

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DELPHI COMMUNITY SCHOOL CORPORATION
CARROLL COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
06/20/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis	11
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	19-26
Schedule of Leases and Debt	27
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	30-32
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	35
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37-50
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings	52-56
Corrective Action Plan	57-61
Other Reports	62

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debbie Speckman Gayla Martin Allison Everett	07-01-14 to 10-10-16 10-11-16 to 02-26-17 02-27-17 to 06-30-18
Superintendent of Schools	Ralph Walker Gregory G. Briles	07-01-14 to 12-31-15 01-01-16 to 06-30-18
President of the School Board	Jerry Sparks Bill Trueblood Kirk Schwartzkopf Steve Myer	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE DELPHI COMMUNITY SCHOOL
CORPORATION, CARROLL COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Delphi Community 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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 14, 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 14, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE DELPHI COMMUNITY SCHOOL
CORPORATION, CARROLL 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 Delphi Community 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 14, 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 2016-001.

Delphi Community 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 14, 2018

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

(This page intentionally left blank.)

DELPHI COMMUNITY 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
General	\$ 41,813	\$ 9,530,434	\$ 9,376,785	\$ 136,760	\$ 332,222	\$ 9,358,320	\$ 9,848,967	\$ 216,550	\$ 58,125
Debt Service	563,220	1,960,532	1,649,605	-	874,147	1,733,643	1,911,929	-	695,861
Retirement/Severance Bond Debt Service	96,541	306,669	187,937	-	215,273	67,405	187,261	-	95,417
Capital Projects	703,164	1,358,578	1,381,251	-	680,491	1,202,474	891,278	(248,199)	743,488
School Transportation	331,710	1,407,964	1,388,201	-	351,473	1,527,891	1,303,718	-	575,646
School Bus Replacement	12,260	155,889	91,539	-	76,610	149,710	-	(34,625)	191,695
Rainy Day	862,284	-	-	-	862,284	43,526	33,665	34,625	906,770
GO Bond 2012	53,289	-	53,289	-	-	-	-	-	-
Mutli School Bond 2014	1,603,424	-	1,651,435	48,011	-	-	(19,217)	(19,217)	-
GO Bond 2014	-	-	376,175	500,000	123,825	-	50,397	(73,428)	-
GO Bond 2015	-	-	-	-	-	-	746,220	829,700	83,480
School Lunch	287,803	686,559	738,328	-	236,034	623,775	745,473	-	114,336
Textbook Rental	(10,853)	214,192	36,690	-	166,649	168,963	167,609	-	168,003
Educational License Plates	57	38	-	-	95	38	-	-	133
Alternative Education	-	17,755	-	(17,755)	-	24,965	-	(24,965)	-
SAFE School Haven	-	-	-	-	-	-	-	-	-
Early Intervention Grant	-	10,000	-	(10,000)	-	-	-	-	-
School Intervention and Career Counseling	-	7,500	-	-	7,500	7,500	-	(15,000)	-
Donations & Gifts	412	425	712	-	125	425	414	-	136
Adult and Continuing Education	7,967	5,211	8,041	-	5,137	1,102	6,239	-	-
Scholarships and Awards	85,815	471	2,935	-	83,351	1,400	3,600	-	81,151
Student Computer Repair Fund	4,208	901	504	-	4,605	655	1,211	-	4,049
Adult Ed State Funds 2013-14	7,031	-	7,031	-	-	-	-	-	-
Secured Schools Safety Grant	-	-	-	-	-	45,475	151,901	71,901	(34,525)
Non-English Speaking Programs	13,996	(6,998)	-	(6,998)	-	13,337	13,992	-	(655)
State Connectivity Grant	6,415	15,023	21,438	-	-	22,378	15,221	(5,995)	1,162
Performance Based Awards	-	2,785	-	-	2,785	-	-	(2,785)	-
Miscellaneous Programs	8,850	6,152	9,650	(5,352)	-	-	-	-	-
ISTA Settlement	167,018	-	167,018	-	-	-	-	-	-
Title I 2013-14	(2,199)	15,763	13,564	-	-	-	-	-	-
Title I 2014-15	-	173,109	182,360	(13,866)	(23,117)	30,163	7,095	49	-
Title I 2015-16	-	-	-	-	-	168,019	225,375	-	(57,356)
Adult Ed Fed Pro Dev 2012-13	(8,760)	-	(8,760)	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	-	83,025	-	(83,025)	-	43,395	18,856	(26,325)	(1,786)
Title III - English Proficiency Migrant	(2,276)	10,855	8,815	236	-	-	7,393	-	(7,393)
Cafeteria Clearing Account	6,364	107,304	107,837	-	5,831	268,474	273,905	-	400
Payroll Clearing Fund	-	2,549,280	2,549,280	-	-	2,482,248	2,482,248	-	-
Totals	\$ 4,839,553	\$ 18,619,416	\$ 20,001,660	\$ 548,011	\$ 4,005,320	\$ 17,985,281	\$ 19,074,750	\$ 702,286	\$ 3,618,137

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

DELPHI COMMUNITY 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.

DELPHI COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

DELPHI COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

DELPHI COMMUNITY 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.

DELPHI COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Disbursements

The financial statement contains some disbursements which appear as negative entries. An original entry was made in the prior period and the corresponding correcting entry was made in the current period, a negative disbursement was shown in the current period.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with the Delphi Community Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$1,119,000 and \$1,408,000, respectively.

