

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SWITZERLAND COUNTY SCHOOL CORPORATION  
SWITZERLAND COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
06/08/2018



## 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.....	10-11
Notes to Financial Statement .....	12-16
 Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	19-30
Schedule of Payables and Receivables .....	31
Schedule of Leases and Debt .....	32
Schedule of Capital Assets.....	33
 Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	36-38
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	40-41
Notes to Schedule of Expenditures of Federal Awards .....	42
Schedule of Findings and Questioned Costs .....	43-58
 Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	60-62
Corrective Action Plan .....	63-66
Other Reports.....	67

## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Wilma Rosenberger	07-01-14 to 06-30-18
Superintendent of Schools	Michael L. Jones	07-01-12 to 06-30-18
President of the School Board	Andy Truitt Wayne Daugherty Nancy Peters Kathryn M. Collier	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 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](http://www.in.gov/sboa)

## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SWITZERLAND COUNTY SCHOOL CORPORATION, SWITZERLAND COUNTY, INDIANA

### **Report on the Financial Statement**

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

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

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

***Other Matters***

***Supplementary Information***

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

***Other Information***

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 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

May 3, 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](http://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 SWITZERLAND COUNTY SCHOOL  
CORPORATION, SWITZERLAND 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 Switzerland County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated May 3, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

### **Internal Control over Financial Reporting**

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002 to be material weaknesses.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002.

**Switzerland County School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

May 3, 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.

SWITZERLAND COUNTY SCHOOL CORPORATION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER  
 FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14			Other Financing Sources (Uses)	Cash and Investments 06-30-15			Other Financing Sources (Uses)	Cash and Investments 06-30-16		
	Receipts	Disbursements	Receipts		Receipts	Disbursements	Receipts		Receipts	Disbursements	
General	\$ 1,692,999	\$ 10,206,498	\$ 10,360,769	\$ 55,195	\$ 1,593,923	\$ 10,244,687	\$ 10,737,860	\$ 59,068	\$ 1,159,818		
Debt Service	456,258	-	547,637	547,636	456,257	221,302	828,012	273,706	123,253		
Capital Projects	867,028	1,797,894	1,974,801	948	691,069	1,835,294	1,756,607	-	769,756		
School Transportation	545,461	1,236,767	1,277,563	-	504,665	1,308,713	1,153,421	-	659,957		
School Bus Replacement	708,405	216,188	-	-	924,593	222,054	201,577	-	945,070		
Rainy Day	1,235,199	1,910	-	-	1,237,109	1,118	-	-	1,238,227		
JC Construction	-	-	-	-	-	-	948,834	1,000,000	51,166		
School Lunch	166,260	838,107	779,609	-	224,758	779,421	817,653	-	186,526		
Textbook Rental	113,525	64,847	248,163	(55,195)	(124,986)	460,859	164,748	(51,439)	119,686		
Self-Insurance	462,477	-	462,477	-	-	-	-	-	-		
Educational License Plates	398	56	-	-	454	56	-	-	510		
Instructional Support	-	100,000	100,000	-	-	-	-	-	-		
Pioneer Case Grant 2014	2,063	-	277	-	1,786	-	1,786	-	-		
Action For Healthy Kids	-	-	-	-	-	1,150	1,024	-	126		
Com Found Des Endow Fund 14-15	9,000	9,600	-	-	18,600	7,475	12,056	-	14,019		
Vevay Switz Foundation 2013-14	1,071	3,838	4,909	-	-	-	-	-	-		
Vevay Switz Foundation 2014-15	-	15,094	15,034	-	60	-	60	-	-		
VV Switz Foundation 2015-16	-	-	-	-	-	20,999	20,656	-	343		
Community Fndn of SC 2012-13	2,200	-	-	-	2,200	-	-	-	2,200		
Com Foundation 2013-14	3,659	-	3,659	-	-	-	-	-	-		
Community Foundation 14-15	-	6,300	4,459	-	1,841	-	971	-	870		
Special Needs Local Program	1,186	-	1,186	-	-	-	-	-	-		
Special Needs Local 13-14	744	-	374	-	370	-	370	-	-		
Football Start Up Program	9,935	4,389	14,324	-	-	-	-	-	-		
HS Band Uniforms	-	9,546	9,081	-	465	428	893	-	-		
Secured Schools Safety Grant	-	50,000	100,000	-	(50,000)	50,000	50,000	-	(50,000)		
School Technology	84,768	34,132	79,704	-	39,196	141,526	6,149	-	174,573		
Community Technology 2012-13	30,000	-	30,000	-	-	500	-	-	500		

SWITZERLAND COUNTY SCHOOL CORPORATION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER  
 FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
Com Fnd School Tech Fund 13-14	40,545	-	40,545	-	-	-	-	-	-
Com Fnd School Tech Fund 14-15	90,000	-	72,270	-	17,730	-	17,730	-	-
Com Fnd Tech Fund 2015-16	-	97,000	-	-	97,000	-	63,066	-	33,934
Com Fnd Tech Fund 2016-17	-	-	-	-	-	75,000	-	-	75,000
Performance Based Awards	-	34,316	34,316	-	-	-	-	-	-
Excel In Perf Awards SCE 2014	(12,006)	12,006	-	-	-	-	-	-	-
Teacher Perfrmnc Grants 14-15	-	1,222	-	-	1,222	(1,222)	-	-	-
Project Lead the Way	-	20,000	3,200	-	16,800	10,000	26,095	-	705
Title I 2013-14	(61,720)	122,189	60,469	-	(340,070)	450,369	110,299	-	-
Title I 2014-15	-	141,716	481,786	-	-	270,223	427,551	-	(157,328)
Title I 2015-16	-	-	-	-	-	-	-	-	-
Title I Sch Improv Grant JC 14	(5,681)	24,940	19,259	-	-	-	-	-	-
Nutrtnl Grt St PI 95-166 14-15	(183)	11,965	11,782	-	-	9,126	1,932	-	7,194
Medicaid Reimbursement - Federal	-	-	-	-	-	32,697	9,092	(7,629)	15,976
T IIA FY 12 Tchr Qual 9/30/14	(12,639)	24,767	12,128	-	-	-	-	-	-
T IIA Teacher Quality 2013-15	(10,750)	50,428	58,070	-	(18,392)	24,019	5,627	-	-
T IIA Teacher Quality FY 2014	-	-	-	-	-	44,714	70,536	-	(25,822)
Title 2A FY 2015	-	-	-	-	-	3,187	12,218	-	(9,031)
Title VI-B Rural School FY 12	(6,466)	10,476	4,010	-	-	-	-	-	-
T VI-B Rural Sch FY13	-	17,959	24,651	-	(6,692)	10,679	3,987	-	-
Title VIB Rural School FY 14	-	-	-	-	-	16,233	26,361	-	(10,128)
Payroll Funds	53	2,395,274	2,394,972	-	356	2,485,815	2,485,769	-	402
Pre-paid Food	-	-	-	-	-	292,641	285,379	-	7,262
<b>Totals</b>	<b>\$ 6,413,789</b>	<b>\$ 17,559,424</b>	<b>\$ 19,231,484</b>	<b>\$ 548,584</b>	<b>\$ 5,290,314</b>	<b>\$ 19,019,063</b>	<b>\$ 20,248,319</b>	<b>\$ 1,273,706</b>	<b>\$ 5,334,764</b>

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

**SWITZERLAND COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT**

***Note 1. Summary of Significant Accounting Policies***

***A. Reporting Entity***

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

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

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

***B. Basis of Accounting***

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

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

***C. Cash and Investments***

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

***D. Receipts***

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

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

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

SWITZERLAND COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

*Interfund loans.* Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

*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:

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

SWITZERLAND COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**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.

