls had not been designed or implemented properly to ensure that the expenditures from program income were used for the purposes of the grant.

The School Corporation failed to comply with the program income requirement that the program income must be used for the purposes and under the conditions of the federal award. There were disbursements for food, gift cards, and party supplies which totaled \$1,731. When the sample errors for these disbursements were projected to the population as a whole, additional likely errors of \$7,238 were identified.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

21st Century Community Learning Centers Non Regulatory Guidance, G-14 states in part:

". . . Programs that opt to charge fees must offer a sliding scale of fees and scholarships for those who cannot afford the Page 31 - 21st Century Community Learning Centers Non-Regulatory Guidance program. Income collected from fees must be used to fund program activities specified in the grant application. . . ."

2 CFR 200.307(e)(1) states:

"*Deduction.* Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Program Income compliance requirement.

Effect

The failure to establish an effective internal control enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Known questioned costs of \$25,490 were identified as detailed in the *Condition*.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Program Income compliance requirement.

Views of Responsible Officials

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

FINDING 2017-011

Subject: Twenty-First Century Community Learning Centers - Special Tests
and Provisions - Participation of Private School Children

Federal Agency: Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): A58-5-15DL-2117, A58-6-16DL-3086,
A58-7-17DL-0051, A58-4-140T-0020,
A58-6-16DL-0219, A58-7-17DL-0020

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Participation of Private School Children

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation had not established an effective system of internal controls related to the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement. Controls were not in place to ensure that the local educational agency (LEA) had timely and meaningful consultation with private school officials for all non-profit, private schools in the LEA's jurisdiction or in the specific geographical areas to be served by the program. Controls were also not in place to ensure that annual consultations with private school officials were performed.

The School Corporation did not comply with the participation of private school children requirements. Timely and meaningful consultations with private school officials were not performed or documented for all non-profit, private schools in the LEA's jurisdiction. In addition, consultations with private school officials were not performed on an annual basis.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

Criteria

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

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 200.63(a) states: "In order to have timely and meaningful consultation, an LEA must consult with appropriate officials of private schools during the design and development of the LEA's program for eligible private school children."

34 CFR 200.63(e)(1) states: "The LEA must maintain in its records and provide to the SEA a written affirmation, signed by officials of each private school with participating children or appropriate private school representatives, that the required consultation has occurred."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Participation of Private School Children compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Participation of Private School Children compliance requirement.

Views of Responsible Officials

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-012

Subject: Supporting Effective Instruction State Grants - Period of Performance
Federal Agency: Department of Education
Federal Program: Supporting Effective Instruction State Grants
CFDA Number: 84.367
Federal Award Numbers and Years (or Other Identifying Numbers): S367A130013, S367A140013,
S367A150013, S367A160013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Period of Performance
Audit Finding: Significant Deficiency

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 Period of Performance compliance requirement.

There were no procedures in place to ensure and document that adjustments were approved by someone other than the individual who made the adjustments.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with the Period of Performance compliance requirement.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance 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 that the School Corporation's management establish controls related to the grant agreement and the Period of Performance compliance requirement.

Views of Responsible Officials

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

FINDING 2017-013

Subject: Supporting Effective Instruction State Grants - Special Tests
and Provisions - Participation of Private School Children

Federal Agency: Department of Education

Federal Program: Supporting Effective Instruction State Grants

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): S367A130013, S367A140013,
S367A150013, S367A160013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Participation of Private School Children

Audit Finding: Significant Deficiency

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the Special Tests and Provisions - Participation of Private School Children compliance requirement.

The School Corporation did not have proper controls in place to ensure that program funds allocated for the participation of private school children were spent on allowable activities per the grant agreement.

Context

The lack of controls was a systemic issue throughout the audit period.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with Special Tests and Provisions - Participation of Private School Children compliance requirement.

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 that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement.