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.)

DELPHI COMMUNITY 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	GO Bond 2012	Multi School Bond 2014	GO Bond 2014
Cash and investments - beginning	\$ 41,813	\$ 563,220	\$ 96,541	\$ 703,164	\$ 331,710	\$ 12,260	\$ 862,284	\$ 53,289	\$ 1,603,424	\$ -
Receipts:										
Local sources	98,725	1,960,532	306,669	1,295,618	1,407,964	155,889	-	-	-	-
Intermediate sources	40	-	-	-	-	-	-	-	-	-
State sources	9,411,772	-	-	50,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	19,897	-	-	12,960	-	-	-	-	-	-
Total receipts	9,530,434	1,960,532	306,669	1,358,578	1,407,964	155,889	-	-	-	-
Disbursements:										
Instruction	6,294,229	-	-	-	-	-	-	-	-	-
Support services	2,821,322	25,499	-	744,541	1,388,201	91,539	-	-	-	-
Noninstructional services	261,234	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	554,536	-	-	-	53,289	1,651,435	376,175
Debt service	-	1,624,106	187,937	82,174	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,376,785	1,649,605	187,937	1,381,251	1,388,201	91,539	-	53,289	1,651,435	376,175
Excess (deficiency) of receipts over disbursements	153,649	310,927	118,732	(22,673)	19,763	64,350	-	(53,289)	(1,651,435)	(376,175)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	48,011	500,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	136,996	-	-	-	-	-	-	-	-	-
Transfers out	(236)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	136,760	-	-	-	-	-	-	-	48,011	500,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	290,409	310,927	118,732	(22,673)	19,763	64,350	-	(53,289)	(1,603,424)	123,825
Cash and investments - ending	\$ 332,222	\$ 874,147	\$ 215,273	\$ 680,491	\$ 351,473	\$ 76,610	\$ 862,284	\$ -	\$ -	\$ 123,825

DELPHI COMMUNITY 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

	GO Bond 2015	School Lunch	Textbook Rental	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	School Intervention and Career Counseling	Donations & Gifts	Adult and Continuing Education
Cash and investments - beginning	\$ -	\$ 287,803	\$ (10,853)	\$ 57	\$ -	\$ -	\$ -	\$ -	\$ 412	\$ 7,967
Receipts:										
Local sources	-	240,846	155,015	-	-	-	-	-	425	5,211
Intermediate sources	-	-	-	38	-	-	-	7,500	-	-
State sources	-	7,094	59,177	-	17,755	-	10,000	-	-	-
Federal sources	-	438,427	-	-	-	-	-	-	-	-
Other receipts	-	192	-	-	-	-	-	-	-	-
Total receipts	-	686,559	214,192	38	17,755	-	10,000	7,500	425	5,211
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	-	-	36,690	-	-	-	-	-	712	8,041
Noninstructional services	-	696,599	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	41,729	-	-	-	-	-	-	-	-
Total disbursements	-	738,328	36,690	-	-	-	-	-	712	8,041
Excess (deficiency) of receipts over disbursements	-	(51,769)	177,502	38	17,755	-	10,000	7,500	(287)	(2,830)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	73,934	-	-	-	-	-	-	-	-	-
Transfers out	(73,934)	-	-	-	(17,755)	-	(10,000)	-	-	-
Total other financing sources (uses)	-	-	-	-	(17,755)	-	(10,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(51,769)	177,502	38	-	-	-	7,500	(287)	(2,830)
Cash and investments - ending	\$ -	\$ 236,034	\$ 166,649	\$ 95	\$ -	\$ -	\$ -	\$ 7,500	\$ 125	\$ 5,137

DELPHI COMMUNITY 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

	Scholarships and Awards	Student Computer Repair Fund	Adult Ed State Funds 2013-14	Secured Schools Safety Grant	Non-English Speaking Programs	State Connectivity Grant	Performance Based Awards	Miscellaneous Programs	ISTA Settlement
Cash and investments - beginning	\$ 85,815	\$ 4,208	\$ 7,031	\$ -	\$ 13,996	\$ 6,415	\$ -	\$ 8,850	\$ 167,018
Receipts:									
Local sources	471	901	-	-	-	-	-	6,152	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	(6,998)	15,023	2,785	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	471	901	-	-	(6,998)	15,023	2,785	6,152	-
Disbursements:									
Instruction	-	-	7,031	-	-	-	-	-	-
Support services	-	504	-	-	-	21,438	-	9,650	167,018
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	2,935	-	-	-	-	-	-	-	-
Total disbursements	2,935	504	7,031	-	-	21,438	-	9,650	167,018
Excess (deficiency) of receipts over disbursements	(2,464)	397	(7,031)	-	(6,998)	(6,415)	2,785	(3,498)	(167,018)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(6,998)	-	-	(5,352)	-
Total other financing sources (uses)	-	-	-	-	(6,998)	-	-	(5,352)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,464)	397	(7,031)	-	(13,996)	(6,415)	2,785	(8,850)	(167,018)
Cash and investments - ending	\$ 83,351	\$ 4,605	\$ -	\$ -	\$ -	\$ -	\$ 2,785	\$ -	\$ -