SWITZERLAND COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Funding Policy and Annual Pension Cost*

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

SWITZERLAND COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is the result of the funds being reimbursable grants. However, the Textbook Rental fund is also negative. This is a result of textbooks being paid from the School Corporation's endowment in the subsequent period.

**Note 8. Other Postemployment Benefits**

The School Corporation provides to eligible retirees and their spouses the following benefits: \$3,500 per year into a retirement account for a maximum of 5 years for eligible certified retirees and \$2,500 per year towards health insurance premiums for qualifying certified 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.

## 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.

(This page intentionally left blank.)

SWITZERLAND COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	JC Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,692,999	\$ 456,258	\$ 867,028	\$ 545,461	\$ 708,405	\$ 1,235,199	\$ -	\$ 166,260	\$ 113,525
<b>Receipts:</b>									
Local sources	58,508	-	1,797,894	1,236,767	216,188	1,910	-	349,206	2,194
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	10,147,990	-	-	-	-	-	-	5,507	62,653
Federal sources	-	-	-	-	-	-	-	483,394	-
Other receipts	-	-	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>10,206,498</b>	<b>-</b>	<b>1,797,894</b>	<b>1,236,767</b>	<b>216,188</b>	<b>1,910</b>	<b>-</b>	<b>838,107</b>	<b>64,847</b>
<b>Disbursements:</b>									
Instruction	7,012,726	-	-	-	-	-	-	-	-
Support services	3,254,914	-	506,553	1,277,563	-	-	-	207	248,163
Noninstructional services	93,129	-	-	-	-	-	-	779,402	-
Facilities acquisition and construction	-	-	1,468,248	-	-	-	-	-	-
Debt service	-	547,637	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>10,360,769</b>	<b>547,637</b>	<b>1,974,801</b>	<b>1,277,563</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>779,609</b>	<b>248,163</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(154,271)</b>	<b>(547,637)</b>	<b>(176,907)</b>	<b>(40,796)</b>	<b>216,188</b>	<b>1,910</b>	<b>-</b>	<b>58,498</b>	<b>(183,316)</b>
<b>Other financing sources (uses):</b>									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	547,636	948	-	-	-	-	-	-
Transfers in	55,195	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(55,195)
<b>Total other financing sources (uses)</b>	<b>55,195</b>	<b>547,636</b>	<b>948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,195)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(99,076)</b>	<b>(1)</b>	<b>(175,959)</b>	<b>(40,796)</b>	<b>216,188</b>	<b>1,910</b>	<b>-</b>	<b>58,498</b>	<b>(238,511)</b>
<b>Cash and investments - ending</b>	<b>\$ 1,593,923</b>	<b>\$ 456,257</b>	<b>\$ 691,069</b>	<b>\$ 504,665</b>	<b>\$ 924,593</b>	<b>\$ 1,237,109</b>	<b>\$ -</b>	<b>\$ 224,758</b>	<b>\$ (124,986)</b>

SWITZERLAND COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Self- Insurance	Educational License Plates	Instructional Support	Pioneer Case Grant 2014	Action For Healthy Kids	Com Found Des Endow Fund 14-15	Vevay Switz Foundation 2013-14	Vevay Switz Foundation 2014-15	VV Switz Foundation 2015-16
Cash and investments - beginning	\$ 462,477	\$ 398	\$ -	\$ 2,063	\$ -	\$ 9,000	\$ 1,071	\$ -	\$ -
Receipts:									
Local sources	-	-	100,000	-	-	9,600	3,838	15,094	-
Intermediate sources	-	56	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	56	100,000	-	-	9,600	3,838	15,094	-
Disbursements:									
Instruction	-	-	-	-	-	-	721	12,434	-
Support services	462,477	-	-	277	-	-	700	350	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	100,000	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	3,488	2,250	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	462,477	-	100,000	277	-	-	4,909	15,034	-
Excess (deficiency) of receipts over disbursements	(462,477)	56	-	(277)	-	9,600	(1,071)	60	-
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	(462,477)	56	-	(277)	-	9,600	(1,071)	60	-
Cash and investments - ending	\$ -	\$ 454	\$ -	\$ 1,786	\$ -	\$ 18,600	\$ -	\$ 60	\$ -

SWITZERLAND COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Community Fndtn of SC 2012-13	Com Foundation 2013-14	Community Foundation 14-15	Special Needs Local Program	Special Needs Local 13-14	Football Start Up Program	HS Band Uniforms	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ 2,200	\$ 3,659	\$ -	\$ 1,186	\$ 744	\$ 9,935	\$ -	\$ -	\$ 84,768
<b>Receipts:</b>									
Local sources	-	-	6,300	-	-	4,389	9,546	-	31,522
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	50,000	2,610
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	6,300	-	-	4,389	9,546	50,000	34,132
<b>Disbursements:</b>									
Instruction	-	3,659	-	1,186	374	14,111	9,081	-	-
Support services	-	-	4,459	-	-	-	-	50,000	79,704
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	50,000	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	213	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,659	4,459	1,186	374	14,324	9,081	100,000	79,704
Excess (deficiency) of receipts over disbursements	-	(3,659)	1,841	(1,186)	(374)	(9,935)	465	(50,000)	(45,572)
<b>Other financing sources (uses):</b>									
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	-	(3,659)	1,841	(1,186)	(374)	(9,935)	465	(50,000)	(45,572)
Cash and investments - ending	\$ 2,200	\$ -	\$ 1,841	\$ -	\$ 370	\$ -	\$ 465	\$ (50,000)	\$ 39,196