Views of Responsible Officials

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-014

Subject: Child Nutrition Cluster, Title I Grants to Local Educational Agencies, Twenty-First Century Community Learning Centers - Allowable Costs/Cost Principles

Federal Agencies: Department of Agriculture, Department of Education

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, Title I Grants to Local Educational Agencies, Twenty-First Century Community Learning Centers

CFDA Numbers: 10.553, 10.555, 10.559, 84.010, 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): FY15-16, FY16-17, S010A140014, S010A150014, S010A160014, A58-5-15DL-2117, A58-6-16DL-3806, A58-7-17DL-0051, A58-4-14OT-0020, A58-6-16DL-0219, A58-7-17DL-0020

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Finding: Significant Deficiency

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation did not have controls in place to ensure that all source documents needed to support the calculation of the indirect costs rate applied to the programs were submitted to the Indiana Department of Education.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation's management had not developed an effective system of internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

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 that the School Corporation's management establish controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: FY13-14 and FY14-15
Contact Person Responsible for Corrective Action: Lance E. Werner
Contact Phone Number: 219-873-2000 x8343

Status of Audit Finding:

1. One Person was solely responsible for all aspects of the receipt process at the School Corporation. As of May 1, 2016, the school corporation receipt process was separated among the following individuals: Payroll Manager, Payroll Assistant, Financial Assistant and Financial Secretary.
2. There was no review or approval of electronic disbursements related to the employer's share of the benefits. As of May 1, 2016, electronic disbursements report have been reviewed and approved by Treasurer and School Board.
3. The School Lunch fund was maintained at the Food Service Department as an extra-curricular account (ECA). School Lunch fund receipts and disbursements were recorded separately from the School Corporation receipts and disbursements. Every six months, the Food Service Finance Manger completed a reports to the School Corporation Treasurer for Indiana Department of Education reporting purposes. These six-month reports were not subjected to a review to ensure that receipts and disbursements totals were valid and accurate. Will be corrected on the June 30, 2018, the six-month School Lunch fund report of total receipts and disbursements will be reviewed and approved by Food Service Director.

Renee Bunnel
(Signature)

Financial Assistant
(Title)

3/6/18
(Date)

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



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002

Fiscal year in which the finding initially occurred: FY13-14, FY14-15
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Cindy Licciardone
Contact Phone Number: 219-873-2131

Status of Audit Finding: SA-5 report printed and signed. Spread sheet was created with monthly expenditures and monthly balance. List of expenditures for excess funds approved by the IDOE.


(Signature)

Food service Director
(Title)

1-9-18
(Date)

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



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003

Fiscal year in which the finding initially occurred: FY13-14 and FY14-15

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

Contact Person Responsible for Corrective Action: Cindy Licciardone

Contact Phone Number: 219-873-2131

Status of Audit Finding: Finance manager completed the Annual Financial Report for the National School Lunch Program for school year 2015-2016 and 2016-2017. The AFR was reviewed and signed by the food service director.

Cindy Licciardone
(Signature)

FSD
(Title)

1-9-18
(Date)

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

(



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004

Fiscal year in which the finding initially occurred: FY13-14 and FY14-15

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

Contact Person Responsible for Corrective Action: Cindy Licciardone

Contact Phone Number: 219-873-2131

Status of Audit Finding: The Food Service Director has completed the Paid Lunch Equity form yearly and it has been reviewed and signed by the Finance Manager.

Cindy Licciardone
(Signature)

FSD
(Title)

1-9-18
(Date)

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



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride


SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-005

Fiscal year in which the finding initially occurred: FY13-14 and FY14-15
 Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
 Contact Person Responsible for Corrective Action: Lance E. Werner
 Contact Phone Number: 219-872-3000

Status of Audit Finding:

There was no segregation of duties, such as an oversight, review, or approval of the Annual Financial Status Report that is prepared by the Program Director of the Career and Technical Education-Basic Grant (84.048). The Annual Financial Status Report is completed by the Program Director and a copy is given to the Financial Assistant to file. The report isn't being reviewed. The Financial Assistance will start reviewing and signing approval starting with the current grant.