DELPHI COMMUNITY 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	Adult Ed Fed Pro Dev 2012-13	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Cafeteria Clearing Account	Payroll Clearing Fund	Totals
Cash and investments - beginning	\$ (2,199)	\$ -	\$ -	\$ (8,760)	\$ -	\$ (2,276)	\$ 6,364	\$ -	\$ 4,839,553
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,634,418
Intermediate sources	-	-	-	-	-	-	-	-	7,578
State sources	-	-	-	-	-	-	-	-	9,566,608
Federal sources	15,763	173,109	-	-	83,025	10,855	-	-	721,179
Other receipts	-	-	-	-	-	-	107,304	2,549,280	2,689,633
Total receipts	15,763	173,109	-	-	83,025	10,855	107,304	2,549,280	18,619,416
Disbursements:									
Instruction	13,564	103,284	-	(8,760)	-	6,459	-	-	6,415,807
Support services	-	79,076	-	-	-	2,356	-	-	5,396,587
Noninstructional services	-	-	-	-	-	-	-	-	957,833
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,635,435
Debt service	-	-	-	-	-	-	-	-	1,894,217
Nonprogrammed charges	-	-	-	-	-	-	107,837	2,549,280	2,701,781
Total disbursements	13,564	182,360	-	(8,760)	-	8,815	107,837	2,549,280	20,001,660
Excess (deficiency) of receipts over disbursements	2,199	(9,251)	-	8,760	83,025	2,040	(533)	-	(1,382,244)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	548,011
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	236	-	-	211,166
Transfers out	-	(13,866)	-	-	(83,025)	-	-	-	(211,166)
Total other financing sources (uses)	-	(13,866)	-	-	(83,025)	236	-	-	548,011
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,199	(23,117)	-	8,760	-	2,276	(533)	-	(834,233)
Cash and investments - ending	\$ -	\$ (23,117)	\$ -	\$ -	\$ -	\$ -	\$ 5,831	\$ -	\$ 4,005,320

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	GO Bond 2012	Multi School Bond 2014	GO Bond 2014
Cash and investments - beginning	\$ 332,222	\$ 874,147	\$ 215,273	\$ 680,491	\$ 351,473	\$ 76,610	\$ 862,284	\$ -	\$ -	\$ 123,825
Receipts:										
Local sources	95,969	1,733,643	67,405	1,186,939	1,520,972	149,710	43,526	-	-	-
Intermediate sources	43	-	-	-	-	-	-	-	-	-
State sources	9,262,308	-	-	4,525	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	11,010	6,919	-	-	-	-	-
Total receipts	9,358,320	1,733,643	67,405	1,202,474	1,527,891	149,710	43,526	-	-	-
Disbursements:										
Instruction	6,394,956	-	-	-	-	-	-	-	-	-
Support services	3,218,220	-	-	301,782	1,303,718	-	33,665	-	-	-
Noninstructional services	235,791	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	516,644	-	-	-	-	(19,217)	50,397
Debt service	-	1,907,681	187,261	72,852	-	-	-	-	-	-
Nonprogrammed charges	-	4,248	-	-	-	-	-	-	-	-
Total disbursements	9,848,967	1,911,929	187,261	891,278	1,303,718	-	33,665	-	(19,217)	50,397
Excess (deficiency) of receipts over disbursements	(490,647)	(178,286)	(119,856)	311,196	224,173	149,710	9,861	-	19,217	(50,397)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	2,286	-	-	-	-	-	-
Transfers in	246,599	-	-	21,748	-	-	34,625	-	-	-
Transfers out	(30,049)	-	-	(272,233)	-	(34,625)	-	-	(19,217)	(73,428)
Total other financing sources (uses)	216,550	-	-	(248,199)	-	(34,625)	34,625	-	(19,217)	(73,428)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(274,097)	(178,286)	(119,856)	62,997	224,173	115,085	44,486	-	-	(123,825)
Cash and investments - ending	\$ 58,125	\$ 695,861	\$ 95,417	\$ 743,488	\$ 575,646	\$ 191,695	\$ 906,770	\$ -	\$ -	\$ -

DELPHI COMMUNITY 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

	GO Bond 2015	School Lunch	Textbook Rental	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	School Intervention and Career Counseling	Donations & Gifts	Adult and Continuing Education
Cash and investments - beginning	\$ -	\$ 236,034	\$ 166,649	\$ 95	\$ -	\$ -	\$ -	\$ 7,500	\$ 125	\$ 5,137
Receipts:										
Local sources	-	273,755	113,901	-	-	-	-	-	425	1,102
Intermediate sources	-	-	-	38	-	-	-	7,500	-	-
State sources	-	7,420	55,062	-	24,965	-	-	-	-	-
Federal sources	-	342,600	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	623,775	168,963	38	24,965	-	-	7,500	425	1,102
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	339,605	-	167,609	-	-	-	-	-	414	6,239
Noninstructional services	-	693,222	-	-	-	-	-	-	-	-
Facilities acquisition and construction	406,615	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	52,251	-	-	-	-	-	-	-	-
Total disbursements	746,220	745,473	167,609	-	-	-	-	-	414	6,239
Excess (deficiency) of receipts over disbursements	(746,220)	(121,698)	1,354	38	24,965	-	-	7,500	11	(5,137)
Other financing sources (uses):										
Proceeds of long-term debt	700,000	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	129,700	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(24,965)	-	-	(15,000)	-	-
Total other financing sources (uses)	829,700	-	-	-	(24,965)	-	-	(15,000)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	83,480	(121,698)	1,354	38	-	-	-	(7,500)	11	(5,137)
Cash and investments - ending	\$ 83,480	\$ 114,336	\$ 168,003	\$ 133	\$ -	\$ -	\$ -	\$ -	\$ 136	\$ -