SWITZERLAND COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Community Technology 2012-13	Com Fnd School Tech Fund 13-14	Com Fnd School Tech Fund 14-15	Com Fnd Tech Fund 2015-16	Com Fnd Tech Fund 2016-17	Performance Based Awards	Excel In Perf Awards SCE 2014	Teacher Perfrmnc Grants 14-15	Project Lead the Way
Cash and investments - beginning		\$ 30,000	\$ 40,545	\$ 90,000	\$ -	\$ -	\$ (12,006)	\$ -	\$ -
<b>Receipts:</b>									
Local sources	-	-	-	97,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	34,316	12,006	1,222	20,000
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	97,000	-	34,316	12,006	1,222	20,000
<b>Disbursements:</b>									
Instruction	30,000	39,091	-	-	-	34,316	-	-	-
Support services	-	1,454	52,270	-	-	-	-	-	3,200
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	20,000	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	30,000	40,545	72,270	-	-	34,316	-	-	3,200
Excess (deficiency) of receipts over disbursements	(30,000)	(40,545)	(72,270)	97,000	-	-	12,006	1,222	16,800
<b>Other financing sources (uses):</b>									
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	(30,000)	(40,545)	(72,270)	97,000	-	-	12,006	1,222	16,800
Cash and investments - ending	\$ -	\$ -	\$ 17,730	\$ 97,000	\$ -	\$ -	\$ 1,222	\$ 16,800	

SWITZERLAND COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Title I 2013-14	Title I 2014-15	Title I 2015-16	Title I Sch Improv Grant JC 14	Nutrnl Grt St PI 95-166 14-15	Medicaid Reimbursement - Federal	T IIA FY 12 Tchr Qual 9/30/14	T IIA Teacher Quality 2013-15
Cash and investments - beginning	\$ (61,720)	\$ -	\$ -	\$ (5,681)	\$ (183)	\$ -	\$ (12,639)	\$ (10,750)
Receipts:								
Local sources	-	-	-	-	230	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	122,189	141,716	-	24,940	11,735	-	24,767	50,428
Other receipts	-	-	-	-	-	-	-	-
Total receipts	122,189	141,716	-	24,940	11,965	-	24,767	50,428
Disbursements:								
Instruction	41,488	321,402	-	-	-	-	11,596	45,845
Support services	18,981	158,819	-	19,259	-	-	532	9,686
Noninstructional services	-	1,565	-	-	11,782	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	2,539
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	60,469	481,786	-	19,259	11,782	-	12,128	58,070
Excess (deficiency) of receipts over disbursements	61,720	(340,070)	-	5,681	183	-	12,639	(7,642)
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	61,720	(340,070)	-	5,681	183	-	12,639	(7,642)
Cash and investments - ending	\$ -	\$ (340,070)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (18,392)

SWITZERLAND COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	T IIA Teacher Quality FY 2014	Title 2A FY 2015	Title VI-B Rural School FY12	T VI-B Rural Sch FY13	Title VIB Rural School FY 14	Payroll Funds	Pre-paid Food	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (6,466)	\$ -	\$ -	\$ 53	\$ -	\$ 6,413,789
Receipts:								
Local sources	-	-	-	-	-	-	-	3,940,186
Intermediate sources	-	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	-	10,336,304
Federal sources	-	-	10,476	17,959	-	-	-	887,604
Other receipts	-	-	-	-	-	2,395,274	-	2,395,274
Total receipts	-	-	10,476	17,959	-	2,395,274	-	17,559,424
Disbursements:								
Instruction	-	-	4,010	24,651	-	-	-	7,606,691
Support services	-	-	-	-	-	-	-	6,149,568
Noninstructional services	-	-	-	-	-	-	-	885,878
Facilities acquisition and construction	-	-	-	-	-	-	-	1,638,248
Debt service	-	-	-	-	-	-	-	547,637
Nonprogrammed charges	-	-	-	-	-	-	-	8,490
Interfund loans	-	-	-	-	-	2,394,972	-	2,394,972
Total disbursements	-	-	4,010	24,651	-	2,394,972	-	19,231,484
Excess (deficiency) of receipts over disbursements	-	-	6,466	(6,692)	-	302	-	(1,672,060)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	548,584
Transfers in	-	-	-	-	-	-	-	55,195
Transfers out	-	-	-	-	-	-	-	(55,195)
Total other financing sources (uses)	-	-	-	-	-	-	-	548,584
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	6,466	(6,692)	-	302	-	(1,123,476)
Cash and investments - ending	\$ -	\$ -	\$ (6,692)	\$ -	\$ 356	\$ -	\$ -	\$ 5,290,314

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	JC Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,593,923	\$ 456,257	\$ 691,069	\$ 504,665	\$ 924,593	\$ 1,237,109	\$ -	\$ 224,758	\$ (124,986)
<b>Receipts:</b>									
Local sources	60,181	221,302	1,781,152	1,300,838	222,054	1,118	-	292,326	396,646
Intermediate sources	34	-	-	-	-	-	-	-	-
State sources	10,184,272	-	-	-	-	-	-	6,103	64,213
Federal sources	-	-	-	-	-	-	-	480,992	-
Other receipts	-	-	54,142	7,875	-	-	-	-	-
<b>Total receipts</b>	<b>10,244,687</b>	<b>221,302</b>	<b>1,835,294</b>	<b>1,308,713</b>	<b>222,054</b>	<b>1,118</b>	<b>-</b>	<b>779,421</b>	<b>460,859</b>
<b>Disbursements:</b>									
Instruction	7,451,270	-	-	-	-	-	-	-	-
Support services	3,231,531	-	673,245	1,153,421	201,577	-	-	126	164,748
Noninstructional services	54,865	-	-	-	-	-	-	811,020	-
Facilities acquisition and construction	-	-	1,083,362	-	-	-	948,834	-	-
Debt service	-	828,012	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	6,507	-
Interfund transfers	-	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>10,737,860</b>	<b>828,012</b>	<b>1,756,607</b>	<b>1,153,421</b>	<b>201,577</b>	<b>-</b>	<b>948,834</b>	<b>817,653</b>	<b>164,748</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(493,173)</b>	<b>(606,710)</b>	<b>78,687</b>	<b>155,292</b>	<b>20,477</b>	<b>1,118</b>	<b>(948,834)</b>	<b>(38,232)</b>	<b>296,111</b>
<b>Other financing sources (uses):</b>									
Proceeds of long-term debt	-	-	-	-	-	-	1,000,000	-	-
Sale of capital assets	-	273,706	-	-	-	-	-	-	-
Transfers in	59,268	-	-	-	-	-	-	-	-
Transfers out	(200)	-	-	-	-	-	-	-	(51,439)
<b>Total other financing sources (uses)</b>	<b>59,068</b>	<b>273,706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>	<b>(51,439)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(434,105)</b>	<b>(333,004)</b>	<b>78,687</b>	<b>155,292</b>	<b>20,477</b>	<b>1,118</b>	<b>51,166</b>	<b>(38,232)</b>	<b>244,672</b>
<b>Cash and investments - ending</b>	<b>\$ 1,159,818</b>	<b>\$ 123,253</b>	<b>\$ 769,756</b>	<b>\$ 659,957</b>	<b>\$ 945,070</b>	<b>\$ 1,238,227</b>	<b>\$ 51,166</b>	<b>\$ 186,526</b>	<b>\$ 119,686</b>