(Signature)

Financial Assistant

(Title)

3/12/18

(Date)

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-005

Fiscal year in which the finding initially occurred: FY13-14 and FY14-15
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Cathy Bildhauser
Contact Phone Number: 219-873-2000

Status of Audit Finding:

The Curriculum/Title I Director and Financial Assistant reviewed financial statements together. A signature was not obtained prior to the audit. Once the audit findings were shared with the district, a protocol obtaining signatures was put in place.

At this time the Curriculum/Title I Director signs off on these sheets to show approval.

C. Bildhauser
(Signature)

Curriculum Director
(Title)

1-9-17
(Date)

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



Safe Harbor, MCAS
100 Manny Court
Michigan City, IN 46360
(219) 873-2026 Ext. 8740

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-006

Fiscal year in which the finding initially occurred: FY13-14 and FY14-15

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

Contact Person Responsible for Corrective Action: Lance Werner, set-up of corrective action procedure, Sherri Silcox, sign off each pay period

Contact Phone Number: Sherri Silcox 219-873-2026 x 8740

Status of Audit Finding:

A payroll distribution report for each pay period referencing staff member, pay date and fund the pay was drawn from is compiled by Michigan City Area Schools payroll department and sent to Safe Harbor. The Safe Harbor Director signs off on the fact that the reports have been reviewed and are accurate. A copy of the Memorandum from the Indiana Department of Education is included. This process was started on April 1, 2016.

(Signature)

(Title)

(Date)

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



Michigan City Area Schools

Opportunity * Excellence * Pride

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360-5345
Email: lwerner@mcas.k12.in.us
Phone: (219) 873-2000 ext. 8343
Fax: (219) 873-2086

Lance E. Werner
Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Lance E. Werner
Contact Phone Number: 219-873-2000 Ext 8343

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Cash and Investment

Monthly bank reconciliements will be reviewed and signed by the Treasurer.

Disbursements

Invoices that aren't ran through the Purchase Order process will be reviewed and signed by the appropriate person prior to being processed for payment.

Financial Reporting

The School Corporation's School Lunch fund will be ran through the Financial System and not the ECA starting July 1, 2018. The reports provided to the Financial Assistant will be reviewed and initialed.

School Lunch fund Receipts and Disbursements

School Corporation's School Lunch will no longer receipt negative amounts. They are moving to the Finance System by July 1, 2018.

Anticipated Completion Date: 5/1/18

Rana S. S. S.

(Signature)

Treasurer

(Title)

4-11-18

(Date)



Michigan City Area Schools

Opportunity * Excellence * Pride

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360-5345
Email: lwerner@mcas.k12.in.us
Phone: (219) 873-2000 ext. 8343
Fax: (219) 873-2086

Lance E. Werner
Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Lance E. Werner
Contact Phone Number: 219-873-2000 Ext 8343

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

When submitting the Schedule of Expenditures of Federal Awards (SEFA) the information will be reviewed by the Treasurer. The Financial Assistant and Treasurer both have their own sign on to Gateway so individual activities can be logged. Information from School Lunch will be compared to what was entered and tracked on the nutrition web site.

Anticipated Completion Date: 5/1/18

Lance E. Werner
(Signature)

Treasurer
(Title)

4-11-18.
(Date)



**Michigan City
Area Schools**
Opportunity ★ Excellence ★ Pride

CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action:
Contact Phone Number:
Cindy Licciardone
219-873-2131 ext. 8412

Views of Responsible Official:
"We concur with the finding."

Description of Corrective Action Plan:

A physical inventory of all Food Service equipment will be recorded. Property records will include name of facility, description of the property, serial number, condition and value.