DELPHI COMMUNITY 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

	Scholarships and Awards	Student Computer Repair Fund	Adult Ed State Funds 2013-14	Secured Schools Safety Grant	Non-English Speaking Programs	State Connectivity Grant	Performance Based Awards	Miscellaneous Programs	ISTA Settlement
Cash and investments - beginning	\$ 83,351	\$ 4,605	\$ -	\$ -	\$ -	\$ -	\$ 2,785	\$ -	\$ -
Receipts:									
Local sources	1,400	655	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	45,475	13,337	22,378	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	1,400	655	-	45,475	13,337	22,378	-	-	-
Disbursements:									
Instruction	-	-	-	-	13,992	-	-	-	-
Support services	-	1,211	-	151,901	-	15,221	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	3,600	-	-	-	-	-	-	-	-
Total disbursements	3,600	1,211	-	151,901	13,992	15,221	-	-	-
Excess (deficiency) of receipts over disbursements	(2,200)	(556)	-	(106,426)	(655)	7,157	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	71,901	-	3,276	-	-	-
Transfers out	-	-	-	-	-	(9,271)	(2,785)	-	-
Total other financing sources (uses)	-	-	-	71,901	-	(5,995)	(2,785)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,200)	(556)	-	(34,525)	(655)	1,162	(2,785)	-	-
Cash and investments - ending	\$ 81,151	\$ 4,049	\$ -	\$ (34,525)	\$ (655)	\$ 1,162	\$ -	\$ -	\$ -

DELPHI COMMUNITY 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	Adult Ed Fed Pro Dev 2012-13	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Cafeteria Clearing Account	Payroll Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ (23,117)	\$ -	\$ -	\$ -	\$ -	\$ 5,831	\$ -	\$ 4,005,320
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,189,402
Intermediate sources	-	-	-	-	-	-	-	-	7,581
State sources	-	-	-	-	-	-	-	-	9,435,470
Federal sources	-	30,163	168,019	-	43,395	-	-	-	584,177
Other receipts	-	-	-	-	-	-	268,474	2,482,248	2,768,651
Total receipts	-	30,163	168,019	-	43,395	-	268,474	2,482,248	17,985,281
Disbursements:									
Instruction	-	-	182,414	-	18,856	7,393	-	-	6,617,611
Support services	-	6,595	42,961	-	-	-	-	-	5,589,141
Noninstructional services	-	500	-	-	-	-	-	-	929,513
Facilities acquisition and construction	-	-	-	-	-	-	-	-	954,439
Debt service	-	-	-	-	-	-	-	-	2,167,794
Nonprogrammed charges	-	-	-	-	-	-	273,905	2,482,248	2,816,252
Total disbursements	-	7,095	225,375	-	18,856	7,393	273,905	2,482,248	19,074,750
Excess (deficiency) of receipts over disbursements	-	23,068	(57,356)	-	24,539	(7,393)	(5,431)	-	(1,089,469)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	700,000
Sale of capital assets	-	-	-	-	-	-	-	-	2,286
Transfers in	-	49	-	-	-	-	-	-	507,898
Transfers out	-	-	-	-	(26,325)	-	-	-	(507,898)
Total other financing sources (uses)	-	49	-	-	(26,325)	-	-	-	702,286
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	23,117	(57,356)	-	(1,786)	(7,393)	(5,431)	-	(387,183)
Cash and investments - ending	\$ -	\$ -	\$ (57,356)	\$ -	\$ (1,786)	\$ (7,393)	\$ 400	\$ -	\$ 3,618,137

DELPHI COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Delphi Community Multi-School Building Corporation	2010A & 2010B Multi School Lease	\$ 408,000	06/30/2011	06/30/2027
Delphi Community Multi-School Building Corporation	2013 Multi School Lease	<u>326,000</u>	06/30/2014	12/31/2016
Total of annual lease payments		<u>\$ 734,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Improvement Projects	\$ 360,000	\$ 362,502
General obligation bonds	Pension Debt	<u>1,270,000</u>	<u>189,990</u>
Totals		<u>\$ 1,630,000</u>	<u>\$ 552,492</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE DELPHI COMMUNITY SCHOOL
CORPORATION, CARROLL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Delphi Community 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.

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

As described in item 2016-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Child Nutrition Cluster

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Child Nutrition Cluster 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 and 2016-006. 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, CPA
State Examiner

May 14, 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.

(This page intentionally left blank.)