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

	Self- Insurance	Educational License Plates	Instructional Support	Pioneer Case Grant 2014	Action For Healthy Kids	Com Found Des Endow Fund 14-15	Vevay Switz Foundation 2013-14	Vevay Switz Foundation 2014-15	VV Switz Foundation 2015-16
Cash and investments - beginning	\$ -	\$ 454	\$ -	\$ 1,786	\$ -	\$ 18,600	\$ -	\$ 60	\$ -
<b>Receipts:</b>									
Local sources	-	-	-	-	1,150	7,475	-	-	20,999
Intermediate sources	-	56	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>1,150</b>	<b>7,475</b>	<b>-</b>	<b>-</b>	<b>20,999</b>
<b>Disbursements:</b>									
Instruction	-	-	-	-	1,024	12,056	-	60	17,393
Support services	-	-	-	1,786	-	-	-	-	1,863
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,400
Interfund transfers	-	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,786</b>	<b>1,024</b>	<b>12,056</b>	<b>-</b>	<b>60</b>	<b>20,656</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>(1,786)</b>	<b>126</b>	<b>(4,581)</b>	<b>-</b>	<b>(60)</b>	<b>343</b>
<b>Other financing sources (uses):</b>									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>(1,786)</b>	<b>126</b>	<b>(4,581)</b>	<b>-</b>	<b>(60)</b>	<b>343</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 510</b>	<b>\$ -</b>	<b>\$ 126</b>	<b>\$ 14,019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 343</b>

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

	Community Fndtn of SC 2012-13	Com Foundation 2013-14	Community Foundation 14-15	Special Needs Local Program	Special Needs Local 13-14	Football Start Up Program	HS Band Uniforms	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ 2,200	\$ -	\$ 1,841	\$ -	\$ 370	\$ -	\$ 465	\$ (50,000)	\$ 39,196
<b>Receipts:</b>									
Local sources	-	-	-	-	-	-	428	-	137,122
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	50,000	4,404
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	428	50,000	141,526
<b>Disbursements:</b>									
Instruction	-	-	-	-	370	-	893	-	-
Support services	-	-	971	-	-	-	-	50,000	6,149
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	971	-	370	-	893	50,000	6,149
Excess (deficiency) of receipts over disbursements	-	-	(971)	-	(370)	-	(465)	-	135,377
<b>Other financing sources (uses):</b>									
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	-	-	(971)	-	(370)	-	(465)	-	135,377
Cash and investments - ending	\$ 2,200	\$ -	\$ 870	\$ -	\$ -	\$ -	\$ (50,000)	\$ 174,573	

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

	Community Technology 2012-13	Com Fnd School Tech Fund 13-14	Com Fnd School Tech Fund 14-15	Com Fnd Tech Fund 2015-16	Com Fnd Tech Fund 2016-17	Performance Based Awards	Excel In Perf Awards SCE 2014	Teacher Perfrmnc Grants 14-15	Project Lead the Way
Cash and investments - beginning		\$ -	\$ 17,730	\$ 97,000	\$ -	\$ -	\$ -	\$ 1,222	\$ 16,800
Receipts:									
Local sources	500	-	-	-	75,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	(1,222)	10,000
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	500	-	-	-	75,000	-	-	(1,222)	10,000
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	17,730	56,751	-	-	-	-	26,095
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	6,315	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	17,730	63,066	-	-	-	-	26,095
Excess (deficiency) of receipts over disbursements	500	-	(17,730)	(63,066)	75,000	-	-	(1,222)	(16,095)
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	500	-	(17,730)	(63,066)	75,000	-	-	(1,222)	(16,095)
Cash and investments - ending	\$ 500	\$ -	\$ -	\$ 33,934	\$ 75,000	\$ -	\$ -	\$ -	\$ 705

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

	Title I 2013-14	Title I 2014-15	Title I 2015-16	Title I Sch Improv Grant JC 14	Nutrnl Grt St PI 95-166 14-15	Medicaid Reimbursement - Federal	T IIA FY 12 Tchr Qual 9/30/14	T IIA Teacher Quality 2013-15
Cash and investments - beginning	\$ -	\$ (340,070)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (18,392)
Receipts:								
Local sources	-	-	-	-	550	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	450,369	270,223	-	8,576	32,697	-	24,019
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	450,369	270,223	-	9,126	32,697	-	24,019
Disbursements:								
Instruction	-	83,892	258,741	-	-	7,236	-	4,631
Support services	-	21,732	168,394	-	-	-	-	996
Noninstructional services	-	4,675	416	-	1,932	-	-	-
Facilities acquisition and construction	-	-	-	-	-	1,856	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-	-	-
Total disbursements	-	110,299	427,551	-	1,932	9,092	-	5,627
Excess (deficiency) of receipts over disbursements	-	340,070	(157,328)	-	7,194	23,605	-	18,392
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,856	-	-
Transfers out	-	-	-	-	-	(9,485)	-	-
Total other financing sources (uses)	-	-	-	-	-	(7,629)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	340,070	(157,328)	-	7,194	15,976	-	18,392
Cash and investments - ending	\$ -	\$ -	\$ (157,328)	\$ -	\$ 7,194	\$ 15,976	\$ -	\$ -

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

	T IIA Teacher Quality FY 2014	Title 2A FY 2015	Title VI-B Rural School FY12	T VI-B Rural Sch FY13	Title VIB Rural School FY 14	Payroll Funds	Pre-paid Food	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (6,692)	\$ -	\$ 356	\$ -	\$ 5,290,314
Receipts:								
Local sources	-	-	-	-	-	-	-	4,518,841
Intermediate sources	-	-	-	-	-	-	-	90
State sources	-	-	-	-	-	-	-	10,317,770
Federal sources	44,714	3,187	-	10,679	16,233	-	-	1,341,689
Other receipts	-	-	-	-	-	2,485,815	292,641	2,840,473
Total receipts	44,714	3,187	-	10,679	16,233	2,485,815	292,641	19,019,063
Disbursements:								
Instruction	66,299	-	-	3,987	-	-	-	7,907,852
Support services	4,237	12,218	-	-	26,361	-	-	5,819,931
Noninstructional services	-	-	-	-	-	-	-	872,908
Facilities acquisition and construction	-	-	-	-	-	-	-	2,040,367
Debt service	-	-	-	-	-	-	-	828,012
Nonprogrammed charges	-	-	-	-	-	2,485,769	-	2,493,676
Interfund transfers	-	-	-	-	-	-	285,379	285,379
Total disbursements	70,536	12,218	-	3,987	26,361	2,485,769	285,379	20,248,319
Excess (deficiency) of receipts over disbursements	(25,822)	(9,031)	-	6,692	(10,128)	46	7,262	(1,229,256)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,000,000
Sale of capital assets	-	-	-	-	-	-	-	273,706
Transfers in	-	-	-	-	-	-	-	61,124
Transfers out	-	-	-	-	-	-	-	(61,124)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,273,706
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(25,822)	(9,031)	-	6,692	(10,128)	46	7,262	44,450
Cash and investments - ending	\$ (25,822)	\$ (9,031)	\$ -	\$ (10,128)	\$ 402	\$ 7,262	\$ 5,334,764	