Anticipated Completion Date: August 1, 2018

Cynthia Licciardone
(Signature)

FSD
(Title)

4-6-18
(Date)



**Michigan City
Area Schools**
Opportunity ★ Excellence ★ Pride

CORRECTIVE ACTION PLAN

FINDING 2017-004

Contact Person Responsible for Corrective Action:
Contact Phone Number:
Cindy Licciardone
219-873-2131 ext. 8412

Views of Responsible Official:
"We concur with the finding."

Description of Corrective Action Plan:

The Food Service Department will follow proper procurement procedures when entering into contracts, agreements, and small purchases. Contract extensions will be brought before the School Trustees for approval. Management will establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Anticipated Completion Date: Completed.

Cynthia Licciardone

(Signature)

FSD

(Title)

4-6-18

(Date)



**Michigan City
Area Schools**
Opportunity ★ Excellence ★ Pride

CORRECTIVE ACTION PLAN

FINDING 2017-005

Contact Person Responsible for Corrective Action:
Contact Phone Number:
Cindy Licciardone
219-873-2131 ext. 8412

Views of Responsible Official:
"We concur with the finding."

Description of Corrective Action Plan:

The Food Service Department will take all meal price changes, for student and adult meals, to the Board of Trustees for approval. A written policy on free meals for nonfood service employees will be established.

Procedures to verify SFA Verification Collection Report will be completed by the Office Manager and reviewed by the Food Service Director or the Field Coordinator for accuracy before being submitted to the Indiana Department of education.

Anticipated Completion Date: Completed.

Cynthia Licciardone
(Signature)

FSD
(Title)

4-12-18
(Date)



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360
(219) 873-2000

CORRECTIVE ACTION PLAN

FINDING 2017-006

Contact Person Responsible for Corrective Action: Cathy Bildhauser
Contact Phone Number: 219-873-2000

Views of Responsible Official : As I am new to this position, I was not aware of this policy.

Description of Corrective Action Plan:

Three quotes will be obtained and kept on file following procurement procedures for the purchase of items over \$3,500.00. If three quotes are not obtained or available, a written explanation will be provided. For purchases over \$150,000 sealed bids will be obtained.

Vendors will be checked against the federal and state websites to ensure compliance with the Suspension and Debarment requirement. Evidence of this will be attached to the quote prior to the order being placed.

Anticipated Completion Date: April 2018

(Signature)

Curriculum Director

(Title)

April 6, 2018

(Date)



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360
(219) 873-2000

CORRECTIVE ACTION PLAN

FINDING 2017-007

Contact Person Responsible for Corrective Action: Cathy Bildhauser
Contact Phone Number: 219-873-2000

Views of Responsible Official: As I am new to this position, I was not aware of this policy.

Description of Corrective Action Plan:

The technology director verify that the comparability report is correct and provide signature as evidence of verification.

The Curriculum Director will submit a signed form when any adjustments have to be made.

The Curriculum Director will be sure that the corporation keeps records to show that hires are highly qualified teachers or paraprofessionals.

Anticipated Completion Date: April 2018

(Signature)

Curriculum Director

(Title)

April 6, 2018

(Date)



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360
(219) 873-2000

CORRECTIVE ACTION PLAN

FINDING 2017-008

Contact Person Responsible for Corrective Action: Cathy Bildhauser
Contact Phone Number: 219-873-2000

Views of Responsible Official : As I am new to this position, I was not aware of this policy.

Description of Corrective Action Plan: Indiana Testing Security and Integrity Agreements will be collected by September 30 of each year from all school buildings. A staff list will be provided by school to provide assurance that signed agreements were obtained from all staff having access to test materials.

Anticipated Completion Date: September 30, 2018

(Signature)

Curriculum Director

(Title)

April 6, 2018

(Date)



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360
(219) 873-2000

Heidi Brett Baker
Director
Student Support Services

April 9, 2018

Corrective Action Plan

Finding 2017-009

Contact Person Responsible for Corrective Action: Heidi Brett Baker – Director, Student Support Services.