DELPHI COMMUNITY 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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY2015, FY2016	\$ -	\$ 98,620	\$ -	\$ 76,838
National School Lunch Program	Indiana Department of Education						
National School Lunch Program		10.555	FY2015, FY2016	-	333,678	-	256,672
National School Lunch Program - Commodities			FY2015, FY2016	-	54,557	-	48,087
Total - National School Lunch Program				-	388,235	-	304,759
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY2015, FY2016	-	6,129	-	9,091
Total - Child Nutrition Cluster				-	492,984	-	390,688
Total - Department of Agriculture				-	492,984	-	390,688
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I FY 13-14		84.010	14-0755	-	15,763	-	-
Title I FY 14-15			15-0755	-	173,109	-	30,163
Title I FY 15-16			16-0755	-	-	-	168,019
Total - Title I Grants to Local Educational Agencies				-	188,872	-	198,182
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education						
FY 2013 Federal Part B 611		84.027	14213-037-PN01	-	2,942	-	-
FY 2014 Federal Part B 611			14214-037-PN01	-	286,632	-	15,022
FY 2015 Federal Part B 611			14215-037-PN01	-	77,460	-	268,831
FY 2016 Federal Part B 611			14216-035-PN01	-	-	-	54,560
FY 2014 Federal Part B 611			99914-037-PN01	-	5,208	-	2,017
Total - Special Education_Grants to States				-	372,242	-	340,430
Special Education_Preschool Grant	Indiana Department of Education						
FY 2014 Federal Part B 619		84.173	45714-037-PN01	-	4,709	-	611
FY 2015 Federal Part B 619			45715-037-PN01	-	2,107	-	6,694
FY 2016 Federal Part B 619			45716-035-PN01	-	-	-	1,365
Total - Special Education_Preschool Grant				-	6,816	-	8,670
Total - Special Education Cluster (IDEA)				-	379,058	-	349,100
English Language Acquisition State Grants	Indiana Department of Education						
Title III Part A		84.365	01114-016-PN01	-	10,855	-	-
Supporting Effective Instruction State Grants	Indiana Department of Education						
Title II Part A		84.367	13-0755	-	55,698	-	-
Title II Part A			14-0755	-	27,327	-	-
Title II Part A			S367A150015	-	-	-	43,395
Total - Supporting Effective Instruction State Grants				-	83,025	-	43,395
Total - Department of Education				-	661,810	-	590,677
Total federal awards expended				\$ -	\$ 1,154,794	\$ -	\$ 981,365

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

DELPHI COMMUNITY 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.

DELPHI COMMUNITY 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 deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for Child Nutrition Cluster; Qualified for Title I Grants to Local Educational Agencies
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

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: 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 2014-001.

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Schedule of Expenditures of Federal Awards (SEFA).

Context

Due to the lack of controls, the SEFA contained the following errors:

1. The Special Education_Grants to States expenditures were understated by \$372,242 for the 2015 fiscal year.
2. The Special Education_Preschool Grant expenditures were understated by \$6,816 and \$8,670 for the 2015 and 2016 fiscal years, respectively.
3. The Summer Food Service Program for Children expenditures were understated by \$6,129 for the 2015 fiscal year.
4. The English Language Acquisition State Grants expenditures were overstated by \$236 for the 2015 fiscal year.

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. . . ."

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. . . ."

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

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

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

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

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There were no segregation of duties, as the School Corporation had not separated incompatible activities related to receipts. There were no controls to ensure that receipts were accurately receipted and recorded.

Context

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

Criteria

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

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

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

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 controls over receipts.

Effect

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

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation establish a system of internal controls, including segregation of duties related to receipts.

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: 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): FY2015, FY2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-003.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement. The School Corporation had not established effective controls to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

The School Corporation did not comply with the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement. The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. The School Corporation did not perform any of the required procedures to ensure that vendors were not suspended or debarred.

Criteria

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

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

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

You do this by:

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

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-004

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): FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-003.

Condition

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

Cash Management (School Breakfast Program and National School Lunch Program)

There were no controls in place to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to the three months average expenditures in accordance with the Cash Management compliance requirement.

Eligibility

There were no controls in place to ensure that the eligibility determinations for free and reduced price meals were accurate. One employee processed the applications for free and reduced price meals, which included determining eligibility, without oversight, review or approval, or other compensating control.

Program Income

There were no controls in place to ensure that program income was being computed and recorded properly prior to posting to the School Corporation's general ledger. One employee processed program income without oversight, review or approval, or other compensating control.

Reporting

There were no controls in place to ensure that required reports were complete and accurate prior to submission. One employee prepared and submitted the Annual Financial Reports, the School Food Authority (SFA) Verification Collection Reports, and the monthly Sponsor Claims (claims for reimbursement) without oversight, review or approval, or other compensating control.

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

There were no controls in place to ensure that the verifications of eligibility determinations for free and reduced price meals were accurate. One employee completed the verification process for all selected applications without oversight, review or approval, or other compensating control.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed a system of internal controls 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, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

DELPHI COMMUNITY 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.

FINDING 2016-005

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): 14-0755, 15-0755
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-006.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation had not established effective controls to ensure that program expenditures were in compliance with the Allowable Costs/Cost Principles requirements.

The School Corporation did not comply with the Allowable Costs/Cost Principles compliance requirement. Thirty percent of the biweekly salary and related benefits for the Elementary School Principal were paid from Title I funds for the 2015 school year. The Principal's contract was for a full-time/12-month Principal; there was no other contract for the Principal to provide Title I administrative duties. The total compensation and benefits paid to the Principal from Title I funds during the 2015 school year was \$28,347.

Context

The lack of controls and noncompliance were an isolated issue, which occurred during the 2015 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. . . ."

OMB Circular A-87, Attachment A, Part C. states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented. . . ."

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

"PAYMENT FOR ADMINISTRATIVE SALARIES

Salaries of superintendents, assistant superintendents, treasurers and 12 month/full-time principals and assistant principals are normally paid from general funds of the school corporation. Typically, these positions are covered by 12 month yearly contracts and cannot be reimbursed by Title I funds. Reimbursement for Title I services by these staff positions may be recouped by claiming Indirect Cost Expense based on the Indirect Cost Formula. The duties a principal takes on to serve as Title I Program Administrator may be additional to a principal's responsibilities, however, this situation presents a programmatic issue because IDOE questions whether an individual performing the duties of a full-time principal can also effectively carry out Title I administrative duties such as SWP, School Improvement, Parent Involvement, Non-public School Consultation, and Evaluation of Programs. Many of these activities need to be carried out during the day. Principals may receive payment for Title I work if it is outside of their contract. . . .