SWITZERLAND COUNTY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

-31-

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 2,275,652	\$ 202,309

SWITZERLAND COUNTY SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2016

Type	Description of Debt	Purpose	Ending	Principal and
			Principal Balance	Interest Due Within One Year
<b>Governmental activities:</b>				
General obligation bonds	Jefferson Craig QZAB Bonds 2009		\$ 835,000	\$ 104,358
General obligation bonds	Jefferson Craig Addition 2015		955,000	113,220
General obligation bonds	Middle School common School Fund 1999		<u>2,410,988</u>	<u>442,604</u>
<b>Totals</b>			<b><u>\$ 4,200,988</u></b>	<b><u>\$ 660,182</u></b>

SWITZERLAND COUNTY SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 414,615
Infrastructure	1,015,918
Buildings	7,232,491
Improvements other than buildings	518,599
Machinery, equipment, and vehicles	1,147,735
Construction in progress	2,000,000
Books and other	<u>101,167</u>
Total governmental activities	<u>12,430,525</u>
Total capital assets	<u>\$ 12,430,525</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](http://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 SWITZERLAND COUNTY SCHOOL CORPORATION, SWITZERLAND COUNTY, INDIANA

### **Report on Compliance for Each Major Federal Program**

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

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, and 2016-007. Our opinion on each major federal program is not modified with respect to these matters.

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

***Report on Internal Control over Compliance***

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007 to be material weaknesses.

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

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

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

*Paul D. Joyce*

Paul D. Joyce, CPA  
State Examiner

May 3, 2018

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

SWITZERLAND COUNTY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-15	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 14-15 FY 15-16	\$ 131,696 - 131,696	\$ - 122,372 122,372
FY 15					
FY 16					
Total - School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555	FY 14-15 FY 15-16	404,502 - 43,819 - 448,321	- 358,620 - 45,394 404,014
FY 15					
FY 16					
Commodities FY 15					
Commodities FY 16					
Total - National School Lunch Program					
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 14-15 FY 15-16	11,735 - 11,735	- 8,576 8,576
FY 15					
FY 16					
Total - Summer Food Service Progam for Children					
Total - Child Nutrition Cluster				591,752	534,962
Total - Department of Agriculture				591,752	534,962
<u>Department of Education</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-7775 15-7775 16-7775	122,189 141,716 - 24,940	- 450,369 270,223 - 720,592
FY 2013-14					
FY 2014-15					
FY 2015-16					
School Improvement					
Total - Title I Grants to Local Educational Agencies				288,845	

SWITZERLAND COUNTY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-15	Total Federal Awards Expended 06-30-16
Special Education Cluster (IDEA) Special Education_Grants To States	Indiana Department of Education	84.027	14213-038-PN01 14214-157-PN01 99914-157-PN01 14215-038-PN01 14216-036-PN01	74,888 288,115 4,551 24,183 - 96,330	- 57,161 2,180 264,744 - 420,415
Total Special Education_Grants To States				391,737	420,415
Special Education_Preschool Grants	Indiana Department of Education	84.173	45713-038-PN01 45714-157-PN01 45715-038-PN01	3,623 14,199 606 11,809	- 830 - 11,809
Total - Special Education_Preschool Grants				18,428	12,639
Total - Special Education Cluster (IDEA)				410,165	433,054
Rural Education Title VI Part B-Rural Education Achievement Program	Indiana Department of Education	84.358	7000SS358B120014 7000SS358B130014 7000SS358B140014	10,476 17,959 - 16,233	- 10,679 - 16,233
Total - Rural Education				28,435	26,912
Improving Teacher Quality State Grants SY 13-14 SY 14-15 SY 15-16 Teacher and Principal Training	Indiana Department of Education	84.367	14-7775 15-7775 16-7775 7000S367A150013	24,767 50,428 - 3,187	- 24,019 44,714 - 3,187
Total - Improving Teacher Quality State Grants				75,195	71,920
Total - Department of Education				802,640	1,252,478
Total federal awards expended				\$ 1,394,392	\$ 1,787,440

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

SWITZERLAND COUNTY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

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

**Note 2. Summary of Significant Accounting Policies**

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

SWITZERLAND COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

***Section I - Summary of Auditor's Results***

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

***Section II - Financial Statement Findings***

***FINDING 2016-001***

Subject: Internal Controls over 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 2014-001.

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

*Condition*

The School Corporation had not separated incompatible activities related to receipts. The receipt clerk prepared the receipt from the source documentation and posted the receipt to the accounting records. Reports were run after the postings were made to the accounting records, but there was no evidence of an oversight or review process.

*Context*

The lack of adequate internal controls was a systemic issue throughout most of the audit period. The School Corporation implemented controls over receipts in January 2016.

*Criteria*

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

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

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

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

*Cause*

Management of the School Corporation had not established a proper system of internal control.

*Effect*

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

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting.

*Views of Responsible Officials*

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

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

**FINDING 2016-002**

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

*Repeat Finding*

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

*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 was unable to present evidence for audit that anyone other than the Treasurer reviewed or approved the grant information presented on the SEFA.

*Context*

The SEFA contained the following errors:

1. Expenditures for programs in the Child Nutrition Cluster were understated by \$579,787 and \$500,409 for the period ending June 30, 2015 and 2016, respectively.
2. Expenditures for the Title I Grants to Local Educational Agencies were understated by \$61,720 and \$379,063 for the period ending June 30, 2015 and 2016, respectively.
3. Expenditures for programs in the Special Education Cluster (IDEA) were not reported, resulting in an understatement of expenditures of \$410,165 and \$433,054 for the period ending June 30, 2015 and 2016, respectively.

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. . . ."

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

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

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

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

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

*Cause*

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

*Effect*

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

*Recommendation*

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

SWITZERLAND COUNTY SCHOOL CORPORATION  
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.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2016-003**

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Schoolwide Programs

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): 14-7775, 15-7775, 16-7775

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Schoolwide Programs

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-005.

*Condition*

Management of the School Corporation did not have an effective internal control system in place to ensure compliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement. Documentation was not presented for audit to verify that the schools operating a schoolwide program included the following required core elements:

1. Comprehensive needs assessment
2. Comprehensive plan
3. Annual evaluation of the schoolwide program

The most recent schoolwide plan presented for audit was for 2011-2012.

*Context*

The lack of internal controls and noncompliance applied to the 2014-2015 and 2015-2016 school years.

*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. . . ."

SWITZERLAND COUNTY SCHOOL CORPORATION  
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 200.26 states:

"(a) *Comprehensive needs assessment.*

- (1) A school operating a schoolwide program must conduct a comprehensive needs assessment of the entire school that—
  - (i) Is based on academic achievement information about all students in the school, including all groups under § 200.13(b)(7) and migratory children as defined in section 1309(2) of the ESEA, relative to the State's academic standards under § 200.1 to—
    - (A) Help the school understand the subjects and skills for which teaching and learning need to be improved; and
    - (B) Identify the specific academic needs of students and groups of students who are not yet achieving the State's academic standards; and
  - (ii) Assesses the needs of the school relative to each of the components of the schoolwide program under § 200.28.
- (2) The comprehensive needs assessment must be developed with the participation of individuals who will carry out the schoolwide program plan.
- (3) The school must document how it conducted the needs assessment, the results it obtained, and the conclusions it drew from those results.