Contact Phone Number: 219-873-2093

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will attach quotes on purchases of over \$3,500.

Anticipated Completion Date: Effective Immediately

Heidi Brett Baker, 4/9/18

Signature

Director - Student Support Service

Title

4/11/18

Date



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

CORRECTIVE ACTION PLAN

FINDING 2017-010

Contact Person Responsible for Corrective Action: Sherri Silcox
Contact Phone Number: 219-873-2026

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Safe Harbor will write an addendum to the current grant, 21st CCLC Cohort 8, to put a written policy in place concerning charges for middle school and high school afterschool program fees and summer camp fees. In addition, an addendum will be added to the 21st CCLC Cohort 9 to put a written policy in place for elementary summer camp fees. These addendums will be authorized by 21st CCLC as well as Michigan City Area Schools Administration. Program fees will be specified in 21st CCLC grants from here forward.

Anticipated Completion Date: May 1, 2018

Sherri Silcox

Safe Harbor Program Coordinator

4-11-18



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

CORRECTIVE ACTION PLAN

FINDING 2017-011

Contact Person Responsible for Corrective Action: Sherri Silcox
Contact Phone Number: 219-873-2026

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Safe Harbor will attach a checklist of all private and public schools in the geographical area served by Michigan City Area Schools to current 21st CCLC grants. If any of these schools have not completed an Equitable Participation of Private Schools form, it will be completed for all 21st CCLC services offered by Safe Harbor. The checklist and Equitable Participation forms for all private and public schools in the geographical area served by Michigan City Area Schools will be included with all future grant applications.

Anticipated Completion Date: May 1, 2018

Sherri Silcox

Safe Harbor Program Coordinator

4-11-18



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360
(219) 873-2000

CORRECTIVE ACTION PLAN

FINDING 2017-012

Contact Person Responsible for Corrective Action: Cathy Bildhauser
Contact Phone Number: 219-873-2000

Views of Responsible Official : As I am new to this position, I was not aware of this policy.

Description of Corrective Action Plan: A form will be developed that communicates the adjustments to be made and signature designating approval of the move will be obtained and kept on file in the Title I office.

Anticipated Completion Date: April 2018

(Signature)

Curriculum Director

(Title)

April 6, 2018

(Date)



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360
(219) 873-2000

CORRECTIVE ACTION PLAN

FINDING 2017-013

Contact Person Responsible for Corrective Action: Cathy Bildhauser
Contact Phone Number: 219-873-2000

Views of Responsible Official : As I am new to this position, I was not aware of this policy.

Description of Corrective Action Plan: All purchase orders submitted by private schools participating in federal grant programs are reviewed prior to approval to ensure that they meet the requirements of the grant. Explanation of denial will be provided to the school if a purchase does not meet requirements.

Evidence of purchase will include conference agenda or participation certificate along with receipts.

Anticipated Completion Date: April 6, 2018

(Signature)

Curriculum Director

(Title)

April 6, 2018

(Date)



Michigan City Area Schools

Opportunity ★ Excellence ★ Pride

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360-5345
Email: lwerner@mcas.k12.in.us
Phone: (219) 873-2000 ext. 8343
Fax: (219) 873-2086

Lance E. Werner
Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2017-014

Contact Person Responsible for Corrective Action: Lance E. Werner
Contact Phone Number: 219-873-2000 Ext 8343

Views of Responsible Official: We haven't been submitting the schedules for Capitalized Equipment nor the Schedule of Subawards because we haven't had charges to the object codes specified on the schedules.

Description of Corrective Action Plan:

This has been corrected with the submission of the Delegation for FY 2019. The financial assistant will continue to send all required forms and schedules to the IDOE and include a reason why any schedule is blank.

Anticipated Completion Date: 5/1/18

Lance E. Werner
(Signature)

Treasurer
(Title)

4-9-18
(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/>.