In such a case, a separate contract must be prepared with a description of services to be performed, dates and hours when services will be performed, location where services will be performed and the description of the number of teachers/students to be served (if applicable). The contract period will be after the end of the current year school contract. This contract cannot be paid until after the duties have been performed. The daily rate of the contract cannot exceed the daily rate of pay provided under the administrative contract for that individual during the school year."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

Questioned costs of \$28,347 were identified, as detailed in the *Condition*.

Recommendation

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

DELPHI COMMUNITY 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.

FINDING 2016-006

Subject: Title I Grants to Local Educational Agencies - Reporting
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): 14-0755, 15-0755, 16-0755
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-006.

Condition

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

The School Corporation had not established effective controls to ensure that required reports were accurate prior to submission. The Final Expenditure Report was prepared and submitted without a documented oversight, review, or approval process to ensure the accuracy of the information.

The School Corporation did not comply with the Reporting compliance requirement. The Final Expenditure Report for 2015 submitted to the Indiana Department of Education was understated by \$15,120.

Context

The lack of controls occurred throughout the entire audit period. The noncompliance was an isolated incident, which affected only the 2015 Final Expenditure Report.

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 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following . . ."

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Reporting 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 2016-007

Subject: Title I Grants to Local Educational Agencies - Equipment,
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): 14-0755, 15-0755, 16-0755
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Equipment and Real Property Management, Special
Tests and Provisions - Schoolwide Programs
Audit Finding: Material Weakness

Condition

The School Corporation had not established an effective internal control system related to the grant agreement, the equipment requirements of the Equipment and Real Property Management compliance requirement, and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

DELPHI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Equipment

The School Corporation had not designed or implemented adequate policies and procedures to ensure that a detailed listing of all equipment purchased with Title I funds was maintained. One employee maintained the equipment inventory without oversight, review, or other compensating control.

Special Tests and Provisions - Schoolwide Programs

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Corporation met the requirements to operate a schoolwide program. There were no documented reviews of the comprehensive needs assessment, comprehensive plan, and annual evaluation and revision of the schoolwide plan or the component requirements for the schoolwide plan.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the equipment requirements of the Equipment and Real Property Management and the Special Tests and Provisions - Schoolwide Programs compliance requirements.

Effect

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

DELPHI COMMUNITY 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 related to the grant agreement and the Equipment and Real Property Management and Special Tests and Provisions - Schoolwide Programs compliance requirements.

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.



DELPHI COMMUNITY SCHOOL CORPORATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2014-001 - Preparation of the Schedule of Expenditures of Federal Awards

Fiscal Year: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Allison Everett

Phone Number: 765-564-2100 ext. 1002

Status of Audit Finding:

Explanations given below will substantiate a proper system of internal controls are now in place to prevent, detect, and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepares the SEFA and the Superintendent gives final approval to ensure there are no material misstatements.

The system of Internal Controls for the Delphi Community School Corporation is a living document by which necessary changes are implemented as potential risks are identified.

Corrective action was taken after the 2014-2016 audit period

Finding 2014-002 - Financial Transactions and Reporting

Fiscal Year: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Allison Everett

Phone Number: 765-564-2100 ext. 1002

Status of Audit Finding:

Cash and Cash Receipts: Most of the funds deposited monthly are done via ACH. Most funds that are received and recorded by the treasurer are in the form of checks from retirees for insurance. Other funds that are received are delinquent book-rental and lunch fees which are received and recorded by the Director of Operations and then given to the Treasurer for processing. Cash received is receipted by either the director of operations or the administrative assistant and given to the treasurer for processing. Deposits are prepared by the Treasurer and taken to the bank by either the Administrative Assistant or the Director of Operations. The current treasurer has maintained an internal control by which monthly reconcilements are reviewed and approved by the Superintendent. A copy of the signed reconciliation is kept in a month-end file along with bank statements and back-up documentation supporting the monthly reconciliation.

Payroll Disbursements: The Assistant Treasurer is responsible for the onboarding of new employees and preparation of new employee contracts. Salaries and Hourly rates are pre-approved by the Board of Directors. Bi-weekly, the Treasurer processes payroll based on salary information that has been entered in the system by the Assistant Treasurer. Supervisors approve non-exempt staff hours through K-Time and the Director of Operations approves all time worked by Transportation staff.

501 Armory Road
DELPHI, INDIANA 46923
765-564-2100
Fax: 765-564-6919



DELPHI COMMUNITY SCHOOL CORPORATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS CONT.

Vendor Disbursements: Invoices are received and sent to the appropriate individual for payment approval. Receipt of product or services is verified and the invoice approved for payment. Invoices are then given To the Treasurer for processing. Once payments are processed, the Superintendent signs a certification of disbursements and verification of checks, ACH payments and pre-written payments. In January of each year, the School Board approves the pre-payment of utilities and claims that would incur a late fee if not paid prior to the next board meeting. All claims and expenditures are approved monthly by the board. The current treasurer has maintained an internal control by which monthly reconcilements are reviewed and approved by the Superintendent. A copy of the signed reconciliation is kept in a month-end file along with bank statements and back-up documentation supporting the monthly reconciliation.