(b) *Comprehensive plan.* Using data from the comprehensive needs assessment under paragraph (a) of this section, a school that wishes to operate a schoolwide program must develop a comprehensive plan, in accordance with § 200.27, that describes how the school will improve academic achievement throughout the school, but particularly for those students furthest away from demonstrating proficiency, so that all students demonstrate at least proficiency on the State's academic standards.

(c) *Evaluation.* A school operating a schoolwide program must—

- (1) Annually evaluate the implementation of, and results achieved by, the schoolwide program, using data from the State's annual assessments and other indicators of academic achievement;

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

- (2) Determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards; and
- (3) Revise the plan, as necessary, based on the results of the evaluation, to ensure continuous improvement of students in the schoolwide program."

*Cause*

Management had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions - Schoolwide Programs compliance requirement.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement that have a direct and material effect to the program could result 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, including segregation of duties, related to the grant agreement and Special Tests and Provisions - Schoolwide Program 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 2016-004**

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-7775, 15-7775, 16-7775

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Condition*

Management of the School Corporation did not have an effective internal control system in place to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

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

The School Corporation failed to keep the necessary documentation relating to time and effort for teachers and paraprofessionals. Personnel Activity Reports or other documentation of personnel expenses for employees who worked on multiple activities or cost objectives during the audit period were not completed or presented for audit. Semi-Annual Certifications or other documentation of personnel expenses for employees whose salaries were paid 100 percent out of the grant funds were not completed or presented for audit.

*Context*

The lack of controls and the noncompliance were systemic issues, which occurred 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). . . ."

OMB Circular A-87, Attachment B, section 8h states in part:

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

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

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

2 CFR 200.430(i) states in part:

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

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

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

Title I Fiscal Handbook 2015-2016, Basic Title I, Part A and D states in part:

- **School wide programs:**

"If a school-wide program consolidates funds in a single account, an employee paid with funds from the single account is not required to file a semi-annual certification. If a school-wide program does not consolidate funds, employees working solely on a single Federal program must complete semi-annual certifications. . . ."

*Cause*

Management of the School Corporation had not developed an effective internal control system that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish internal controls enabled material 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.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and comply 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.

**FINDING 2016-005**

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): 14-7775, 15-7775, 16-7775

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Period of Performance, Reporting, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Audit Finding: Material Weakness

*Repeat Finding*

The following components of this finding are repeat findings from the immediately prior audit: Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals and Special Tests and Provisions - Annual Report Card, High School Graduation Rate. The prior audit finding number was 2014-005.

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Period of Performance, Reporting, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

*Cash Management*

The Treasurer prepared the Reimbursement Request reports and checks to ensure the amounts being requested were for funds that were expended prior to the date of the reimbursement request. There was no evidence presented of an oversight, review, or approval process.

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

*Period of Performance*

The Treasurer prepared the Reimbursement Request reports and checked to ensure the amounts being requested were for expenditures incurred within the period of performance. There was no evidence presented of an oversight, review, or approval process.

*Reporting*

The Treasurer prepared the Reimbursement Request reports, Annual Financial Reports, and State Per Pupil Expenditure reports. There was no evidence presented of an oversight, review, or approval process.

*Special Test and Provisions - Highly Qualified Teachers and Paraprofessionals*

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement.

*Special Tests and Provisions - Annual Report Card, High School Graduation Rate*

The High School Guidance Counselor obtained documentation to support a student's removal from the cohort. There was no oversight or review process in place to ensure compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Content*

The lack of properly designed and implemented controls was a systemic problem, which occurred 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). . . ."

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

*Cause*

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

*Effect*

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

*Views of Responsible Officials*

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

**FINDING 2016-006**

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 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting, Program Income, Eligibility, Special  
Tests and Provisions - Verification of Free and Reduced Price  
Applications (NSLP), Special Tests and Provisions - Paid  
Lunch Equity

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2014-003 and 2014-004.

*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:

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

*Cash Management*

The School Corporation had not established an effective internal control system related to the grant agreement and the Cash Management compliance requirement. The Food Service Director monitored the net cash resources of the School Lunch fund to ensure that the amount did not exceed three months average expenditures. There was no evidence of an oversight or review by someone other than the Food Service Director.

*Reporting*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Annual Financial Reports, Verification Summary Reports, and Monthly Sponsor Claims (claims for reimbursement) were accurate prior to submission. The Food Service Director prepared and submitted the reports. There was no segregation of duties, such as an oversight, review, or approval process.

*Eligibility*

The School Corporation had not established an effective control to ensure that the eligibility determinations for free and reduced price meals were accurate. The Food Service Director processed the applications for free and reduced price meals, which included determining eligibility, without oversight or review.

*Program Income*

Cafeteria collections for school lunch accounts were remitted monthly to the School Corporation by the ExtraCurricular Account Treasurer. There was no control in place to ensure the amount remitted was accurate and in agreement with the ExtraCurricular Account records.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) - (School Breakfast Program and National School Lunch Program only)*

The School Corporation had not established an effective control to ensure the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) report was complete and accurate prior to submission. The Food Service Director processed the verification for all selected applications without oversight or review.

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

The annual calculation for paid lunch equity was prepared by the Food Service Director. There was no oversight or review to ensure the calculation was accurate.

*Context*

The lack of properly designed and implemented controls for Reporting (Annual Financial Reports and Verification Summary Reports), Eligibility, Program Income, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) was a systemic problem, which occurred throughout the audit period.

The School Corporation implemented controls for Cash Management in May 2016.

**SWITZERLAND COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)**

The School Corporation implemented controls for Reporting over the Monthly Sponsor Claims (claims for reimbursement) beginning with the January 2016 reimbursement.

The School Corporation implemented controls for Special Tests and Provisions - Paid Lunch Equity in May of 2016 for the 2016-2017 school 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 assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

*Effect*

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

*Views of Responsible Officials*

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

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

**FINDING 2016-007**

Subject: Child Nutrition Cluster - Suspension and Debarment

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*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 suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement. There were no controls to ensure vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not comply with the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement. They did not complete any of the possible actions to ensure that contractors procured were not suspended or debarred.

*Context*

This was a systemic problem. The School Corporation lacked controls over and failed to comply with the suspension and debarment requirements 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). . . ."

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

2 CFR 180.300 states:

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

You do this by:

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

*Cause*

Management had not developed a system of internal controls over the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish effective internal controls enabled material noncompliance to go undetected, which 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 and ensure compliance related to the grant agreement and the suspension and debarment requirements of 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.

#### AUDITEE-PREPARED DOCUMENTS

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

# Switzerland County School Corporation

Switzerland Co. High School  
1020 W. Main Street  
Vevay, Indiana 47043

Switzerland Co. Middle School  
1004 W. Main Street  
Vevay, Indiana 47043

Office of Superintendent  
1040 W. Main Street

Vevay, Indiana 47043  
(812) 427-2611 / 2612  
Fax (812) 427-2044

Jefferson - Craig Elementary School  
1002 W. Main Street  
Vevay, Indiana 47043

Switzerland Co. Elementary School  
P.O. Box 87  
East Enterprise, Indiana 47019

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2014-003 Internal Controls over Child Nutrition Cluster**

Fiscal year in which the finding initially occurred: FY12-13, FY13-14

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

Contact Person Responsible for Corrective Action: Gayla Bullock, Food Service Director and Wilma Rosenberger, Business Manager

Contact Phone Number: 812-427-3343 and 812-427-2673

Status of Audit Finding:

Cash Management and Reporting: Claims for reimbursement will continue to be prepared by the Food Service Director. They will be reviewed and signed by the Café Secretary. Completed for January 2016 verified March 1, 2016. Annual financial reports will continue to be submitted by the Food Service Director. They will be verified by the Corporation Treasurer. We began this process October 3, 2017 for the 2016-17 school year.

The calculation for cash management is prepared by the Food Service Director. The documentation will be reviewed and signed by the Business Manager. We will retain these records to demonstrate compliance. This was implemented May 2016.

Eligibility: Free and reduced lunch applications will be approved by the Food Service Director. They will be verified by the Café Secretary. Implemented August 2016.

Program Income: Cafeteria collections for school lunch accounts will continue to be remitted monthly by the School ECA Treasurers. The ECA Treasurers will include a signed monthly report showing daily cash collections. This began March 2018. In addition, the Business Office will calculate the cafe revenue for the month and provide revenue history for the month to the Food Service Director. The Food Service Director will reconcile the prepaid balance and the individual accounts balance for the month. This will begin July 1, 2018.

### **FINDING 2014-004 Special Test and Provisions**

Fiscal year in which the finding initially occurred: FY12-13, FY13-14

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

Contact Person Responsible for Corrective Action: Gayla Bullock, Food Service Director and Wilma Rosenberger, Business Manager

Contact Phone Number: 812-427-3343 and 812-427-2673

Status of Audit Finding:

Switzerland County School Corporation is committed to equal opportunity and does not discriminate on the basis of age, race, color, sex, handicapping conditions, or national origin including limited English proficiency, in any employment opportunity. No person is excluded from participation in, denied the benefits of, or otherwise subjected to unlawful discrimination on such basis under any educational program or student activity.

*A Commitment To Excellence*

[www.switzerland.k12.in.us](http://www.switzerland.k12.in.us)

Verification of Free and Reduced Price Applications: Free and reduced price lunch applications will continue to be approved by the Food Service Director. Three percent of the applications will be verified by the Café Secretary. This was completed November 2016.

Paid Lunch Equity: The annual calculation for paid lunch equity will still be prepared by the Food Service Director. The documentation will be reviewed and signed by the Business Manager. We will retain these records to demonstrate compliance. This was implemented May 2016 for the 2016-17 school year.

#### ***FINDING 2014-005 Special Test and Provisions***

Fiscal year in which the finding initially occurred: FY12-13, FY13-14

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

Contact Person Responsible for Corrective Action: Marla Edwards, High School Guidance Director; Gregg Goewert, High School Principal; Mike Jones, Superintendent; Mona Crabtree, Administrative Secretary and Wilma Rosenberger, Business Manager

Contact Phone Number: 812-427-2626 1n3 812-427-2611

Status of Audit Finding:

Schoolwide Programs: The Title I Director will continue to be responsible for revisions to the school wide plan and submission to the state. Revisions will be documented and signed by the Director. The Superintendent will review the revisions and submission and sign the documentation. We have a new Title Director and implemented this for the 2017-18 school year.

Comparability: The Title I Director will make comparability calculations between schools and submit them to the state. Calculations will be verified by the Business Manager. We have a new Title Director and have implemented this for the 2017-18 school year..

Highly Qualified Teachers and Paraprofessionals: Adequate procedures will be implemented to ensure compliance with the Special Test and Provisions for highly qualified teachers and paraprofessionals. Such documentation will be maintained in Central Office by the Title Director with copies in each school. This was completed as of July 1, 2016.

Annual Report Card, High School Graduation Rate: The High School Guidance Counselor will obtain documentation to support a student's removal from the cohort. She meets monthly with the guidance secretary and the attendance secretary to review any enrollees and withdrawals for the month. They maintain documentation of requests for records for both. She provides information to the Tech Director for updates in STN. The Tech Director uploads student data and signs the changes. The Guidance Director keeps that with her cohort records. The High School Principal or Assistant will verify the graduation rate information prior to submission of the Annual Report Card. This was completed for school year 2015-2016 as of October, 2016.

#### ***FINDING 2014-006 Internal Controls over Special Education Cluster (IDEA)***

Fiscal year in which the finding initially occurred: FY12-13, FY13-14

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

Contact Person Responsible for Corrective Action: Michael Jones, Superintendent and Wilma Rosenberger, Business Manager  
Contact Phone Number: 812-427-2611

Status of Audit Finding:

Cash Management: Requests for reimbursements are prepared by MAESSU's Business Manager. In October 2015 the Business Manager began obtaining the signature of a second person on requests for reimbursement.

Period of Availability: The Business Manager of MAESSU monitors expenditures for compliance with Period of Availability for Federal Fund Requirements. In October 2015 a second began verifying period of availability..

Reporting: The Requests for Reimbursement and Final Expenditure Reports are prepared and submitted by the MAESSU Business Manager. As of October 2015, reports are verified by another employee and/or the MAESSU Board..

(Signature)

Wilma Rosenberger

(Title)

Treasurer | Business Manager

(Date)

5/3/2018

# *Switzerland County School Corporation*

Switzerland Co. High School  
1020 W. Main Street  
Vevay, Indiana 47043

Office of Superintendent  
1040 W. Main Street

Jefferson - Craig Elementary School  
1002 W. Main Street  
Vevay, Indiana 47043

Switzerland Co. Middle School  
1004 W. Main Street  
Vevay, Indiana 47043

Vevay, Indiana 47043  
(812) 427-2611 / 2612  
Fax (812) 427-2044

Switzerland Co. Elementary School  
P.O. Box 87  
East Enterprise, Indiana 47019

## **CORRECTIVE ACTION PLAN 6-2016**

### ***FINDING 2016-001***

We concur with this finding.