Corrective actions were taken after the 2014-2016 audit period

Finding 2014-003- Internal Controls over the Child Nutrition Cluster

Fiscal Year: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Allison Everett

Phone Number: 765-564-2100 ext. 1002

Status of Audit Finding:

Activities Allowed or Unallowed and Allowable Costs/Cost Principles: All ordering of food and supplies is done by the food service director and head cooks of each building cafeteria. Invoices for purchases are received by the Food Services Director or her Assistant and approved for payment. Invoices are then sent to the Treasurer for processing. Once payments are processed, the Superintendent signs a certification of disbursements which includes cafeteria funds, and verification of checks, ACH payments and pre-written payments. A monthly report of Cafeteria expenditures is sent to the Food Services Director for review and approval to ensure no unapproved charges were made to the fund in error.

Cash Management: The current treasurer maintains a cash flow spreadsheet by which she monitors the balances in the School Lunch fund to ensure that a nonprofit program is maintained. The funds in the pre-paid account and paid account are reconciled and balanced monthly by the treasurer and approved by the superintendent.

Eligibility: The current Food Service Director processes all applications through Skyward. The Assistant Food Service Director then compares all applications to state income guidelines and reviews what the Food Service Director has processed through Skyward to ensure there are no errors in data entry. Once the review is done the Food Service Director and the Assistant Food Service Director sign off on each application whether electronic or hard copy.

Suspension and Debarment: During the bid process, the Food Service Director verifies through the Federal website that the vendor has not been suspended or debarred. The Food Service Director also requires documentation be sent with the bid from the vendor that they have not been suspended or debarred from Federal programs.

Corrective actions were taken after the 2014-2016 audit period

501 Armory Road
DELPHI, INDIANA 46923
765-564-2100
Fax: 765-564-6919



DELPHI COMMUNITY SCHOOL CORPORATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS CONT.

Program Income: Monies are received for school lunches via cash, check or credit card. Credit card payments are made via the Skyward Portal and credited directly to the student accounts. Cash and Check receipts are received by designated cafeteria staff within the individual buildings and credited to student accounts. Bank deposits are created by the Head Cook at each building and taken to the bank. The Food Service Director or her assistant verifies deposits against daily cash reports in Skyward and all deposits for the School Lunch Program are receipted into a pre-paid lunch fund. This fund is reconciled monthly and a transfer of funds is made to the paid lunch fund for those lunches, breakfasts, adult meals and ala carte items sold each month.

Reporting: The Food Service Director prints reports from Skyward and calculates claims. The Assistant Food Service Director enters data in to the DOE website and prints a verification form of data entered. The Food Service Director then verifies data has been entered correctly and both the Food Service Director and Assistant Food Service Director signs off on the verification.

Special Tests and Provisions: The Food Service Director runs a report in Skyward by which the program automatically selects applications for verification. The Assistant Food Service Director processes the verifications that are selected. The Assistant Food Service Director makes necessary changes in Skyward and the Food Service Director reviews the changes that are made. Both the Food Service Director and the Assistant Food Service Director signs off on the verification.

Corrective action was taken after the 2014-2016 audit period

Finding 2014-004 - Cash Management

Fiscal Year: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Allison Everett

Phone Number: 765-564-2100 ext. 1002

Status of Audit Finding: The current treasurer maintains a cash flow spreadsheet by which she monitors the balances in the School Lunch fund to ensure that a nonprofit program is maintained. The funds in the pre-paid account and paid account are reconciled and balanced monthly and approved by the superintendent.

Corrective action was taken after the 2014-2016 audit period



DELPHI COMMUNITY SCHOOL CORPORATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS CONT.

Finding 2014-005 - Program Income

Fiscal Year: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Allison Everett

Phone Number: 765-564-2100 ext. 1002

Status of Audit Finding:

All deposits for the School Lunch Program are receipted into a pre-paid lunch fund. This fund is reconciled monthly and a transfer of funds is made to the paid lunch fund for those lunches, breakfasts, adult meals and ala carte items sold each month.

Corrective action was taken after the 2014-2016 audit period

Finding 2014-006- Internal Control over Title I Grants for Local Education Agencies

Fiscal Year: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Allison Everett

Phone Number: 765-564-2100 ext. 1002

Status of Audit Finding:

Activities Allowed or Unallowed and Allowable Costs/Cost Principles and Period of Availability: The Elementary Principal maintains oversight of the Title I Grant. Purchase orders are prepared by the elementary treasurer and approved by the Principal. Purchase orders are then sent to the Purchasing Agent for processing and approved for order by the superintendent. Once items or services are received, invoices are verified and approved by the principal and sent to the Treasurer for payment. Periodically, expenditure reports are provided to the Elementary Principal for review and submission for reimbursement of Title I funds expended.

Cash Management and Reporting: The Elementary Principal maintains oversight of the Title I Grant. Purchase orders are prepared at the elementary building level, approved for order by the superintendent. Once items or services are received, invoices are approved by the principal and sent to the Treasurer to for payment. Expenditure reports are provided to the Elementary Principal for review and submission for reimbursement of Title I funds expended.

Special Tests and Provisions: Paraprofessionals are interviewed by the building principal. If the applicant does not have a two year degree and is selected for employment, the position is offered with a 60 day probationary period. During the 60 day period, the paraprofessional is required to pass the para-pro test. The first opportunity to pass the test is given within the first two weeks of employment. If the test is not passed on the initial attempt, an additional opportunity is given in four to six weeks. If the test is not passed on the second attempt, employment as a paraprofessional is terminated.

Corrective actions were taken after the 2014-2016 audit period

501 Armory Road
DELPHI, INDIANA 46923
765-564-2100
Fax: 765-564-6919



DELPHI COMMUNITY SCHOOL CORPORATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS CONT.

Finding 2014-007 - Reporting and Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

Fiscal Year: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Allison Everett

Phone Number: 765-564-2100 ext. 1002

Status of Audit Finding:

Reporting: The Elementary Principal maintains oversight of the Title I Grant. Purchase orders are prepared at the elementary building level, approved for order by the superintendent. Once items or services are received, invoices are approved by the principal and sent to the Treasurer for payment. Expenditure reports are provided to the Elementary Principal for review and submission for reimbursement of Title I funds expended.

Special Tests and Provisions: Paraprofessionals are interviewed by the building principal. If the applicant does not have a two year degree and is selected for employment, the position is offered with a 60 day probationary period. During the 60 day period, the paraprofessional is required to pass the para-pro test. The first opportunity to pass the test is given within the first two weeks of employment. If the test is not passed on the initial attempt, an additional opportunity is given in four to six weeks. If the test is not passed on the second attempt, employment as a paraprofessional is terminated.

Corrective actions were taken after the 2014-2016 audit period

Respectfully Submitted,

Allison J. Everett
Treasurer

Gregory G. Briles
Superintendent

501 Armory Road
DELPHI, INDIANA 46923
765-564-2100
Fax: 765-564-6919



DELPHI COMMUNITY SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

The current treasurer produces reports from the accounting program and enters information into Gateway. The superintendent verifies what is entered in to Gateway matches the information on the report to ensure all figures are accurate.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period.

FINDING 2016-002

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

Current Corporation Treasurer receives notice of ACH deposit and records same as revenue in the accounting program. Checks and cash payments are received by the Secretary or Director of Operations via mail or personal delivery from patron. Secretary or Director of Operations gives checks to Treasurer for deposit. Deposit is created by Treasurer and verified by Secretary. Secretary or Director of Operations delivers deposit to the bank for processing. Cafeteria funds are deposited by each building cafeteria manager, verified by the Food Service Director and bank receipts along with daily Skyward reports are sent to the Corporation Treasurer for processing.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period

**501 Armory Road
DELPHI, INDIANA 46923
765-564-2100
Fax: 765-564-6919**



DELPHI COMMUNITY SCHOOL CORPORATION

FINDING 2016-003

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

Bid forms that are sent to vendors include a verification to be signed by the vendor and notarized stating: "The undersigned bidder also swears that he has not been suspended or disbarred from providing products or services to government entities by the State or Federal Government." All vendors invited to bid are on the list of state approved vendors who have been awarded a state contract to provide services to school corporations.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period



DELPHI COMMUNITY SCHOOL CORPORATION

FINDING 2016-004

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

Cash Management (School Breakfast Program and National School Lunch Program)

The current Corporation Treasurer maintains a cash flow record and updates it monthly. The cafeteria fund is monitored with a formula to ensure the balance in the fund does not exceed three month's average expenditures. All financial records are reviewed and approved by the Superintendent and Board of School Trustees monthly.

Eligibility

The current Food Service Director or her Assistant do an initial review of free and reduced applications to ensure eligibility determinations are accurate. Whomever did not do the initial review, provides a secondary verification. Both the Food Service Director and Assistant Food Service director initial applications as evidence of the dual control.

Program Income

Cafeteria funds are deposited daily by each building cafeteria manager. The Food Service Director receives bank receipts and compares them to daily Skyward reports. Receipts and reports are sent to the Corporation Treasurer for processing.

Reporting

The current Food Service Director or her Assistant prepares report submissions. Whomever does not do the preparation reviews the required reports and submissions.

Special Test and Provisions – Verification of Free and Reduced Price Applications (NSLP) (School Breakfast Program and National School Lunch Program)

The current Food Service Director or her Assistant do an initial review of free and reduced applications selected for verification to ensure eligibility determinations are accurate. Whomever did not do the initial review, provides a secondary verification. Both the Food Service Director and Assistant Food Service director initial applications as evidence of the dual control

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period



DELPHI COMMUNITY SCHOOL CORPORATION

FINDING 2016-005

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

The current treasurer works closely with the grant director to ensure all expenditures are in compliance with the Allowable Costs/Costs Principles requirement. The Grant Director is responsible for writing the grant and applying for the funds while the Treasurer ensures that expenditures are allowable based on the guidelines of the approved grants.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period

FINDING 2016-006

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

The current treasurer works closely with the grant director to ensure all reporting is in compliance with the grant agreement and reporting requirement. The Treasurer prepares a report of all expenditures and the Grant Director ensures all information is correct. The Grant director enters the data for reimbursement. The Treasurer verifies information and submits report for reimbursement.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period

501 Armory Road
DELPHI, INDIANA 46923
765-564-2100
Fax: 765-564-6919



DELPHI COMMUNITY SCHOOL CORPORATION

FINDING 2016-007

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the finding identified

Description of Corrective Action Plan:

The current treasurer works closely with the grant director to maintain an effective segregation of duties and internal control system which will ensure all compliance requirements are met and no funds are misused or mismanaged.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period.

Respectfully Submitted:

Allison J. Everett
(Signature)

Treasurer
(Title)

5/14/18
(Date)

OTHER REPORTS

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