Contact Person Responsible for Corrective Action: Wilma Rosenberger, Business Manager

Contact Phone Number: 812-427-2673

Description of Corrective Action Plan:

Lack of Segregation of Duties: Control activities will be developed at various levels of Switzerland County School Corporation to reduce the risks to achievement of financial reporting objectives. All receipts will be signed by the Treasurer. Receipts will be keyed into the financial accounting system by the Business Office Assistant who will balance the edit to the receipts and sign it. For all manual deposits, a tape showing the total of the receipts will be signed. A similar tape of the deposit ticket total with all cash itemized will be signed by the depositor who will be a different person.

SCSC will strive to maintain controls over receiving, disbursing, recording and accounting for financial activities in order to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

This process is in place as of January 1, 2016.

### ***FINDING 2016-002***

We concur with this finding.

Contact Person Responsible for Corrective Action: Wilma Rosenberger, Business Manager

Contact Phone Number: 812-427-2673

Description of Corrective Action Plan:

Lack of Segregation of Duties: Switzerland County School Corporation will separate incompatible activities related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). When SEFA is recorded and uploaded into Gateway, the reporter will print and sign the report. In addition, either the Grant Writer or the Superintendent will also review and sign the printed report.

SCSC will continue to improve internal controls to provide reasonable assurance regarding the reliability of financial records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations.

Switzerland County School Corporation is committed to equal opportunity and does not discriminate on the basis of age, race, color, sex, handicapping conditions, or national origin including limited English proficiency, in any employment opportunity. No person is excluded from participation in, denied the benefits of, or otherwise subjected to unlawful discrimination on such basis under any educational program or student activity.

*A Commitment To Excellence*

[www.switzerland.k12.in.us](http://www.switzerland.k12.in.us)

Anticipated Completion Date: August 31, 2018

***Finding 2016-003***

We concur with this finding.

Contact Person Responsible for Corrective Action Plan: Fred Ross, Title I Director

Contact Phone: 812-427-2611

Description of Corrective Action Plan:

The Title I Director will continue to be responsible for revisions to the school wide plan and its submission to the State. It will include Comprehensive needs assessment, Comprehensive plan and Annual evaluation of the schoolwide program. Revisions will be documented and signed by the Title I Director, then reviewed and signed by either the Superintendent or each Building Principal. This has been implemented for the 2017-18 school year.

***FINDING 2016-004***

We concur with this finding.

Contact Person Responsible for Corrective Action Plan: Fred Ross, Title I Director

Contact Phone: 812-427-2611

SCSC will establish controls and comply with the Allowable Costs/Cost Principles compliance requirement. The Title I Director will maintain time and effort logs for teachers and paraprofessionals requiring such documentation. He will also keep records of Semi-Annual Certifications for employees whose salaries are paid 100% from grant funds. These records are being kept as of August, 2017.

***FINDING 2016-005***

We concur with this finding.

Contact Person Responsible for Corrective Action: Wilma Rosenberger, Business Manager; Fred Ross, Title I Director; Mike Jones, Superintendent; Marla Edwards, Guidance Director and Gregg Goewert, High School Principal

Contact Phone Number: 812-427-2611 and 812-427-2626

**Cash Management**

The Treasurer prepares the Reimbursement Request reports and checks to ensure the amounts being requested are for funds that were expended prior to the date of the reimbursement request. The Superintendent verifies the request electronically for Title I and reviews other requests on paper. This began January, 2018.

**Period of Performance**

The Treasurer prepares the Reimbursement Request reports and checks to ensure the amounts being requested are for funds that were expenditures that occurred within the period of performance. The Superintendent verifies the request electronically for Title I and reviews other requests on paper to verify dates of expenditures. This began January, 2018.

### Reporting

The Treasurer prepares the Reimbursement Request Reports and the Annual Financial Reports. The Superintendent will review each report at/or before submission. This began January, 2018.

### Highly Qualified Teachers and Paraprofessionals

The Title I Director will be responsible for keeping records of Highly Qualified Teachers and Paraprofessionals current for each building. Such records will be maintained by the Administrative Secretary with copies in each school. This was completed as of July 1, 2016.

### Annual Report Card, High School Graduation Rate

The High School Guidance Counselor will obtain documentation to support a student's removal from the cohort. She meets monthly with the guidance secretary and the attendance secretary to review any enrollees and withdrawals for the month. They maintain documentation of requests for records for both. She provides information to the Tech Director for updates in STN. The Tech Director uploads student data and signs the changes. The Guidance Director keeps that with her cohort records. The High School Principal or Assistant will verify the graduation rate information prior to submission of the Annual Report Card. This was completed as of October 2016.

## ***FINDING 2016-006***

We concur with this finding.

Contact Person Responsible for Corrective Action: Wilma Rosenberger, Business Manager and Gayla Bullock, Food Service Director  
Contact Phone Number: 812-427-2611 and 812-427-2626

Description of Corrective Action Plan:

### Cash Management

The Food Service Director monitors the net cash resources of the School Lunch fund to ensure that the amount does not exceed 3 months average expenditures. Oversight and review will be provided by the Corporation Treasurer. This began May, 2016.

Reporting: Claims for reimbursement will continue to be prepared by the Food Service Director. They will be reviewed and signed by the Café Secretary. This started March 1, 2016 for January. Annual financial reports will continue to be submitted by the Food Service Director. They will be verified by the Corporation Treasurer. This review began on 10-3-17. Verification summary reports will continue to be prepared and submitted by the Food Service Director and reviewed by the Café Secretary. This was implemented May, 2016.

Eligibility: Free and reduced lunch applications will be processed and eligibility determined by the Food Service Director. They will be verified by the Café Secretary. This began August 2016.

Program Income: Cafeteria collections for school lunch accounts will continue to be remitted monthly by the School ECA Treasurers. The ECA Treasurers will include a signed monthly report showing daily cash collections. This began March, 2018. In addition, the Business Office will calculate the café revenue for the month and provide revenue history for the month to the Food Service Director. The Food Service Director will reconcile the prepaid balance and the individual accounts balance for the month. This will begin July 1, 2018.

Special Test and Provision - Verification of Free and Reduced Price Applications: (School Breakfast Program and National School Lunch Program)

Free and reduced price lunch applications will continue to be approved by the Food Service Director. Three percent of the applications will be verified by the Café Secretary. This was completed November, 2016.

Special Test and Provision - Paid Lunch Equity (National School Lunch Program):

The annual calculation for paid lunch equity will still be prepared by the Food Service Director. The documentation will be reviewed and signed by the Business Manager. We will retain these records to demonstrate compliance. This was implemented May 2016.

***Finding 2016-007***

We concur with this finding.

Contact Person Responsible for Corrective Action: Wilma Rosenberger, Business Manager  
Contact Phone Number: 812-427-2673

Description of Corrective Action Plan

The Business Office will be responsible for ensuring that contractor s procured are not suspended or debarred. The Indiana and federal suspended vendors list will be used for determining eligible vendors. This will begin May, 2018. We will check annually as we use each vendor.

Wilma Rosenberger  
(Signature)

Treasurer / Business Manager  
(Title)

5/3/2018  
(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/>.